

San Miguel County
Financial Statements and
Independent Auditor's Report
as of
December 31, 2009

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets.....	15
Statement of Activities.....	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	17
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances.....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities.....	20
Proprietary Funds	
Statement of Net Assets.....	21
Statement of Revenues, Expenses and Changes in Net Assets.....	22
Statement of Cash Flows.....	23
Statement of Fiduciary Net Assets.....	24
Notes to the Basic Financial Statements	25
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
General Fund.....	44
Road and Bridge Fund.....	45
Open Space Fund.....	46
Other Supplementary Information	
Non-Major Governmental Funds	
Combining Balance Sheet.....	47
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	48
Dependent Districts:	
Combining Balance Sheet.....	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	50

Schedule of Revenues, Expenditures and Changes in Fund Balance

– Budget and Actual

Lodging Tax Tourism Fund.....	51
Sales Tax Fund.....	52
Capital Expenditure Fund.....	53
Contingent Fund.....	54
Public Welfare Fund.....	55
Retirement Fund.....	56
Conservation Trust Fund.....	57
San Miguel Disposal District.....	58
Public Health Fund.....	59
Local Highway Finance Report.....	60

Single Audit Section

Schedule of Expenditures of Federal Awards.....	61
Notes to Schedule of Expenditures of Federal Awards.....	62
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>	63
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	65
Schedule of Findings and Questioned Costs.....	67
Summary Schedule of Prior Year Audit Findings.....	69

Report of Independent Certified Public Accountants

May 21, 2010

Board of County Commissioners
San Miguel County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of San Miguel County, Colorado, (the County), as of and for the year ended December 31, 2009 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of San Miguel County, Colorado as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The budgetary comparison information for the General Fund and major special revenue funds is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. The combining and individual nonmajor fund financial statements and schedules, fiduciary funds combining statements, and Local Highway Finance Report, are presented for the purposes of additional analysis and are not required parts of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of San Miguel County, Colorado. The required supplementary information, other than management's discussion and analysis, and the combining and individual nonmajor fund financial statements and schedules, fiduciary funds combining statements, Local Highway Finance Report and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Blair and Associates, P.C.

San Miguel County
Management's Discussion and Analysis



As management of San Miguel County, we offer to readers of the San Miguel County's financial statements, this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2009. We encourage readers to consider the information that we have furnished in the basic financial statements to better understand the financial position of San Miguel County.

Financial Highlights

- San Miguel County's assets, \$ 58 million, exceeded liabilities, \$ 17.8 million, by \$40.2 million at the end of 2009. Of this amount, \$ 9.9 million may be used to meet the County's ongoing obligations to citizens. The remaining \$ 27 million are invested in capital assets and \$ 3.3 million is restricted for other purposes.
- Governmental funds reported combined ending fund balances of \$13.8 million, a decrease of \$ 986,162.
- The County's fund balance for the General Fund was \$ 7.2 million, a decrease of \$ 1,623,612. The County made residual transfers of \$ 1,128,120 in 2009.
- Total long-term liabilities decreased by \$ 381,857 during 2009 with no new debt issued.
- General property, sales and other taxes totaled \$ 11.5 million, or 84% of general revenues.
- It is the goal of the county to maintain an operating reserve in the general fund equal to approximately six months of operating expenditures. At December 31, 2009, the General Fund has over six months of operating reserves.

Overview of the Financial Statements

This discussion and analysis is intended to serve as introduction San Miguel County's basic financial statements, which are comprised of: 1. government-wide financial statements. 2. Fund financial statements. 3. Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

San Miguel County
Management's Discussion and Analysis

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of San Miguel County finances and in a manner similar to a private sector business.

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

The *statement of activities* presents information showing how the County's net assets changed over the past year. All changes in net assets are reported as soon as an "event" causing a change occurs, regardless of when related cash flows actually take place. As a result, revenues and expenses are reported in this statement for some items that will only result in cash flows in future financial periods; for example, grants not yet reimbursed or vacation leave which has been earned but not yet used.

Both of the government-wide financial statements distinguish activities of San Miguel County that are primarily supported by taxes and state/federal monies (intergovernmental activities) from activities that are intended to be funded primarily from user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public health and welfare, open space & recreation, road & bridge, and agriculture/natural resources. The business-type activity of the County is prisoner commissary activities.

The government-wide financial statements include not only San Miguel County government itself (known as the primary government), but also legally separate entities, the San Miguel County Housing Authority, and the San Miguel County Solid Waste Disposal District, which have significant operational and financial relationships with the County.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the County's operations. San Miguel County has one fiduciary fund the Treasurer's Agency Fund. This fund is used to account for cash held by the County Treasurer for distribution to other governments.

San Miguel County
Management's Discussion and Analysis

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been set aside for specific activities or purposes. San Miguel County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, governmental fund financial statements focus on near-term flows of spendable resources, as well as on balances of spendable resources available at the end of the year. This information is helpful in evaluating the County's near-term financing requirements.

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

San Miguel County maintains eleven governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, the Road and Bridge Fund, and the Open Space Fund all of which are considered to be major funds. Information from the other eight governmental funds, Public Welfare Fund, Sales Tax Capital Fund, Contingent Fund, Capital Expenditures Fund, Retirement Fund, Conservation Trust Fund, Lodging Tax Tourism, Public Health Fund and Dependent Districts are combined into a single, aggregated presentation.

The County's financial statements include the accounts of all county operations including general operations (general fund), and special revenue funds, including road & bridge, social services, capital expenditures, contingent, retirement, conservation trust and lodging tax tourism funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

San Miguel County
Management's Discussion and Analysis

- **GENERAL FUND**-The general fund is the general operating fund of the county. It is used to account for all financial resources except those required to be accounted for as special revenue funds.
- **Road & Bridge Fund**-Receives local property tax revenues of \$ 1,694,907, state highway users tax of \$ 1,590,311, plus revenues from other sources designated for construction, improvements, maintenance and administration of county roads and bridges.
- **Open Space Fund**-Accounts for the administration and operations of the Parks and Recreation Fund and also the purchase of land for open space.
- **Public Welfare Fund**-Receives federal and state funds plus local mill levy revenues \$ 143,979 designated for public welfare programs.
- **Sales Tax Capital Fund**-Revenues deposited to this fund are used for county capital expenditures. The fund accounts for one half of the revenues from the county's 1% sales tax. The remaining one half of the sales tax revenue goes to the general fund for general operations, with the first \$15,000 monthly (\$180,000/yr) of the General Fund portion to be used for Jail operations.
- **Contingent Fund**-A reserve fund to be used for contingencies or emergencies that could not have been reasonably foreseen at the time of adoption of the budget. Included in this fund are the mandatory emergency reserves of 3% of annual Fiscal Year Spending (FYS) as required by Article X, Section 20, part 5, of the Colorado Constitution. In the case of a contingency, the Board of Commissioners is authorized to spend in excess of the appropriations.
- **Capital Expenditures Fund**-The funds used for public transportation. Funding sources include transportation impact fees and interest earnings.
- **Retirement Fund**-Upon hire, county employees are required to participate in a defined contribution retirement savings plan, a 5% payroll deduction matched by the county, with a 5-year vesting provision. Funded by property tax. The plan is administered by the Colorado County Officials and Employees Retirement Association.
- **Conservation Trust Fund**-Receives funds distributed to the county from the Colorado lottery (GOCO), which are designated for the acquisition, development and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes on any public site.
- **Public Health**-Accounts for all revenues and expenditures related to the administration of public health services and programs. The fund was set up pursuant to Senate Bill – 08-194.

San Miguel County
Management's Discussion and Analysis

- **Lodging Tax Tourism Fund**-Approved by voters in 1993, a 2% lodging tax was imposed for advertising and marketing tourism throughout San Miguel County. Currently, by contract, funds collected in the Telluride Region are 'passed through' to for promotion services, funds collected in the Norwood Region are 'passed through' to the Norwood Chamber for promotion services.

OTHER DISTRICTS/SPENDING AUTHORITIES-The San Miguel County Board of County Commissioners is also the governing board for various spending authorities and special districts. Depending on the statutory authority of generating revenues, these are operated similar to Governmental Funds or operated as enterprise funds. The BOCC is responsible for budgetary control over these funds, districts and authorities.

- **San Miguel County Housing Authority**

Created on or about December 11, 1980 and activated in 1991 to facilitate employee housing projects in the Telluride region via bond issues, writing and receiving grants, and administering the County's deed restriction program. Budgets are prepared as an administrative tool, but are not required by State Statute. The governing body of the San Miguel County Housing Authority is the San Miguel County Board of County Commissioners. Most functions of the Authority are contracted to the San Miguel Regional Housing Authority.

- **San Miguel County Solid Waste Disposal District**

An entity created in 1991 pursuant to the provisions of 30-20-201 C.R.S. to assist in providing current and long term disposal of solid waste, trash and garbage within San Miguel County. The daily operations are assigned to the County Department of Environmental Health with the Board of County Commissioners acting as the governing board.

BUDGET POLICIES

The Board of Commissioners follows certain procedures in establishing the budgetary data reflected in the financial documents:

- (1) In accordance with statutory requirements, prior to October 15, the budget officer submits to the board (County Administrator) a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year, along with estimates for the current year and the actual data from the three preceding years. Detailed line item budgets received from each department and spending agency are included and reviewed for administrative control. The level of control of individual budgets exists with the elected official or department head.

San Miguel County
Management's Discussion and Analysis

- (2) Work sessions are held with department heads and public hearings are held to obtain public comment. All work sessions as well as public hearings are properly noticed and public comment is accepted.
- (3) Prior to December 15, the budgets are adopted pursuant to state statute by the approval of a resolution and approved in accordance with generally accepted accounting principles (GAAP).
- (4) Financial reports are reviewed with the County Administrator throughout the budget year comparing actual revenues and expenditures with the approved budgets. Any significant discrepancies from budgeted receipts or spending are discussed and resolved.
- (5) Appropriations lapse at the end of each fiscal year (statutory provision). If certain programs or projects have been approved for a budget year and not completed during that budget year, consideration is given to carrying unused funds forward to the next budget year for project completion.
- (6) All monies received by the County, its agencies, departments and programs, must be deposited with the County Treasurer and included in the annual budget and appropriations in order to be spent. The Board of Commissioners may authorize supplemental appropriations to the budgets during the budget year.

Budgetary Comparisons

San Miguel County adopts an annual appropriated budget for all of its funds. Budget to actual comparisons for each fund are provided in this report.

Notes to the Financial Statements

These notes provide additional information that is necessary in gaining a full understanding of the data provided in the government-wide and fund financial statements.

Other information

The combining statements referred to earlier in connection with non-major governmental, enterprise and internal service funds are presented immediately following the notes to the financial statements.

San Miguel County
Management's Discussion and Analysis

COUNTY-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. As of December 31, 2009, assets exceeded liabilities by \$ 40 million.

The following table provides a summary of the County's governmental and business-type net assets for 2009.

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Current and other assets	\$ 26,177,259	\$ 24,094,374	\$ -	\$ 15,486	\$ 26,177,259	\$ 24,109,860
Capital assets, net	31,820,383	30,739,769	-	-	31,820,383	30,739,769
Total assets	57,997,642	54,834,143	-	15,486	57,997,642	54,849,629
Liabilities						
Current and other liabilities	12,314,457	9,245,410	-	4,311	12,314,457	9,249,721
Long-term liabilities	5,477,658	5,859,515	-	-	5,477,658	5,859,515
Total liabilities	17,792,115	15,104,925	-	4,311	17,792,115	15,109,236
Net Assets						
Investment in capital assets	27,081,038	25,643,499	-	-	27,081,038	25,643,499
Restricted	3,228,269	4,339,631	-	-	3,228,269	4,339,631
Unrestricted	9,896,220	9,746,088	-	11,145	9,896,220	9,757,233
Total net assets	\$ 40,205,527	\$ 39,729,218	\$ -	\$ 11,145	\$ 40,205,527	\$ 39,740,363

San Miguel County
Management's Discussion and Analysis

Changes in Net Assets

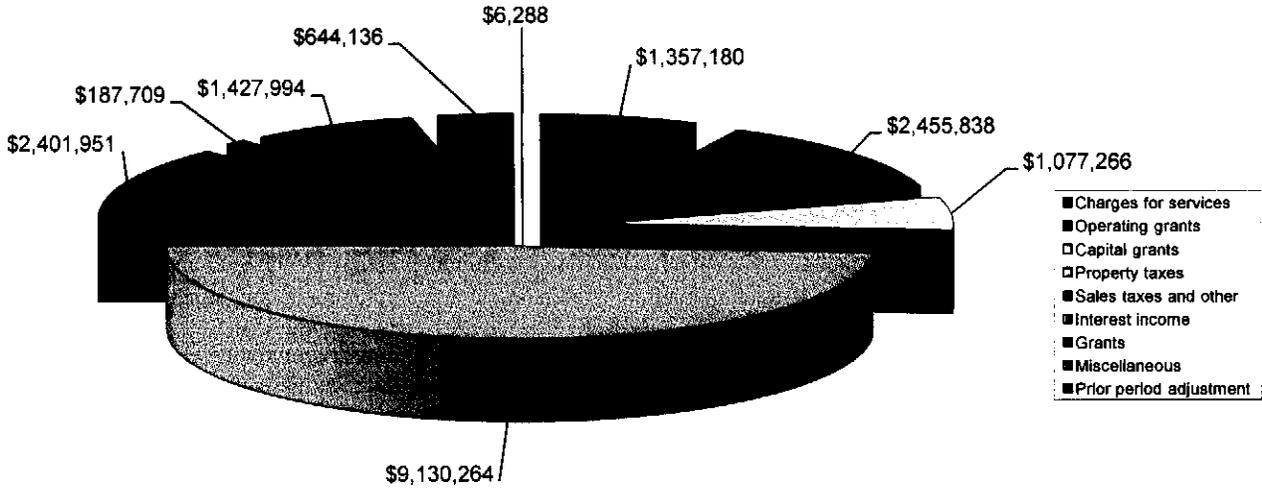
Governmental and business-type activities increased the County's net assets by \$465,164 in 2009.

The following table indicates the changes in net assets for governmental and business-type activities for 2009.

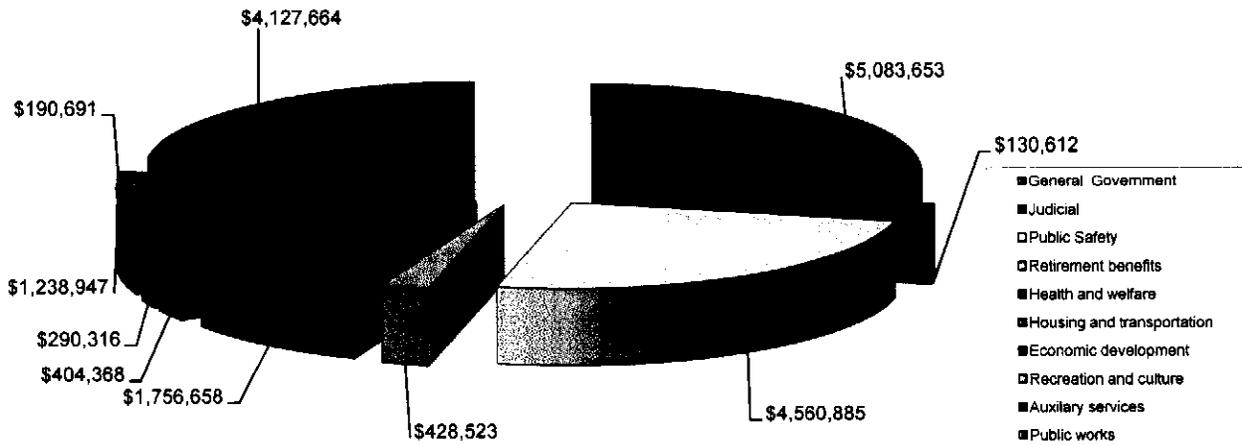
	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Charges for services	\$ 1,357,180	\$ 1,680,837	\$ -	\$ 54,982	\$ 1,357,180	\$ 1,735,819
Operating grants	2,455,838	2,311,571			2,455,838	2,311,571
Capital grants	1,077,266	733,902			1,077,266	733,902
General Revenues						
Property taxes	9,130,264	9,187,108			9,130,264	9,187,108
Sales taxes and other	2,401,951	3,312,463			2,401,951	3,312,463
Interest income	187,709	525,303			187,709	525,303
Federal and state grants	1,427,994	1,844,682			1,427,994	1,844,682
Miscellaneous	644,136	237,608			644,136	237,608
Total	\$ 18,682,338	\$ 19,833,474	\$ -	\$ 54,982	\$ 18,682,338	\$ 19,888,456
Expenses						
General government	\$ 5,083,653	\$ 4,655,986	\$ -	\$ -	\$ 5,083,653	\$ 4,655,986
Judicial	130,612	138,450			130,612	138,450
Public safety	4,560,885	4,347,897	-	55,998	4,560,885	4,403,895
Retirement benefits	428,523	406,650			428,523	406,650
Health and welfare	1,756,658	1,596,458			1,756,658	1,596,458
Housing and transportation	404,368	405,292			404,368	405,292
Economic development	290,316	381,461			290,316	381,461
Recreation and culture	1,238,947	595,053			1,238,947	595,053
Auxiliary services	190,691	168,432			190,691	168,432
Public works	4,127,664	4,983,769			4,127,664	4,983,769
Total expenses	18,212,317	17,679,448	-	55,998	18,212,317	17,735,446
Increase in net assets	470,021	2,154,026	-	(1,016)	470,021	2,153,010
Beginning	39,729,218	37,572,302	11,145	12,161	39,740,363	37,584,463
Prior Period Adjustment	6,288	2,890	-	-	6,288	2,890
Residual transfer	-	-	(11,145)	-	(11,145)	-
Ending	\$ 40,205,527	\$ 39,729,218	\$ -	\$ 11,145	\$ 40,205,527	\$ 39,740,363

San Miguel County Management's Discussion and Analysis

Revenues by Source-Governmental Activities



Expenses by Department-Governmental Activities



San Miguel County
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As mentioned earlier, San Miguel County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

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

As of the end of 2009, the combined ending fund balances of San Miguel County's governmental funds were \$ 13,862,802. Approximately 77% of this consists of unreserved fund balance which is available as working capital and for current spending in accordance with the purposes of the specific funds.

The County has three major governmental funds. These are the General Fund and the Road and Bridge Fund, and Open Space Fund.

	Balances 1/1/2009	Additions	Deletions	Balances 12/31/2009
Capital assets not being depreciated				
Land	\$ 7,041,200	\$ -	\$ -	\$ 7,041,200
Infrastructure	10,076,445	1,442,459	-	11,518,904
Total capital assets not being depreciated	<u>17,117,645</u>	<u>1,442,459</u>	<u>-</u>	<u>18,560,104</u>
Capital assets being depreciated				
Buildings and improvements	14,283,741	171,717	-	14,455,458
Equipment and furniture	5,986,241	308,263	-	6,294,504
Total capital assets being depreciated	<u>20,269,982</u>	<u>479,980</u>	<u>-</u>	<u>20,749,962</u>
Less accumulated depreciation				
Buildings and improvements	3,344,630	337,133	-	3,681,763
Equipment and furniture	3,303,228	504,692	-	3,807,920
Total accumulated depreciation	<u>6,647,858</u>	<u>841,825</u>	<u>-</u>	<u>7,489,683</u>
Total capital assets being depreciated, net	<u>13,622,124</u>	<u>(361,845)</u>	<u>-</u>	<u>13,260,279</u>
Governmental activities capital assets	<u>\$ 30,739,769</u>	<u>\$ 1,080,614</u>	<u>\$ -</u>	<u>\$ 31,820,383</u>

San Miguel County
Management's Discussion and Analysis

Economic factors and future budget

- As of December 31, 2009 San Miguel County still reflects a strong financial condition. However, with revenues declining, continual fiscal monitoring is needed by all management staff in order to control expenditures, collect revenues, and monitor operating budgets.
- The total assessed valuation for budget year 2010 is \$1,019,698,540; up from \$893,064,930 for budget year 2009. This is an increase of \$126,633,310 or a 14.18% increase in assessed valuation. There was a mandatory reappraisal of all property in 2009, resulting in the increase in assessed valuation. The total property tax is estimated at \$10,319,348 for budget year 2010. San Miguel County's mill levy totals 10.120 for budget year 2010. San Miguel County citizens have approved the removal of the constitutional limitations of TABOR (Taxpayers Bill of Rights).
- Sales tax revenues continued to decrease in 2009. Revenues were 12.51% below the 2008 figures. The reduction of over-all spending in the county continues to be reflected in the sales tax revenue.
- Lodging tax revenues for 2009 were down 9.38% compared to 2008. A slower tourism economy is also being reflected in this revenue.
- Building permit fees and use tax on building materials continue to decrease due to the lack of construction activity in the county. The projection on these revenues for 2010 is \$263,600 or a 17.7% decrease from the 2010 adopted budget. There is on-going analysis by staff of the local construction industry to determine how these revenue sources may be affected either positively or negatively.
- The County continues to annually fund and support various community projects and non-profit organizations. Appropriations for 2010 total \$232,730. These are discretionary funds that are designated by the Board of County Commissioners. Funding in 2011 is anticipated to be reduced significantly to the various community projects and non-profit agencies.
- Investment interest continues to be a challenge for the County Treasurer. With declining interest rates, the revenue for 2010 is estimated to be \$55,000 or a decrease of 72.5% from the 2010 adopted budget.

San Miguel County
Management's Discussion and Analysis

- PILT (Federal Payment in Lieu of Tax) program has been restructured at the state and federal levels which will result in a reduction of revenue of \$368,276 for fiscal year 2010. Notification of the new formula process was received in March of 2010. As a result, staff is working on budget reductions plans to off-set this decline in revenue for 2010 and future years.
- Public transportation continues to be a very important alternative for the many commuters traveling from Montrose, Ridgway, Norwood, and west Montrose County to the Telluride area. In 2009 San Miguel County spent \$259,178 for transit services (Galloping Goose) to Norwood; \$14,164 for Gondola operations to the Mountain Village; and \$25,987 for the van pool to Ridgway. Revenues to fund this function come primarily from real estate transfer taxes. Due to the slow down in the real estate market, revenues continue to decrease. Staff continues to monitor the real estate market to see if any increases are to be expected from real estate sales.
- The Land Heritage Program/Purchase of Development Rights program continues to fund the purchase of development rights on parcels of land in San Miguel County. The total program has secured 10,520 acres of open space. Thru 2009 San Miguel County has contributed \$1,759,404 towards this program and \$3,784,756 has come from GOCO funds. This program began in 2000.
- The Lawson Hill Underpass project was an important addition to the regional trail system that was completed in 2009. The underpass is a critical connection between the Galloping Goose Trail, the Mountain Village Trails, and the Telluride Trails. San Miguel County obtained grants from GOCO (\$300,000), CDOT (\$111,000), DOLA (\$129,000), and the Town of Telluride (\$10,000) to construct this critical trail hub.
- The Keystone Gorge Loop Trail was another important project for the regional trail system. San Miguel County Open Space and Recreation program assisted the Nature Conservancy in building and funding an extension of this trail. Subsequent to making improvements to the trail, the Nature Conservancy conveyed the Keystone Gorge property to San Miguel County.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of San Miguel County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to San Miguel County Finance Department, P.O. Box 486, Norwood, CO 81423.

SAN MIGUEL COUNTY, COLORADO
STATEMENT OF NET ASSETS
December 31, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 14,750,471	\$ -	\$ 14,750,471
Restricted cash	34,716	-	34,716
Property taxes receivable	10,319,348	-	10,319,348
Land for resale	226,843	-	226,843
Accrued interest receivable	2,747	-	2,747
Accounts receivable	761,039	-	761,039
Due from other governmental units	8,007	-	8,007
Inventories	74,088	-	74,088
Capital assets, net	31,820,383	-	31,820,383
Total assets	<u>57,997,642</u>	<u>-</u>	<u>57,997,642</u>
Liabilities			
Accounts payable	889,500	-	889,500
Accrued vacation and sick leave	1,067,142	-	1,067,142
Due to other funds	-	-	-
Deposit-bond payable	34,000	-	34,000
Deferred revenue	10,323,815	-	10,323,815
Long-term liabilities			
Due more than one year:			
Leases payable	4,739,345	-	4,739,345
Compensated absences	738,313	-	738,313
Total liabilities	<u>17,792,115</u>	<u>-</u>	<u>17,792,115</u>
Net assets			
Invested in capital assets	27,081,038	-	27,081,038
Restricted for:			
Air quality	102,590	-	102,590
Idarado	34,716	-	34,716
Vegetation control	11,345	-	11,345
Seizure funds	1,385	-	1,385
Telecam/Goose trail	48,467	-	48,467
Health Insurance	64,369	-	64,369
Emergencies	627,831	-	627,831
Transportation	723,859	-	723,859
Housing	1,311,761	-	1,311,761
Solid waste	301,946	-	301,946
Unrestricted:	9,896,220	-	9,896,220
Total Net Assets	<u>\$ 40,205,527</u>	<u>\$ -</u>	<u>\$ 40,205,527</u>

See accompanying notes to the basic financial statements

SAN MIGUEL COUNTY, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services & Fees	Operating and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,083,653	\$ 1,155,979	\$ -	\$ -
Judicial	130,612	-	-	-
Public safety	4,560,885	48,703	-	185,283
Retirement Benefits	428,523	-	-	-
Health and welfare	1,756,658	57,210	833,601	-
Housing and transportation	404,368	43,842	-	-
Economic development	290,316	-	-	-
Recreation and culture	1,238,947	30,131	30,721	891,983
Auxiliary services	190,691	-	-	-
Public works	4,127,664	21,315	1,591,516	-
Total governmental activities	<u>18,212,317</u>	<u>1,357,180</u>	<u>2,455,838</u>	<u>1,077,266</u>
Business Activities:				
Other	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Taxes:
Property taxes
Sales taxes and other
Unrestricted investment earnings
Federal and state grants
Other general revenues
Total General Revenues

Changes in Net Assets

Net Assets-January 1
Residual Transfer
Prior Period Adjustment
Net Assets-December 31

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets
Primary Government

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (3,927,674)	\$ -	\$ (3,927,674)
(130,612)	-	(130,612)
(4,326,899)	-	(4,326,899)
(428,523)	-	(428,523)
(865,847)	-	(865,847)
(360,526)	-	(360,526)
(290,316)	-	(290,316)
(286,112)	-	(286,112)
(190,691)	-	(190,691)
<u>(2,514,833)</u>	<u>-</u>	<u>(2,514,833)</u>
<u>(13,322,033)</u>	<u>-</u>	<u>(13,322,033)</u>
-	-	-
9,130,264	-	9,130,264
2,401,951	-	2,401,951
187,709	-	187,709
1,427,994	-	1,427,994
644,136	-	644,136
<u>13,792,054</u>	<u>-</u>	<u>13,792,054</u>
470,021	-	470,021
39,729,218	11,145	39,740,363
-	(11,145)	(11,145)
6,288	-	6,288
<u>\$ 40,205,527</u>	<u>\$ -</u>	<u>\$ 40,205,527</u>

SAN MIGUEL COUNTY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009

	General Fund	Road and Bridge	Open Space	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 8,025,774	\$ 2,113,185	\$ 792,772	\$ 3,818,740	\$ 14,750,471
Restricted Cash	34,716	-	-	-	34,716
Property taxes receivable	6,296,638	1,937,427	1,529,548	555,735	10,319,348
Land for resale	-	-	-	226,843	226,843
Accrued interest receivable	2,747	-	-	-	2,747
Accounts receivable	177,661	46,292	494,353	42,733	761,039
Due from other governmental units	-	-	-	8,007	8,007
Inventories	-	74,088	-	-	74,088
Total assets	\$ 14,537,536	\$ 4,170,992	\$ 2,816,673	\$ 4,652,058	\$ 26,177,259
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ 296,316	\$ 70,407	\$ 468,772	\$ 54,005	\$ 889,500
Accrued Vacation and Sick Leave	778,586	288,556	-	-	1,067,142
Deposit-bond payable	-	34,000	-	-	34,000
Deferred revenue	6,296,638	1,937,427	1,529,548	560,202	10,323,815
Total liabilities	7,371,540	2,330,390	1,998,320	614,207	12,314,457
Fund balances					
Reserved for:					
Idarado	34,716	-	-	-	34,716
Air quality	-	-	-	102,590	102,590
Seizure funds	1,385	-	-	-	1,385
Telecam/Goose trail	48,467	-	-	-	48,467
Vegetation control	11,345	-	-	-	11,345
Health Insurance	64,369	-	-	-	64,369
Emergencies	-	-	-	627,831	627,831
Transportation	-	-	-	723,859	723,859
Housing	-	-	-	1,311,761	1,311,761
Solid waste	-	-	-	301,946	301,946
Unreserved:					
Designated	-	1,119,774	-	836,029	1,955,803
Undesignated	7,005,714	720,828	818,353	133,835	8,678,730
Total fund balances	7,165,996	1,840,602	818,353	4,037,851	13,862,802
Total liabilities and fund balances	\$ 14,537,536	\$ 4,170,992	\$ 2,816,673	\$ 4,652,058	\$ 26,177,259

See accompanying notes to the basic financial statements

SAN MIGUEL COUNTY, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS
December 31, 2009

Total governmental fund balances **\$ 13,862,802**

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

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds. 31,820,383

Long-term liabilities, including bonds payable and compensated absences,
are not due and payable in the current period and therefore are not reported
in the funds.

Leases Payable (4,739,345)
Compensated absences (738,313)

Net assets of governmental activities **\$ 40,205,527**

See accompanying notes to the basic financial statements

SAN MIGUEL COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2009

	General Fund	Road and Bridge	Open Space	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 6,993,267	\$ 1,762,132	\$ 1,389,340	\$ 1,364,768	\$ 11,509,507
Intergovernmental	704,844	2,005,363	892,353	1,382,246	4,984,806
Licenses and permits	124,184	3,145	-	-	127,329
Charges for services	1,080,498	3,044	30,131	115,178	1,228,851
Miscellaneous	460,551	76,712	66,300	213,096	816,659
Total revenues	9,363,344	3,850,396	2,378,124	3,075,288	18,667,152
Expenditures					
Current:					
General government	4,599,287	-	-	614	4,599,901
Judicial	130,612	-	-	-	130,612
Public safety	4,012,711	-	-	73,990	4,086,701
Retirement benefits	-	-	-	428,523	428,523
Health and welfare	482,274	-	-	1,270,432	1,752,706
Housing and transportation	-	-	-	404,368	404,368
Economic development	-	-	-	290,316	290,316
Recreation and culture	20,118	-	2,585,301	-	2,605,419
Auxiliary services	190,691	-	-	-	190,691
Public Works	-	3,817,290	-	-	3,817,290
Debt Service	-	-	-	626,055	626,055
Capital outlay	-	-	-	758,194	758,194
Total expenditures	9,435,693	3,817,290	2,585,301	3,852,492	19,690,776
Excess (deficiency) of revenues over expenditures	(72,349)	33,106	(207,177)	(777,204)	(1,023,624)
Other financing sources (uses)					
Transfers in (out)	(425,000)	-	-	425,000	-
Sale of assets	1,857	13,329	-	-	15,186
Total other financing sources (uses)	(423,143)	13,329	-	425,000	15,186
Net change to fund balance	(495,492)	46,435	(207,177)	(352,204)	(1,008,438)
Fund balance, January 1	8,789,608	1,778,179	-	4,281,177	14,848,964
Prior period adjustment	-	-	-	6,288	6,288
Residual Transfer	(1,128,120)	-	1,025,530	102,590	-
Increase an inventory	-	15,988	-	-	15,988
Fund balance, December 31	\$ 7,165,996	\$ 1,840,602	\$ 818,353	\$ 4,037,851	\$ 13,862,802

See accompanying notes to the basic financial statements

SAN MIGUEL COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2009

Net change in fund balances - total governmental funds \$ (1,008,438)

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. This is the amount by which capital outlays exceeded depreciation in the current period.

Fixed assets current additions	\$ 1,922,439	
Depreciation expense	<u>(841,825)</u>	
Excess of capital outlay over depreciation		1,080,614

In the Statement of Activities, the proceeds of long-term capital leases is recognized as an increase in long term debt. The fund financial statements recognize proceeds as revenue	-
--	---

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

Principal payments on debt service	356,925
Compensated absences	24,932
Inventory Increase	15,988

Change in net assets of governmental funds	<u><u>\$ 470,021</u></u>
---	--------------------------

See accompanying notes to the basic financial statements

SAN MIGUEL COUNTY, COLORADO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2009

	Business Type Activities
	Prisoner Commissary Fund
Assets	
Cash and cash equivalents	\$ -
Total assets	\$ -
Liabilities	
Inmate funds held	\$ -
Due to other County funds	-
Total Liabilities	-
Net assets	
Unrestricted	-
Total net assets	\$ -

See accompanying notes to the basic financial statements

SAN MIGUEL COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2009

	Business Type Activities
	Prisoner Commissary Fund
Operating Revenues	
Commissary sales	\$ -
Total operating revenues	-
Operating expenses:	-
Operating income (loss)	-
Income (loss) before non operating revenues	
Earnings on investments	-
Change in net assets	-
Total net assets, January 1	11,145
Residual transfer	(11,145)
Total net assets, December 31	\$ -

See accompanying notes to the basic financial statements

SAN MIGUEL COUNTY, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2009

	Business Type Activities <hr/> Prisoner Commissary Fund <hr/>
Cash flows from operating activities:	
Charges for sales and services	\$ -
Payments to suppliers and others	-
Net cash provided by operating activities	<hr/> - <hr/>
Cash flows from capital and related financing activities:	
Transfers to other funds	(15,698)
Cash flows from investing activities	
Earning on investments	-
Net increase or (decrease) in cash and cash equivalents	(15,698)
Cash and cash equivalents-January 1	15,698
Cash and cash equivalents-December 31	<hr/> <hr/> \$ - <hr/> <hr/>
Reconciliation of Operating Income (loss) to Net	
cash provided by (used for) operating activities	
Operating income (loss)	\$ -
Adjustments to reconcile operating income (loss) to net	
cash provided by (used for) operating activities	
Increase (decrease) in due to other county funds	-
Net cash provided by (used for) operating activities	<hr/> <hr/> \$ - <hr/> <hr/>

See accompanying notes to the basic financial statements

**SAN MIGUEL COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2009**

Treasurer's Agency Fund

Cash and investments	<u>\$ 531,718</u>
Due to other governments	<u>\$ 531,718</u>

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 1 – Summary of Significant Accounting Policies

The accounting and reporting policies of San Miguel County, Colorado conform to generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the County's financial statements.

In June 1999 the GASB approved Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. These statements are prepared in compliance with the requirements of the Statement. Some of the significant reporting changes required by the Statement and are reflected in these financial statements include the following:

- Management's Discussion and Analysis (MD & A) which provides an analysis of the County's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the County's activities.
- A change in the presentation of the fund financial statements to focus on the County's major funds.

A. Reporting Entity

San Miguel County is located in western Colorado with a population of approximately 7100. The principal towns are Telluride, Mountain Village and Norwood. San Miguel County is a political subdivision of the State of Colorado, governed by an elected three-member Board of County Commissioners. The County has six other elected officials; the Assessor, the Clerk and Recorder, the Coroner, the Sheriff, the Surveyor and the Treasurer. San Miguel County is included in the Seventh Judicial District. An elected District Attorney for the District serves Montrose, Delta, Gunnison, Hinsdale San Miguel and Ouray Counties. The County's General Fund accounts for all financial operating transactions of the offices of the elected officials and all San Miguel County contributions to the Seventh Judicial District Attorney's office.

Blended presented component unit. San Miguel Housing Authority and San Miguel County Disposal District.

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 1 – Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and user charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. The County considers revenues to be available if they are collectible within 180 days except for property taxes which are considered available if they are collectible within sixty days after year-end. Property taxes, sales taxes, licenses, and interest

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 1 – Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The government reports the following major governmental funds:

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

The *Road and Bridge Fund* records costs related to County road and bridge construction and maintenance. By State law, Colorado counties are required to maintain a road and bridge fund. A portion of road and bridge taxes is allocated to cities and towns for use in their road and street activities.

The *Open Space Fund* accounts for the administration and operations of the Parks and Recreation Fund and also the purchase of land for open space.

The government reports the following non-major governmental funds:

The *Public Welfare Fund* accounts for the administration and operations of the County's public health and welfare system.

Sales Tax Fund - to account for revenues derived from sales tax. One half of the sales tax revenue collected annually is designated for capital expenditures or debt service.

Capital Expenditures Fund - to account for the sale of County property and other sources designated for capital improvements

Retirement Fund - to account for revenues from property taxes designated for a county employee retirement program.

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 1 – Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Conservation Trust Fund - Conservation Trust Fund reflects the receipt of the County's share of Colorado Lottery funds and money from other sources to be used for recreation purposes within the County.

Contingent Fund - The Contingent Fund reflects the accumulation and disbursement of funds set aside to be used as needed for unforeseen contingencies.

Lodging Tax Fund - to account for revenues derived from lodging tax to be used for economic development.

Public Health Fund accounts for all revenues and expenditures related to the administration of public health services and programs. The fund was set up pursuant to Senate Bill – 08-194.

Dependent District Funds - special revenue funds used to account for the revenue from property taxes and other revenues designated for specific purposes. The San Miguel County Housing Authority's general fund has been blended as a dependent district.

The government reports the following major Proprietary funds:

The Prisoner Commissary Fund is used to account for the revenues and expenditures associated with providing commissary items to prisoners at the San Miguel County Jail.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 1 – Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues included all taxes.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The County considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits. In addition, because the treasury pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments with an original maturity of one year or less to be cash equivalents.

2. Receivable and Payable Balances

Significant components of receivables and payables are disaggregated in the financial statements. All receivables are expected to be collected within one year. All material payables are expected to be paid within one year with the exception of the amounts for the accrual for compensated absences and capital leases.

3. Property Taxes

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable either in two installments due on February 28 and June 15 or in full on April 30. The County, through the San Miguel County Treasurer, bills and collects its own property taxes as well as property taxes of all other taxing authorities within the County. Taxes

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 1 – Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

levied in 2008 for collection in 2009 are recorded in governmental funds as taxes receivable and deferred revenue as of December 31, 2008 since the amount is measurable but not available until 2009. An allowance for uncollectible taxes is not provided as the uncollectible amounts were determined to be negligible based upon an analysis of historical trends.

4. Interfund Transactions

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the County are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. At year end, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." These amounts are eliminated in the Total Column on the "statement of net assets" column. Any residual balances outstanding between "discrete presented component units" and the "primary government" are reported on a separate line.

5. Inventories

Inventories are valued at cost which is determined using the first-in, first-out method. Inventories in most Governmental funds are recorded as expenditures when purchased. Inventories in the Road and Bridge Fund and are recorded as expenditures when consumed rather than when purchased.

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 1 – Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

6. Capital Assets

Capital assets, which include property, plant equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and a useful life of more than one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation on capital assets, with the exception of infrastructure, is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	20 to 40 Years
Equipment and Furniture	5 to 10 Years

For reporting infrastructure assets, a modified approach is allowed by GASB 34. This approach is in lieu of the depreciation of infrastructure assets. The County has elected to use this method of reporting infrastructure assets. The County must maintain two requirements in order to qualify to use this approach:

1. The County must manage the eligible infrastructure assets using an asset management system with specific characteristics.
2. The County must document that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the County.

The County has developed and will implement an asset management system to measure, at least every third year by class of infrastructure asset, if the minimum standards are being maintained. Additional required disclosures are included as part of the Required Supplementary Information.

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 1 – Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

San Miguel qualifies as a Phase II county as per GASB Statement 34 and has elected to report all infrastructure assets. The following is a detailed list of those infrastructure assets.

Roads	\$ 5,307,123
Bridges	5,288,416
Culverts	<u>923,365</u>
Total	<u>\$ 11,518,904</u>

1. The San Miguel County Commissioners have made the commitment to preserve and maintain this eligible infrastructure asset at a level of five (5) on a maintenance scale of one (1) to ten (10).
2. The San Miguel County Commissioners are responsible for determining the appropriate condition level at which this asset is to be maintained.
3. No depreciation expense is reported for this asset, nor is amounts capitalized in connection with improvements that lengthen the life of the asset, unless the improvement also increases the service potential of this asset.
4. San Miguel County maintains an inventory of this asset and will perform periodic condition assessments to establish that the specified condition level (1 above) is maintained.
5. The County's estimate of the amount to be expended to preserve and maintain this asset, at the stated condition level, for the subsequent year (2009) is zero dollars. For all subsequent years, this cost will be estimated in the County's annual budget.

7. Future Compensated Absences

A maximum of 24 to 48 days vacation per year may be accumulated by each employee. Employees will be paid for up to the maximum accumulation of unused vacation days upon separation from County service after six months continuous service. The County accrues a liability for compensated absences which meet the following criteria:

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 1 – Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

- The County's obligation relating to employee rights to receive compensation for future absences is attributable to employee services already rendered.
- The obligation relates to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

In accordance with the above criteria the County has accrued a liability for vacation pay which has been earned, but not taken by County employees. For governmental funds the liability for the noncurrent portion of compensated absences is reflected in the general long-term debt account group since it is anticipated that none of that portion of the liability will be liquidated with expendable available financial resources. The liability for compensated absences is recorded in proprietary fund types as an accrued liability in accordance with FASB Statement 43.

8. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. At December 31, 2009 the only long term debt that San Miguel County had was from the accrual of compensated absences and capital leases.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

10. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are constraints placed on their use either by law through constitutional provisions or enabling legislation or through restrictions externally imposed by creditors, grantors, laws, or regulations of other governments.

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 1 – Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

The reserve for emergencies as required by Section 20 to Article X of the Colorado Constitution, also known as the Taxpayer's Bill of Rights (TABOR) is classified as restricted net assets on the entity-wide statements.

As provided for in the amendment the voters of San Miguel County approved in November 1994, for the 1995 budget year and subsequent budget years, that the San Miguel County mill levy may remain at the 1994 level of 8.120 mills; and, authorized the County to increase its revenues and expenditure limitations beyond those authorized by Article X, Section 20 as amended, for 1995 and each subsequent year thereafter, in the amount of \$750,000 per year.

The Amendment is complex and subject to judicial interpretation. The County believes it is in compliance with the requirements of the amendment.

11. Estimates

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

12. Contraband Proceeds

The Colorado Contraband Forfeiture Act requires the proceeds from the seizure of contraband be audited although they are not subject to the appropriations process. During 2009, the County had no proceeds from the seizures of contraband.

Note 2 – Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted for all funds, except agency funds, of the County. The Finance Office submits a proposed operating budget for the following calendar year to the County Commissioners prior to October 15 of each year. The budget is prepared using the modified accrual basis of accounting. The operating budget includes proposed expenditures/expenses and the anticipated revenues. As required by statute, public hearings are conducted to obtain citizen's comments. Prior to the levy of property tax, the budget is legally adopted through the passage of a budget adoption and appropriation resolution.

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 2 – Stewardship, Compliance, and Accountability (continued)

B. Budgeted Level of Expenditures

The budgetary control is maintained at the department level for the general fund and at specific fund level for all other funds. Although the budget shows various classifications by object and by function, the department directors are authorized to transfer budgeted amounts within each of the object classifications. All annual appropriations lapse at year end. During 2009, two supplemental appropriations were adopted by the County Commissioners.

For the budget to actual reporting required by state statutes the proprietary funds present the adjustments necessary to reconcile ending net income (loss) on the budgetary basis to the GAAP basis net change in fund equity.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget. No budget is shown or required for the San Miguel Regional Housing Authority. The Public Health Fund was originally, part of the General Fund in 2009, but was setup as a special revenue fund starting as July 1st and therefore no budget was formally adopted. The County could be in violation of Colorado Budget Law because the Public Welfare Fund actual expenditures exceed budgetary amounts.

Note 3 – Deposits and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is 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. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2009, the bank balance of the County's deposits was \$ 8,558,186 of which \$ 750,000 was covered by federal depository insurance and \$ 7,808,186 was collateralized under PDPA.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments 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; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and, guaranteed investment contracts. The County's investment policy follows Colorado statutes. At December 31, 2009 the County's investments included certificates of deposit and funds held in Colotrust.

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 3 – Deposits and Investments (continued)

The County had invested \$ 3,453,366 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST 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 COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's funds are rated AAA by Standard and Poor's, Fitch's and Moody's rating services.

The County's investments carried at fair market value as of December 31, 2009 are:

	<u>Fair Value</u>	<u>Credit Risk</u>
Sweep Account-Government Bonds	\$ 1,443,847	AAAm
Federal Home Loan Bank	1,000,000	AAAm
ColoTrust (Governmental Pool)	<u>3,453,366</u>	AAA
	<u>\$ 5,897,213</u>	

Summary of Combined Cash and Investments Held By Primary Government and Dependent Districts.

<u>Description</u>	<u>Cost</u>
Cash on hand	\$ 2,850
Outstanding deposits	105,786
Demand deposits	4,367,233
ColoTrust	3,453,366
Sweep Account	1,443,847
Federal Home Loan Bank	1,000,000
Certificates of deposits and savings	4,190,953
San Miguel Housing Authority (ColoTrust)	<u>705,778</u>
	<u>\$ 15,269,813</u>

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 4 – Interfund Transactions

The County reports interfund balances between many of its funds. The sum of all balances presented in this table agrees with the sum of interfund balances presented in the balance sheets for governmental and proprietary funds.

Inter-fund receivable and payable balances at December 31, 2009 were as follows:

Fund	Inter-fund <u>Receivable</u>	Inter-fund <u>Payable</u>
Public Health	\$ 3,770	\$
Conservation Trust	1,807	
General		<u>5,577</u>
Total	<u>\$ 5,577</u>	<u>\$ 5,577</u>

Note 5 – Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

Governmental Activities:

	Beginning Balances 01/01/09	Additions	Deletions	Ending Balances 12/31/09
Capital assets not being depreciated				
Land	\$ 7,041,200	\$	\$	\$ 7,041,200
Infrastructure	10,076,445	1,442,459		11,518,904
Total capital assets not being depreciated	<u>17,117,645</u>	<u>1,442,459</u>		<u>18,560,104</u>
Capital assets being depreciated				
Buildings and improvements	14,283,741	171,717		14,455,458
Equipment and furniture	5,986,241	308,263		6,294,504
Total capital assets being depreciated	<u>20,269,982</u>	<u>479,980</u>		<u>20,749,962</u>
Less accumulated depreciation				
Buildings and improvements	3,344,630	337,133		3,681,763
Equipment and furniture	3,303,228	504,692		3,807,920
Total accumulated depreciation	<u>6,647,858</u>	<u>841,825</u>		<u>7,489,683</u>
Total capital assets being depreciated net	<u>13,622,124</u>	<u>(361,845)</u>		<u>13,260,279</u>
Governmental activities capital assets	<u>\$30,739,769</u>	<u>\$1,080,614</u>	<u>\$</u>	<u>\$31,820,383</u>

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 5 – Capital Assets continued

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

Governmental activities:	
General government	\$ 205,538
Public safety	229,986
Public works	326,362
Recreation and culture	75,987
Health and welfare	<u>3,952</u>
Total depreciation expense-governmental activities	<u>\$ 841,825</u>

Note 6 – Long-Term Liabilities

Long-term obligations

The County has entered into various capital leases and financed the following items:

The County has adopted the policy of acquiring certain fixed assets through the use of lease purchase agreements. For the lease purchase backed by the full faith and credit of the County, debt service is accounted for in the fund that accounts for the function associated with the asset.

General capitalized lease obligations payable are comprised of the following:

Zion Bank, Miramonte Building purchase and remodel, annual payments of \$ 165,978, through November, 2019 at 5.7%	\$ 1,239,165
Zion Bank, Jail Lease Purchase Agreement, annual payments of \$215,902, through June, 2012 at 5.06%	589,041
Zion Bank, land purchase agreement, annual payments of \$ 244,175.38 through December 2028 at 5.26%	<u>2,911,139</u>
Total general capitalized lease obligations	<u>\$ 4,739,345</u>

The land has a maturity date of December 2028 at an interest rate of 5.26%.

Year	Principal	Interest	Payment
2010	\$ 92,247	\$ 151,929	\$ 244,176
2011	97,163	147,012	244,175
2012	102,340	141,835	244,175
2013	107,795	136,381	244,176
2014-2018	631,514	589,363	1,220,877
2019-2023	818,703	402,174	1,220,877
2024-2028	1,061,377	159,500	1,220,877
Total	<u>\$ 2,911,139</u>	<u>\$ 1,728,194</u>	<u>\$ 4,639,333</u>

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 6 – Long-Term Liabilities-continue

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of December 31, 2009:

The Miramonte Building has a maturity date of Nov 2019 at an interest rate of 5.70%

Year	Principle	Interest	Total
2010	\$ 95,346	\$ 70,632	\$ 165,978
2011	100,780	65,198	165,978
2012	106,525	59,453	165,978
2013	112,597	53,381	165,978
2014	119,015	46,963	165,978
2015-2019	704,902	124,988	829,890
	<u>\$ 1,239,165</u>	<u>\$ 420,615</u>	<u>\$ 1,659,780</u>

The jail has a maturity date of June 2012 at an interest rate of 5.06%

Year	Principle	Interest	Total
2010	186,058	29,844	215,902
2011	195,472	20,430	215,902
2012	207,511	8,391	215,902
	<u>\$ 589,041</u>	<u>\$ 58,665</u>	<u>\$ 647,706</u>

The repayment of the capital lease is subject to annual appropriations by the County Commissioners.

A summary of long-term debt is as follows:

	Payable January 2009	Additions	Deletions	Payable December 2009
General capitalized lease obligations	\$ 5,096,270	\$ -	\$ 356,925	\$ 4,739,345
Compensated absences payable	763,245	-	24,932	738,313
Total	<u>\$ 5,859,515</u>	<u>\$ -</u>	<u>\$ 381,857</u>	<u>\$ 5,477,658</u>

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 7 – Reservations and Designations of Fund Balance

Reservations

Reservations of fund balance either indicate that a portion of fund balance is legally segregated for a specific future use or indicate that a portion of fund balance is not appropriate.

Fund balances reserved for prepaid expenditures and inventories do not represent available, spend able resources even though they are a component of net current assets. Fund balances reserved for capital projects indicates the fund balance is restricted for the payment of sales tax distributions, open lands purchases, and major facilities construction. Fund balances reserved for debt service indicates the fund balance is restricted for the payment of debt principal and interest maturing in future years. Fund balance reserved for emergencies represents a 3% legal restriction pursuant to Article X, Section 20 of the State Constitution (Tabor Amendment).

Reserves

The County has established reservations of fund equity as follows:

- Fund balance reserved for inventory segregates that portion of fund balance to indicate that inventories do not represent available, spend able resources.
- Fund balance reserved for air quality reflects fireplace permit fees that are being accumulated for an air quality study.
- Fund balance reserved for solid waste reflects subdivision fees that are being accumulated in the Solid Waste Disposal Special Revenue Fund for future solid waste disposal expenditures.
- Fund balance reserved for transportation improvements is a result of funds received from two different sources. The first source is an agreement between Telco, Inc., the Town of Telluride, and the County for the exchange of real estate. As a condition of the exchange the County agreed to utilize the proceeds from the sale of property for ground transportation. The source is from subdivision impact fees imposed for transportation purposes.
- Fund balance reserved for environmental oversight reflects funds reserved for activities of the Colorado Cleanup Oversight Committee.
- Fund balance reserved for emergencies represents a reserve for declared emergencies. The amendment to the State Constitution know as the Taxpayer's Bill of Rights (TABOR), requires that the County reserve a certain percentage of its fiscal year spending, as defined in the amendment, for declared emergencies. Emergency, as defined in the amendment, excludes economic conditions, revenue shortfalls or salary or fringe benefit increases. For 2002 the amount of fiscal year spending to be reserved is three percent. Unused reserves carry over to subsequent years. The County carries its emergency reserve, as required and defined in TABOR, in the contingency fund.
- Retained earnings reserved for medical claims represent the total equity balance to be used exclusively for the payment of medical claims.

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 7 – Reservations and Designations of Fund Balance (continued)

Designations

Designations of fund balances are not legally required segregations, but indicate the portion of fund balances the County has made tentative plans for. The following designations are used by the County:

Designated for subsequent year's expenditures represents fund balance commitments for appropriated expenditures in excess of anticipated revenues for the year ending December 31, 2009.

Note 8 – Retirement Plan

San Miguel County is a member employer of the Colorado County Officials and Employees Retirement Association (CCOERA). This association was formed by Colorado State Statute to provide retirement benefits to employees of Colorado local governments. CCOERA administers two different retirement plans a 401(a) Defined Contribution Plan and a 457 Deferred Compensation Plan.

San Miguel County provides pension benefits for all of its full-time employees through a defined contribution plan with the Colorado County Officials and Employees Retirement Association Retirement Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon hire. Elected officials are eligible to participate immediately. Participation is mandatory for all eligible employees and for all elected officials. Both the County and the employee contribute 5% of the employee's monthly base salary to the plan. The County's contribution for each employee (and interest allocated to the employee's account) is 100% vested after five years. Any non-vested County contributions forfeited by an employee who leaves the County's employment are remitted to the County. The County also participates in a voluntary deferred compensation contribution for those employed more than five years.

The County's total payroll was \$ 7,375,561 in 2009. The total payroll covered by the pension plan was \$ 7,247,100 in 2009. The total contribution paid was \$ 846,444 in 2009 (12 % of covered payroll), \$ 423,222 by the employees and \$ 423,222 by the County.

The County has no liability for losses under the plan.

Complete financial statements for the retirement plans may be obtained from the CCOERA, 4949 S. Syracuse St., Suite 400, Denver, Colorado, 80237.

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 9 – Post Employment Benefits

The County provides no post employment benefits to employees who retire from the County other than those mandated by the State and Federal governments.

The “Consolidated Omnibus Budget Reconciliation Act of 1985” (COBRA), that is mandated by the Federal Government, requires that employers allow eligible employees the opportunity to purchase medical and dental insurance for various periods of time after their employment is discontinued. San Miguel County complies with the Federal Statutes.

Note 10 – Noncash Program Activity

Schedule of EBT Authorizations, Warrant Expenditures, and Total Expenditures
For the Year Ended December 31, 2009

	County EBT Authorizations	State and Federal Share of Authorizations	Expenditures by County Warrant	Authorizations Plus Expend By County Warrant	Total County Expenditures
TANF	\$ 17,081	\$ (38,120)	\$ 25,798	\$ 42,879	\$ 4,759
Child care	58,940	(58,534)	6,203	65,143	6,609
Child welfare	58,582	(188,150)	215,600	274,182	86,032
Administration	-	(135,140)	133,443	133,443	(1,697)
Core services	-	-	3,120	3,120	3,120
IV-D Administration	-	(5,082)	5,000	5,000	(82)
Aid to needy disabled	6,741	(5,393)	-	6,741	1,348
Old age pension	22,388	(27,728)	5,340	27,728	-
LEAP	65,670	(70,028)	4,359	70,028	-
Medicaid transportation	-	(9,098)	8,780	8,780	(318)
General assistance	-	-	5,193	5,193	5,193
Miscellaneous	(8,580)	(186,068)	63,086	67,813	(118,254)
Subtotal	220,821	(723,341)	475,923	710,052	(13,289)
Food assistance	245,659	(245,659)	-	245,659	-
Grant Total	<u>\$ 466,480</u>	<u>\$ (969,000)</u>	<u>\$ 475,923</u>	<u>\$ 955,710</u>	<u>\$ (13,289)</u>

Welfare payments authorized by the San Miguel County Department of Human Services. These County authorizations are paid by the Colorado Department of Human Services by QUEST debit cards or by electronic funds transfer (EFT).

A. Welfare payments authorized by the San Miguel County Department of Human Services. These County authorizations are paid by the Colorado Department of Human Services by QUEST debit cards or by electronic funds transfer (EFT).

B. County share of EBT authorizations - these amounts are settled monthly by a reduction of State cash advances to the County.

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2009

Note 10 – Noncash Program Activity (continued)

C. Expenditures made by County warrants or other County payment methods

D. This represents the total cost of the welfare programs that are administered by San Miguel County.

E. This total matches the expenditures on the Social Services Department Fund Statement of Revenues, Expenditures, and Changes in Fund Balance.

Note 11 – Budget Amendment

During 2009 the County amended its budget twice. The following is a schedule of the changes to the original budget:

Fund	Original Budget	Revisions	Final Budget
General	\$ 10,579,866	\$ 264,589	\$ 10,844,455
Road and Bridge	4,894,051	-	4,894,051
Open Space	2,748,436	-	2,748,436
Social Services	825,108	125,000	950,108
Capital expenditure	389,500	-	389,500
Sales tax capital	1,366,521	77,150	1,443,671
Retirement	433,700	25,000	458,700
Conservation Trust	35,500	-	35,500
Lodging Tax Tourism	401,050	-	401,050
SMC Solid Waste Disposal District	70,060	8,500	78,560
Totals	<u>\$ 21,743,792</u>	<u>\$ 500,239</u>	<u>\$ 22,244,031</u>

Note 12 - Transfers

Transfers are indicative of funding for various County operations and re-allocation of special revenues. The following schedule briefly summarizes the County's transfer activity:

Fund	Transfers In	Transfers (Out)
Sales Tax Capital	\$ 250,000	-
Retirement	\$ 25,000	-
Public Health	\$ 150,000	-
General	-	\$ 425,000

SAN MIGUEL COUNTY, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2009

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 5,743,012	\$ 5,743,012	\$ 5,760,586	\$ 17,574
Sales and miscellaneous taxes	1,692,000	1,692,000	1,232,681	(459,319)
Fees and charges	1,000,559	1,004,059	1,080,498	76,439
Licenses and permits	362,343	362,343	124,184	(238,159)
Intergovernmental	496,172	653,220	704,844	51,624
Interest earnings	450,000	450,000	178,921	(271,079)
Miscellaneous	143,226	143,226	281,630	138,404
Total revenues	<u>9,887,312</u>	<u>10,047,860</u>	<u>9,363,344</u>	<u>(684,516)</u>
Expenditures				
Current				
General government	4,991,759	5,081,500	4,599,287	482,213
Judicial	138,450	139,250	130,612	8,638
Public Safety	4,079,071	4,206,417	4,012,711	193,706
Health and welfare	909,867	947,569	482,274	465,295
Culture and recreation	20,250	27,250	20,118	7,132
Auxiliary services	190,469	192,469	190,691	1,778
Total expenditures	<u>10,329,866</u>	<u>10,594,455</u>	<u>9,435,693</u>	<u>1,158,762</u>
Revenues over (under) expenditures	(442,554)	(546,595)	(72,349)	474,246
Other Financing Sources				
Transfer in (Out)	(250,000)	(250,000)	(425,000)	(175,000)
Sale of Assets	-	-	1,857	1,857
Total other financing sources	<u>(250,000)</u>	<u>(250,000)</u>	<u>(423,143)</u>	<u>(173,143)</u>
Revenues and other sources over expenditures	(692,554)	(796,595)	(495,492)	301,103
Fund balance, January 1	7,205,513	7,205,513	8,789,608	1,584,095
Residual Transfers	-	-	(1,128,120)	(1,128,120)
Fund balance, December 31	<u>\$ 6,512,959</u>	<u>\$ 6,408,918</u>	<u>\$ 7,165,996</u>	<u>\$ 757,078</u>

SAN MIGUEL COUNTY, COLORADO
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2009

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
General property tax	\$ 1,696,823	\$ 1,696,823	\$ 1,694,907	\$ (1,916)
Special ownership tax	41,000	41,000	59,672	18,672
Penalty and interest tax	2,000	2,000	7,553	5,553
Total	<u>1,739,823</u>	<u>1,739,823</u>	<u>1,762,132</u>	<u>22,309</u>
Intergovernmental				
Payment in lieu of taxes	100	100	469	369
Mineral leasing	312,000	312,000	317,066	5,066
Forest service	20,000	20,000	73,343	53,343
Federal land and materials	200	200	261	61
Total	<u>332,300</u>	<u>332,300</u>	<u>391,139</u>	<u>58,839</u>
Intergovernmental - State and Local				
Highway user's - County	1,525,000	1,525,000	1,590,311	65,311
Town of Sawpit	1,200	1,200	1,205	5
Automobile registration	17,000	17,000	22,708	5,708
Total	<u>1,543,200</u>	<u>1,543,200</u>	<u>1,614,224</u>	<u>71,024</u>
Licenses and permits				
Special permits and fees	4,000	4,000	3,145	(855)
Total	<u>4,000</u>	<u>4,000</u>	<u>3,145</u>	<u>(855)</u>
Miscellaneous				
Charges for services	33,982	33,982	76,712	42,730
Sale of assets	-	-	3,044	3,044
Total revenues	<u>3,653,305</u>	<u>3,653,305</u>	<u>3,863,725</u>	<u>210,420</u>
Expenditures				
Current				
Construction	323,000	323,000	265,130	57,870
Maintenance of conditions	3,148,331	3,148,331	2,394,506	753,825
Snow and ice removal	325,760	325,760	131,916	193,844
Administration	1,096,960	1,096,960	1,025,738	71,222
Total expenditures	<u>4,894,051</u>	<u>4,894,051</u>	<u>3,817,290</u>	<u>1,076,761</u>
Revenues over (under) expenditures	(1,240,746)	(1,240,746)	46,435	1,287,181
Fund balance, January 1	1,614,149	1,614,149	1,778,179	164,030
Changes in reserve for inventory	-	-	15,988	15,988
Fund balance, December 31	<u>\$ 373,403</u>	<u>\$ 373,403</u>	<u>\$ 1,840,602</u>	<u>\$ 1,467,199</u>

SAN MIGUEL COUNTY, COLORADO
OPEN SPACE AND PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2009

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Taxes				
General property tax	\$ 1,339,597	\$ 1,339,597	\$ 1,336,507	\$ (3,090)
Special ownership tax	-	-	47,110	47,110
Penalty and interest tax	-	-	5,723	5,723
Total	1,339,597	1,339,597	1,389,340	49,743
Intergovernmental				
Payment in lieu of taxes	-	-	370	370
Open space & PDR grants	425,000	425,000	350,000	(75,000)
Trail project grants	578,750	578,750	541,983	(36,767)
Other grants	34,855	34,855	-	(34,855)
Total	1,038,605	1,038,605	892,353	(146,252)
Miscellaneous				
Event center fees	8,000	8,000	5,640	(2,360)
Fairground fees	18,000	18,000	21,982	3,982
Other fees	250	250	2,509	2,259
Donations	1,211	1,211	66,300	65,089
Total	27,461	27,461	96,431	68,970
Total revenues	2,405,663	2,405,663	2,378,124	(27,539)
Expenditures				
Current				
Recreation	158,198	158,198	155,610	2,588
Open space commission	778,900	778,900	714,985	63,915
Historical preservation	217,571	217,571	164,557	53,014
Trails projects	1,156,500	1,156,500	1,214,163	(57,663)
Fairgrounds and regional park	223,870	223,870	187,146	36,724
Parks administration	96,772	96,772	68,804	
Placerville park	21,250	21,250	26,886	
Down valley park	95,375	95,375	53,150	
Total expenditures	2,748,436	2,748,436	2,585,301	98,578
Revenues over (under) expenditures	(342,773)	(342,773)	(207,177)	71,039
Fund balance, January 1	-	-	-	-
Residual transfer	913,125	913,125	1,025,530	112,405
Fund balance, December 31	\$ 570,352	\$ 570,352	\$ 818,353	\$ 183,444

SAN MIGUEL COUNTY, COLORADO
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2009

	<u>Lodging Tax Tourism</u>	<u>Sales Tax Fund</u>	<u>Capital Expenditures</u>	<u>Contingent Fund</u>
Assets				
Cash and cash equivalents	\$ 9,756	\$ 673,377	\$ 746,545	\$ 627,831
Taxes receivable	-	-	-	-
Land for resale	-	-	-	-
Due from other governmental units	-	-	-	-
Other receivables	730	31,462	-	-
Total assets	<u>\$ 10,486</u>	<u>\$ 704,839</u>	<u>\$ 746,545</u>	<u>\$ 627,831</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 1,893	\$ 25,408	\$ 22,686	\$ -
Deferred revenue	-	-	-	-
Total liabilities	<u>1,893</u>	<u>25,408</u>	<u>22,686</u>	<u>-</u>
Fund balances				
Reserved for:				
Emergencies	-	-	-	627,831
Transportation	-	-	723,859	-
Housing	-	-	-	-
Solid waste	-	-	-	-
Unreserved:	8,593	679,431	-	-
Total fund balances	<u>8,593</u>	<u>679,431</u>	<u>723,859</u>	<u>627,831</u>
Total liabilities and fund balances	<u>\$ 10,486</u>	<u>\$ 704,839</u>	<u>\$ 746,545</u>	<u>\$ 627,831</u>

<u>Welfare Fund</u>	<u>Retirement Fund</u>	<u>Conservation Trust</u>	<u>Public Health</u>	<u>Dependent Districts</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 176,404	\$ 18,775	\$ 75,460	\$ 102,590	\$ 1,388,002	\$ 3,818,740
158,053	397,682	-	-	-	555,735
-	-	-	-	226,843	226,843
8,007	-	-	-	-	8,007
930	1,223	1,807	3,770	2,811	42,733
<u>\$ 343,394</u>	<u>\$ 417,680</u>	<u>\$ 77,267</u>	<u>\$ 106,360</u>	<u>\$ 1,617,656</u>	<u>\$ 4,652,058</u>
\$ -	\$ 69	\$ -	\$ -	\$ 3,949	\$ 54,005
162,520	397,682	-	-	-	560,202
<u>162,520</u>	<u>397,751</u>	<u>-</u>	<u>-</u>	<u>3,949</u>	<u>614,207</u>
-	-	-	-	-	627,831
-	-	-	-	-	723,859
-	-	-	-	1,311,761	1,311,761
-	-	-	-	301,946	301,946
180,874	19,929	77,267	106,360	-	1,072,454
<u>180,874</u>	<u>19,929</u>	<u>77,267</u>	<u>106,360</u>	<u>1,613,707</u>	<u>4,037,851</u>
<u>\$ 343,394</u>	<u>\$ 417,680</u>	<u>\$ 77,267</u>	<u>\$ 106,360</u>	<u>\$ 1,617,656</u>	<u>\$ 4,652,058</u>

SAN MIGUEL COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2009

	<u>Lodging Tax Tourism</u>	<u>Sales Tax Fund</u>	<u>Capital Expenditures</u>	<u>Contingent Fund</u>
Revenues				
Taxes	\$ 290,316	\$ 736,188	\$ -	\$ (3)
Intergovernmental	-	358,112	-	-
Charges for services	-	-	-	-
Interest earnings	-	-	3,866	-
Miscellaneous	-	24,338	154,361	-
Total revenues	<u>290,316</u>	<u>1,118,638</u>	<u>158,227</u>	<u>(3)</u>
Expenditures				
Current:				
General government	614	-	-	-
Public safety	-	-	-	-
Retirement benefits and contributions	-	-	-	-
Health and human services	-	-	-	-
Urban development, housing and transportation	-	-	309,752	-
Economic development	290,316	-	-	-
Capital outlay	-	709,975	-	-
Debt service payments	-	626,055	-	-
Total expenditures	<u>290,930</u>	<u>1,336,030</u>	<u>309,752</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(614)	(217,392)	(151,525)	(3)
Other financing sources and (uses)				
Transfer In (Out)	-	250,000	-	-
Loan Proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Net change to fund balance	(614)	32,608	(151,525)	(3)
Fund balance, January 1	9,207	646,823	875,384	627,834
Residual transfer	-	-	-	-
Prior Period adjustment	-	-	-	-
Fund balance, December 31	<u>\$ 8,593</u>	<u>\$ 679,431</u>	<u>\$ 723,859</u>	<u>\$ 627,831</u>

Welfare Fund	Retirement Fund	Conservation Trust	Public Health	Dependent Districts	Total Nonmajor Governmental Funds
\$ 143,979	\$ 140,152	\$ -	\$ -	\$ 54,136	\$ 1,364,768
833,601	-	30,721	100,576	59,236	1,382,246
-	-	-	57,210	57,968	115,178
-	-	1,807	-	3,115	8,788
-	23,438	-	2,126	45	204,308
<u>977,580</u>	<u>163,590</u>	<u>32,528</u>	<u>159,912</u>	<u>174,500</u>	<u>3,075,288</u>
-	-	-	-	-	614
-	-	-	-	73,990	73,990
-	428,523	-	-	-	428,523
964,290	-	-	306,142	-	1,270,432
-	-	-	-	94,616	404,368
-	-	-	-	-	290,316
-	-	48,219	-	-	758,194
-	-	-	-	-	626,055
<u>964,290</u>	<u>428,523</u>	<u>48,219</u>	<u>306,142</u>	<u>168,606</u>	<u>3,852,492</u>
13,290	(264,933)	(15,691)	(146,230)	5,894	(777,204)
-	25,000	-	150,000	-	425,000
-	-	-	-	-	-
<u>-</u>	<u>25,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>425,000</u>
13,290	(239,933)	(15,691)	3,770	5,894	(352,204)
161,296	259,862	92,958	-	1,607,813	4,281,177
-	-	-	102,590	-	102,590
6,288	-	-	-	-	6,288
<u>\$ 180,874</u>	<u>\$ 19,929</u>	<u>\$ 77,267</u>	<u>\$ 106,360</u>	<u>\$ 1,613,707</u>	<u>\$ 4,037,851</u>

**SAN MIGUEL COUNTY, COLORADO
DEPENDENT DISTRICTS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - DEPENDENT DISTRICTS
December 31, 2009**

	San Miguel Disposal District	San Miguel County Housing Authority	Total
Assets			
Cash and cash equivalents	\$ 305,895	\$ 1,082,107	\$ 1,388,002
Land for resale	-	226,843	226,843
Other receivables	-	2,811	2,811
Total assets	<u>\$ 305,895</u>	<u>\$ 1,311,761</u>	<u>\$ 1,617,656</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 3,949	\$ -	\$ 3,949
Total liabilities	<u>3,949</u>	<u>-</u>	<u>3,949</u>
Fund balances			
Reserved for:			
Housing	-	1,311,761	1,311,761
Solid waste	301,946	-	301,946
Unreserved:	-	-	-
Total fund balances	<u>301,946</u>	<u>1,311,761</u>	<u>1,613,707</u>
Total liabilities and fund balances	<u>\$ 305,895</u>	<u>\$ 1,311,761</u>	<u>\$ 1,617,656</u>

SAN MIGUEL COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS - DEPENDENT DISTRICTS
Year Ended December 31, 2009

	San Miguel Disposal District	San Miguel County Housing Authority	Total
Revenues			
Taxes	\$ 54,136	\$ -	\$ 54,136
Intergovernmental	1,000	58,236	59,236
Charges for services	14,126	43,842	57,968
Interest earnings	-	3,115	3,115
Miscellaneous	39	6	45
Total revenues	69,301	105,199	174,500
Expenditures			
Current:			
Public safety	73,990	-	73,990
Urban developmental, housing and transportation	-	94,616	94,616
Total expenditures	73,990	94,616	168,606
Net change to fund balance	(4,689)	10,583	5,894
Fund balance, January 1	306,635	1,301,178	1,607,813
Fund balance, December 31	\$ 301,946	\$ 1,311,761	\$ 1,613,707

SAN MIGUEL COUNTY, COLORADO
SPECIAL REVENUE FUND - LODGING TAX TOURISM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2009

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Taxes				
Lodging tax	\$ 400,000	\$ 400,000	\$ 290,316	\$ (109,684)
Total revenues	<u>400,000</u>	<u>400,000</u>	<u>290,316</u>	<u>(109,684)</u>
Expenditures				
Current				
General government				
Administrative overhead	1,050	1,050	614	436
Economic development				
Other contracted services	400,000	400,000	290,316	109,684
Total expenditures	<u>401,050</u>	<u>401,050</u>	<u>290,930</u>	<u>110,120</u>
Revenues over (under) expenditures	(1,050)	(1,050)	(614)	436
Fund balance, January 1	<u>9,207</u>	<u>9,207</u>	<u>9,207</u>	<u>-</u>
Fund balance, December 31	<u>\$ 8,157</u>	<u>\$ 8,157</u>	<u>\$ 8,593</u>	<u>\$ 436</u>

SAN MIGUEL COUNTY, COLORADO
SPECIAL REVENUE FUND - SALES TAX CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2009

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Taxes				
Sales and use tax	\$ 700,000	\$ 700,000	\$ 736,188	\$ 36,188
Mineral leasing	258,103	258,103	345,669	87,566
Grant Proceeds	12,500	12,500	12,443	
Miscellaneous	24,000	24,000	24,338	338
Total revenues	<u>994,603</u>	<u>994,603</u>	<u>1,118,638</u>	<u>124,092</u>
Expenditures				
Capital outlay	734,641	811,791	709,975	101,816
Debt service				
Lease payments	631,880	631,880	626,055	5,825
Total expenditures	<u>1,366,521</u>	<u>1,443,671</u>	<u>1,336,030</u>	<u>107,641</u>
Revenues over (under) expenditures	(371,918)	(449,068)	(217,392)	231,733
Other Financing Sources				
Transfers In	250,000	250,000	250,000	-
Total other financing sources	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Revenues and other sources over expenditures	(121,918)	(199,068)	32,608	231,733
Fund balance, January 1	<u>461,445</u>	<u>461,445</u>	<u>646,823</u>	<u>185,378</u>
Fund balance, December 31	<u>\$ 339,527</u>	<u>\$ 262,377</u>	<u>\$ 679,431</u>	<u>\$ 417,111</u>

SAN MIGUEL COUNTY, COLORADO
SPECIAL REVENUE FUND - CAPITAL EXPENDITURES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2009

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Interest	\$ 35,000	\$ 35,000	\$ 3,866	\$ (31,134)
Transportation fees	153,000	153,000	154,361	1,361
Total revenues	<u>188,000</u>	<u>188,000</u>	<u>158,227</u>	<u>(29,773)</u>
Expenditures				
Current				
Urban development, Housing and Transportation				
Transportation contract	389,500	389,500	309,752	79,748
Total expenditures	<u>389,500</u>	<u>389,500</u>	<u>309,752</u>	<u>79,748</u>
Revenues over (under) expenditures	(201,500)	(201,500)	(151,525)	49,975
Other Financing Sources				
Transfers (Out)	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	(201,500)	(201,500)	(151,525)	49,975
Fund balance, January 1	<u>869,498</u>	<u>869,498</u>	<u>875,384</u>	<u>5,886</u>
Fund balance, December 31	<u>\$ 667,998</u>	<u>\$ 667,998</u>	<u>\$ 723,859</u>	<u>\$ 55,861</u>

SAN MIGUEL COUNTY, COLORADO
SPECIAL REVENUE FUND - CONTINGENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2009

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ -	\$ -	\$ (3)	\$ (3)
Total revenues	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(3)</u>
Expenditures				
Current				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	-	-	(3)	(3)
Fund balance, January 1	<u>627,826</u>	<u>627,826</u>	<u>627,834</u>	<u>8</u>
Fund balance, December 31	<u>\$ 627,826</u>	<u>\$ 627,826</u>	<u>\$ 627,831</u>	<u>\$ 5</u>

**SAN MIGUEL, COLORADO
PUBLIC WELFARE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2009**

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Taxes	\$ 143,573	\$ 143,573	\$ 143,979	\$ 406
County administration	83,390	83,390	91,737	8,347
Old age pension	29,000	29,000	27,728	(1,272)
Aid to the needy and disabled	9,000	9,000	5,393	(3,607)
Child care	87,600	87,600	71,841	(15,759)
Food assistance	145,000	270,000	245,659	(24,341)
Child welfare	178,000	178,000	231,556	53,556
Leap	59,000	59,000	70,028	11,028
CSBG grant	15,000	15,000	8,462	(6,538)
Colorado works	15,000	15,000	38,120	23,120
Child support	6,600	6,600	8,628	2,028
Miscellaneous	9,200	9,200	34,449	25,249
Total revenues	<u>780,363</u>	<u>905,363</u>	<u>977,580</u>	<u>72,217</u>
Expenditures				
County funded grants	55,530	55,530	56,139	(609)
County administration	104,238	104,238	133,443	(29,205)
Old age pension	33,000	33,000	27,728	5,272
Colorado works	33,104	33,104	42,879	(9,775)
Aid to the needy and disabled	12,000	12,000	6,741	5,259
Medicaid transportation	5,000	5,000	8,780	(3,780)
Child care	93,186	93,186	78,451	14,735
General assistance	10,000	10,000	5,193	4,807
Leap	59,000	59,000	70,028	(11,028)
Child welfare	242,050	242,050	274,182	(32,132)
Core services	3,000	3,000	3,120	(120)
CSBG grant	20,000	20,000	6,947	13,053
Child support	10,000	10,000	5,000	5,000
TEFAP admin	-	-	-	-
Food assistance	145,000	270,000	245,659	24,341
Total expenditures	<u>825,108</u>	<u>950,108</u>	<u>964,290</u>	<u>(14,182)</u>
Excess (deficiency) of revenues over expenditures	(44,745)	(44,745)	13,290	58,035
Fund balance, January 1	114,684	114,684	161,296	46,612
Prior period adjustment	-	-	6,288	6,288
Fund balance, December 31	<u>\$ 69,939</u>	<u>\$ 69,939</u>	<u>\$ 180,874</u>	<u>\$ 110,935</u>

SAN MIGUEL COUNTY, COLORADO
SPECIAL REVENUE FUND - RETIREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2009

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Taxes				
General property tax	\$ 133,960	\$ 133,960	\$ 133,651	\$ (309)
Delinquent tax	-	-	1,059	1,059
Specific ownership tax	16,500	16,500	4,711	(11,789)
Penalty and interest tax	800	800	731	(69)
Other				
Forfeitures and miscellaneous	11,000	11,000	23,438	12,438
Total revenues	<u>162,260</u>	<u>162,260</u>	<u>163,590</u>	<u>1,330</u>
Expenditures				
Current				
Employer's contribution	433,700	458,700	428,523	30,177
Total expenditures	<u>433,700</u>	<u>458,700</u>	<u>428,523</u>	<u>30,177</u>
Revenues over (under) expenditures	(271,440)	(296,440)	(264,933)	31,507
Other Financing Sources				
Transfers (Out)	-	25,000	25,000	25,000
Total other financing sources	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Revenues and other sources over expenditures	(271,440)	(271,440)	(239,933)	56,507
Fund balance, January 1	<u>288,599</u>	<u>288,599</u>	<u>259,862</u>	<u>(28,737)</u>
Fund balance, December 31	<u>\$ 17,159</u>	<u>\$ 17,159</u>	<u>\$ 19,929</u>	<u>\$ 27,770</u>

SAN MIGUEL COUNTY, COLORADO
SPECIAL REVENUE FUND - CONSERVATION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2009

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
State lottery proceeds	\$ 32,000	\$ 32,000	\$ 30,721	\$ (1,279)
Interest income	3,500	3,500	1,807	(1,693)
Total revenues	<u>35,500</u>	<u>35,500</u>	<u>32,528</u>	<u>(2,972)</u>
Expenditures				
Current				
Capital outlay	52,000	52,000	48,219	3,781
Total expenditures	<u>52,000</u>	<u>52,000</u>	<u>48,219</u>	<u>3,781</u>
Revenues over (under) expenditures	(16,500)	(16,500)	(15,691)	809
Fund balance, January 1	<u>85,253</u>	<u>85,253</u>	<u>92,958</u>	<u>7,705</u>
Fund balance, December 31	<u>\$ 68,753</u>	<u>\$ 68,753</u>	<u>\$ 77,267</u>	<u>\$ 8,514</u>

SAN MIGUEL COUNTY, COLORADO
SAN MIGUEL DISPOSAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2009

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
General property tax	\$ 52,255	\$ 52,255	\$ 52,140	\$ (115)
Specific ownership tax	2,200	2,200	1,838	(362)
Penalty and interest tax	75	75	182	107
Delinquent tax	-	-	(24)	(24)
Total taxes	<u>54,530</u>	<u>54,530</u>	<u>54,136</u>	<u>(394)</u>
Intergovernmental				
Town of Norwood	1,000	1,000	1,000	-
Other	35	35	39	4
Charges for services	<u>13,500</u>	<u>13,500</u>	<u>14,126</u>	<u>626</u>
Total intergovernmental	<u>14,535</u>	<u>14,535</u>	<u>15,165</u>	<u>630</u>
Total revenues	<u>69,065</u>	<u>69,065</u>	<u>69,301</u>	<u>236</u>
Expenditures				
Current				
General government				
Waste disposal	<u>70,060</u>	<u>78,560</u>	<u>73,990</u>	<u>4,570</u>
Total expenditures	<u>70,060</u>	<u>78,560</u>	<u>73,990</u>	<u>4,570</u>
Revenues over (under) expenditures	(995)	(9,495)	(4,689)	4,806
Fund balance, January 1	<u>310,565</u>	<u>310,565</u>	<u>306,635</u>	<u>(3,930)</u>
Fund balance, December 31	<u>\$ 309,570</u>	<u>\$ 301,070</u>	<u>\$ 301,946</u>	<u>\$ 876</u>

SAN MIGUEL COUNTY, COLORADO
SPECIAL REVENUE FUND - PUBLIC HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2009

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Intergovernmental				
Federal grants	\$ -	\$ -	\$ 71,251	\$ 71,251
State grants	-	-	29,325	29,325
Charges for services	-	-	57,210	57,210
Miscellaneous	-	-	2,126	2,126
Total revenues	<u>-</u>	<u>-</u>	<u>159,912</u>	<u>159,912</u>
Expenditures				
Current				
Health and welfare	-	-	306,142	(306,142)
Total expenditures	<u>-</u>	<u>-</u>	<u>306,142</u>	<u>(306,142)</u>
Revenues over (under) expenditures	-	-	(146,230)	(146,230)
Other Financing Sources				
Transfers (Out)	-	-	150,000	150,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Revenues and other sources over expenditures	-	-	3,770	3,770
Fund balance, January 1	-	-	-	-
Residual transfer	-	-	102,590	102,590
Fund balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,360</u>	<u>\$ 106,360</u>

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

LOCAL HIGHWAY FINANCE REPORT	City or County: San Miguel
	YEAR ENDING : December 2009
This Information From The Records Of County of San Miguel):	Prepared By: Phyllis Shaffer Phone: 970-327-4835

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	265,130
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	3,427,569
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	133,810
3. Other local imposts (from page 2)	1,762,132	c. Other	
4. Miscellaneous local receipts (from page 2)	122,900	d. Total (a. through c.)	133,810
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	3,826,509
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,885,033	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	1,574,139	2. Notes:	
D. Receipts from Federal Government (from page 2)	390,670	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,849,842	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	3,826,509

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
1,248,660	3,849,842	3,826,509	1,271,993	(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2009

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,702,460	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	13,329
4. Licenses		f. Charges for Services	3,044
5. Specific Ownership &/or Other	59,672	g. Other Misc. Receipts	74,118
6. Total (1. through 5.)	59,672	h. Other - Insurance Reimbursement	32,410
c. Total (a. + b.)	1,762,132	i. Total (a. through h.)	122,900
	(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	1,550,963	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	22,708	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) DOW Pilt	469	f. Other Federal	390,670
f. Total (a. through e.)	23,176	g. Total (a. through f.)	390,670
4. Total (1. + 2. + 3.f)	1,574,139	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		265,130	265,130
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	265,130	265,130
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	265,130	265,130
			(Carry forward to page 1)

Notes and Comments:

Single Audit Section

San Miguel County, Colorado
Schedule of Expenditures of Federal Awards
Year ended December 31, 2009

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>		
Passed through the Colorado Department of Human Services		
Low Income Energy Assistance	93.568	\$ 67,213
TANF	93.558	37,546
IV -D Administration	93.563	45,202
Medicaid-Title XIX	93.778	29,856
CCDF	93.596	32,271
CCDF-Discretion	93.575	28,100
Child Welfare-IV-B	93.645	2,103
Foster Care-IV-E	93.658	51,658
Adoption-IV-E	93.659	3,285
Title XX-Block	93.667	40,026
CCDF-ARRA	93.713	6,462
Other	93.XXX	<u>(377)</u>
		<u>343,345</u>
Passed through Colorado Department of Public Health and Environment		
Public Health Emergency Preparedness	93.069	15,423
Family Planning Services	93.217	20,771
Immunization Grants	93.268	757
Center for Disease Control and Prevention- Investigations and Technical Assistance	93.283	2,820
Sexually Transmitted Disease Control	93.977	150
Maternal and Child Health Block Grant	93.994	<u>1,314</u>
		<u>41,235</u>
<u>U.S. Department of Agriculture</u>		
Passed through Colorado Department of Human Services		
Food Assistance-EBT	10.551	245,659
Food Assistance-Admin	10.561	33,824
Passed through Colorado Department of Public Health and Environment		
WIC	10.557	<u>32,087</u>
		<u>311,570</u>
Other		
BLM-National Fire Plan	15.230	8,752
CDOT-Highway Planning and Construction	20.205	111,000
Other	XXX	<u>57,770</u>
		<u>177,522</u>
Total Federal Awards		<u>\$ 873,672</u>

The accompanying notes are an integral part of this schedule.

San Miguel County, Colorado
Notes to Schedule of Expenditures of Federal Awards
December 31, 2009

Note A – Basis of Presentation

The Schedule of Expenditures of Federal Awards presents only a selected portion of the activities of the programs under the management of the San Miguel County, Colorado. The Schedule is not intended to, and does not present either the financial position, changes in surplus or the revenues, expenses, or other changes of the programs under management of the San Miguel County, Colorado.

Note B – Non-monetary Assistance

Certain federal financial assistance programs do not involve cash awards to San Miguel County. Vaccines under immunization program of \$ 10,243 and commodities of \$ 60,473 under WIC program and commodities of \$ 3,498 food distribution program.

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

May 21, 2010

Board of Commissioners
San Miguel County, Colorado

We have audited the basic financial statements of San Miguel County, Colorado, as of and for the year ended December 31, 2009 and have issued our report thereon dated May 21, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered San Miguel County, Colorado's internal control over financial reporting as a basis for designing our auditing procedures 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 Authority's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by San Miguel County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by San Miguel County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of San Miguel County in a separate letter dated May 21, 2010.

This report is intended for the information and use of the Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Blair and Associates, P.C.

Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control over Compliance in
Accordance with OMB Circular A-133

May 21, 2010

Board of Commissioners
San Miguel County, Colorado

Compliance

We have audited the compliance of San Miguel County, Colorado with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The San Miguel County, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of San Miguel County, Colorado's management. Our responsibility is to express an opinion on San Miguel County, Colorado's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 San Miguel County, Colorado'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. Our audit does not provide a legal determination on San Miguel County, Colorado's compliance with those requirements.

In our opinion, San Miguel County, Colorado complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control over Compliance

The management of San Miguel County, Colorado is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered San Miguel County, Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 San Miguel County's internal control over compliance.

A control deficiency in an entity's control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be weaknesses, as defined above.

This report is intended for the information and use of the Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Blair and Associates, P.C.

San Miguel County, Colorado
 Schedule of Findings and Questioned Costs
 Year ended December 31, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		<u>Unqualified Opinion</u>		
Internal control over financial reporting:				
Material weakness (es) identified?	_____	yes	___X___	no
Reportable condition(s) identified not considered to be material weaknesses?	_____	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
Reportable condition(s) identified not considered to be material weaknesses?	_____	yes	___X___	none reported

Type of auditor's report issued on compliance
for major programs:

Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____	yes	___X___	no
---	-------	-----	---------	----

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.568	LEAP
10.557	WIC
10.551/10.561	Food Stamps

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
---	------------

Auditee qualified as low-risk auditee?	___X___	yes	_____	no
--	---------	-----	-------	----

San Miguel County, Colorado
Schedule of Findings and Questioned Costs - Continued
Year ended December 31, 2009

Section II – Findings Under Generally accepted Government Auditing Standards

None

Section III - Findings and Questioned Cost Under OMB Circular A-133

None

San Miguel County, Colorado
Summary Schedule of Prior Year Audit Findings
Year ended December 31, 2009

No prior year audit findings