

San Miguel County  
Financial Statements and  
Independent Auditor's Report  
as of  
December 31, 2010

## Table of Contents

	<u>Page</u>
<b>Independent Auditors' Report</b> .....	<b>1</b>
<b>Management's Discussion and Analysis (Unaudited)</b> .....	<b>3</b>
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Assets.....	15
Statement of Activities.....	16
<b>Fund Financial Statements:</b>	
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
<b>Proprietary Funds</b>	
Statement of Fiduciary Net Assets.....	21
<b>Notes to the Basic Financial Statements</b> .....	<b>22</b>
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
General Fund.....	38
Road and Bridge Fund.....	39
Open Space Fund.....	40
<b>Other Supplementary Information</b>	
Non-Major Governmental Funds	
Combining Balance Sheet.....	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	42
Dependent Districts:	
Combining Balance Sheet.....	43
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	44

## Schedule of Revenues, Expenditures and Changes in Fund Balance

### – Budget and Actual

Lodging Tax Tourism Fund.....	45
Sales Tax Fund.....	46
Capital Expenditure Fund.....	47
Contingent Fund.....	48
Public Welfare Fund.....	49
Retirement Fund.....	50
Conservation Trust Fund.....	51
Public Health Fund.....	52
San Miguel Disposal District Fund.....	53
Local Highway Finance Report.....	54

## Single Audit Section

Schedule of Expenditures of Federal Awards.....	56
Notes to Schedule of Expenditures of Federal Awards.....	58
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> .....	59
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	61
Schedule of Findings and Questioned Costs.....	63
Summary Schedule of Prior Year Audit Findings.....	65

Report of Independent Certified Public Accountants

May 19, 2011

Board of County Commissioners  
San Miguel County, Colorado

We have audited the accompanying financial statements of the governmental 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, 2010 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, each major fund, and the aggregate remaining fund information of San Miguel County, Colorado as of December 31, 2010, 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, 2010. 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, \$ 57.3 million, exceeded liabilities, \$ 14.9 million, by \$42.4 million at the end of 2010. Of this amount, \$ 10.8 million may be used to meet the County's ongoing obligations to citizens. The remaining \$ 28.5 million are invested in capital assets and \$ 3.1 million is restricted for other purposes.
- Governmental funds reported combined ending fund balances of \$14.6 million, an increase of \$ 751,972.
- The County's fund balance for the General Fund was \$ 7.6 million, an increase of \$ 425,433.
- Total long-term liabilities decreased by \$ 1,871,556 during 2010 with no new debt issued.
- General property, sales and other taxes totaled \$ 13.5 million, or 89% 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, 2010, 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, 2010, assets exceeded liabilities by \$ 42 million.

The following table provides a summary of the County's governmental type net assets for 2010.

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Current and other assets	\$ 25,952,547	\$ 26,177,259
Capital assets, net	31,377,865	31,820,383
Total assets	<u>57,330,412</u>	<u>57,997,642</u>
<b>Liabilities</b>		
Current and other liabilities	11,337,773	12,314,457
Long-term liabilities	<u>3,606,102</u>	<u>5,477,658</u>
Total liabilities	<u>14,943,875</u>	<u>17,792,115</u>
<b>Net Assets</b>		
Investment in capital assets	28,558,973	27,081,038
Restricted	2,959,555	3,228,269
Unrestricted	<u>10,868,009</u>	<u>9,896,220</u>
Total net assets	<u>\$ 42,386,537</u>	<u>\$ 40,205,527</u>

San Miguel County  
Management's Discussion and Analysis

**Changes in Net Assets**

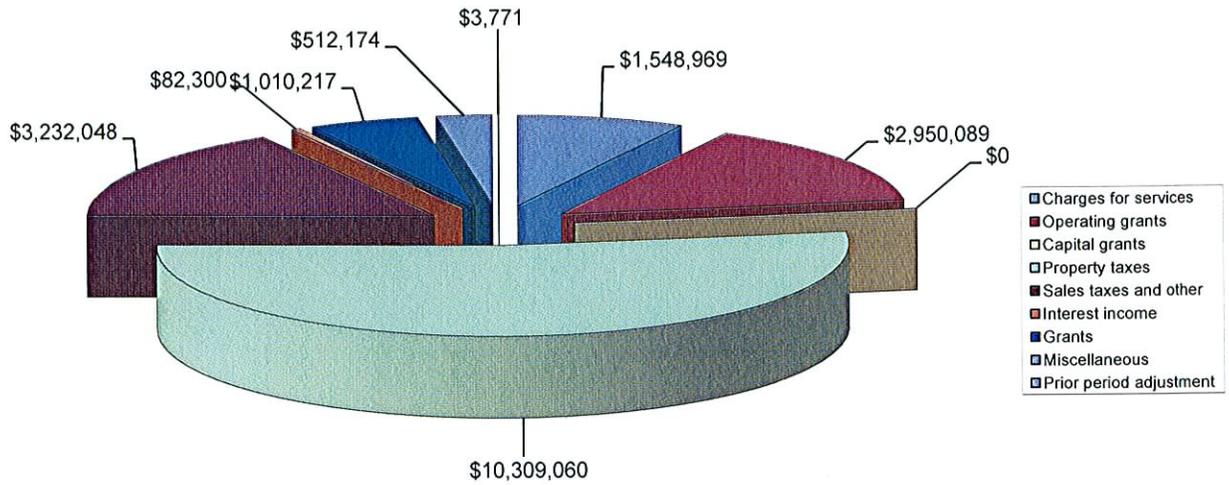
Governmental type activities increased the County's net assets by \$2,177,239 in 2010.

The following table indicates the changes in net assets for governmental and business-type activities for 2010.

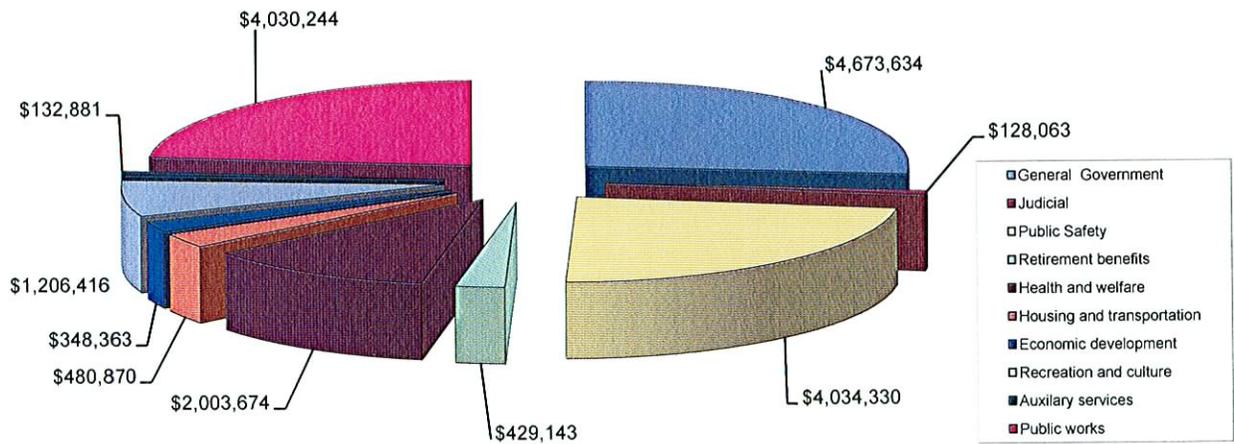
	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
<b>Revenues</b>		
<b>Program revenues</b>		
Charges for services	\$ 1,548,969	\$ 1,357,180
Operating grants	2,950,089	2,455,838
Capital grants	-	1,077,266
<b>General Revenues</b>		
Property taxes	10,309,060	9,130,264
Sales taxes and other	3,232,048	2,401,951
Interest income	82,300	187,709
Federal and state grants	1,010,217	1,427,994
Miscellaneous	512,174	644,136
<b>Total</b>	<b>\$ 19,644,857</b>	<b>\$ 18,682,338</b>
<b>Expenses</b>		
General government	\$ 4,673,634	\$ 5,083,653
Judicial	128,063	130,612
Public safety	4,034,330	4,560,885
Retirement benefits	429,143	428,523
Health and welfare	2,003,674	1,756,658
Housing and transportation	480,870	404,368
Economic development	348,363	290,316
Recreation and culture	1,206,416	1,238,947
Auxiliary services	132,881	190,691
Public works	4,030,244	4,127,664
<b>Total expenses</b>	<b>17,467,618</b>	<b>18,212,317</b>
<b>Increase in net assets</b>	<b>2,177,239</b>	<b>470,021</b>
<b>Beginning</b>	<b>40,205,527</b>	<b>39,729,218</b>
<b>Prior Period Adjustment</b>	<b>3,771</b>	<b>6,288</b>
<b>Residual transfer</b>	<b>-</b>	<b>-</b>
<b>Ending</b>	<b>\$ 42,386,537</b>	<b>\$ 40,205,527</b>

# 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 2010, the combined ending fund balances of San Miguel County's governmental funds were \$ 14,614,774. Approximately 70% 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 1/1/2010	Additions	Deletions	Balances 12/31/2010
<b>Capital assets not being depreciated</b>				
Land	\$ 7,041,200	\$ -	\$ -	\$ 7,041,200
Infrastructure	11,518,904	-	-	11,518,904
Total capital assets not being depreciated	<u>18,560,104</u>	<u>-</u>	<u>-</u>	<u>18,560,104</u>
<b>Capital assets being depreciated</b>				
Buildings and improvements	14,455,458	138,140	-	14,593,598
Equipment and furniture	6,294,504	242,103	-	6,536,607
Total capital assets being depreciated	<u>20,749,962</u>	<u>380,243</u>	<u>-</u>	<u>21,130,205</u>
Less accumulated depreciation				
Buildings and improvements	3,681,763	316,608	-	3,998,371
Equipment and furniture	3,807,920	506,153	-	4,314,073
Total accumulated depreciation	<u>7,489,683</u>	<u>822,761</u>	<u>-</u>	<u>8,312,444</u>
Total capital assets being depreciated, net	<u>13,260,279</u>	<u>(442,518)</u>	<u>-</u>	<u>12,817,761</u>
<b>Governmental activities capital assets</b>	<u>\$ 31,820,383</u>	<u>\$ (442,518)</u>	<u>\$ -</u>	<u>\$ 31,377,865</u>

San Miguel County  
Management's Discussion and Analysis

**Economic Factors & Future Budget**

- As of December 31, 2010 San Miguel County is still in a strong financial position. The 2011 estimated ending fund balance for the general fund is at 75% or 9 months of operating reserve. Although this reserve is very high, it will be needed to offset projected revenue shortages from property tax, and federal and state revenues in the next five years. With declining revenues, 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 2011 is \$965,168,630; down from \$1,019,698,540 for budget year 2010. This is a decrease of \$54,529,910 or a 5.65% decrease in assessed valuation. The total property tax is estimated at \$9,767,506 for budget year 2011. San Miguel County's mill levy totals 10.120 for budget year 2011. San Miguel County citizens have approved the removal of the constitutional limitations of TABOR (Taxpayers Bill of Rights).
- Sales tax revenues increased in 2010 by 5.39% over the 2009 revenues. However, revenues were still 8.45% below the 2008 figures. Sales tax seems to be a pretty stable revenue source, with minimal fluctuations in the collections. The 2011 budget was adopted with an estimated increase of 2.9% over 2010.
- Lodging tax revenues for 2010 were up 5.02% compared to 2009. Minimal fluctuations are also being seen in this revenue source.
- Building permit fees and use tax on building materials continue to decrease due to the lack of construction activity in the county. The 2011 adopted budget reflects a 19.1% decrease over the 2010 actual revenues received. There is on-going analysis by staff of the local construction industry to determine how the current construction activity will affect current and future revenues.
- The County continues to annually fund and support various community projects and non-profit organizations. Appropriations for 2011 total \$153,850. This is a \$78,880 decrease from 2010. These are discretionary funds that are designated by the Board of County Commissioners.
- Investment interest continues to be a challenge for the County Treasurer. With minimal interest rates, the revenue for 2011 is estimated to be \$25,000 or a decrease of 56.8% from the 2010 actual revenue.
- PILT (Federal Payment in Lieu of Tax) program has been fully appropriated by the Federal Government thru fiscal year 2012. At that time, it is unclear as to what level of funding, if any, will be received by San Miguel County. \$702,986 was received in 2010 and \$844,434 was received in 2011. The 2011 payment was \$144,448 more than budgeted. Given the uncertainty of the future of the PILT program, staff is being very conservative in the future projections of this revenue.
- Public transportation continues to be a very important alternative for the many commuters traveling from Montrose, Ridgway, Norwood, and west Montrose County to

## San Miguel County Management's Discussion and Analysis

the Telluride area. In 2010 San Miguel County spent \$215,779 for transit services (Galloping Goose) to Norwood and \$44,924 for the van pool to Ridgway. The Ridgway van pool expenditures included the pay-off of two commuter vans that were being leased. 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 BOCC approved the transfer of \$1,000,000 from the General Fund to the Sales Tax Fund in December 2010. This transfer helped fund the lease pay-offs of both the jail and the Miramonte Building. It is estimated that the interest savings will be approximately \$369,000 by paying off the leases early. It is anticipated that the Sales Tax Fund will start repaying the General Fund back beginning in 2013.
- 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 11,540 acres of open space. Thru 2010 San Miguel County has contributed \$2,359,404 towards this program and \$3,785,000 has come from GOCO funds and \$1,331,530 has come from other funders including The Nature Conservancy and private funders. This program began in 2000.
- San Miguel County owns and maintains over twelve miles of trails. This year's work continued on the Keystone Gorge Trail. Additional retaining walls were added to prevent trail erosion and signs with maps were installed. Rock fall on the Whiskey Charlie Trail was removed and the trail was re-graded. Historic Interpretive signs were installed at Vance Junction on the Galloping Goose Trail and on the Whiskey Charlie Trail.
- Stabilization work was done on both the Lewis Mill and Fort Peabody. The Lewis Mill project addressed safety issues, exterior weatherization, and some interior structural stabilization. Work on Fort Peabody started in the late summer. All of the historic boards, battons, and hardware was saved and re-used when possible.
- The San Miguel County Courthouse was once again the recipient of an upgrade. The hallway ceiling work consisted of removing existing track lighting, installing new gypsum board ceiling and molding, painting, as well as installing pendant light fixtures. Hallway wall work included blocking out exposed pipes, installing molding, painting and stenciling. The historic photos in the hallway were re-framed and re-hung. Second floor vestibule work included removal of existing wall, constructing new wall, installing new custom built doors, removing existing and installing new carpet in vestibule.

### **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, 2010**

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	
	<b>2,010</b>	<b>2,009</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 14,984,614	\$ 14,750,471
Restricted cash	34,772	34,716
Property taxes receivable	9,767,506	10,319,348
Land for resale	792,514	226,843
Accrued interest receivable	-	2,747
Accounts receivable	275,869	761,039
Due from other governmental units	21,016	8,007
Prepaid expenses	6,964	-
Inventories	69,292	74,088
Capital assets, net	31,377,865	31,820,383
<b>Total assets</b>	<b>57,330,412</b>	<b>57,997,642</b>
<b>Liabilities</b>		
Accounts payable	470,341	889,500
Accrued vacation and sick leave	1,054,217	1,067,142
Deposit-bond payable	34,000	34,000
Deferred revenue	9,779,215	10,323,815
Long-term liabilities		
Due more than one year:		
Leases payable	2,818,892	4,739,345
Compensated absences	787,210	738,313
<b>Total liabilities</b>	<b>14,943,875</b>	<b>17,792,115</b>
<b>Net assets</b>		
Invested in capital assets	28,558,973	27,081,038
Restricted for:		
Air quality	-	102,590
Idarado	34,772	34,716
Vegetation control	20,819	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	621,575	723,859
Housing	1,250,753	1,311,761
Solid waste	289,584	301,946
Unrestricted:	10,868,009	9,896,220
<b>Total Net Assets</b>	<b>\$ 42,386,537</b>	<b>\$ 40,205,527</b>

See accompanying notes to the basic financial statements

**SAN MIGUEL COUNTY, COLORADO**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2010

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services &amp; Fees</b>	<b>Operating and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 4,673,634	\$ 1,217,408	\$ -	\$ -
Judicial	128,063	-	-	-
Public safety	4,034,330	67,212	-	-
Retirement Benefits	429,143	-	-	-
Health and welfare	2,003,674	121,683	1,114,782	-
Housing and transportation	480,870	46,412	-	-
Economic development	348,363	-	-	-
Recreation and culture	1,206,416	42,395	48,875	-
Auxiliary services	132,881	-	-	-
Public works	4,030,244	53,859	1,786,432	-
<b>Total governmental activities</b>	<b>17,467,618</b>	<b>1,548,969</b>	<b>2,950,089</b>	<b>-</b>

**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

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

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<u>2010</u>	<u>2009</u>
\$ (3,456,226)	\$ (3,927,674)
(128,063)	(130,612)
(3,967,118)	(4,326,899)
(429,143)	(428,523)
(767,209)	(865,847)
(434,458)	(360,526)
(348,363)	(290,316)
(1,115,146)	(286,112)
(132,881)	(190,691)
<u>(2,189,953)</u>	<u>(2,514,833)</u>
<u>(12,968,560)</u>	<u>(13,322,033)</u>
10,309,060	9,130,264
3,232,048	2,401,951
82,300	187,709
1,010,217	1,427,994
512,174	644,136
<u>15,145,799</u>	<u>13,792,054</u>
2,177,239	470,021
40,205,527	39,740,363
-	(11,145)
3,771	6,288
<u>\$ 42,386,537</u>	<u>\$ 40,205,527</u>

SAN MIGUEL COUNTY, COLORADO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2010

	General Fund	Road and Bridge	Open Space	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 8,436,654	\$ 2,556,198	\$ 1,363,888	\$ 2,627,874	\$ 14,984,614
Restricted Cash	34,772	-	-	-	34,772
Property taxes receivable	5,959,916	1,833,820	1,447,753	526,017	9,767,506
Land for resale	-	-	-	792,514	792,514
Accrued interest receivable	-	-	-	-	-
Accounts receivable	85,452	73,462	806	116,149	275,869
Due from other governmental units	-	-	-	21,016	21,016
Prepaid expenses	3,395	-	-	3,569	6,964
Inventories	-	69,292	-	-	69,292
<b>Total assets</b>	<u>\$ 14,520,189</u>	<u>\$ 4,532,772</u>	<u>\$ 2,812,447</u>	<u>\$ 4,087,139</u>	<u>\$ 25,952,547</u>
<b>Liabilities and fund balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ 260,642	\$ 98,312	\$ 26,238	\$ 85,149	\$ 470,341
Accrued Vacation and Sick Leave	703,502	299,406	19,890	31,419	1,054,217
Deposit-bond payable	-	34,000	-	-	34,000
Deferred revenue	5,964,616	1,834,260	1,447,753	532,586	9,779,215
<b>Total liabilities</b>	<u>6,928,760</u>	<u>2,265,978</u>	<u>1,493,881</u>	<u>649,154</u>	<u>11,337,773</u>
<b>Fund balances</b>					
Reserved for:					
Idarado	34,772	-	-	-	34,772
Air quality	-	-	-	-	-
Seizure funds	1,385	-	-	-	1,385
Telecam/Goose trail	48,467	-	-	-	48,467
Vegetation control	20,819	-	-	-	20,819
Health Insurance	64,369	-	-	-	64,369
Emergencies	-	-	-	627,831	627,831
Transportation	-	-	-	621,575	621,575
Housing	-	-	-	1,250,753	1,250,753
Solid waste	-	-	-	289,584	289,584
Unreserved:					
Designated	-	1,355,562	58,168	44,987	1,458,717
Undesignated	7,421,617	911,232	1,260,398	603,255	10,196,502
<b>Total fund balances</b>	<u>7,591,429</u>	<u>2,266,794</u>	<u>1,318,566</u>	<u>3,437,985</u>	<u>14,614,774</u>
<b>Total liabilities and fund balances</b>	<u>\$ 14,520,189</u>	<u>\$ 4,532,772</u>	<u>\$ 2,812,447</u>	<u>\$ 4,087,139</u>	<u>\$ 25,952,547</u>

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, 2010**

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**Total governmental fund balances** \$ 14,614,774

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. 31,377,865

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	(2,818,892)
Compensated absences	(787,210)

**Net assets of governmental activities** \$ 42,386,537

**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, 2010**

	<b>General Fund</b>	<b>Road and Bridge</b>	<b>Open Space</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Taxes	\$ 8,212,448	\$ 1,981,171	\$ 1,564,189	\$ 1,760,040	\$ 13,517,848
Intergovernmental	409,471	2,031,424	21,570	1,521,101	3,983,566
Licenses and permits	144,373	3,400	-	-	147,773
Charges for services	1,140,247	33,469	42,395	185,085	1,401,196
Miscellaneous	274,005	76,008	10,000	208,036	568,049
<b>Total revenues</b>	<u>10,180,544</u>	<u>4,125,472</u>	<u>1,638,154</u>	<u>3,674,262</u>	<u>19,618,432</u>
<b>Expenditures</b>					
Current:					
General government	4,363,823	-	-	-	4,363,823
Judicial	128,063	-	-	-	128,063
Public safety	3,676,992	-	-	87,306	3,764,298
Retirement benefits	-	-	-	429,143	429,143
Health and welfare	143,120	-	-	1,854,482	1,997,602
Housing and transportation	-	-	-	480,870	480,870
Economic development	-	-	-	348,363	348,363
Recreation and culture	15,727	-	1,137,941	-	1,153,668
Auxiliary services	132,881	-	-	-	132,881
Public Works	-	3,706,183	-	-	3,706,183
Debt Service	-	-	-	2,190,132	2,190,132
Capital outlay	-	-	-	196,834	196,834
<b>Total expenditures</b>	<u>8,460,606</u>	<u>3,706,183</u>	<u>1,137,941</u>	<u>5,587,130</u>	<u>18,891,860</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,719,938</u>	<u>419,289</u>	<u>500,213</u>	<u>(1,912,868)</u>	<u>726,572</u>
<b>Other financing sources (uses)</b>					
Transfers in (out)	(1,309,231)	-	-	1,309,231	-
Sale of assets	14,726	11,699	-	-	26,425
<b>Total other financing sources (uses)</b>	<u>(1,294,505)</u>	<u>11,699</u>	<u>-</u>	<u>1,309,231</u>	<u>26,425</u>
<b>Net change to fund balance</b>	425,433	430,988	500,213	(603,637)	752,997
<b>Fund balance, January 1</b>	7,165,996	1,840,602	818,353	4,037,851	13,862,802
<b>Prior period adjustment</b>	-	-	-	3,771	3,771
<b>Residual Transfer</b>	-	-	-	-	-
<b>Increase an inventory</b>	-	(4,796)	-	-	(4,796)
<b>Fund balance, December 31</b>	<u>\$ 7,591,429</u>	<u>\$ 2,266,794</u>	<u>\$ 1,318,566</u>	<u>\$ 3,437,985</u>	<u>\$ 14,614,774</u>

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, 2010**

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**Net change in fund balances - total governmental funds** \$ 752,997

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	\$ 380,243	
Depreciation expense	<u>(822,761)</u>	
Excess of capital outlay over depreciation		(442,518)

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		1,920,453
Compensated absences		(48,897)
Inventory Increase		(4,796)

<b>Change in net assets of governmental funds</b>		<u><u>\$ 2,177,239</u></u>
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**See accompanying notes to the basic financial statements**

**SAN MIGUEL COUNTY, COLORADO  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
December 31, 2010**

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**Treasurer's Agency Fund**

<b>Cash and investments</b>	<b><u>\$ 345,082</u></b>
<b>Due to other governments</b>	<b><u>\$ 345,082</u></b>

**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.

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.

San Miguel County, Colorado  
Notes to General Purpose Financial Statements  
December 31, 2010

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**Note 1 – Summary of Significant Accounting Policies** (continued)

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

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 and fiduciary funds, even though the latter are excluded from the government-wide 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 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.

San Miguel County, Colorado  
Notes to General Purpose Financial Statements  
December 31, 2010

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**Note 1 – Summary of Significant Accounting Policies** (continued)

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

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.

*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.

San Miguel County, Colorado  
Notes to General Purpose Financial Statements  
December 31, 2010

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**Note 1 – Summary of Significant Accounting Policies** (continued)

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

*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.

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.

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

**D. Assets, Liabilities, and Net Assets or Equity**

*1. 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.

*2. 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.

San Miguel County, Colorado  
Notes to General Purpose Financial Statements  
December 31, 2010

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**Note 1 – Summary of Significant Accounting Policies** (continued)

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

Taxes levied in 2010 for collection in 2011 are recorded in governmental funds as taxes receivable and deferred revenue as of December 31, 2010 since the amount is measurable but not available until 2011. An allowance for uncollectible taxes is not provided as the uncollectible amounts were determined to be negligible based upon an analysis of historical trends.

*3. 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.

*4. 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.

*5. 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 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.

San Miguel County, Colorado  
Notes to General Purpose Financial Statements  
December 31, 2010

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**Note 1 – Summary of Significant Accounting Policies** (continued)

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

5. *Capital Assets*

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 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.

San Miguel County, Colorado  
Notes to General Purpose Financial Statements  
December 31, 2010

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**Note 1 – Summary of Significant Accounting Policies** (continued)

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

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:

- 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.

San Miguel County, Colorado  
Notes to General Purpose Financial Statements  
December 31, 2010

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**Note 1 – Summary of Significant Accounting Policies** (continued)

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

*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.

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 2010, the County had no proceeds from the seizures of contraband.

San Miguel County, Colorado  
Notes to General Purpose Financial Statements  
December 31, 2010

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**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.

**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 2010, 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 County could be in violation of Colorado Budget Law because the San Miguel Disposal District 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, 2010, the bank balance of the County's deposits was \$ 8,259,134 of which \$ 750,000 was covered by federal depository insurance and \$ 7,509,134 was collateralized under PDPA.

San Miguel County, Colorado  
Notes to General Purpose Financial Statements  
December 31, 2010

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**Note 3 – Deposits and Investments** (continued)

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, 2010 the County's investments included certificates of deposit and funds held in Colotrust.

The County had invested \$ 3,590,564 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, 2010 are:

	<u>Fair Value</u>	<u>Credit Risk</u>
Sweep Account-Government Bonds	\$ 1,250,445	AAAm
Federal Home Loan Bank	1,065,681	AAAm
Feral Farm Credit Bank	25,809	AAA
Tenn Valley Authority	87,000	AAA
Federal Home Loan Mortgage	474,135	AAA
Federal National Mortgage Assn	22,074	AAA
Student Loan Mortgage Assn	22,192	AAA
Money Market Funds-LPL and AXA	38,595	N/R
ColoTrust (Governmental Pool)	<u>3,590,564</u>	AAA
	<u>\$ 6,576,495</u>	

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

<u>Description</u>	<u>Cost</u>
Demand deposits and cash	\$ 2,547,258
Certificates of deposits and savings	6,205,943
Investments	<u>6,576,495</u>
	<u>\$ 15,329,696</u>

San Miguel County, Colorado  
Notes to General Purpose Financial Statements  
December 31, 2010

**Note 5 – Capital Assets**

Capital asset activity for the year ended December 31, 2010, was as follows:

*Governmental Activities:*

	Beginning Balances 01/01/10	Additions	Deletions	Ending Balances 12/31/10
Capital assets not being depreciated				
Land	\$ 7,041,200	\$	\$	\$ 7,041,200
Infrastructure	11,518,904			11,518,904
Total capital assets not being depreciated	<u>18,560,104</u>			<u>18,560,104</u>
Capital assets being depreciated				
Buildings and improvements	14,455,458	138,140		14,593,598
Equipment and furniture	6,294,504	242,103		6,536,607
Total capital assets being depreciated	<u>20,749,962</u>	<u>380,243</u>		<u>21,130,205</u>
Less accumulated depreciation				
Buildings and improvements	3,681,763	316,608		3,998,371
Equipment and furniture	3,807,920	506,153		4,314,073
Total accumulated depreciation	<u>7,489,683</u>	<u>822,761</u>		<u>8,312,444</u>
Total capital assets being depreciated net	<u>13,260,279</u>	<u>(442,518)</u>		<u>12,817,761</u>
Governmental activities capital assets	<u>\$31,820,383</u>	<u>\$(442,518)</u>	<u>\$</u>	<u>\$31,377,865</u>

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

Governmental activities:	
General government	\$ 214,518
Public safety	230,158
Public works	319,265
Recreation and culture	52,748
Health and welfare	<u>6,072</u>
Total depreciation expense-governmental activities	<u>\$ 822,761</u>

San Miguel County, Colorado  
Notes to General Purpose Financial Statements  
December 31, 2010

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**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, land purchase agreement, annual payments of  
\$ 244,175.38 through December 2028 at 5.26% \$ 2,818,892

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

Year	Principal	Interest	Payment
2011	\$ 97,163	\$ 147,012	\$ 244,175
2012	102,340	141,835	244,175
2013	107,795	136,381	244,176
2014	113,539	130,636	244,175
2015	119,590	124,586	244,176
2016-2020	700,617	520,260	1,220,877
2021-2025	908,288	312,589	1,220,877
2026-2028	669,560	62,966	732,526
<b>Total</b>	<b><u>\$ 2,818,892</u></b>	<b><u>\$ 1,576,265</u></b>	<b><u>\$ 4,395,157</u></b>

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 2010	Additions	Deletions	Payable December 2010
General capitalized lease obligations	\$ 4,739,345	\$ -	\$ 1,920,453	\$ 2,818,892
Compensated absences payable	738,313	48,897	-	787,210
<b>Total</b>	<b><u>\$ 5,477,658</u></b>	<b><u>\$ 48,897</u></b>	<b><u>\$ 1,920,453</u></b>	<b><u>\$ 3,606,102</u></b>

## **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 appropriable.

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.

### Reserves

- 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, 2010

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**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, 2010.

**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 \$ 7,486,894 in 2010. The total payroll covered by the pension plan was \$ 7,059,934 in 2010. The total contribution paid was \$ 847,192 in 2010 (12 % of covered payroll), \$ 423,596 by the employees and \$ 423,596 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, 2010

**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, 2010

	County EBT Authorizations	State and Federal Share of Authorizations	Expenditures by County Warrant	Authorizations Plus Expend By County Warrant	Total County Expenditures
TANF	\$ 34,294	\$ (57,638)	\$ 29,476	\$ 63,770	\$ 6,132
Child care	42,391	(42,267)	7,190	49,581	7,314
Child welfare	104,763	(184,439)	235,927	340,690	156,251
Administration	-	(189,884)	182,047	182,047	(7,837)
IV-D Administration	-	4,327	(9,315)	(9,315)	(4,988)
Aid to needy disabled	10,870	(8,696)	-	10,870	2,174
Old age pension	37,168	(42,726)	5,558	42,726	-
LEAP	77,731	(81,487)	3,756	81,487	-
Medicaid transportation	-	(19,612)	19,560	19,560	(52)
General assistance	-	-	4,081	4,081	4,081
Miscellaneous	(4,389)	(231,759)	65,619	61,230	(170,529)
Subtotal	302,828	(854,181)	543,899	846,727	(7,454)
Food assistance	422,214	(422,214)	-	422,214	-
Grant Total	\$ 725,042	\$ (1,276,395)	\$ 543,899	\$ 1,268,941	\$ (7,454)

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.

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.

San Miguel County, Colorado  
Notes to General Purpose Financial Statements  
December 31, 2010

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**Note 11 – Budget Amendment**

During 2010 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	\$ 10,024,206	\$ 1,000,000	\$ 11,024,206
Road and Bridge	5,046,549	-	5,046,549
Open Space	1,798,013	-	1,798,013
Public Welfare	937,030	382,882	1,319,912
Capital expenditure	279,500	-	279,500
Sales tax capital	1,005,113	1,564,077	2,569,190
Retirement	420,448	36,000	456,448
Conservation Trust	40,000	-	40,000
Lodging Tax Tourism	401,050	-	401,050
Public Health	614,249	-	614,249
SMC Solid Waste Disposal District	78,217	6,000	84,217
Totals	<u>\$ 20,644,375</u>	<u>\$ 2,988,959</u>	<u>\$ 23,633,334</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	\$ 1,000,000	-
Retirement	\$ 16,500	-
Public Health	\$ 292,731	-
General	-	\$ 1,309,231

SAN MIGUEL COUNTY, COLORADO  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
Year Ended December 31, 2010

	Budgeted		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 6,298,638	\$ 6,298,638	\$ 6,244,804	\$ (53,834)
Sales and miscellaneous taxes	2,024,474	2,024,474	1,967,644	(56,830)
Fees and charges	913,250	913,250	1,140,247	226,997
Licenses and permits	111,230	111,230	144,373	33,143
Intergovernmental	319,986	319,986	409,471	89,485
Interest earnings	210,000	210,000	79,972	(130,028)
Miscellaneous	182,021	182,021	194,033	12,012
<b>Total revenues</b>	<u>10,059,599</u>	<u>10,059,599</u>	<u>10,180,544</u>	<u>120,945</u>
<b>Expenditures</b>				
Current				
General government	4,851,864	4,851,864	4,363,823	488,041
Judicial	139,250	139,250	128,063	11,187
Public Safety	3,981,474	3,981,474	3,676,992	304,482
Health and welfare	199,553	199,553	143,120	56,433
Culture and recreation	25,000	25,000	15,727	9,273
Auxiliary services	181,730	181,730	132,881	48,849
<b>Total expenditures</b>	<u>9,378,871</u>	<u>9,378,871</u>	<u>8,460,606</u>	<u>918,265</u>
<b>Revenues over (under) expenditures</b>	680,728	680,728	1,719,938	1,039,210
<b>Other Financing Sources</b>				
Transfer in (Out)	(645,335)	(1,645,335)	(1,309,231)	336,104
Sale of Assets	-	-	14,726	14,726
<b>Total other financing sources</b>	<u>(645,335)</u>	<u>(1,645,335)</u>	<u>(1,294,505)</u>	<u>350,830</u>
<b>Revenues and other sources over expenditures</b>	35,393	(964,607)	425,433	1,390,040
<b>Fund balance, January 1</b>	6,537,510	6,537,510	7,165,996	628,486
<b>Fund balance, December 31</b>	<u>\$ 6,572,903</u>	<u>\$ 5,572,903</u>	<u>\$ 7,591,429</u>	<u>\$ 2,018,526</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, 2010**

	Budgeted		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Taxes				
General property tax	\$ 1,937,427	\$ 1,937,427	\$ 1,921,696	\$ (15,731)
Special ownership tax	41,000	41,000	52,668	11,668
Penalty and interest tax	2,000	2,000	6,807	4,807
Total	<u>1,980,427</u>	<u>1,980,427</u>	<u>1,981,171</u>	<u>744</u>
<b>Intergovernmental</b>				
Payment in lieu of taxes	100	100	443	343
Mineral leasing	245,100	245,100	180,268	(64,832)
Forest service	20,192	20,192	41,021	20,829
Federal land and materials	200	200	-	(200)
Total	<u>265,592</u>	<u>265,592</u>	<u>221,732</u>	<u>(43,860)</u>
Intergovernmental - State and Local				
Highway user's - County	1,625,000	1,625,000	1,785,143	160,143
Town of Sawpit	1,200	1,200	1,289	89
Automobile registration	17,000	17,000	23,260	6,260
Total	<u>1,643,200</u>	<u>1,643,200</u>	<u>1,809,692</u>	<u>166,492</u>
Licenses and permits				
Special permits and fees	4,000	4,000	3,400	(600)
Total	<u>4,000</u>	<u>4,000</u>	<u>3,400</u>	<u>(600)</u>
Miscellaneous				
Charges for services	33,556	33,556	76,008	42,452
Sale of assets	-	-	33,469	33,469
Total revenues	<u>3,926,775</u>	<u>3,926,775</u>	<u>4,137,171</u>	<u>210,396</u>
<b>Expenditures</b>				
Current				
Construction	23,000	23,000	-	23,000
Maintenance of conditions	3,549,611	3,549,611	2,494,669	1,054,942
Snow and ice removal	331,465	331,465	141,722	189,743
Administration	1,142,473	1,142,473	1,069,792	72,681
Total expenditures	<u>5,046,549</u>	<u>5,046,549</u>	<u>3,706,183</u>	<u>1,340,366</u>
<b>Revenues over (under) expenditures</b>	(1,119,774)	(1,119,774)	430,988	1,550,762
<b>Fund balance, January 1</b>	1,578,991	1,578,991	1,840,602	261,611
<b>Changes in reserve for inventory</b>	-	-	(4,796)	(4,796)
<b>Fund balance, December 31</b>	<u>\$ 459,217</u>	<u>\$ 459,217</u>	<u>\$ 2,266,794</u>	<u>\$ 1,807,577</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, 2010

	Budgeted		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Taxes				
General property tax	\$ 1,529,548	\$ 1,529,548	\$ 1,517,214	\$ (12,334)
Special ownership tax	25,800	25,800	41,580	15,780
Penalty and interest tax	600	600	5,395	4,795
Total	<u>1,555,948</u>	<u>1,555,948</u>	<u>1,564,189</u>	<u>8,241</u>
<b>Intergovernmental</b>				
Payment in lieu of taxes	115	115	350	235
Open space & PDR grants		-	-	-
Trail project grants	501,000	501,000	-	(501,000)
Other grants	628,000	628,000	21,220	(606,780)
Total	<u>1,129,115</u>	<u>1,129,115</u>	<u>21,570</u>	<u>(1,107,545)</u>
<b>Miscellaneous</b>				
Event center fees	8,000	8,000	21,849	13,849
Fairground fees	14,700	14,700	9,700	(5,000)
Other fees	4,751	4,751	10,846	6,095
Donations	10,000	10,000	10,000	-
Total	<u>37,451</u>	<u>37,451</u>	<u>52,395</u>	<u>14,944</u>
<b>Total revenues</b>	<u>2,722,514</u>	<u>2,722,514</u>	<u>1,638,154</u>	<u>(1,084,360)</u>
<b>Expenditures</b>				
Current				
Recreation	226,676	226,676	278,281	(51,605)
Open space commission	969,900	969,900	359,957	609,943
Historical preservation	126,000	126,000	98,163	27,837
Trails projects	34,500	34,500	23,381	11,119
Fairgrounds and regional park	214,177	214,177	187,406	26,771
Parks administration	89,307	89,307	92,225	(2,918)
Placerville park	64,708	64,708	39,866	24,842
Down valley park	72,745	72,745	58,662	14,083
Total expenditures	<u>1,798,013</u>	<u>1,798,013</u>	<u>1,137,941</u>	<u>660,072</u>
Revenues over (under) expenditures	924,501	924,501	500,213	(424,288)
Fund balance, January 1	439,281	439,281	818,353	379,072
Fund balance, December 31	<u>\$ 1,363,782</u>	<u>\$ 1,363,782</u>	<u>\$ 1,318,566</u>	<u>\$ (45,216)</u>

**SAN MIGUEL COUNTY, COLORADO**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**December 31, 2010**

	<u>Lodging Tax Tourism</u>	<u>Sales Tax Fund</u>	<u>Capital Expenditures</u>	<u>Contingent Fund</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 19,017	\$ 185,867	\$ 621,811	\$ 627,831
Taxes receivable	-	-	-	-
Land for resale	-	-	-	-
Due from other governmental units	-	-	-	-
Prepaid expenses	-	-	-	-
Other receivables	43,338	31,399	-	-
<b>Total assets</b>	<u>\$ 62,355</u>	<u>\$ 217,266</u>	<u>\$ 621,811</u>	<u>\$ 627,831</u>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 53,762	\$ 13,412	\$ 236	\$ -
Accrued vacation and sick leave	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<u>53,762</u>	<u>13,412</u>	<u>236</u>	<u>-</u>
<b>Fund balances</b>				
Reserved for:				
Emergencies	-	-	-	627,831
Transportation	-	-	621,575	-
Housing	-	-	-	-
Solid waste	-	-	-	-
Unreserved:	8,593	203,854	-	-
<b>Total fund balances</b>	<u>8,593</u>	<u>203,854</u>	<u>621,575</u>	<u>627,831</u>
<b>Total liabilities and fund balances</b>	<u>\$ 62,355</u>	<u>\$ 217,266</u>	<u>\$ 621,811</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>
\$ 177,438	\$ 47,877	\$ 90,606	\$ 105,120	\$ 752,307	\$ 2,627,874
149,601	376,416	-	-	-	526,017
-	-	-	-	792,514	792,514
21,016	-	-	-	-	21,016
-	-	-	1,246	2,323	3,569
623	1,268	2,030	37,481	10	116,149
<u>\$ 348,678</u>	<u>\$ 425,561</u>	<u>\$ 92,636</u>	<u>\$ 143,847</u>	<u>\$ 1,547,154</u>	<u>\$ 4,087,139</u>
\$ -	\$ 71	\$ -	\$ 10,851	\$ 6,817	\$ 85,149
-	-	-	31,419	-	31,419
156,170	376,416	-	-	-	532,586
<u>156,170</u>	<u>376,487</u>	<u>-</u>	<u>42,270</u>	<u>6,817</u>	<u>649,154</u>
-	-	-	-	-	627,831
-	-	-	-	-	621,575
-	-	-	-	1,250,753	1,250,753
-	-	-	-	289,584	289,584
192,508	49,074	92,636	101,577	-	648,242
<u>192,508</u>	<u>49,074</u>	<u>92,636</u>	<u>101,577</u>	<u>1,540,337</u>	<u>3,437,985</u>
<u>\$ 348,678</u>	<u>\$ 425,561</u>	<u>\$ 92,636</u>	<u>\$ 143,847</u>	<u>\$ 1,547,154</u>	<u>\$ 4,087,139</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, 2010**

	<u>Lodging Tax Tourism</u>	<u>Sales Tax Fund</u>	<u>Capital Expenditures</u>	<u>Contingent Fund</u>
<b>Revenues</b>				
Taxes	\$ 348,363	\$ 786,331	\$ -	\$ -
Intergovernmental	-	111,599	-	-
Charges for services	-	-	-	-
Interest earnings	-	-	1,396	-
Miscellaneous	-	950	162,086	-
<b>Total revenues</b>	<u>348,363</u>	<u>898,880</u>	<u>163,482</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Retirement benefits and contributions	-	-	-	-
Health and human services	-	-	-	-
Urban development, housing and transportation	-	-	265,766	-
Economic development	348,363	-	-	-
Capital outlay	-	184,325	-	-
Debt service payments	-	2,190,132	-	-
<b>Total expenditures</b>	<u>348,363</u>	<u>2,374,457</u>	<u>265,766</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	-	(1,475,577)	(102,284)	-
<b>Other financing sources and (uses)</b>				
Transfer In (Out)	-	1,000,000	-	-
Loan Proceeds	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
<b>Net change to fund balance</b>	-	(475,577)	(102,284)	-
<b>Fund balance, January 1</b>	8,593	679,431	723,859	627,831
<b>Prior Period adjustment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, December 31</b>	<u>\$ 8,593</u>	<u>\$ 203,854</u>	<u>\$ 621,575</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>
\$ 161,611	\$ 406,859	\$ -	\$ -	\$ 56,876	\$ 1,760,040
1,114,782	-	27,655	160,141	106,924	1,521,101
-	-	-	121,683	63,402	185,085
-	-	223	-	709	2,328
-	34,929	-	6,614	1,129	205,708
<u>1,276,393</u>	<u>441,788</u>	<u>27,878</u>	<u>288,438</u>	<u>229,040</u>	<u>3,674,262</u>
-	-	-	-	-	-
-	-	-	-	87,306	87,306
-	429,143	-	-	-	429,143
1,268,943	-	-	585,539	-	1,854,482
-	-	-	-	215,104	480,870
-	-	-	-	-	348,363
-	-	12,509	-	-	196,834
-	-	-	-	-	2,190,132
<u>1,268,943</u>	<u>429,143</u>	<u>12,509</u>	<u>585,539</u>	<u>302,410</u>	<u>5,587,130</u>
7,450	12,645	15,369	(297,101)	(73,370)	(1,912,868)
-	16,500	-	292,731	-	1,309,231
-	-	-	-	-	-
<u>-</u>	<u>16,500</u>	<u>-</u>	<u>292,731</u>	<u>-</u>	<u>1,309,231</u>
7,450	29,145	15,369	(4,370)	(73,370)	(603,637)
180,874	19,929	77,267	106,360	1,613,707	4,037,851
4,184	-	-	(413)	-	3,771
<u>\$ 192,508</u>	<u>\$ 49,074</u>	<u>\$ 92,636</u>	<u>\$ 101,577</u>	<u>\$ 1,540,337</u>	<u>\$ 3,437,985</u>

**SAN MIGUEL COUNTY, COLORADO**  
**DEPENDENT DISTRICTS**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS - DEPENDENT DISTRICTS**  
**December 31, 2010**

	<b>San Miguel Disposal District</b>	<b>San Miguel County Housing Authority</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 296,401	\$ 455,906	\$ 752,307
Land for resale	-	792,514	792,514
Prepaid expenses	-	2,323	2,323
Other receivables	-	10	10
<b>Total assets</b>	<u>\$ 296,401</u>	<u>\$ 1,250,753</u>	<u>\$ 1,547,154</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 6,817	\$ -	\$ 6,817
<b>Total liabilities</b>	<u>6,817</u>	<u>-</u>	<u>6,817</u>
<b>Fund balances</b>			
Reserved for:			
Housing	-	1,250,753	1,250,753
Solid waste	289,584	-	289,584
Unreserved:	-	-	-
<b>Total fund balances</b>	<u>289,584</u>	<u>1,250,753</u>	<u>1,540,337</u>
<b>Total liabilities and fund balances</b>	<u>\$ 296,401</u>	<u>\$ 1,250,753</u>	<u>\$ 1,547,154</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, 2010**

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	<u>San Miguel Disposal District</u>	<u>San Miguel County Housing Authority</u>	<u>Total</u>
<b>Revenues</b>			
Taxes	\$ 56,876	\$ -	\$ 56,876
Intergovernmental	-	106,924	106,924
Charges for services	16,990	46,412	63,402
Interest earnings	-	709	709
Miscellaneous	1,078	51	1,129
<b>Total revenues</b>	<u>74,944</u>	<u>154,096</u>	<u>229,040</u>
<b>Expenditures</b>			
Current:			
Public safety	87,306	-	87,306
Urban development, housing and transportation	-	215,104	215,104
<b>Total expenditures</b>	<u>87,306</u>	<u>215,104</u>	<u>302,410</u>
<b>Net change to fund balance</b>	(12,362)	(61,008)	(73,370)
<b>Fund balance, January 1</b>	<u>301,946</u>	<u>1,311,761</u>	<u>1,613,707</u>
<b>Fund balance, December 31</b>	<u>\$ 289,584</u>	<u>\$ 1,250,753</u>	<u>\$ 1,540,337</u>

**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, 2010**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes				
Lodging tax	\$ 400,000	\$ 400,000	\$ 348,363	\$ (51,637)
<b>Total revenues</b>	<u>400,000</u>	<u>400,000</u>	<u>348,363</u>	<u>(51,637)</u>
<b>Expenditures</b>				
Current				
General government				
Administrative overhead	1,050	1,050	-	1,050
Economic development				
Other contracted services	400,000	400,000	348,363	51,637
<b>Total expenditures</b>	<u>401,050</u>	<u>401,050</u>	<u>348,363</u>	<u>52,687</u>
<b>Revenues over (under) expenditures</b>	(1,050)	(1,050)	-	1,050
<b>Fund balance, January 1</b>	<u>8,207</u>	<u>8,207</u>	<u>8,593</u>	<u>386</u>
<b>Fund balance, December 31</b>	<u>\$ 7,157</u>	<u>\$ 7,157</u>	<u>\$ 8,593</u>	<u>\$ 1,436</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, 2010**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes				
Sales and use tax	\$ 700,000	\$ 700,000	\$ 786,331	\$ 86,331
Mineral leasing	165,002	165,002	111,599	(53,403)
Miscellaneous	-	-	950	950
<b>Total revenues</b>	<u>865,002</u>	<u>865,002</u>	<u>898,880</u>	<u>33,878</u>
<b>Expenditures</b>				
Capital outlay	373,233	373,233	184,325	188,908
Debt service				
Lease payments	631,880	2,195,957	2,190,132	5,825
<b>Total expenditures</b>	<u>1,005,113</u>	<u>2,569,190</u>	<u>2,374,457</u>	<u>194,733</u>
<b>Revenues over (under) expenditures</b>	(140,111)	(1,704,188)	(1,475,577)	228,611
<b>Other Financing Sources</b>				
Transfers In	250,000	1,250,000	1,000,000	(250,000)
<b>Total other financing sources</b>	<u>250,000</u>	<u>1,250,000</u>	<u>1,000,000</u>	<u>(250,000)</u>
<b>Revenues and other sources over expenditures</b>	109,889	(454,188)	(475,577)	(21,389)
<b>Fund balance, January 1</b>	<u>620,868</u>	<u>620,868</u>	<u>679,431</u>	<u>58,563</u>
<b>Fund balance, December 31</b>	<u>\$ 730,757</u>	<u>\$ 166,680</u>	<u>\$ 203,854</u>	<u>\$ 37,174</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, 2010**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Interest	\$ 5,600	\$ 5,600	\$ 1,396	\$ (4,204)
Other	-	-	624	624
Transportation fees	150,000	150,000	161,462	11,462
<b>Total revenues</b>	<u>155,600</u>	<u>155,600</u>	<u>163,482</u>	<u>7,882</u>
<b>Expenditures</b>				
Current				
Urban development, Housing and Transportation				
Transportation contract	279,500	279,500	265,766	13,734
<b>Total expenditures</b>	<u>279,500</u>	<u>279,500</u>	<u>265,766</u>	<u>13,734</u>
<b>Revenues over (under) expenditures</b>	(123,900)	(123,900)	(102,284)	21,616
<b>Other Financing Sources</b>				
Transfers (Out)	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other sources over expenditures</b>	(123,900)	(123,900)	(102,284)	21,616
<b>Fund balance, January 1</b>	<u>716,884</u>	<u>716,884</u>	<u>723,859</u>	<u>6,975</u>
<b>Fund balance, December 31</b>	<u>\$ 592,984</u>	<u>\$ 592,984</u>	<u>\$ 621,575</u>	<u>\$ 28,591</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, 2010**

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	Budgeted		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	-	-	-	-
<b>Fund balance, January 1</b>	<u>627,822</u>	<u>627,822</u>	<u>627,831</u>	<u>9</u>
<b>Fund balance, December 31</b>	<u><u>\$ 627,822</u></u>	<u><u>\$ 627,822</u></u>	<u><u>\$ 627,831</u></u>	<u><u>\$ 9</u></u>

**SAN MIGUEL, COLORADO**  
**PUBLIC WELFARE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 163,203	\$ 163,203	\$ 161,611	\$ (1,592)
County administration	80,000	80,000	147,094	67,094
Old age pension	25,000	25,000	42,726	17,726
Aid to the needy and disabled	9,000	9,000	8,696	(304)
Child care	47,000	47,000	42,267	(4,733)
Food assistance	250,000	250,000	422,214	172,214
Child welfare	178,000	178,000	269,622	91,622
Leap	79,000	79,000	81,487	2,487
CSBG grant	15,000	15,000	8,938	(6,062)
Colorado works	15,000	15,000	57,637	42,637
Child support	5,000	5,000	8,917	3,917
Medicaid transportation and other	10,000	10,000	24,031	14,031
Miscellaneous	1,000	1,000	1,153	153
Supplemental	-	382,882	-	(382,882)
<b>Total revenues</b>	<u>877,203</u>	<u>1,260,085</u>	<u>1,276,393</u>	<u>16,308</u>
<b>Expenditures</b>				
County funded grants	55,530	55,530	57,939	(2,409)
County administration	130,000	130,000	182,047	(52,047)
Old age pension	33,000	33,000	42,726	(9,726)
Colorado works	35,000	35,000	63,770	(28,770)
Aid to the needy and disabled	12,000	12,000	10,870	1,130
Medicaid transportation	10,000	10,000	23,980	(13,980)
Child care	60,000	60,000	49,581	10,419
General assistance	10,000	10,000	4,081	5,919
Leap	79,000	79,000	81,487	(2,487)
Child welfare	242,000	242,000	340,691	(98,691)
Core services	3,000	3,000	-	3,000
CSBG grant	15,000	15,000	7,679	7,321
Child support	10,000	10,000	(9,314)	19,314
Direct cost allocation	(7,500)	(7,500)	(8,808)	1,308
Food assistance	250,000	250,000	422,214	(172,214)
Supplemental	-	382,882	-	382,882
<b>Total expenditures</b>	<u>937,030</u>	<u>1,319,912</u>	<u>1,268,943</u>	<u>50,969</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(59,827)	(59,827)	7,450	67,277
<b>Fund balance, January 1</b>	188,000	188,000	180,874	(7,126)
<b>Prior period adjustment</b>	-	-	4,184	4,184
<b>Fund balance, December 31</b>	<u>\$ 128,173</u>	<u>\$ 128,173</u>	<u>\$ 192,508</u>	<u>\$ 64,335</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, 2010**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes				
General property tax	\$ 397,682	\$ 397,682	\$ 394,812	\$ (2,870)
Delinquent tax	-	-	(180)	(180)
Specific ownership tax	5,000	5,000	10,811	5,811
Penalty and interest tax	400	400	1,416	1,016
Other				
Forfeitures and miscellaneous	15,481	34,981	34,929	(52)
<b>Total revenues</b>	<u>418,563</u>	<u>438,063</u>	<u>441,788</u>	<u>3,725</u>
<b>Expenditures</b>				
Current				
Employer's contribution	420,448	456,448	429,143	27,305
<b>Total expenditures</b>	<u>420,448</u>	<u>456,448</u>	<u>429,143</u>	<u>27,305</u>
<b>Revenues over (under) expenditures</b>	(1,885)	(18,385)	12,645	31,030
<b>Other Financing Sources</b>				
Transfers (Out)	-	16,500	16,500	-
<b>Total other financing sources</b>	<u>-</u>	<u>16,500</u>	<u>16,500</u>	<u>-</u>
<b>Revenues and other sources over expenditures</b>	(1,885)	(1,885)	29,145	31,030
<b>Fund balance, January 1</b>	<u>6,031</u>	<u>6,031</u>	<u>19,929</u>	<u>13,898</u>
<b>Fund balance, December 31</b>	<u>\$ 4,146</u>	<u>\$ 4,146</u>	<u>\$ 49,074</u>	<u>\$ 44,928</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, 2010**

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	<b>Budgeted</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental				
State lottery proceeds	\$ 31,000	\$ 31,000	\$ 27,655	\$ (3,345)
Interest income	2,000	2,000	223	(1,777)
<b>Total revenues</b>	<u>33,000</u>	<u>33,000</u>	<u>27,878</u>	<u>(5,122)</u>
<b>Expenditures</b>				
Current				
Capital outlay	40,000	40,000	12,509	27,491
<b>Total expenditures</b>	<u>40,000</u>	<u>40,000</u>	<u>12,509</u>	<u>27,491</u>
<b>Revenues over (under) expenditures</b>	(7,000)	(7,000)	15,369	22,369
<b>Fund balance, January 1</b>	<u>73,959</u>	<u>73,969</u>	<u>77,267</u>	<u>3,298</u>
<b>Fund balance, December 31</b>	<u>\$ 66,959</u>	<u>\$ 66,969</u>	<u>\$ 92,636</u>	<u>\$ 25,667</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, 2010**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental				
Federal grants	\$ 80,000	\$ 80,000	\$ 113,161	\$ 33,161
State grants	35,680	35,680	46,980	11,300
Charges for services	97,000	97,000	121,683	24,683
Miscellaneous	6,236	6,236	6,614	378
<b>Total revenues</b>	<u>218,916</u>	<u>218,916</u>	<u>288,438</u>	<u>69,522</u>
<b>Expenditures</b>				
Current				
Health and welfare	614,249	614,249	585,539	28,710
<b>Total expenditures</b>	<u>614,249</u>	<u>614,249</u>	<u>585,539</u>	<u>28,710</u>
<b>Revenues over (under) expenditures</b>	(395,333)	(395,333)	(297,101)	98,232
<b>Other Financing Sources</b>				
Transfers (Out)	395,335	395,335	292,731	(102,604)
<b>Total other financing sources</b>	<u>395,335</u>	<u>395,335</u>	<u>292,731</u>	<u>(102,604)</u>
<b>Revenues and other sources over expenditures</b>	2	2	(4,370)	(4,372)
<b>Fund balance, January 1</b>	-	-	106,360	106,360
<b>Prior Period Adjustment</b>	<u>-</u>	<u>-</u>	<u>(413)</u>	<u>(413)</u>
<b>Fund balance, December 31</b>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 101,577</u>	<u>\$ 101,575</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, 2010**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
General property tax	\$ 55,438	\$ 55,438	\$ 55,180	\$ (258)
Specific ownership tax	2,200	2,200	1,502	(698)
Penalty and interest tax	50	50	186	136
Delinquent tax	-	-	8	8
<b>Total taxes</b>	<u>57,688</u>	<u>57,688</u>	<u>56,876</u>	<u>(812)</u>
Intergovernmental				
Town of Norwood	-	-	-	-
Other	40	40	1,078	1,038
Charges for services	16,000	16,000	16,990	990
<b>Total intergovernmental</b>	<u>16,040</u>	<u>16,040</u>	<u>18,068</u>	<u>2,028</u>
<b>Total revenues</b>	<u>73,728</u>	<u>73,728</u>	<u>74,944</u>	<u>1,216</u>
<b>Expenditures</b>				
Current				
General government				
Waste disposal	78,217	84,217	87,306	(3,089)
<b>Total expenditures</b>	<u>78,217</u>	<u>84,217</u>	<u>87,306</u>	<u>(3,089)</u>
<b>Revenues over (under) expenditures</b>	(4,489)	(10,489)	(12,362)	(1,873)
<b>Fund balance, January 1</b>	<u>309,084</u>	<u>309,084</u>	<u>301,946</u>	<u>(7,138)</u>
<b>Fund balance, December 31</b>	<u>\$ 304,595</u>	<u>\$ 298,595</u>	<u>\$ 289,584</u>	<u>\$ (9,011)</u>

**Single Audit Section**

San Miguel County, Colorado  
Schedule of Expenditures of Federal Awards  
Year ended December 31, 2010

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	<u>Expenditures</u>
Department of Health and Human Services		
Passed through the Colorado Department of Human Services		
Low Income Energy Assistance	93.568	\$ 81,487
TANF	93.558	16,140
IV -D Administration	93.563	56,475
Medicaid-Title XIX	93.778	37,725
CCDF	93.596	23,077
CCDF-Discretion	93.575	7,024
Child Welfare-IV-B	93.645	2,554
Foster Care-IV-E	93.658	71,192
Adoption-IV-E	93.659	3,618
Title XX-Block	93.667	39,681
CCDF-ARRA	93.713	26,361
TANF-ARRA	93.716	41,497
Other	93.XXX	<u>(523)</u>
		<u>406,308</u>
Passed through Colorado Department of Public Health and Environment		
Public Health Emergency Preparedness	93.069	58,719
Family Planning Services	93.217	1,405
Immunization Grants	93.268	8,120
Center for Disease Control and Prevention- Investigations and Technical Assistance	93.283	2,949
Maternal and Child Health Block Grant	93.994	1,739
Chlamydia Grant	93.XX	<u>459</u>
		<u>73,391</u>
Department of Agriculture		
Passed through Colorado Department of Human Services		
Food Assistance-Admin	10.561	39,669
Emergency Food Assistance Program (Admin)-ARRA	10.568	4,000
Emergency Food Assistance Program-(Commodities)	10.569	2,968
Passed through Colorado Department of Public Health and Environment		
Special Supplemental Nutrition program Women, Infants, and Children	10.557	29,277
Special Supplemental Nutrition program Women, Infants, and Children-Non Cash	10.557	<u>62,552</u>
		<u>138,466</u>

The accompanying notes are an integral part of this schedule.

San Miguel County, Colorado  
 Schedule of Expenditures of Federal Awards  
 Year ended December 31, 2010

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<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Department of Interior		
BLM-National Fire Plan	15.228	31,035
BLM-Invasive & Noxious Plant Management	15.230	21,000
BLM-National Fire Plan (Rural Fire Assistance)	15.242	<u>7,100</u>
		<u>59,135</u>
Department of Homeland Security		
Passed Through Colorado Department of Local Affairs: Chemical Stockpile Emergency Preparedness Program	97.042	<u>55,391</u>
Department of Justice		
Cops Grant	16.710	<u>7,106</u>
 Total Federal Awards		 <u>\$ 739,797</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, 2010

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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. Chlamydia grant program of \$ 459 and commodities of \$ 62,552 under WIC program and commodities of \$ 6,968 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 19, 2011

Board of Commissioners  
San Miguel County, Colorado

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of San Miguel County, Colorado, as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 19, 2011. 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 County'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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any 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 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*.

This report is intended solely for the information and use of management, Board of County Commissioners, others within the entity, 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 19, 2011

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, 2010. 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 U.S. generally accepted auditing standards; 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, 2010.

## **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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended for the information and use of the Board of County Commissioners, management, others within the organization, 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, 2010

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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	_____ <u>X</u> _____ no
Reportable condition(s) identified not considered to be material weaknesses?	_____	yes	_____ <u>X</u> _____ none reported
Noncompliance material to financial statements noted?	_____	yes	_____ <u>X</u> _____ no

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?	_____	yes	_____ <u>X</u> _____ no
Reportable condition(s) identified not considered to be material weaknesses?	_____	yes	_____ <u>X</u> _____ none reported

Type of auditor's report issued on compliance for major programs:	<u>Unqualified Opinion</u>		
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____	yes	_____ <u>X</u> _____ no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.042	Emergency Preparedness Program
15.228	National Fire Plan
15.230	Invasive & Noxious Plant Management
10.557	Special Supplemental Nutrition program Women, Infants, and Children

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
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Auditee qualified as low-risk auditee?	_____ <u>X</u> _____	yes	_____	no
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San Miguel County, Colorado  
Schedule of Findings and Questioned Costs - Continued  
Year ended December 31, 2010

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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, 2010

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No prior year audit findings