

San Miguel County
Financial Statements and
Independent Auditor's Report
as of
December 31, 2011

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Report of Independent Certified Public Accountants

June 4, 2012

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, 2011 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, 2011, 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, 2011. 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, \$ 106.5 million, exceeded liabilities, \$ 13.9 million, by \$92.6 million at the end of 2011. Of this amount, \$ 13.6 million may be used to meet the County's ongoing obligations to citizens. The remaining \$ 76.2 million are invested in capital assets and \$ 2.9 million is restricted for other purposes.
- Governmental funds reported combined ending fund balances of \$17 million, an increase of \$ 2.3 million.
- The County's fund balance for the General Fund was \$ 8.9 million, an increase of \$ 1.3 million.
- Total long-term liabilities decreased by \$ 451,497 during 2011 with no new debt issued.
- General property, sales and other taxes totaled \$ 12.3 million, or 87% 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, 2011, 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 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 spend able resources, as well as on balances of spend able 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 Transportation 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 \$ 1,825,765, state highway users tax of \$ 1,800,124, 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 \$ 153,331 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.
- **Transportation 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, 2011, assets exceeded liabilities by \$ 92.6 million.

The following table provides a summary of the County's governmental type net assets for 2011.

Assets	Governmental Activities	
	2011	2010
Current and other assets	\$ 27,693,832	\$ 25,952,547
Capital assets, net	78,840,855	79,124,563
Total assets	<u>106,534,687</u>	<u>105,077,110</u>
Liabilities		
Current and other liabilities	10,742,723	11,337,773
Long-term liabilities	3,154,605	3,606,102
Total liabilities	<u>13,897,328</u>	<u>14,943,875</u>
Net Assets		
Investment in capital assets	76,119,126	76,305,671
Restricted	2,928,043	2,959,555
Unrestricted	13,590,190	10,868,009
Total net assets	<u>\$ 92,637,359</u>	<u>\$ 90,133,235</u>

San Miguel County
Management's Discussion and Analysis

Changes in Net Assets

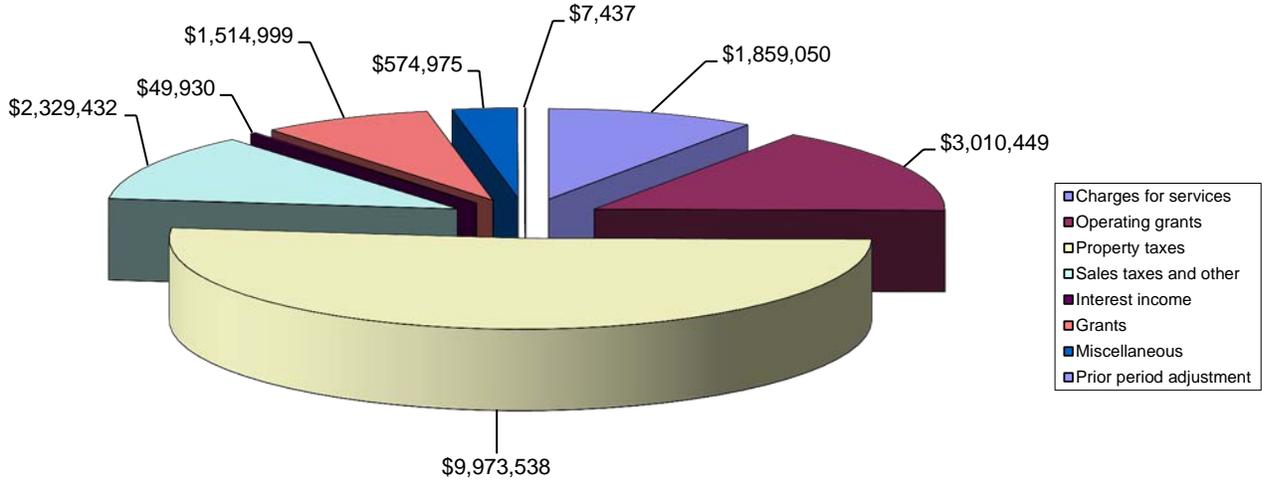
Governmental type activities increased the County's net assets by \$2,752,033 in 2011.

The following table indicates the changes in net assets for governmental and business-type activities for 2011.

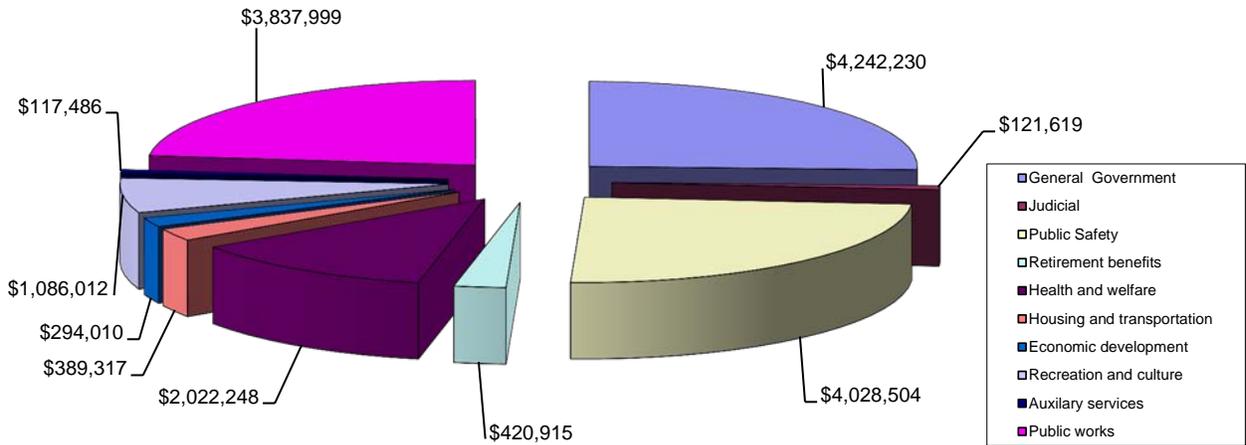
	Governmental Activities	
	2011	2010
Revenues		
Program revenues		
Charges for services	\$ 1,859,050	\$ 1,548,969
Operating grants	3,010,449	2,950,089
Capital grants	-	-
General Revenues		
Property taxes	9,973,538	10,309,060
Sales taxes and other	2,329,432	3,232,048
Interest income	49,930	82,300
Federal and state grants	1,514,999	1,010,217
Miscellaneous	574,975	512,174
Loss on sale of assets	(255,346)	-
Total	\$ 19,057,027	\$ 19,644,857
Expenses		
General government	\$ 4,242,230	\$ 4,673,634
Judicial	121,619	128,063
Public safety	4,028,504	4,034,330
Retirement benefits	420,915	429,143
Health and welfare	2,022,248	2,003,674
Housing and transportation	389,317	480,870
Economic development	294,010	348,363
Recreation and culture	1,086,012	1,206,416
Auxiliary services	117,486	132,881
Public works	3,837,999	4,030,244
Total expenses	16,560,340	17,467,618
Increase in net assets	2,496,687	2,177,239
Beginning	90,133,235	87,952,225
Prior Period Adjustment	7,437	3,771
Residual transfer	-	-
Ending	\$ 92,637,359	\$ 90,133,235

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 spend able 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 2011, the combined ending fund balances of San Miguel County's governmental funds were \$ 16,951,108. Approximately 81% 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 1/1/2011	Additions	Deletions	Balances 12/31/2011
Capital assets not being depreciated				
Land	\$ 7,041,200	\$ -	\$ -	\$ 7,041,200
Infrastructure	59,265,602	-	(255,347)	59,010,255
Total capital assets not being depreciated	<u>66,306,802</u>	<u>-</u>	<u>(255,347)</u>	<u>66,051,455</u>
Capital assets being depreciated				
Buildings and improvements	14,593,598	522,731	-	15,116,329
Equipment and furniture	6,536,607	155,587	-	6,692,194
Total capital assets being depreciated	<u>21,130,205</u>	<u>678,318</u>	<u>-</u>	<u>21,808,523</u>
Less accumulated depreciation				
Buildings and improvements	3,998,371	305,623	-	4,303,994
Equipment and furniture	4,314,073	401,056	-	4,715,129
Total accumulated depreciation	<u>8,312,444</u>	<u>706,679</u>	<u>-</u>	<u>9,019,123</u>
Total capital assets being depreciated, net	<u>12,817,761</u>	<u>(28,361)</u>	<u>-</u>	<u>12,789,400</u>
Governmental activities capital assets	<u>\$ 79,124,563</u>	<u>\$ (28,361)</u>	<u>\$ (255,347)</u>	<u>\$ 78,840,855</u>

San Miguel County
Management's Discussion and Analysis

Economic Factors & Future Budget

- As of December 31, 2011 San Miguel County's general fund is in a strong financial position with an estimated ending fund balance for 2012 at 92% or 11 months of operating reserve. Although this reserve is very high, it will be needed to offset the projected future revenue shortages of property tax revenues, federal funding levels, and state funding levels in the next five years. Projected expenditures for 2012 exceed the projected revenue by approximately \$354,000. Operating reserves in the approximate amount of \$354,000 will be needed to balance the 2012 budget. 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 2012 has decreased by \$103,131,780. This represents a loss of property tax revenue in the amount of \$1,043,694. Staff anticipates another 10% - 15% decrease in assessed valuation in the next two years due to the mandatory reappraisal process and the current state of the economy. San Miguel County's mill levy totals 10.120 for budget year 2012. San Miguel County citizens have approved the removal of the constitutional limitations of TABOR (Taxpayers Bill of Rights).
- Sales tax revenues increased in 2011 by 6.16% over the 2010 revenues. However, revenues were still 2.11% below the 2008 figures. Sales tax was fairly stable in 2011, but slight decreases are now being seen in 2012. Staff is being very conservative on the projections for 2012 and are estimating a 9.01% decrease from the 2011 actual revenues.
- Lodging tax revenues for 2011 were down 1.08% compared to 2010. However, projected revenue for 2012 is 16% above the 2011 actuals. These revenues are passed thru to Marketing Telluride and the Norwood Chamber of Commerce to help promote tourism and recreation in the County.
- New construction has been on the decline across the country for a number of years and such is the case in San Miguel County. Therefore, it is very difficult to predict future construction activity. Building permit fees collected by San Miguel County are calculated from a formula devised by the International Code Council. The fees are relative to the cost of the project and the fees are intended to cover the expense of providing code review & inspection services for the project. San Miguel County Building Department also collects a Use Tax with the building permit fees. The Use Tax amount is derived from the anticipated cost of materials being used in the project. The Use Tax is calculated as a 1% tax on 40% of the project cost (the 40% is estimated to be the cost of materials). The building fees and Use Tax collections are anticipated to be comparable to 2010 & 2011 levels for the next few years.

San Miguel County
Management's Discussion and Analysis

- The County continues to annually fund and support various community projects and non-profit organizations. Appropriations for 2012 total \$480,000. This includes \$70,000 for the Gold Run Childcare Facility, \$200,000 for the Round-about project, \$50,000 for TNCC, \$50,000 from the general fund, \$55,000 from Social Services, and \$35,500 from Open Space. There are also funding requests in the housing authority fund, capital fund, and transit fund totaling \$19,500. These are discretionary funds that are designated by the Board of County Commissioners.
- Investment interest is an on-going challenge for the County Treasurer. With minimal interest rates, the revenue for 2012 is estimated to be \$27,500 or a decrease of 44% from the 2011 actual revenue. Many financial institutions are unwilling to pay interest on investments due to the public to private fund ratio being higher than banking regulators prefer in bank audits. FDIC insures the first \$500,000 of each public fund account and the Colorado Public Deposit Protection Act requires institutions to pledge assets and securities at 102% of the uninsured FDIC balance for each public fund depositor. If no interest is paid, the total amount of public funds is insured by FDIC under the Dodd-Frank Act.
- 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. \$844,434 was received in 2011 and \$909,410 was received in 2012. 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 the Telluride area. In 2011 San Miguel County spent \$219,183 for transit services (Galloping Goose) to Norwood and \$5,021 for the van pool to Ridgway. The Ridgway van pool expenditures included non-routine maintenance and insurance for the two vans. San Miguel County owns the vans and there was no debt service associated with these vans in 2011. Revenues to fund this function currently come primarily from real estate transfer taxes. A task force has been created to evaluate the need for a regional transportation authority and determine the best revenue source that will be sustainable for the program. The transportation authority will need this revenue source to support the operations and maintenance of such a needed service.
- A hiring freeze will remain in effect for the 2012 fiscal year. No positions will be filled without a cost benefit and workload analysis being presented and approved by the Board of Commissioners, providing funds are available. The FTE count was down 12 positions as of December 31, 2011 compared to December 31, 2008.

San Miguel County
Management's Discussion and Analysis

- The Land Heritage Program/Purchase of Development Rights program continues to help preserve agricultural lands in San Miguel County by purchasing development rights and placing conservation easements on the land. The program has helped protect 11,692 acres as of the end of 2011. San Miguel County contributed \$2,336,404 towards this program; \$3,785,000 came from Great Outdoors Colorado funds; and \$1,336,000 came from other funders including The Nature Conservancy and private donors. The landowners contributed another \$11,488,000 in donated land value. Since the program inception in 2000, the program paid landowners a total of \$7,780,967 to retire approximately 315 development rights. Approximately 3000 acres is mapped Gunnison Sage-grouse habitat.
- San Miguel County owns and maintains over 15 miles of trails. In 2011, OSR assumed maintenance of four miles of trail east of the Town of Sawpit referred to as the river road. Another historic interpretative sign was installed at the Vanadium/Newmire site making a total of 3 interpretative signs including those on Whiskey Charlie and Vance Creek trails. Preliminary planning and engineering for a community connector trail between Pioneer Village and the Town of Norwood continued. The county provided matching funds for a planning grant for the Norwood Burn Canyon Trail system.
- In 2011, Lewis Mill historic stabilization work focused on finishing the installation windows and doors. In the Courthouse, renovation was completed in the front foyer, front stairwell, courtroom landing, the west hallway, the courtroom and the judge's chamber. In addition, the courtroom and hallways on both floors were carpeted.
- Placerville Park improvements in 2011 included construction of a new flush bathroom and related infrastructure for well and septic. The parking was improved and the park portion of Front Street was resurfaced. Planned improvements for 2012 include irrigation and landscaping.

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, 2011

	Primary Government	
	Governmental Activities	
	2011	2010
Assets		
Cash and cash equivalents	\$ 17,598,112	\$ 14,984,614
Restricted cash	34,772	34,772
Property taxes receivable	8,723,813	9,767,506
Land for resale	792,760	792,514
Accrued interest receivable	-	-
Accounts receivable	320,517	275,869
Due from other governmental units	18,694	21,016
Prepaid expenses	73,928	6,964
Inventories	131,236	69,292
Capital assets, net	<u>78,840,855</u>	<u>79,124,563</u>
Total assets	<u>106,534,687</u>	<u>105,077,110</u>
Liabilities		
Accounts payable	876,266	470,341
Accrued vacation and sick leave	1,078,304	1,054,217
Deposit-bond payable	34,000	34,000
Deferred revenue	8,754,153	9,779,215
Long-term liabilities		
Due more than one year:		
Leases payable	2,721,729	2,818,892
Compensated absences	<u>432,876</u>	<u>787,210</u>
Total liabilities	<u>13,897,328</u>	<u>14,943,875</u>
Net assets		
Invested in capital assets	76,119,126	76,305,671
Restricted for:		
Idarado	34,772	34,772
Vegetation control	32,059	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	521,848	621,575
Housing	1,315,574	1,250,753
Solid waste	281,738	289,584
Unrestricted:	<u>13,590,190</u>	<u>10,877,483</u>
Total Net Assets	<u>\$ 92,637,359</u>	<u>\$ 90,133,235</u>

See accompanying notes to the basic financial statements

SAN MIGUEL COUNTY, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services & Fees	Operating and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,242,230	\$ 1,460,830	\$ -	\$ -
Judicial	121,619	-	-	-
Public safety	4,028,504	67,212	-	-
Retirement Benefits	420,915	-	-	-
Health and welfare	2,022,248	103,968	1,184,502	-
Housing and transportation	389,317	145,550	-	-
Economic development	294,010	-	-	-
Recreation and culture	1,086,012	42,276	24,586	-
Auxiliary services	117,486	-	-	-
Public works	3,837,999	39,214	1,801,361	-
Total governmental activities	16,560,340	1,859,050	3,010,449	-

General Revenues

Taxes:
 Property taxes
 Sales taxes and other
Unrestricted investment earnings
Federal and state grants
Other general revenues
Loss on sale of assets

Total General Revenues

Changes in Net Assets

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

See accompanying notes to the basic financial statements

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

<u>2011</u>	<u>2010</u>
\$ (2,781,400)	\$ (3,456,226)
(121,619)	(128,063)
(3,961,292)	(3,967,118)
(420,915)	(429,143)
(733,778)	(767,209)
(243,767)	(434,458)
(294,010)	(348,363)
(1,019,150)	(1,115,146)
(117,486)	(132,881)
(1,997,424)	(2,189,953)
<u>(11,690,841)</u>	<u>(12,968,560)</u>
9,973,538	10,309,060
2,329,432	3,232,048
49,930	82,300
1,514,999	1,010,217
574,975	512,174
(255,346)	-
<u>14,187,528</u>	<u>15,145,799</u>
2,496,687	2,177,239
90,133,235	87,952,225
7,437	3,771
<u>\$ 92,637,359</u>	<u>\$ 90,133,235</u>

SAN MIGUEL COUNTY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Open Space</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 9,813,218	\$ 2,925,239	\$ 1,596,608	\$ 3,263,047	\$ 17,598,112
Restricted Cash	34,772	-	-	-	34,772
Property taxes receivable	5,323,078	1,637,870	1,293,055	469,810	8,723,813
Land for resale	-	-	-	792,760	792,760
Accounts receivable	153,677	78,819	809	87,212	320,517
Due from other governmental units	-	-	-	18,694	18,694
Prepaid expenses	4,210	-	-	69,718	73,928
Inventories	-	131,236	-	-	131,236
Total assets	<u>\$ 15,328,955</u>	<u>\$ 4,773,164</u>	<u>\$ 2,890,472</u>	<u>\$ 4,701,241</u>	<u>\$ 27,693,832</u>
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ 410,120	\$ 144,609	\$ 175,954	\$ 145,583	\$ 876,266
Accrued Vacation and Sick Leave	723,465	299,406	22,564	32,869	1,078,304
Deposit-bond payable	-	34,000	-	-	34,000
Deferred revenue	5,331,798	1,637,870	1,293,055	491,430	8,754,153
Total liabilities	<u>6,465,383</u>	<u>2,115,885</u>	<u>1,491,573</u>	<u>669,882</u>	<u>10,742,723</u>
Fund balances					
Restricted					
Emergencies	-	-	-	627,831	627,831
Parks and recreation	-	-	-	86,658	86,658
Public Health and welfare	-	-	-	305,599	305,599
Idarado	34,772	-	-	-	34,772
Committed					
Transportation	-	-	-	521,848	521,848
Housing	-	-	-	1,315,574	1,315,574
Tourism	-	-	-	8,593	8,593
Solid waste	-	-	-	281,738	281,738
Employee benefits	-	-	-	35,792	35,792
Capital purchases	-	-	-	847,726	847,726
Open space	-	-	1,398,899	-	1,398,899
Highway and streets	-	2,657,279	-	-	2,657,279
Assigned					
Vegetation control	32,059	-	-	-	32,059
Seizure funds	1,385	-	-	-	1,385
Telecam/Goose trail	48,467	-	-	-	48,467
Health Insurance	64,369	-	-	-	64,369
Unassigned	8,682,520	-	-	-	8,682,520
Total fund balances	<u>8,863,572</u>	<u>2,657,279</u>	<u>1,398,899</u>	<u>4,031,359</u>	<u>16,951,109</u>
Total liabilities and fund balances	<u>\$ 15,328,955</u>	<u>\$ 4,773,164</u>	<u>\$ 2,890,472</u>	<u>\$ 4,701,241</u>	<u>\$ 27,693,832</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, 2011

Total governmental fund balances \$ 16,951,109

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. 78,840,855

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 (2,721,729)
Compensated absences (432,876)

Net assets of governmental activities \$ 92,637,359

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, 2011

	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Open Space</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 7,201,820	\$ 1,879,546	\$ 1,483,852	\$ 1,716,424	\$ 12,281,642
Intergovernmental	1,038,008	1,938,622	350	1,569,796	4,546,776
Licenses and permits	183,320	3,045	-	-	186,365
Charges for services	1,344,722	24,263	42,276	261,424	1,672,685
Miscellaneous	332,189	102,883	5,000	178,631	618,703
Total revenues	<u>10,100,059</u>	<u>3,948,359</u>	<u>1,531,478</u>	<u>3,726,275</u>	<u>19,306,171</u>
Expenditures					
Current:					
General government	4,361,748	-	-	-	4,361,748
Judicial	121,619	-	-	-	121,619
Public safety	3,769,021	-	-	78,518	3,847,539
Retirement benefits	-	-	-	420,915	420,915
Health and welfare	145,955	-	-	1,863,860	2,009,815
Housing and transportation	-	-	-	389,317	389,317
Economic development	-	-	-	294,010	294,010
Recreation and culture	25,288	-	1,451,145	-	1,476,433
Auxiliary services	117,486	-	-	-	117,486
Public Works	-	3,620,669	-	-	3,620,669
Debt Service	-	-	-	244,175	244,175
Capital outlay	-	-	-	141,693	141,693
Total expenditures	<u>8,541,117</u>	<u>3,620,669</u>	<u>1,451,145</u>	<u>3,432,488</u>	<u>17,045,419</u>
Excess (deficiency) of revenues over expenditures	<u>1,558,942</u>	<u>327,690</u>	<u>80,333</u>	<u>293,787</u>	<u>2,260,752</u>
Other financing sources (uses)					
Transfers in (out)	(292,149)	-	-	292,149	-
Sale of assets	5,350	852	-	-	6,202
Total other financing sources (uses)	<u>(286,799)</u>	<u>852</u>	<u>-</u>	<u>292,149</u>	<u>6,202</u>
Net change to fund balance	1,272,143	328,542	80,333	585,936	2,266,954
Fund balance, January 1	7,591,428	2,266,794	1,318,566	3,437,986	14,614,774
Prior period adjustment	-	-	-	7,437	7,437
Increase an inventory	-	61,943	-	-	61,943
Fund balance, December 31	<u>\$ 8,863,571</u>	<u>\$ 2,657,279</u>	<u>\$ 1,398,899</u>	<u>\$ 4,031,359</u>	<u>\$ 16,951,108</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, 2011

Net change in fund balances - total governmental funds \$ 2,266,954

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	\$ 678,318	
Depreciation expense	<u>(706,679)</u>	
Excess of capital outlay over depreciation		(28,361)

The net effect of various transactions involving capital assets(i.e.,sales, trade ins, and contributions) is to decrease net assets.		(255,346)
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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		97,163
Compensated absences		354,334
Inventory Increase		61,943

Change in net assets of governmental funds		<u><u>\$ 2,496,687</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, 2011**

Treasurer's Agency Fund

Cash and investments	<u>\$ 527,761</u>
Due to other governments	<u>\$ 527,761</u>

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2011

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, 2011

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, 2011

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, 2011

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, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

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

Taxes levied in 2011 for collection in 2012 are recorded in governmental funds as taxes receivable and deferred revenue as of December 31, 2011 since the amount is measurable but not available until 2012. 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, 2011

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

6. 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.

7. 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, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

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

8. Fund Equity

Beginning with fiscal year 2011, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; positive amounts are reported only in the general fund.

9. 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.

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

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

10. 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.

11. 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 2011, the County had no proceeds from the seizures of contraband.

Note 2 – Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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.

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2011

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, 2011, the bank balance of the County's deposits was \$ 8,326,015 of which \$ 750,000 was covered by federal depository insurance and \$ 7,576,015 was collateralized under PDPA.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and, guaranteed investment contracts. The County's investment policy follows Colorado statutes. At December 31, 2011 the County's investments included certificates of deposit and funds held in Colotrust.

The County had invested \$ 5,096,385 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, 2011 are:

	<u>Fair Value</u>	<u>Credit Risk</u>
Sweep Account-Government Bonds	\$ 688,657	AAAm
Federal Home Loan Bank	844,691	AAAm
Feral Farm Credit Bank	207,034	AAA
Tenn Valley Authority	82,081	AAA
Federal Home Loan Mortgage	37,058	AAA
Money Market Funds-LPL and AXA	564,622	N/R
ColoTrust (Governmental Pool)	5,096,385	AAA
Csafe	<u>2,000,610</u>	
	<u>\$ 9,521,138</u>	

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

<u>Description</u>		<u>Cost</u>
Demand deposits and cash	\$	2,406,581
Certificates of deposits and savings		6,232,926
Investments		<u>9,521,138</u>
		<u>\$ 18,160,645</u>

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2011

Note 5 – Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:
Governmental Activities:

	Beginning Balances 01/01/11	Additions	Deletions	Ending Balances 12/31/11
Capital assets not being depreciated				
Land	\$ 7,041,200	\$ -	\$ -	\$ 7,041,200
Infrastructure	59,265,602	-	(255,347)	59,010,255
Total capital assets not being depreciated	<u>66,306,802</u>	<u>-</u>	<u>(255,347)</u>	<u>66,051,455</u>
Capital assets being depreciated				
Buildings and improvements	14,593,598	522,731		15,116,329
Equipment and furniture	6,536,607	155,587		6,692,194
Total capital assets being depreciated	<u>21,130,205</u>	<u>678,318</u>		<u>21,808,523</u>
Less accumulated depreciation				
Buildings and improvements	3,998,371	305,623		4,303,994
Equipment and furniture	4,314,073	401,056		4,715,129
Total accumulated depreciation	<u>8,312,444</u>	<u>706,679</u>		<u>9,019,123</u>
Total capital assets being depreciated net	<u>12,817,761</u>	<u>(28,361)</u>		<u>12,789,400</u>
Governmental activities capital assets	<u>\$79,124,563</u>	<u>\$(28,361)</u>	<u>\$(255,347)</u>	<u>\$78,840,855</u>

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

Governmental activities:	
General government	\$ 163,404
Public safety	189,212
Public works	299,563
Recreation and culture	42,067
Health and welfare	<u>12,433</u>
Total depreciation expense-governmental activities	<u>\$ 706,679</u>

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2011

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% \$ 2,721,729

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

Year	Principal	Interest	Payment
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
Total	<u>\$ 2,721,729</u>	<u>\$ 1,429,253</u>	<u>\$ 4,150,982</u>

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

A summary of long-term debt is as follows:

	Payable January 2011	Additions	Deletions	Payable December 2011
General capitalized lease obligations	\$ 2,818,892	\$ -	\$ 97,163	\$ 2,721,729
Compensated absences payable	787,210	-	354,334	432,876
Total	<u>\$ 3,606,102</u>	<u>\$ -</u>	<u>\$ 451,497</u>	<u>\$ 3,154,605</u>

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2011

Note 7 – 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 \$ 7,449,533 in 2011. The total payroll covered by the pension plan was \$ 6,947,117 in 2011. The total contribution paid was \$ 833,654 in 2011 (12 % of covered payroll), \$ 416,827 by the employees and \$ 416,827 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.

Note 8 – 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.

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2011

Note 9 – Noncash Program Activity

Schedule of EBT Authorizations, Warrant Expenditures, and Total Expenditures
For the Year Ended December 31, 2011

	County EBT Authorizations	State and Federal Share of Authorizations	Expenditures by County Warrant	Authorizations Plus Expend By County Warrant	Total County Expenditures
TANF	\$ 37,705	\$ (54,557)	\$ 25,410	\$ 63,115	\$ 8,558
Child care	83,043	(80,442)	6,085	89,128	8,686
Child welfare	61,550	(168,004)	212,743	274,293	106,289
Administration	-	(146,005)	122,998	122,998	(23,007)
Core services	-	(10,393)	10,393	10,393	-
IV-D Administration	-	(8,204)	9,443	9,443	1,239
Aid to needy disabled	12,185	(9,748)	-	12,185	2,437
Old age pension	38,818	(42,760)	3,942	42,760	-
LEAP	67,004	(70,830)	3,826	70,830	-
Medicaid transportation	-	(30,342)	30,776	30,776	434
General assistance	-	-	5,160	5,160	5,160
Miscellaneous	(6,969)	(174,464)	69,113	68,893	(105,571)
Subtotal	293,336	(795,749)	499,889	799,974	4,225
Food assistance	542,081	(542,081)	-	542,081	-
Grant Total	<u>\$ 835,417</u>	<u>\$ (1,337,830)</u>	<u>\$ 499,889</u>	<u>\$ 1,342,055</u>	<u>\$ 4,225</u>

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

- A. Welfare payments authorized by the San Miguel County Department of Human Services. These County authorizations are paid by the Colorado Department of Human Services by QUEST debit cards or by electronic funds transfer (EFT).
- B. County share of EBT authorizations - these amounts are settled monthly by a reduction of State cash advances to the County.
- 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, 2011

Note 10 – Budget Amendment

During 2011 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	\$ 9,278,536	\$ -	\$ 9,278,536
Road and Bridge	5,082,258	-	5,082,258
Open Space	2,174,105	-	2,174,105
Public Welfare	1,216,281	190,000	1,406,281
Capital expenditure	236,500	-	236,500
Sales tax capital	500,716	-	500,716
Retirement	463,989	-	463,989
Conservation Trust	-	30,886	30,886
Lodging Tax Tourism	408,950	-	408,950
Public Health	589,990	-	589,990
SMC Solid Waste Disposal District	-	-	-
Totals	<u>\$ 19,951,325</u>	<u>\$ 220,886</u>	<u>\$ 20,172,211</u>

Note 11 - 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

Note 12 – Reinstatement of Infrastructure Assets

The county reinstated the amount of infrastructure assets as of January 1, 2011, which was mainly the value of the roads. Total infrastructure assets went from a value of \$11,518,904 to \$59,265,602.

SUPPLEMENTAL INFORMATION

San Miguel, Colorado
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING
THE MODIFIED APPROACH
For the year ended December 31, 2011

As allowed by GASB Statement No.34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, the county has adopted an alternative method for reporting costs associated with certain infrastructure assets. Under this alternative method, referred to as the "modified approach," infrastructure assets are not depreciated, and maintenance and preservation costs are expensed. The County capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and /or efficiency of infrastructure assets reported under the modified approach.

In order to utilize the modified approach, the County is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets,
- Perform and document replicable condition assessments once every three years of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the County.
- Document that the infrastructure assets are being preserved approximately at, or above the condition level established by the County.

ROADS

San Miguel County applies the modified approach to all roads. owned and/ or maintained by the County. The goal of the County in conjunction with adopting the modified approach is to develop and provide a cost effective maintenance program that preserves the County's investment in its road network and enhances public transportation and safety.

Condition Assessments

Roads are categorized as native, gravel and oil surface. Formal condition assessments are not done on natural and rock surface roads. These roads are maintained on an as-needed basis, for example, when a road is washed out. Formal condition assessments are performed on all gravel and oil surface roads at least once every three years in accordance with GASB 34. Each year a formal assessment is performed on a portion of the County's roads on a rotating basis. The results of formal condition assessments performed in 2011 is disclosed. The process and purpose of these condition assessments are described briefly below.

Gravel Surface Roads: The condition assessments of gravel roads are based on gravel thickness and surface smoothness. Roads are rated as excellent, good and poor. A poor rating indicates gravel thickness of less than 1" or excessive surface deterioration. Roads rated in poor condition require maintenance.

San Miguel, Colorado
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING
THE MODIFIED APPROACH
For the year ended December 31, 2011

Paved Roads: The condition assessments of paved roads are based on the following criteria: potholes, cracking, rutting, shoulder condition, surface smoothness and base condition. Roads are rated as excellent, good, fair and poor. For GASB 34 reporting purposes, the County's official desired condition is 70%. The County's goal is to maintain its infrastructure at a category condition level of fair or better.

Condition Rating of the County's Road System

Percentage of Lane-Miles in Fair to Excellent Conditions in 2011:

	<u>Percentage</u>
Paved	75%
Gravel	75%
Overall System	78%

Percentage of Lane-Miles in Poor Conditions in 2011:

	<u>Percentage</u>
Paved	1%
Gravel	3%
Overall System	2%

Comparison of Needed-to Actual Maintenance/Preservation in 2011: The County did not budget separately for maintenance/preservation costs for roads and bridges in 2011, therefore they are shown combined below. Amounts will be budgeted separately in the future.

	<u>2011</u>
Estimated	\$3,945,816
Actual	\$2,511,005

San Miguel, Colorado
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING
THE MODIFIED APPROACH
For the year ended December 31, 2011

BRIDGES

The structural sufficiency of the County's bridges is determined using the state of Colorado's Structure Inspection and Inventory Program. The bridge sufficiency rating is based on the assessment of the ability of individual components to function structurally. The rating system uses a numerical scale from 50 (needs replacement) to 100 (new). It is the County's policy to keep the number and square footage of deck area of bridges with a condition rating of fair equal to or greater than 70 percent. Bridges are inspected by the state of Colorado Department of Transportation every two years. GASB 34 requires inspection every three years. The most recent inspection was in 2010. There were no new bridge structures added to the system during 2011.

Disclosures for a Network of Bridges 2011

Number of Bridges

	CDOT Structural Sufficiency		
	<u>Rating</u>	<u>Number</u>	<u>%</u>
Excellent	91-100	17	68%
Good	71-90	6	24%
Fair	51-70	0	0%
Poor	50 and below	<u>2</u>	<u>8%</u>
Total		<u>25</u>	<u>100%</u>

SAN MIGUEL COUNTY, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2011

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 6,153,416	\$ 6,153,416	\$ 6,108,298	\$ (45,118)
Sales and miscellaneous taxes	934,000	934,000	1,093,522	159,522
Fees and charges	1,122,402	1,122,402	1,344,722	222,320
Licenses and permits	112,668	112,668	183,320	70,652
Intergovernmental	893,308	893,308	1,038,008	144,700
Interest earnings	25,000	25,000	48,969	23,969
Miscellaneous	232,574	232,574	283,220	50,646
Total revenues	<u>9,473,368</u>	<u>9,473,368</u>	<u>10,100,059</u>	<u>626,691</u>
Expenditures				
Current				
General government	4,618,215	4,618,215	4,361,748	256,467
Judicial	139,250	139,250	121,619	17,631
Public Safety	3,845,776	3,845,776	3,769,021	76,755
Health and welfare	177,476	177,476	145,955	31,521
Culture and recreation	21,700	21,700	25,288	(3,588)
Auxiliary services	127,920	127,920	117,486	10,434
Total expenditures	<u>8,930,337</u>	<u>8,930,337</u>	<u>8,541,117</u>	<u>389,220</u>
Revenues over (under) expenditures	543,031	543,031	1,558,942	1,015,911
Other Financing Sources				
Transfer in (Out)	(348,199)	(348,199)	(292,149)	56,050
Sale of Assets	-	-	5,350	5,350
Total other financing sources	<u>(348,199)</u>	<u>(348,199)</u>	<u>(286,799)</u>	<u>61,400</u>
Revenues and other sources over expenditures	194,832	194,832	1,272,143	1,077,311
Fund balance, January 1	6,740,074	6,740,074	7,591,428	851,354
Fund balance, December 31	<u>\$ 6,934,906</u>	<u>\$ 6,934,906</u>	<u>\$ 8,863,571</u>	<u>\$ 1,928,665</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, 2011

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
General property tax	\$ 1,833,820	\$ 1,937,427	\$ 1,825,765	\$ (111,662)
Special ownership tax	41,000	41,000	46,398	5,398
Penalty and interest tax	2,000	2,000	7,383	5,383
Total	<u>1,876,820</u>	<u>1,980,427</u>	<u>1,879,546</u>	<u>(100,881)</u>
Intergovernmental				
Payment in lieu of taxes	100	100	444	344
Mineral leasing	225,000	245,100	77,891	(167,209)
Forest service	20,510	20,192	37,598	17,406
Federal land and materials	200	200	-	(200)
Total	<u>245,810</u>	<u>265,592</u>	<u>115,933</u>	<u>(149,659)</u>
Intergovernmental - State and Local				
Highway user's - County	1,625,000	1,625,000	1,800,124	175,124
Town of Sawpit	1,200	1,200	1,237	37
Automobile registration	17,510	17,000	21,328	4,328
Total	<u>1,643,710</u>	<u>1,643,200</u>	<u>1,822,689</u>	<u>179,489</u>
Licenses and permits				
Special permits and fees	4,120	4,000	3,045	(955)
Total	<u>4,120</u>	<u>4,000</u>	<u>3,045</u>	<u>(955)</u>
Miscellaneous				
Charges for services	25,528	33,556	102,883	69,327
Sale of assets	-	-	24,263	24,263
Total revenues	<u>3,795,988</u>	<u>3,926,775</u>	<u>3,949,211</u>	<u>22,436</u>
Expenditures				
Current				
Construction	23,000	23,000	-	23,000
Maintenance of conditions	3,922,816	3,922,816	2,511,005	1,411,811
Snow and ice removal	38,298	38,298	18,654	19,644
Administration	1,098,144	1,098,144	1,091,010	7,134
Total expenditures	<u>5,082,258</u>	<u>5,082,258</u>	<u>3,620,669</u>	<u>1,461,589</u>
Revenues over (under) expenditures	(1,286,270)	(1,155,483)	328,542	1,484,025
Fund balance, January 1	1,698,724	1,698,724	2,266,794	568,070
Changes in reserve for inventory	-	-	61,943	61,943
Fund balance, December 31	<u>\$ 412,454</u>	<u>\$ 543,241</u>	<u>\$ 2,657,279</u>	<u>\$ 2,114,038</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, 2011

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
General property tax	\$ 1,448,253	\$ 1,448,253	\$ 1,441,393	\$ (6,860)
Special ownership tax	30,200	30,200	36,630	6,430
Penalty and interest tax	2,500	2,500	5,829	3,329
Total	<u>1,480,953</u>	<u>1,480,953</u>	<u>1,483,852</u>	<u>2,899</u>
Intergovernmental				
Payment in lieu of taxes	350	350	350	-
Other grants	585,000	585,000	-	(585,000)
Total	<u>585,350</u>	<u>585,350</u>	<u>350</u>	<u>(585,000)</u>
Miscellaneous				
Event center fees	8,000	8,000	4,192	(3,808)
Fairground fees	22,000	22,000	16,313	(5,687)
Other fees	9,634	9,634	21,771	12,137
Donations	10,000	10,000	5,000	(5,000)
Total	<u>49,634</u>	<u>49,634</u>	<u>47,276</u>	<u>(2,358)</u>
Total revenues	<u>2,115,937</u>	<u>2,115,937</u>	<u>1,531,478</u>	<u>(584,459)</u>
Expenditures				
Current				
Recreation	267,063	267,063	286,630	(19,567)
Open space commission	703,700	703,700	337,515	366,185
Historical preservation	267,500	267,500	47,949	219,551
BallFields	5,500	5,500	3,848	1,652
Trails projects	37,700	37,700	24,672	13,028
Fairgrounds and regional park	197,498	197,498	180,167	17,331
Parks administration	112,135	112,135	129,202	(17,067)
Placerville park	524,209	524,209	419,249	104,960
Down valley park	58,800	58,800	21,913	36,887
Total expenditures	<u>2,174,105</u>	<u>2,174,105</u>	<u>1,451,145</u>	<u>722,960</u>
Revenues over (under) expenditures	(58,168)	(58,168)	80,333	138,501
Fund balance, January 1	1,168,401	1,168,401	1,318,566	150,165
Fund balance, December 31	<u>\$ 1,110,233</u>	<u>\$ 1,110,233</u>	<u>\$ 1,398,899</u>	<u>\$ 288,666</u>

SAN MIGUEL COUNTY, COLORADO
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2011

	<u>Lodging Tax Tourism</u>	<u>Sales Tax Fund</u>	<u>Transportation Fund</u>	<u>Contingent Fund</u>
Assets				
Cash and cash equivalents	\$ 8,593	\$ 812,714	\$ 521,848	\$ 627,831
Taxes receivable	-	-	-	-
Land for resale	-	-	-	-
Due from other governmental units	-	-	-	-
Prepaid expenses	-	-	-	-
Other receivables	51,159	35,012	-	-
Total assets	<u>\$ 59,752</u>	<u>\$ 847,726</u>	<u>\$ 521,848</u>	<u>\$ 627,831</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 51,159	\$ -	\$ -	\$ -
Accrued vacation and sick leave	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>51,159</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Restricted				
Emergencies	-	-	-	627,831
Parks and recreation	-	-	-	-
Public Health and welfare	-	-	-	-
Committed				
Transportation	-	-	521,848	-
Housing	-	-	-	-
Tourism	8,593	-	-	-
Solid waste	-	-	-	-
Employee benefits	-	-	-	-
Capital purchases	-	847,726	-	-
Total fund balances	<u>8,593</u>	<u>847,726</u>	<u>521,848</u>	<u>627,831</u>
Total liabilities and fund balances	<u>\$ 59,752</u>	<u>\$ 847,726</u>	<u>\$ 521,848</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>
\$ 207,572	\$ 68,518	\$ 86,337	\$ 105,404	\$ 824,230	\$ 3,263,047
133,616	336,194	-	-	-	469,810
-	-	-	-	792,760	792,760
18,694	-	-	-	-	18,694
-	-	-	69,718	-	69,718
710	-	321	-	10	87,212
<u>\$ 360,592</u>	<u>\$ 404,712</u>	<u>\$ 86,658</u>	<u>\$ 175,122</u>	<u>\$ 1,617,000</u>	<u>\$ 4,701,241</u>
\$ 9,635	\$ 32,726	\$ -	\$ 32,375	\$ 19,688	\$ 145,583
-	-	-	32,869	-	32,869
155,236	336,194	-	-	-	491,430
<u>164,871</u>	<u>368,920</u>	<u>-</u>	<u>65,244</u>	<u>19,688</u>	<u>669,882</u>
-	-	-	-	-	627,831
-	-	86,658	-	-	86,658
195,721	-	-	109,878	-	305,599
-	-	-	-	-	521,848
-	-	-	-	1,315,574	1,315,574
-	-	-	-	-	8,593
-	-	-	-	281,738	281,738
-	35,792	-	-	-	35,792
-	-	-	-	-	847,726
<u>-</u>	<u>35,792</u>	<u>86,658</u>	<u>109,878</u>	<u>1,597,312</u>	<u>4,031,359</u>
<u>\$ 164,871</u>	<u>\$ 404,712</u>	<u>\$ 86,658</u>	<u>\$ 175,122</u>	<u>\$ 1,617,000</u>	<u>\$ 4,701,241</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, 2011

	<u>Lodging Tax Tourism</u>	<u>Sales Tax Fund</u>	<u>Transportation Fund</u>	<u>Contingent Fund</u>
Revenues				
Taxes	\$ 294,010	\$ 824,332	\$ -	\$ -
Intergovernmental	-	154,904	-	-
Charges for services	-	-	-	-
Interest earnings	-	-	593	-
Miscellaneous	-	19,618	129,359	-
Total revenues	<u>294,010</u>	<u>998,854</u>	<u>129,952</u>	<u>-</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Retirement benefits and contributions	-	-	-	-
Health and human services	-	-	-	-
Urban development, housing and transportation	-	-	229,680	-
Economic development	294,010	-	-	-
Capital outlay	-	110,807	-	-
Debt service payments	-	244,175	-	-
Total expenditures	<u>294,010</u>	<u>354,982</u>	<u>229,680</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	643,872	(99,728)	-
Other financing sources and (uses)				
Transfer In (Out)	-	-	-	-
Loan Proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change to fund balance	-	643,872	(99,728)	-
Fund balance, January 1	8,593	203,854	621,576	627,831
Prior Period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, December 31	<u>\$ 8,593</u>	<u>\$ 847,726</u>	<u>\$ 521,848</u>	<u>\$ 627,831</u>

Welfare Fund	Retirement Fund	Conservation Trust	Public Health	Dependent Districts	Total Nonmajor Governmental Funds
\$ 153,331	\$ 386,030	\$ -	\$ -	\$ 58,721	\$ 1,716,424
1,184,502	-	24,586	127,304	78,500	1,569,796
-	-	-	103,968	157,456	261,424
-	-	322	-	46	961
-	21,603	-	6,683	407	177,670
<u>1,337,833</u>	<u>407,633</u>	<u>24,908</u>	<u>237,955</u>	<u>295,130</u>	<u>3,726,275</u>
-	-	-	-	-	-
-	-	-	-	78,518	78,518
-	420,915	-	-	-	420,915
1,342,057	-	-	521,803	-	1,863,860
-	-	-	-	159,637	389,317
-	-	-	-	-	294,010
-	-	30,886	-	-	141,693
-	-	-	-	-	244,175
<u>1,342,057</u>	<u>420,915</u>	<u>30,886</u>	<u>521,803</u>	<u>238,155</u>	<u>3,432,488</u>
(4,224)	(13,282)	(5,978)	(283,848)	56,975	293,787
-	-	-	292,149	-	292,149
-	-	-	-	-	-
-	-	-	<u>292,149</u>	-	<u>292,149</u>
(4,224)	(13,282)	(5,978)	8,301	56,975	585,936
192,508	49,074	92,636	101,577	1,540,337	3,437,986
7,437	-	-	-	-	7,437
<u>\$ 195,721</u>	<u>\$ 35,792</u>	<u>\$ 86,658</u>	<u>\$ 109,878</u>	<u>\$ 1,597,312</u>	<u>\$ 4,031,359</u>

**SAN MIGUEL COUNTY, COLORADO
DEPENDENT DISTRICTS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - DEPENDENT DISTRICTS
December 31, 2011**

	San Miguel Disposal District	San Miguel County Housing Authority	Total
Assets			
Cash and cash equivalents	\$ 281,926	\$ 542,304	\$ 824,230
Land for resale	-	792,760	792,760
Prepaid expenses	-	-	-
Other receivables	-	10	10
Total assets	<u>\$ 281,926</u>	<u>\$ 1,335,074</u>	<u>\$ 1,617,000</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 188	\$ 19,500	\$ 19,688
Total liabilities	<u>188</u>	<u>19,500</u>	<u>19,688</u>
Fund balances			
Reserved for:			
Housing	-	-	-
Solid waste	281,738	1,315,574	1,597,312
Unreserved:	-	-	-
Total fund balances	<u>281,738</u>	<u>1,315,574</u>	<u>1,597,312</u>
Total liabilities and fund balances	<u>\$ 281,926</u>	<u>\$ 1,335,074</u>	<u>\$ 1,617,000</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, 2011

	San Miguel Disposal District	San Miguel County Housing Authority	Total
Revenues			
Taxes	\$ 58,721	\$ -	\$ 58,721
Intergovernmental	-	78,500	78,500
Charges for services	11,906	145,550	157,456
Interest earnings	-	46	46
Miscellaneous	45	362	407
Total revenues	70,672	224,458	295,130
Expenditures			
Current:			
Public safety	78,518	-	78,518
Urban development, housing and transportation	-	159,637	159,637
Total expenditures	78,518	159,637	238,155
Net change to fund balance	(7,846)	64,821	56,975
Fund balance, January 1	289,584	1,250,753	1,540,337
Fund balance, December 31	\$ 281,738	\$ 1,315,574	\$ 1,597,312

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, 2011

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Lodging tax	\$ 408,000	\$ 408,000	\$ 294,010	\$ (113,990)
Total revenues	<u>408,000</u>	<u>408,000</u>	<u>294,010</u>	<u>(113,990)</u>
Expenditures				
Current				
General government				
Administrative overhead	950	950	-	950
Economic development				
Other contracted services	408,000	408,000	294,010	113,990
Total expenditures	<u>408,950</u>	<u>408,950</u>	<u>294,010</u>	<u>114,940</u>
Revenues over (under) expenditures	(950)	(950)	-	950
Fund balance, January 1	<u>7,692</u>	<u>7,692</u>	<u>8,593</u>	<u>901</u>
Fund balance, December 31	<u>\$ 6,742</u>	<u>\$ 6,742</u>	<u>\$ 8,593</u>	<u>\$ 1,851</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, 2011

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Taxes				
Sales and use tax	\$ 714,000	\$ 714,000	\$ 824,332	\$ 110,332
Mineral leasing	120,000	120,000	154,904	34,904
Miscellaneous	93,258	93,258	19,618	(73,640)
Total revenues	<u>927,258</u>	<u>927,258</u>	<u>998,854</u>	<u>71,596</u>
Expenditures				
Capital outlay	256,516	256,516	110,807	145,709
Debt service				
Lease payments	244,200	244,200	244,175	25
Total expenditures	<u>500,716</u>	<u>500,716</u>	<u>354,982</u>	<u>145,734</u>
Revenues over (under) expenditures	426,542	426,542	643,872	217,330
Other Financing Sources				
Transfers In	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	426,542	426,542	643,872	217,330
Fund balance, January 1	<u>11,692</u>	<u>11,692</u>	<u>203,854</u>	<u>192,162</u>
Fund balance, December 31	<u>\$ 438,234</u>	<u>\$ 438,234</u>	<u>\$ 847,726</u>	<u>\$ 409,492</u>

SAN MIGUEL COUNTY, COLORADO
SPECIAL REVENUE FUND - TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Interest	\$ 1,800	\$ 1,800	\$ 593	\$ (1,207)
Other	-	-	70	70
Transportation fees	85,000	85,000	129,289	44,289
Total revenues	<u>86,800</u>	<u>86,800</u>	<u>129,952</u>	<u>43,152</u>
Expenditures				
Current				
Other	3,000	3,000	5,476	
Transportation contract	233,500	233,500	224,204	9,296
Total expenditures	<u>236,500</u>	<u>236,500</u>	<u>229,680</u>	<u>9,296</u>
Revenues over (under) expenditures	(149,700)	(149,700)	(99,728)	49,972
Other Financing Sources				
Transfers (Out)	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	(149,700)	(149,700)	(99,728)	49,972
Fund balance, January 1	<u>597,847</u>	<u>597,847</u>	<u>621,576</u>	<u>23,729</u>
Fund balance, December 31	<u>\$ 448,147</u>	<u>\$ 448,147</u>	<u>\$ 521,848</u>	<u>\$ 73,701</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, 2011

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

SAN MIGUEL, COLORADO
PUBLIC WELFARE FUND-SOCIAL SERVICES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Taxes	\$ 154,751	\$ 154,751	\$ 153,331	\$ (1,420)
County administration	80,000	80,000	92,529	12,529
Old age pension	36,950	36,950	42,760	5,810
Aid to the needy and disabled	9,000	9,000	9,748	748
Child care	55,073	55,073	80,442	25,369
Food assistance	480,000	480,000	542,081	62,081
Child welfare	198,000	198,000	221,480	23,480
Leap	89,000	89,000	70,831	(18,169)
CSBG grant	15,000	15,000	11,413	(3,587)
Colorado works	42,800	42,800	64,951	22,151
Child support	5,000	5,000	8,204	3,204
Medicaid transportation and other	15,000	15,000	30,342	15,342
Miscellaneous	1,000	1,000	9,721	8,721
Supplemental				-
Total revenues	<u>1,181,574</u>	<u>1,181,574</u>	<u>1,337,833</u>	<u>156,259</u>
Expenditures				
County funded grants	65,000	65,000	63,356	1,644
County administration	130,000	130,000	122,998	7,002
Old age pension	37,000	37,000	42,760	(5,760)
Colorado works	50,000	50,000	63,109	(13,109)
Aid to the needy and disabled	12,000	12,000	12,185	(185)
Medicaid transportation	15,000	15,000	30,776	(15,776)
Child care	62,781	62,781	89,129	(26,348)
General assistance	10,000	10,000	5,160	4,840
Leap	89,000	89,000	70,831	18,169
Child welfare	245,000	245,000	274,293	(29,293)
Core services	3,000	3,000	10,393	(7,393)
CSBG grant	15,000	15,000	12,512	2,488
Child support	10,000	10,000	9,443	557
Direct cost allocation	(7,500)	(7,500)	(6,969)	(531)
Food assistance	480,000	480,000	542,081	(62,081)
Supplemental	-	190,000	-	190,000
Total expenditures	<u>1,216,281</u>	<u>1,406,281</u>	<u>1,342,057</u>	<u>64,224</u>
Excess (deficiency) of revenues over expenditures	(34,707)	(224,707)	(4,224)	220,483
Fund balance, January 1	195,000	195,000	192,508	(2,492)
Prior period adjustment	-	-	7,437	7,437
Fund balance, December 31	<u>\$ 160,293</u>	<u>\$ (29,707)</u>	<u>\$ 195,721</u>	<u>\$ 225,428</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, 2011

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Taxes				
General property tax	\$ 376,416	\$ 376,416	\$ 375,464	\$ (952)
Delinquent tax	-	-	(521)	(521)
Specific ownership tax	8,400	8,400	9,524	1,124
Penalty and interest tax	700	700	1,563	863
Other				
Forfeitures and miscellaneous	12,000	12,000	21,603	9,603
Total revenues	<u>397,516</u>	<u>397,516</u>	<u>407,633</u>	<u>10,117</u>
Expenditures				
Current				
Employer's contribution	463,989	463,989	420,915	43,074
Total expenditures	<u>463,989</u>	<u>463,989</u>	<u>420,915</u>	<u>43,074</u>
Revenues over (under) expenditures	(66,473)	(66,473)	(13,282)	53,191
Other Financing Sources				
Transfers (Out)	67,000	67,000	-	(67,000)
Total other financing sources	<u>67,000</u>	<u>67,000</u>	<u>-</u>	<u>(67,000)</u>
Revenues and other sources over expenditures	527	527	(13,282)	(13,809)
Fund balance, January 1	<u>13,181</u>	<u>13,181</u>	<u>49,074</u>	<u>35,893</u>
Fund balance, December 31	<u>\$ 13,708</u>	<u>\$ 13,708</u>	<u>\$ 35,792</u>	<u>\$ 22,084</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, 2011

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
State lottery proceeds	\$ 15,000	\$ 15,000	\$ 24,586	\$ 9,586
Interest income	1,000	1,000	322	(678)
Total revenues	<u>16,000</u>	<u>16,000</u>	<u>24,908</u>	<u>8,908</u>
Expenditures				
Current				
Capital outlay	-	30,886	30,886	-
Total expenditures	<u>-</u>	<u>30,886</u>	<u>30,886</u>	<u>-</u>
Revenues over (under) expenditures	16,000	(14,886)	(5,978)	8,908
Fund balance, January 1	<u>81,467</u>	<u>81,467</u>	<u>92,636</u>	<u>11,169</u>
Fund balance, December 31	<u>\$ 97,467</u>	<u>\$ 66,581</u>	<u>\$ 86,658</u>	<u>\$ 20,077</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, 2011

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
Federal grants	\$ 86,680	\$ 86,680	\$ 87,842	\$ 1,162
State grants	48,000	48,000	39,462	(8,538)
Charges for services	100,720	100,720	103,968	3,248
Miscellaneous	6,389	6,389	6,683	294
Total revenues	<u>241,789</u>	<u>241,789</u>	<u>237,955</u>	<u>(3,834)</u>
Expenditures				
Current				
Health and welfare	589,990	589,990	521,803	68,187
Total expenditures	<u>589,990</u>	<u>589,990</u>	<u>521,803</u>	<u>68,187</u>
Revenues over (under) expenditures	(348,201)	(348,201)	(283,848)	64,353
Other Financing Sources				
Transfers In or (Out)	348,199	348,199	292,149	(56,050)
Total other financing sources	<u>348,199</u>	<u>348,199</u>	<u>292,149</u>	<u>(56,050)</u>
Revenues and other sources over expenditures	(2)	(2)	8,301	8,303
Fund balance, January 1	<u>3,355</u>	<u>3,355</u>	<u>101,577</u>	<u>98,222</u>
Fund balance, December 31	<u>\$ 3,353</u>	<u>\$ 3,353</u>	<u>\$ 109,878</u>	<u>\$ 106,525</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, 2011

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Taxes				
General property tax	\$ 57,229	\$ 57,229	\$ 57,169	\$ (60)
Specific ownership tax	1,275	1,275	1,448	173
Penalty and interest tax	100	100	225	125
Delinquent tax	-	-	(121)	(121)
Total taxes	<u>58,604</u>	<u>58,604</u>	<u>58,721</u>	<u>117</u>
Intergovernmental				
Other	36	36	45	9
Charges for services	16,500	16,500	11,906	(4,594)
Total intergovernmental	<u>16,536</u>	<u>16,536</u>	<u>11,951</u>	<u>(4,585)</u>
Total revenues	<u>75,140</u>	<u>75,140</u>	<u>70,672</u>	<u>(4,468)</u>
Expenditures				
Current				
General government				
Waste disposal	91,817	91,817	78,518	13,299
Total expenditures	<u>91,817</u>	<u>91,817</u>	<u>78,518</u>	<u>13,299</u>
Revenues over (under) expenditures	(16,677)	(16,677)	(7,846)	8,831
Fund balance, January 1	<u>304,595</u>	<u>304,595</u>	<u>289,584</u>	<u>(15,011)</u>
Fund balance, December 31	<u>\$ 287,918</u>	<u>\$ 287,918</u>	<u>\$ 281,738</u>	<u>\$ (6,180)</u>

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

LOCAL HIGHWAY FINANCE REPORT

City or County:
San Miguel
YEAR ENDING :
December 2011

This Information From The Records Of County of San Miguel:

Prepared By: Phyllis Shaffer
Phone: 970-327-4835

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,416,222
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	113,437
3. Other local imposts (from page 2)	1,879,546	c. Other	
4. Miscellaneous local receipts (from page 2)	130,924	d. Total (a. through c.)	113,437
5. Transfers from toll facilities		4. General administration & miscellaneous	1,091,010
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	3,620,669
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	2,010,470	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	1,823,133	2. Notes:	
D. Receipts from Federal Government (from page 2)	115,489	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,949,092	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	3,620,669

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,687,964	3,949,092	3,620,669	2,016,387	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2011

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,833,148	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	852
4. Licenses		f. Charges for Services	24,263
5. Specific Ownership &/or Other	46,398	g. Other Misc. Receipts	105,809
6. Total (1. through 5.)	46,398	h. Other	
c. Total (a. + b.)	1,879,546	i. Total (a. through h.)	130,924
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	1,801,361	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	37,598
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	21,328	d. Federal Transit Admin	
d. Other (Specify) DOW PILT	444	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal (Mineral Leasing)	77,891
f. Total (a. through e.)	21,772	g. Total (a. through f.)	115,489
4. Total (1. + 2. + 3.f)	1,823,133	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments:

Single Audit Section

San Miguel County, Colorado
Schedule of Expenditures of Federal Awards
Year ended December 31, 2011

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Department of Health and Human Services		
Passed through the Colorado Department of Human Services		
Low Income Energy Assistance	93.568	\$ 70,831
TANF	93.558	71,436
IV -D Administration	93.563	45,674
Medicaid-Title XIX	93.778	28,601
CCDF	93.596	38,484
CCDF-Discretion	93.575	37,847
Child Welfare-IV-B	93.645	2,990
Foster Care-IV-E	93.658	50,340
Adoption-IV-E	93.659	3,770
Title XX-Block	93.667	23,515
Other	93.XXX	<u>(310)</u>
		<u>373,178</u>
Passed through Colorado Department of Public Health and Environment		
Public Health Emergency Preparedness	93.069	13,526
Family Planning Services	93.217	20,026
Immunization Grants	93.268	5,277
Maternal and Child Health Block Grant	93.994	767
Chlamydia Grant	93.XX	<u>465</u>
		<u>40,061</u>
Department of Agriculture		
Passed through Colorado Department of Human Services		
Food Assistance-Admin	10.561	37,520
Emergency Food Assistance Program-(Commodities)	10.569	3,295
Passed through Colorado Department of Public Health and Environment		
Special Supplemental Nutrition program Women, Infants, and Children	10.557	29,696
Special Supplemental Nutrition program Women, Infants, and Children-Non Cash	10.557	<u>61,428</u>
		<u>131,939</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, 2011

<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	<u>11,000</u>
Department of Homeland Security Passed Through Colorado Department of Local Affairs: Chemical Stockpile Emergency Preparedness Program	97.042	<u>46,770</u>
Department of Justice Cops Grant	16.710	4,628
Jag Grant	16.738	1,734
ATF Task Force	16.XXX	<u>3,815</u>
		<u>10,177</u>
Total Federal Awards		<u>\$ 613,125</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, 2011

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 \$ 465 and commodities of \$ 61,428 under WIC program and commodities of \$ 3,295 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*

June 4, 2012

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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 4, 2012. 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

June 4, 2012

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, 2011. 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, 2011.

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, 2011

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: Unqualified Opinion

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>
93.568	Low Income Energy Assistance
93.217	Family Planning
94.042	Emergency Management Performance Grant
10.557	Special Supplemental Nutrition program Women, Infants, and Children

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

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, 2011

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, 2011

No prior year audit findings