
San Miguel County
Financial Statements and
Independent Auditor's Report
as of
December 31, 2012

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**Standard Report on Financial Statements Issued in Accordance with
Government Auditing Standards or in a Single Audit**

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
San Miguel County, Colorado

Report on the Financial Statements

We have audited the accompanying 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, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the San Miguel County, Colorado, as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-15 and 37-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Miguel County, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements, Schedule of revenues, expenditures and changes in fund balance-budget to actual for nonmajor funds and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2013, on our consideration of the San Miguel County, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Miguel County, Colorado's internal control over financial reporting and compliance.

Blair and Associates, P.C.

Cedaredge, Colorado
May 17, 2013

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, 2012. 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, \$ 108.2 million, exceeded liabilities, \$ 13.9 million, by \$94.3 million at the end of 2012. 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 \$ 9.6 million, an increase of \$ 707,188.
- Total long-term liabilities decreased by \$ 59,691 during 2012 with no new debt issued.
- General property, sales and other taxes totaled \$ 11.3 million, or 81% 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, 2012, 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.

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 position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed over the past year. All changes in net position is 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 spendable resources, as well as on balances of spendable resources available at the end of the year. This information is helpful in evaluating the County's near-term financing requirements.

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

San Miguel County maintains thirteen 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 ten 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, Energy 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** 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 \$ 1,635,812, state highway users tax of \$ 1,805,979, plus revenues from other sources designated for construction, improvements, maintenance and administration of county roads and bridges.
- **Open Space Fund** accounts for the property tax revenue, user fees, and grant funds that are collected and used for the acquisition of land and the building and maintenance of recreational facilities.
- **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 are deposited to this fund and 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** is 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.
- **Transit Fund** is used for public transportation. Funding sources include transportation impact fees and interest earnings.
- **Retirement Fund** is used for county employees which 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.
- **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.
- **Energy Fund**-This fund was created in 2011 per Resolution 2011-50 for the sole purpose of funding capital expenses associated with the purchase, installation, and/or construction of renewable energy and/or energy conservation facilities or projects located within San Miguel County.

San Miguel County
Management's Discussion and Analysis

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 finance manager 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.
- (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.

San Miguel County
Management's Discussion and Analysis

- (3) Prior to December 31, 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.

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Management's Discussion and Analysis

COUNTY-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2012, assets exceeded liabilities by \$ 94.3 million.

The following table provides a summary of the County's governmental type net position for 2012.

	Governmental Activities	
	2011	2012
Assets		
Current and other assets	\$ 27,693,832	\$ 29,196,514
Capital assets, net	78,840,855	78,975,085
Total assets	<u>106,534,687</u>	<u>108,171,599</u>
Liabilities		
Current and other liabilities	2,018,910	2,149,283
Long-term liabilities	<u>3,154,605</u>	<u>3,094,914</u>
Total liabilities	<u>5,173,515</u>	<u>5,244,197</u>
Deferred Inflows of resources		
Deferred property tax revenue	<u>8,723,813</u>	<u>8,665,620</u>
Net Position		
Investment in capital assets	76,119,126	76,355,696
Restricted	2,928,043	2,813,880
Unrestricted	<u>13,590,190</u>	<u>15,092,206</u>
Total net position	<u>\$ 92,637,359</u>	<u>\$ 94,261,782</u>

San Miguel County
Management's Discussion and Analysis

Changes in Net Position

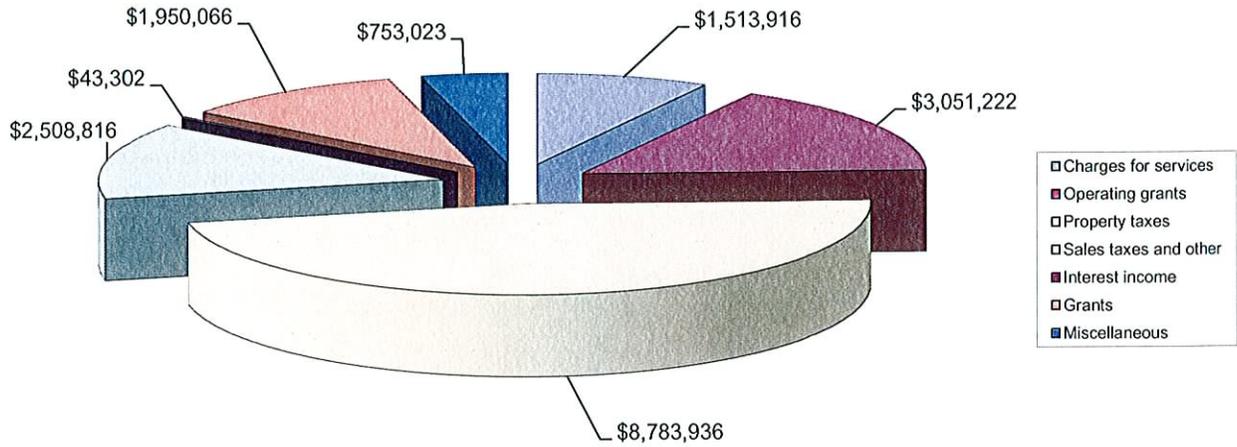
Governmental type activities increased the County's net assets by \$2,752,033 in 2011.

The following table indicates the changes in net assets for governmental and business-type activities for 2012.

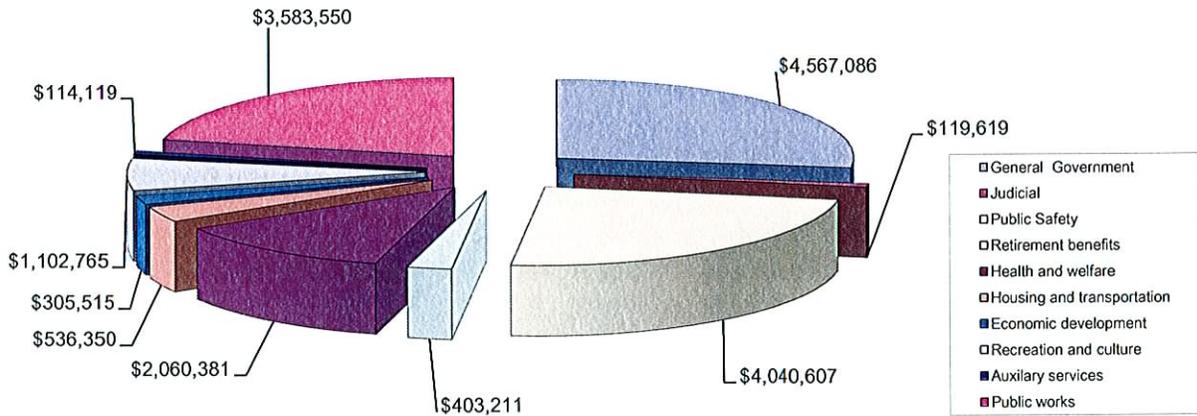
	Governmental Activities	
	2011	2012
Revenues		
Program revenues		
Charges for services	\$ 1,859,050	\$ 1,513,916
Operating grants	3,010,449	3,051,222
Capital grants	-	-
General Revenues		
Property taxes	9,973,538	8,783,936
Sales taxes and other	2,329,432	2,508,816
Interest income	49,930	43,302
Federal and state grants	1,514,999	1,950,066
Miscellaneous	574,975	753,023
Loss on sale of assets	(255,346)	(150,158)
Total	\$ 19,057,027	\$ 18,454,123
Expenses		
General government	\$ 4,242,230	\$ 4,567,086
Judicial	121,619	119,619
Public safety	4,028,504	4,040,607
Retirement benefits	420,915	403,211
Health and welfare	2,022,248	2,060,381
Housing and transportation	389,317	536,350
Economic development	294,010	305,515
Recreation and culture	1,086,012	1,102,765
Auxiliary services	117,486	114,119
Public works	3,837,999	3,583,550
Total expenses	16,560,340	16,833,203
Increase in net position	2,496,687	1,620,920
Beginning	90,133,235	92,637,359
Prior Period Adjustment	7,437	3,503
Ending	\$ 92,637,359	\$ 94,261,782

San Miguel County Management's Discussion and Analysis

Revenues by Source-Governmental Activities



Expenses by Department-Governmental Activities



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Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds

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

As of the end of 2012, the combined ending fund balances of San Miguel County's governmental funds were \$ 18,381,611. Approximately 51% 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.

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Capital assets not being depreciated				
Land	\$ 7,041,200	\$ -	\$ -	\$ 7,041,200
Infrastructure	59,010,255	-	-	59,010,255
Total capital assets not being depreciated	<u>66,051,455</u>	<u>-</u>	<u>-</u>	<u>66,051,455</u>
Capital assets being depreciated				
Buildings and improvements	15,116,329	596,275	(88,665)	15,623,939
Equipment and furniture	6,692,194	396,212	(292,343)	6,796,063
Total capital assets being depreciated	<u>21,808,523</u>	<u>992,487</u>	<u>(292,343)</u>	<u>22,420,002</u>
Less accumulated depreciation				
Buildings and improvements	4,303,994	321,662	-	4,625,656
Equipment and furniture	4,715,129	386,437	(230,850)	4,870,716
Total accumulated depreciation	<u>9,019,123</u>	<u>708,099</u>	<u>(230,850)</u>	<u>9,496,372</u>
Total capital assets being depreciated, net	<u>12,789,400</u>	<u>284,388</u>	<u>(61,493)</u>	<u>12,923,630</u>
Governmental activities capital assets	<u>\$ 78,840,855</u>	<u>\$ 284,388</u>	<u>\$ (61,493)</u>	<u>\$ 78,975,085</u>

San Miguel County
Management's Discussion and Analysis

Economic Factors & Future Budget

- As of December 31, 2012 San Miguel County's general fund is in a strong financial position with an estimated ending fund balance for 2013 at 103% or 12 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 revenues for 2013 exceed the projected expenditures by approximately \$82,830. 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 2013 has decreased by \$5,750,280. This represents a loss of property tax revenue in the amount of \$58,192. Staff anticipates an additional 15% decrease in assessed valuation for budget year 2014, resulting in an additional decrease of revenue in the amount of \$1,168,491. This is 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 2013. San Miguel County citizens have approved the removal of the constitutional limitations of TABOR (Taxpayers Bill of Rights).
- Sales tax revenues increased in 2012 by 1.41% over the 2011 revenues. Sales tax was fairly stable in 2012, but slight increases are now being seen in 2013. Staff continues to be very conservative on the projections for 2013 and are estimating a .32% increase over the 2012 budgeted revenues. The severance tax for 2013 will be allocated to the General Fund instead of the Sales Tax Fund beginning January 2013.
- Lodging tax revenues for 2012 were up 4.72% compared to 2011. Projected revenue for 2013 is 13.3% above the 2012 actuals. These revenues are passed thru to Marketing Telluride and the Norwood Chamber of Commerce to help promote tourism and recreation in the County.
- It is very difficult to predict 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). In order to feel confident about a construction price the Building Department does require a line-item budget and/or a contract for the project to be submitted with the building permit application.
- The County approved funding for various community projects and non-profit organizations in 2013; however this funding will no longer be available after 2013. Appropriations for 2013 total \$493,400. This includes \$200,000 for the Round-about project, \$50,000 for Eco Action Partners, \$50,000 from the general fund, \$53,000 from

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Management's Discussion and Analysis

Social Services, and \$38,000 from Open Space. There are also funding requests in the housing authority fund and capital fund totaling \$15,000. These are discretionary funds that are designated by the Board of County Commissioners.

- Investment interest continues to be a challenge for the County Treasurer. Interest rates continue to be minimal; however, a slight upward movement was experienced in late 2012 resulting in higher interest revenues in 2012 than in 2011. Financial institutions continued to be unwilling to pay interest on operating accounts allowing the total deposits over \$500,000 per depositor to be insured by FDIC under the Dodd-Frank Act rather than pledging assets and securities under the Colorado Public Deposit Protection Act. A more hands-on cash management approach has been required to earn interest from pooling funds, money market accounts, and other highly rated investment fund accounts. Interest rates are anticipated to remain under 0.25% for the remainder of 2013 and into the foreseeable future.
- 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. \$909,410 was received in 2012 and \$801,752 is being projected to be received in 2013. Given the uncertainty of the future of the PILT program, staff is being very conservative in the future projections of this revenue and has dropped the projection for future years down to \$241,000 per year.
- 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 2012 San Miguel County spent \$229,924 for transit services (Galloping Goose) to Norwood and \$5,106 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 2012. 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.
- A hiring freeze/chill will remain in effect for the 2013. 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 2013 budget includes funding for 112.95 FTE's. Included in this FTE count is a full-time vegetation control coordinator. Effective May 15, 2013 the Board of County Commissioners approved a voluntary retirement and voluntary lay-off program. The intent of the program is to reduce expenditures by \$500,000 each year through staffing reductions.
- In 2012, the Open Space Program completed a pilot Payment for Ecosystem Services which paid landowners for access to survey for four newly discovered plants in San Miguel County. One A ranked population was found. The landowner was paid approximately \$1,500. Seven landowners participated in the program. Total program costs were approximately \$10,000.

San Miguel County Management's Discussion and Analysis

- Although the Land Heritage Program/Purchase of Development Rights program did not have any new projects in 2012, the program is available 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 3,000 acres is mapped Gunnison Sage-grouse habitat.
- No new trails were added in 2012. However, the county began preparations for litigation to determine public access to the Wasatch trail in areas where it passes thru private lands. The Wasatch was declared a public road in the late 1800s by the BOCC of Ouray County before San Miguel County was created. It was a high country thoroughfare in the early days of mining. The issue goes to trial in 2013. San Miguel County owns and maintains over 15 miles of trails, including the Idarado Legacy trail, Keystone Gorge trail, Vance Creek trail, River Road, and Whiskey Charlie trail.
- In 2012, the county initiated an ambitious work plan at Lewis Mill which included repairing a damaged roof section and structural stabilization.
- County courthouse improvements included improvements to the courtroom, judge's chambers and interior hallways. Improvements included new drywall ceilings, historic light fixtures, new trim and molding, new carpet, and painting. The exterior trim on the courthouse was repainted in 2012.
- The county purchased the Placerville School in Placerville Park and began a historic restoration process that will conclude in 2013. The Trout Lake Land Company conveyed ownership of the Rio Grande Southern Rail Road water tank to the county. Restoration will begin in 2013. The structure was donated to the county.
- A new toddler play and sand area was added in Down Valley Park. A new skating rink was added at the Fairgrounds. Placerville Park got a new irrigation system and landscaping in 2012.
- In 2012, supervision of the vegetation control program was moved to the OSR department.

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, PO Box 486, Norwood, CO 81423.

SAN MIGUEL COUNTY, COLORADO
STATEMENT OF NET POSITION
December 31, 2012

	Primary Government	
	Governmental Activities	
	2012	2011
Assets		
Cash and cash equivalents	\$ 19,548,817	\$ 17,598,112
Restricted cash	34,772	34,772
Property taxes receivable	8,665,620	8,723,813
Land for resale	227,089	792,760
Accrued interest receivable	-	-
Accounts receivable	508,189	320,517
Due from other governmental units	29,229	18,694
Prepaid expenses	11,600	73,928
Inventories	171,198	131,236
Capital assets, net	78,975,085	78,840,855
Total assets	108,171,599	106,534,687
Liabilities		
Accounts payable	676,586	876,266
Accrued vacation and sick leave	1,035,639	1,078,304
Deposit-bond payable	34,000	34,000
Deferred revenue	403,058	30,340
Long-term liabilities		
Due more than one year:		
Leases payable	2,619,389	2,721,729
Compensated absences	475,525	432,876
Total liabilities	5,244,197	5,173,515
Deferred Inflows of Resources		
Deferred property tax revenue	8,665,620	8,723,813
Net position		
Invested in capital assets	76,355,696	76,119,126
Restricted for:		
Debt service		
Idarado	34,772	34,772
Vegetation control	45,828	32,059
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	467,571	521,848
Housing	1,256,205	1,315,574
Solid waste	267,452	281,738
Unrestricted:	15,092,206	13,590,190
Total Net position	\$ 94,261,782	\$ 92,637,359

See accompanying notes to the basic financial statements

SAN MIGUEL COUNTY, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services & Fees	Operating and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,567,086	\$ 1,111,834	\$ -	\$ -
Judicial	119,619	-	-	-
Public safety	4,040,607	71,346	-	-
Retirement Benefits	403,211	-	-	-
Health and welfare	2,060,381	105,402	1,218,290	-
Housing and transportation	536,350	150,368	-	-
Economic development	305,515	-	-	-
Recreation and culture	1,102,765	30,295	25,689	-
Auxiliary services	114,119	-	-	-
Public works	3,583,550	44,671	1,807,243	-
Total governmental activities	16,833,203	1,513,916	3,051,222	-

General Revenues

Taxes:

 Property taxes

 Sales taxes and other

Unrestricted investment earnings

Federal and state grants

Other general revenues

Loss on disposal of assets

Total General Revenues

Changes in Net Position

Net Position-January 1

Prior Period Adjustment

Net Position-December 31

See accompanying notes to the basic financial statements

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

<u>2012</u>	<u>2011</u>
\$ (3,455,252)	\$ (2,781,400)
(119,619)	(121,619)
(3,969,261)	(3,961,292)
(403,211)	(420,915)
(736,689)	(733,778)
(385,982)	(243,767)
(305,515)	(294,010)
(1,046,781)	(1,019,150)
(114,119)	(117,486)
<u>(1,731,636)</u>	<u>(1,997,424)</u>
<u>(12,268,065)</u>	<u>(11,690,841)</u>
8,783,936	9,973,538
2,508,816	2,329,432
43,302	49,930
1,950,066	1,514,999
753,023	574,975
<u>(150,158)</u>	<u>(255,346)</u>
<u>13,888,985</u>	<u>14,187,528</u>
1,620,920	2,496,687
92,637,359	90,133,235
3,503	7,437
<u>\$ 94,261,782</u>	<u>\$ 92,637,359</u>

SAN MIGUEL COUNTY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012

	General Fund	Road and Bridge	Open Space	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 10,456,496	\$ 3,131,939	\$ 2,109,565	\$ 3,850,817	\$ 19,548,817
Restricted Cash	34,772	-	-	-	34,772
Property taxes receivable	5,287,570	1,626,944	1,284,430	466,676	8,665,620
Land for resale	-	-	-	227,089	227,089
Accounts receivable	159,539	84,818	2,844	260,988	508,189
Due from other governmental units	-	-	-	29,229	29,229
Prepaid expenses	11,600	-	-	-	11,600
Inventories	-	171,198	-	-	171,198
Total assets	<u>\$ 15,949,977</u>	<u>\$ 5,014,899</u>	<u>\$ 3,396,839</u>	<u>\$ 4,834,799</u>	<u>\$ 29,196,514</u>
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ 396,492	\$ 113,846	\$ 27,612	\$ 138,636	\$ 676,586
Accrued Vacation and Sick Leave	678,253	293,753	27,941	35,692	1,035,639
Deposit-bond payable	-	34,000	-	-	34,000
Deferred revenue	16,902	-	374,998	11,158	403,058
Total liabilities	<u>1,091,647</u>	<u>441,599</u>	<u>430,551</u>	<u>185,486</u>	<u>2,149,283</u>
Deferred Inflows of Resources					
Deferred property tax revenue	<u>5,287,570</u>	<u>1,626,944</u>	<u>1,284,430</u>	<u>466,676</u>	<u>8,665,620</u>
Fund balances					
Restricted					
Emergencies for labor	-	-	-	627,831	627,831
Park and recreation	-	-	-	65,848	65,848
Public health and welfare	-	-	-	213,897	213,897
Idarado	34,772	-	-	-	34,772
Committed					
Transportation	-	-	-	467,571	467,571
Housing	-	-	-	1,256,205	1,256,205
Tourism	-	-	-	12,145	12,145
Solid waste	-	-	-	267,452	267,452
Employee benefits	-	-	-	65,626	65,626
Capital purchases	-	-	-	1,106,062	1,106,062
Open space	-	-	1,681,858	-	1,681,858
Highway and streets	-	2,946,356	-	-	2,946,356
Energy	-	-	-	100,000	100,000
Assigned					
Vegetation control	45,828	-	-	-	45,828
Seizure funds	1,385	-	-	-	1,385
Telcam/Goose trail	48,467	-	-	-	48,467
Health insurance	64,369	-	-	-	64,369
Unassigned	9,375,939	-	-	-	9,375,939
Total fund balances	<u>9,570,760</u>	<u>2,946,356</u>	<u>1,681,858</u>	<u>4,182,637</u>	<u>18,381,611</u>
Total liabilities and fund balances	<u>\$ 15,949,977</u>	<u>\$ 5,014,899</u>	<u>\$ 3,396,839</u>	<u>\$ 4,834,799</u>	<u>\$ 29,196,514</u>

See accompanying notes to the basic financial statements

SAN MIGUEL COUNTY, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
December 31, 2012

Total governmental fund balances \$ 18,381,611

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. 78,975,085

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 (2,619,389)
Compensated absences (475,525)

Net position of governmental activities \$ 94,261,782

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, 2012

	General Fund	Road and Bridge	Open Space	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 6,559,268	\$ 1,689,251	\$ 1,333,619	\$ 1,688,745	\$ 11,270,883
Intergovernmental	1,281,062	2,025,751	373	1,715,971	5,023,157
Licenses and permits	122,687	4,300	-	-	126,987
Charges for services	1,060,493	25,047	30,295	271,094	1,386,929
Miscellaneous	323,131	73,833	-	387,411	784,375
Total revenues	<u>9,346,641</u>	<u>3,818,182</u>	<u>1,364,287</u>	<u>4,063,221</u>	<u>18,592,331</u>
Expenditures					
Current:					
General government	4,219,686	-	-	-	4,219,686
Judicial	119,619	-	-	-	119,619
Public safety	3,755,970	-	-	85,416	3,841,386
Retirement benefits	-	-	-	403,211	403,211
Health and welfare	170,812	-	-	1,877,136	2,047,948
Housing and transportation	-	-	-	536,350	536,350
Economic development	-	-	-	305,515	305,515
Recreation and culture	24,840	-	1,081,328	-	1,106,168
Auxiliary services	114,119	-	-	-	114,119
Public Works	-	3,578,717	-	-	3,578,717
Debt Service	-	-	-	244,175	244,175
Capital outlay	-	-	-	700,350	700,350
Total expenditures	<u>8,405,046</u>	<u>3,578,717</u>	<u>1,081,328</u>	<u>4,152,153</u>	<u>17,217,244</u>
Excess (deficiency) of revenues over expenditures	<u>941,595</u>	<u>239,465</u>	<u>282,959</u>	<u>(88,932)</u>	<u>1,375,087</u>
Other financing sources (uses)					
Transfers in (out)	(236,707)	-	-	236,707	-
Sale of assets	2,300	9,650	-	-	11,950
Total other financing sources (uses)	<u>(234,407)</u>	<u>9,650</u>	<u>-</u>	<u>236,707</u>	<u>11,950</u>
Net change to fund balance	707,188	249,115	282,959	147,775	1,387,037
Fund balance, January 1	8,863,572	2,657,279	1,398,899	4,031,359	16,951,109
Prior period adjustment	-	-	-	3,503	3,503
Increase an inventory	-	39,962	-	-	39,962
Fund balance, December 31	<u>\$ 9,570,760</u>	<u>\$ 2,946,356</u>	<u>\$ 1,681,858</u>	<u>\$ 4,182,637</u>	<u>\$ 18,381,611</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, 2012

Net change in fund balances - total governmental funds \$ 1,387,037

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	\$ 992,487	
Depreciation expense	<u>(708,099)</u>	
Excess of capital outlay over depreciation		284,388

The net effect of various transactions involving capital assets(i.e.,sales, trade ins, and contributions) is to decrease net assets.	(150,158)
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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		102,340
Compensated absences		(42,649)
Inventory Increase		39,962

Change in net position of governmental funds	<u><u>\$ 1,620,920</u></u>
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See accompanying notes to the basic financial statements

SAN MIGUEL COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2012

Treasurer's Agency Fund

Cash and investments	<u><u>\$ 416,671</u></u>
Due to other governments	<u><u>\$ 416,671</u></u>

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 position 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, 2012

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, 2012

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 accounts for revenues derived from sales tax. One half of the sales tax revenue collected annually is designated for capital expenditures or debt service.

Transit Fund accounts for the collection of transportation impact fees and other sources designated for mass transit and other transportation services.

Retirement Fund accounts for revenues from property taxes designated for a county employee retirement program.

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

Lodging Tax Fund accounts 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.

Energy Fund was created in 2011 per Resolution 2011-50 for the sole purpose of funding capital expenses associated with the purchase, installation, and/or construction of renewable energy and/or energy conservation facilities or projects located within San Miguel County.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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

Taxes levied in 2012 for collection in 2013 are recorded in governmental funds as taxes receivable and deferred inflows of resources as of December 31, 2012 since the amount is measurable but not available until 2013. 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 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.

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, 2012 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, 2012

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 County 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 Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, consists of capital assets, net of accumulated depreciation. Net position is 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.

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 2012, 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 2012, one supplemental appropriation was 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, 2012

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, 2012, the bank balance of the County's deposits was \$ 5,870,671 of which \$ 750,000 was covered by federal depository insurance and \$ 5,120,671 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, 2012 the County's investments included certificates of deposit and funds held in Colotrust.

The County had invested \$ 5,510,575 in the Colorado Government Liquid Asset Trust (COLOTRUST) and \$3,505,797 in CSAFE, which are investment vehicles established for local government entities in Colorado to pool surplus funds. They operate similarly to a money market fund and each share is equal in value to \$1.00. Investments in these pools 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 for these investment pools in connection with the direct investment and withdrawal functions. Substantially all securities owned by these investment pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned these pools. These pools are not required to and are not registered with the SEC, but 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, 2012 are:

	<u>Fair Value</u>	<u>Credit Risk</u>
Sweep Account-Government Bonds	\$ 1,031,923	AAAm
US Treasury Note	1,000,000	AAA
Federated Prime Cash Obligation Fund	2,752,449	AAAm
ColoTrust (Governmental Pool)	5,510,575	AAA
Csafe	<u>3,505,797</u>	AAA
	<u>\$13,800,744</u>	

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

<u>Description</u>	<u>Cost</u>
Demand deposits and cash	\$ 1,026,227
Certificates of deposits and savings	4,756,618
Investments	<u>13,800,744</u>
	<u>\$ 19,583,589</u>

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2012

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:
Governmental Activities:

	Balances 1/1/2012	Additions	Deletions	Balances 12/31/2012
Capital assets not being depreciated				
Land	\$ 7,041,200	\$ -	\$ -	\$ 7,041,200
Infrastructure	59,010,255	-	-	59,010,255
Total capital assets not being depreciated	<u>66,051,455</u>	<u>-</u>	<u>-</u>	<u>66,051,455</u>
 Capital assets being depreciated				
Buildings and improvements	15,116,329	596,275	(88,665)	15,623,939
Equipment and furniture	6,692,194	396,212	(292,343)	6,796,063
Total capital assets being depreciated	<u>21,808,523</u>	<u>992,487</u>	<u>(292,343)</u>	<u>22,420,002</u>
 Less accumulated depreciation				
Buildings and improvements	4,303,994	321,662	-	4,625,656
Equipment and furniture	4,715,129	386,437	(230,850)	4,870,716
Total accumulated depreciation	<u>9,019,123</u>	<u>708,099</u>	<u>(230,850)</u>	<u>9,496,372</u>
Total capital assets being depreciated, net	<u>12,789,400</u>	<u>284,388</u>	<u>(61,493)</u>	<u>12,923,630</u>
 Governmental activities capital assets	<u>\$ 78,840,855</u>	<u>\$ 284,388</u>	<u>\$ (61,493)</u>	<u>\$ 78,975,085</u>

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

Governmental activities:	
General government	\$ 162,916
Public safety	199,221
Public works	278,296
Recreation and culture	55,233
Health and welfare	<u>12,433</u>
Total depreciation expense-governmental activities	<u>\$ 708,099</u>

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2012

Note 5 – Long-Term Liabilities

Long-term obligations

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% \$ 2,619,389

Year	Principal	Interest	Payment
2013	\$ 107,705	\$ 136,470	\$ 244,175
2014	113,316	130,859	244,175
2015	119,220	124,955	244,175
2016	125,431	118,744	244,175
2017	131,966	112,209	244,175
2018-2022	770,414	450,461	1,220,875
2023-2027	993,137	227,738	1,220,875
2028	258,200	14,884	273,084
Total	\$ 2,619,389	\$ 1,316,320	\$ 3,935,709

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 2012	Additions	Deletions	Payable December 2012
General capitalized lease obligations	\$ 2,721,729	\$ -	\$ 102,340	\$ 2,619,389
Compensated absences payable	432,876	42,649	-	475,525
Total	\$ 3,154,605	\$ 42,649	\$ 102,340	\$ 3,094,914

San Miguel County, Colorado
Notes to General Purpose Financial Statements
December 31, 2012

Note 6 – 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 \$ 7,319,635 in 2012. The total payroll covered by the pension plan was \$ 6,889,740 in 2012. The total contribution paid was \$ 688,974 in 2012 (10 % of covered payroll), \$ 344,487 by the employees and \$ 344,487 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 7 – 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, 2012

Note 8 – Noncash Program Activity

Schedule of EBT Authorizations, Warrant Expenditures, and Total Expenditures
For the Year Ended December 31, 2012

	County EBT Authorizations	State and Federal Share of Authorizations	Expenditures by County Warrant	Authorizations Plus Expenses By County Warrant	Total County Expenditures
TANF	\$ 40,341	\$ (55,248)	\$ 24,894	\$ 65,235	\$ 9,987
Child care	49,590	(48,110)	5,923	55,513	7,403
Child welfare	77,469	(230,567)	213,737	291,206	60,639
Administration	-	(100,049)	126,640	126,640	26,591
Core services	-	(11,864)	18,410	18,410	6,546
IV-D Administration	-	(8,275)	9,689	9,689	1,414
Aid to needy disabled	12,668	(10,134)	-	12,668	2,534
Old age pension	42,476	(46,066)	3,590	46,066	-
LEAP	44,082	(49,418)	5,336	49,418	-
Medicaid transportation	-	(15,845)	16,382	16,382	537
General assistance	-	-	1,603	1,603	1,603
Miscellaneous	(7,258)	(154,755)	47,615	40,356	(114,399)
Subtotal	259,368	(730,331)	473,819	733,186	2,855
Food assistance	625,766	(625,766)	-	625,766	-
Grant Total	<u>\$ 885,134</u>	<u>\$ (1,356,097)</u>	<u>\$ 473,819</u>	<u>\$ 1,358,952</u>	<u>\$ 2,855</u>

- 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, 2012

Note 9 – Budget Amendment

During 2012 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	\$ 9,227,009	\$ 41,814	\$ 9,268,823
Road and Bridge	4,950,499	-	4,950,499
Open Space	2,272,885	-	2,272,885
Public Welfare	1,276,500	135,000	1,411,500
Transit	243,800	-	243,800
Sales tax capital	1,081,370	180,000	1,261,370
Retirement	463,444	-	463,444
Conservation Trust	65,000	-	65,000
Lodging Tax Tourism	350,950	-	350,950
Public Health	527,641	-	527,641
SMC Solid Waste Disposal District	91,432	-	91,432
Totals	<u>\$ 20,550,530</u>	<u>\$ 356,814</u>	<u>\$ 20,907,344</u>

Note 10 - 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)
Retirement	\$ 60,000	-
Public Health	\$ 176,707	-
General	-	\$ 236,707

Note 11 – New Accounting Pronouncements

GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, implemented this year provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The Statement of Net Assets is renamed the Statement of Net Position and includes four components: assets, deferred outflows of resources, liabilities and deferred inflows of resources. The County has determined that property taxes revenue that are related to a future period have been recorded as deferred inflows.

GASB 65, *Items Previously Reported as Assets and Liabilities*, will be effective for the County beginning with its year ending December 31, 2012. This statement requires certain items that are currently reported as assets and liabilities to be reclassified as deferred outflows resources, deferred inflows of resources, or current-period outflows and inflows.

SAN MIGUEL COUNTY, COLORADO
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING
THE MODIFIED APPROACH
For the year ended December 31, 2012

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 and 2012 are 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 COUNTY, COLORADO
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING
THE MODIFIED APPROACH
For the year ended December 31, 2012

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 2012:

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

Percentage of Lane-Miles in Poor Conditions in 2012:

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

Comparison of Needed-to-Actual Maintenance/Preservation in 2012: The County did not budget separately for maintenance/preservation costs for roads and bridges in 2012, therefore they are shown combined below. Amounts will be budgeted separately in the future.

	<u>2012</u>
Estimated	\$4,950,499
Actual	\$3,578,717

SAN MIGUEL COUNTY, COLORADO
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING
THE MODIFIED APPROACH
For the year ended December 31, 2012

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 2012.

Disclosures for a Network of Bridges 2012

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>100.0%</u>

SAN MIGUEL COUNTY, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2012

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 5,323,078	\$ 5,323,078	\$ 5,316,388	\$ (6,690)
Sales and miscellaneous taxes	1,122,500	1,122,500	1,242,880	120,380
Fees and charges	1,019,427	1,019,427	1,060,493	41,066
Licenses and permits	121,018	121,018	122,687	1,669
Intergovernmental	1,047,694	1,047,694	1,281,062	233,368
Interest earnings	27,500	27,500	42,120	14,620
Miscellaneous	211,286	211,286	281,011	69,725
Total revenues	8,872,503	8,872,503	9,346,641	474,138
Expenditures				
Current				
General government	4,511,533	4,511,533	4,219,686	291,847
Judicial	119,619	119,619	119,619	-
Public Safety	3,905,482	3,947,296	3,755,970	191,326
Health and welfare	180,520	180,520	170,812	9,708
Culture and recreation	24,595	24,595	24,840	(245)
Auxiliary services	113,141	113,141	114,119	(978)
Total expenditures	8,854,890	8,896,704	8,405,046	491,658
Revenues over (under) expenditures	17,613	(24,201)	941,595	965,796
Other Financing Sources				
Transfer in (Out)	(372,119)	(372,119)	(236,707)	135,412
Sale of Assets	-	-	2,300	2,300
Total other financing sources	(372,119)	(372,119)	(234,407)	137,712
Revenues and other sources over expenditures	(354,506)	(396,320)	707,188	1,103,508
Fund balance, January 1	8,042,807	8,042,807	8,863,572	820,765
Fund balance, December 31	\$ 7,688,301	\$ 7,646,487	\$ 9,570,760	\$ 1,924,273

SAN MIGUEL COUNTY, COLORADO
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2012

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Taxes				
General property tax	\$ 1,637,870	\$ 1,637,870	\$ 1,635,812	\$ (2,058)
Special ownership tax	41,000	41,000	46,165	5,165
Penalty and interest tax	2,000	2,000	7,274	5,274
Total	<u>1,680,870</u>	<u>1,680,870</u>	<u>1,689,251</u>	<u>8,381</u>
Intergovernmental				
Payment in lieu of taxes	100	100	473	373
Mineral leasing	77,891	77,891	153,819	75,928
Forest service	20,510	20,510	42,347	21,837
Federal land and materials	200	200		(200)
Total	<u>98,701</u>	<u>98,701</u>	<u>196,639</u>	<u>97,938</u>
Intergovernmental - State and Local				
Highway user's - County	1,625,000	1,625,000	1,805,979	180,979
Town of Sawpit	1,200	1,200	1,264	64
Automobile registration	17,510	17,510	21,869	4,359
Total	<u>1,643,710</u>	<u>1,643,710</u>	<u>1,829,112</u>	<u>185,402</u>
Licenses and permits				
Special permits and fees	4,120	4,120	4,300	180
Total	<u>4,120</u>	<u>4,120</u>	<u>4,300</u>	<u>180</u>
Miscellaneous				
Charges for services	21,509	21,509	73,833	52,324
Sale of assets	-	-	25,047	25,047
Total revenues	<u>3,448,910</u>	<u>3,448,910</u>	<u>3,827,832</u>	<u>378,922</u>
Expenditures				
Current				
Construction	23,000	23,000	-	23,000
Maintenance of conditions	3,846,946	3,846,946	2,567,279	1,279,667
Snow and ice removal	38,298	38,298	16,178	22,120
Administration	1,042,255	1,042,255	995,260	46,995
Total expenditures	<u>4,950,499</u>	<u>4,950,499</u>	<u>3,578,717</u>	<u>1,371,782</u>
Revenues over (under) expenditures	(1,501,589)	(1,501,589)	249,115	1,750,704
Fund balance, January 1	1,929,447	1,929,447	2,657,279	727,832
Changes in reserve for inventory	-	-	39,962	39,962
Fund balance, December 31	<u>\$ 427,858</u>	<u>\$ 427,858</u>	<u>\$ 2,946,356</u>	<u>\$ 2,518,498</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, 2012

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Taxes				
General property tax	\$ 1,293,055	\$ 1,293,055	\$ 1,291,430	\$ (1,625)
Special ownership tax	25,500	25,500	36,446	10,946
Penalty and interest tax	1,500	1,500	5,743	4,243
Total	<u>1,320,055</u>	<u>1,320,055</u>	<u>1,333,619</u>	<u>13,564</u>
Intergovernmental				
Payment in lieu of taxes	350	350	373	23
Other grants	360,000	360,000	-	(360,000)
Total	<u>360,350</u>	<u>360,350</u>	<u>373</u>	<u>(359,977)</u>
Miscellaneous				
Event center fees	8,000	8,000	3,569	(4,431)
Fairground fees	13,200	13,200	9,916	(3,284)
Other fees	7,421	7,421	16,810	9,389
Donations	10,000	10,000	-	(10,000)
Total	<u>38,621</u>	<u>38,621</u>	<u>30,295</u>	<u>(8,326)</u>
Total revenues	<u>1,719,026</u>	<u>1,719,026</u>	<u>1,364,287</u>	<u>(354,739)</u>
Expenditures				
Current				
Recreation	281,706	281,706	263,640	18,066
Open space commission	1,075,850	1,075,850	36,994	1,038,856
Historical preservation	226,500	226,500	214,490	12,010
Ball Fields	2,500	2,500	3,725	(1,225)
Trails projects	184,650	184,650	23,305	161,345
Fairgrounds and regional park	242,095	242,095	192,765	49,330
Parks administration	149,775	149,775	136,528	13,247
Placerville park	76,709	76,709	187,294	(110,585)
Down valley park	33,100	33,100	22,587	10,513
Total expenditures	<u>2,272,885</u>	<u>2,272,885</u>	<u>1,081,328</u>	<u>1,191,557</u>
Revenues over (under) expenditures	(553,859)	(553,859)	282,959	836,818
Fund balance, January 1	1,518,201	1,518,201	1,398,899	(119,302)
Fund balance, December 31	<u>\$ 964,342</u>	<u>\$ 964,342</u>	<u>\$ 1,681,858</u>	<u>\$ 717,516</u>

SAN MIGUEL COUNTY, COLORADO
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2012

	Lodging				
	Tax Tourism	Sales Tax	Transit	Contingent	Welfare
Assets					
Cash and cash equivalents	\$ 15,410	\$ 932,609	\$ 467,892	\$ 627,831	\$ 187,222
Taxes receivable	-	-	-	-	132,724
Land for resale	-	-	-	-	-
Due from other governmental units	-	-	-	-	29,229
Prepaid expenses	-	-	-	-	-
Other receivables	52,247	183,061	-	-	710
Total assets	<u>\$ 67,657</u>	<u>\$ 1,115,670</u>	<u>\$ 467,892</u>	<u>\$ 627,831</u>	<u>\$ 349,885</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 55,512	\$ 9,608	\$ 321	\$ -	\$ 9,635
Accrued vacation and sick leave	-	-	-	-	-
Deferred revenue	-	-	-	-	11,158
Total liabilities	<u>55,512</u>	<u>9,608</u>	<u>321</u>	<u>-</u>	<u>20,793</u>
Deferred Inflows of Resources					
Deferred property tax revenue	-	-	-	-	132,724
Fund balances					
Reserved for:					
Emergencies	-	-	-	627,831	-
Transportation	-	-	467,571	-	-
Housing	-	-	-	-	-
Energy	-	-	-	-	-
Solid waste	-	-	-	-	-
Unreserved:	12,145	1,106,062	-	-	196,368
Total fund balances	<u>12,145</u>	<u>1,106,062</u>	<u>467,571</u>	<u>627,831</u>	<u>196,368</u>
Total liabilities and fund balances	<u>\$ 67,657</u>	<u>\$ 1,115,670</u>	<u>\$ 467,892</u>	<u>\$ 627,831</u>	<u>\$ 349,885</u>

<u>Retirement</u>	<u>Conservation Trust</u>	<u>Public Health</u>	<u>Energy</u>	<u>Dependent Districts</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 98,258	\$ 65,623	\$ 59,210	\$ 100,000	\$ 1,296,762	\$ 3,850,817
333,952	-	-	-	-	466,676
-	-	-	-	227,089	227,089
-	-	-	-	-	29,229
-	-	-	-	-	-
-	225	24,745	-	-	260,988
<u>\$ 432,210</u>	<u>\$ 65,848</u>	<u>\$ 83,955</u>	<u>\$ 100,000</u>	<u>\$ 1,523,851</u>	<u>\$ 4,834,799</u>
\$ 32,632	\$ -	\$ 30,734	\$ -	\$ 194	\$ 138,636
-	-	35,692	-	-	35,692
-	-	-	-	-	11,158
<u>32,632</u>	<u>-</u>	<u>66,426</u>	<u>-</u>	<u>194</u>	<u>185,486</u>
<u>333,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>466,676</u>
-	-	-	-	-	627,831
-	-	-	-	-	467,571
-	-	-	-	1,256,205	1,256,205
-	-	-	100,000	-	100,000
-	-	-	-	267,452	267,452
65,626	65,848	17,529	-	-	1,463,578
<u>65,626</u>	<u>65,848</u>	<u>17,529</u>	<u>100,000</u>	<u>1,523,657</u>	<u>4,182,637</u>
<u>\$ 432,210</u>	<u>\$ 65,848</u>	<u>\$ 83,955</u>	<u>\$ 100,000</u>	<u>\$ 1,523,851</u>	<u>\$ 4,834,799</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, 2012

	<u>Lodging</u> <u>Tax Tourism</u>	<u>Sales Tax</u>	<u>Transit</u> <u>Fund</u>	<u>Contingent</u>	<u>Welfare</u>
Revenues					
Taxes	\$ 309,067	\$ 839,372	\$ -	\$ -	\$ 137,807
Intergovernmental	-	243,567	-	-	1,218,290
Charges for services	-	-	-	-	-
Interest earnings	-	-	856	-	-
Miscellaneous	-	67,701	180,901	-	-
Total revenues	<u>309,067</u>	<u>1,150,640</u>	<u>181,757</u>	<u>-</u>	<u>1,356,097</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Retirement benefits and contributions	-	-	-	-	-
Health and human services	-	-	-	-	1,358,953
Urban development, housing and transportation	-	-	236,034	-	-
Economic development	305,515	-	-	-	-
Capital outlay	-	648,129	-	-	-
Debt service payments	-	244,175	-	-	-
Total expenditures	<u>305,515</u>	<u>892,304</u>	<u>236,034</u>	<u>-</u>	<u>1,358,953</u>
Excess (deficiency) of revenues over expenditures	3,552	258,336	(54,277)	-	(2,856)
Other financing sources and (uses)					
Transfer In (Out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change to fund balance	3,552	258,336	(54,277)	-	(2,856)
Fund balance, January 1	8,593	847,726	521,848	627,831	195,721
Prior Period adjustment	-	-	-	-	3,503
Fund balance, December 31	<u>\$ 12,145</u>	<u>\$ 1,106,062</u>	<u>\$ 467,571</u>	<u>\$ 627,831</u>	<u>\$ 196,368</u>

<u>Retirement</u>	<u>Conservation Trust</u>	<u>Public Health</u>	<u>Energy</u>	<u>Dependent Districts</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 346,740	\$ -	\$ -	\$ -	\$ 55,759	\$ 1,688,745
-	25,689	137,947	-	90,478	1,715,971
-	-	105,402	-	165,692	271,094
-	225	-	-	101	1,182
26,305	5,497	5,778	100,000	47	386,229
<u>373,045</u>	<u>31,411</u>	<u>249,127</u>	<u>100,000</u>	<u>312,077</u>	<u>4,063,221</u>
-	-	-	-	-	-
-	-	-	-	85,416	85,416
403,211	-	-	-	-	403,211
-	-	518,183	-	-	1,877,136
-	-	-	-	300,316	536,350
-	-	-	-	-	305,515
-	52,221	-	-	-	700,350
-	-	-	-	-	244,175
<u>403,211</u>	<u>52,221</u>	<u>518,183</u>	<u>-</u>	<u>385,732</u>	<u>4,152,153</u>
(30,166)	(20,810)	(269,056)	100,000	(73,655)	(88,932)
60,000	-	176,707	-	-	236,707
<u>60,000</u>	<u>-</u>	<u>176,707</u>	<u>-</u>	<u>-</u>	<u>236,707</u>
29,834	(20,810)	(92,349)	100,000	(73,655)	147,775
35,792	86,658	109,878	-	1,597,312	4,031,359
-	-	-	-	-	3,503
<u>\$ 65,626</u>	<u>\$ 65,848</u>	<u>\$ 17,529</u>	<u>\$ 100,000</u>	<u>\$ 1,523,657</u>	<u>\$ 4,182,637</u>

SAN MIGUEL COUNTY, COLORADO
DEPENDENT DISTRICTS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - DEPENDENT DISTRICTS
December 31, 2012

	San Miguel Disposal District	San Miguel County Housing Authority	Total
Assets			
Cash and cash equivalents	\$ 267,646	\$ 1,029,116	\$ 1,296,762
Land for resale	-	227,089	227,089
Total assets	<u>\$ 267,646</u>	<u>\$ 1,256,205</u>	<u>\$ 1,523,851</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 194	\$ -	\$ 194
Total liabilities	<u>194</u>	<u>-</u>	<u>194</u>
Fund balances			
Reserved for:			
Housing	-	1,256,205	1,256,205
Solid waste	267,452	-	267,452
Total fund balances	<u>267,452</u>	<u>1,256,205</u>	<u>1,523,657</u>
Total liabilities and fund balances	<u>\$ 267,646</u>	<u>\$ 1,256,205</u>	<u>\$ 1,523,851</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, 2012

	San Miguel Disposal District	San Miguel County Housing Authority	Total
Revenues			
Taxes	\$ 55,759	\$ -	\$ 55,759
Intergovernmental	-	90,478	90,478
Charges for services	15,324	150,368	165,692
Interest earnings	-	101	101
Miscellaneous	47	-	47
Total revenues	<u>71,130</u>	<u>240,947</u>	<u>312,077</u>
Expenditures			
Current:			
Public safety	85,416	-	85,416
Urban development, housing and transportation	-	93,933	93,933
Loss on sale of land	-	206,383	206,383
Total expenditures	<u>85,416</u>	<u>300,316</u>	<u>385,732</u>
Net change to fund balance	(14,286)	(59,369)	(73,655)
Fund balance, January 1	<u>281,738</u>	<u>1,315,574</u>	<u>1,597,312</u>
Fund balance, December 31	<u>\$ 267,452</u>	<u>\$ 1,256,205</u>	<u>\$ 1,523,657</u>

SAN MIGUEL COUNTY, COLORADO
SPECIAL REVENUE FUND - LODGING TAX TOURISM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2012

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Lodging tax	\$ 350,000	\$ 350,000	\$ 309,067	\$ (40,933)
Total revenues	<u>350,000</u>	<u>350,000</u>	<u>309,067</u>	<u>(40,933)</u>
Expenditures				
Current				
General government				
Administrative overhead			-	-
Economic development				
Other contracted services	350,950	350,950	305,515	45,435
Total expenditures	<u>350,950</u>	<u>350,950</u>	<u>305,515</u>	<u>45,435</u>
Revenues over (under) expenditures	(950)	(950)	3,552	4,502
Fund balance, January 1	<u>7,643</u>	<u>7,643</u>	<u>8,593</u>	<u>950</u>
Fund balance, December 31	<u>\$ 6,693</u>	<u>\$ 6,693</u>	<u>\$ 12,145</u>	<u>\$ 5,452</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, 2012

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Taxes				
Sales and use tax	\$ 750,000	\$ 750,000	\$ 839,372	\$ 89,372
Mineral leasing	115,000	115,000	243,567	128,567
Miscellaneous	55,000	55,000	67,701	12,701
Total revenues	<u>920,000</u>	<u>920,000</u>	<u>1,150,640</u>	<u>230,640</u>
Expenditures				
Capital outlay	837,170	1,017,170	648,129	369,041
Debt service				
Lease payments	244,200	244,200	244,175	25
Total expenditures	<u>1,081,370</u>	<u>1,261,370</u>	<u>892,304</u>	<u>369,066</u>
Revenues over (under) expenditures	(161,370)	(341,370)	258,336	599,706
Other Financing Sources				
Transfers In	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	(161,370)	(341,370)	258,336	599,706
Fund balance, January 1	<u>810,557</u>	<u>810,557</u>	<u>847,726</u>	<u>37,169</u>
Fund balance, December 31	<u>\$ 649,187</u>	<u>\$ 469,187</u>	<u>\$ 1,106,062</u>	<u>\$ 636,875</u>

SAN MIGUEL COUNTY, COLORADO
SPECIAL REVENUE FUND - TRANSIT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
Year Ended December 31, 2012

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Interest	\$ 500	\$ 500	\$ 856	\$ 356
Other	-	-	3,611	3,611
Transportation fees	100,000	100,000	177,290	77,290
Total revenues	<u>100,500</u>	<u>100,500</u>	<u>181,757</u>	<u>81,257</u>
Expenditures				
Current				
Other	9,300	9,300	6,110	3,190
Transportation contract	234,500	234,500	229,924	4,576
Total expenditures	<u>243,800</u>	<u>243,800</u>	<u>236,034</u>	<u>4,576</u>
Revenues over (under) expenditures	(143,300)	(143,300)	(54,277)	89,023
Other Financing Sources				
Transfers (Out)	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures	(143,300)	(143,300)	(54,277)	89,023
Fund balance, January 1	<u>504,809</u>	<u>504,809</u>	<u>521,848</u>	<u>17,039</u>
Fund balance, December 31	<u>\$ 361,509</u>	<u>\$ 361,509</u>	<u>\$ 467,571</u>	<u>\$ 106,062</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>\$ 627,831</u>	<u>\$ 627,831</u>	<u>\$ 627,831</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, 2012

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Taxes	\$ 137,766	\$ 137,766	\$ 137,807	\$ 41
County administration	82,663	82,663	102,752	20,089
Old age pension	44,950	44,950	46,066	1,116
Aid to the needy and disabled	9,600	9,600	10,134	534
Child care	52,667	52,667	48,110	(4,557)
Food assistance	520,000	520,000	625,766	105,766
Child welfare	198,258	198,258	235,659	37,401
Core services	-	-	11,864	11,864
Leap	79,000	79,000	49,418	(29,582)
CSBG grant	15,000	15,000	7,371	(7,629)
Colorado works	55,070	55,070	55,248	178
Child support	6,660	6,660	8,275	1,615
Medicaid transportation and other	20,000	20,000	15,845	(4,155)
Miscellaneous	1,000	1,000	1,782	782
Supplemental	-	-	-	-
Total revenues	<u>1,222,634</u>	<u>1,222,634</u>	<u>1,356,097</u>	<u>133,463</u>
Expenditures				
County funded grants	50,000	50,000	40,292	9,708
County administration	130,000	130,000	126,640	3,360
Old age pension	45,000	45,000	46,066	(1,066)
Colorado works	55,000	55,000	65,558	(10,558)
Aid to the needy and disabled	12,000	12,000	12,668	(668)
Medicaid transportation	20,000	20,000	16,382	3,618
Child care	65,000	65,000	55,513	9,487
General assistance	10,000	10,000	1,603	8,397
Leap	79,000	79,000	49,418	29,582
Child welfare	270,000	270,000	291,206	(21,206)
Core services	3,000	3,000	18,410	(15,410)
CSBG grant	15,000	15,000	7,000	8,000
Child support	10,000	10,000	9,689	311
Direct cost allocation	(7,500)	(7,500)	(7,258)	(242)
Food assistance	520,000	520,000	625,766	(105,766)
Supplemental	-	135,000	-	135,000
Total expenditures	<u>1,276,500</u>	<u>1,411,500</u>	<u>1,358,953</u>	<u>52,547</u>
Excess (deficiency) of revenues over expenditures	(53,866)	(188,866)	(2,856)	186,010
Fund balance, January 1	174,740	174,740	195,721	20,981
Prior period adjustment	-	-	3,503	3,503
Fund balance, December 31	<u>\$ 120,874</u>	<u>\$ (14,126)</u>	<u>\$ 196,368</u>	<u>\$ 210,494</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, 2012

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
General property tax	\$ 336,194	\$ 336,194	\$ 335,234	\$ (960)
Delinquent tax	-	-	537	537
Specific ownership tax	8,000	8,000	9,476	1,476
Penalty and interest tax	700	700	1,493	793
Other				
Forfeitures and miscellaneous	12,000	12,000	26,305	14,305
Total revenues	<u>356,894</u>	<u>356,894</u>	<u>373,045</u>	<u>16,151</u>
Expenditures				
Current				
Employer's contribution	463,444	463,444	403,211	60,233
Total expenditures	<u>463,444</u>	<u>463,444</u>	<u>403,211</u>	<u>60,233</u>
Revenues over (under) expenditures	(106,550)	(106,550)	(30,166)	76,384
Other Financing Sources				
Transfers (Out)	67,000	67,000	60,000	(7,000)
Total other financing sources	<u>67,000</u>	<u>67,000</u>	<u>60,000</u>	<u>(7,000)</u>
Revenues and other sources over expenditures	(39,550)	(39,550)	29,834	69,384
Fund balance, January 1	<u>48,411</u>	<u>48,411</u>	<u>35,792</u>	<u>(12,619)</u>
Fund balance, December 31	<u>\$ 8,861</u>	<u>\$ 8,861</u>	<u>\$ 65,626</u>	<u>\$ 56,765</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, 2012

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
State lottery proceeds	\$ 23,000	\$ 23,000	\$ 25,689	\$ 2,689
Miscellaneous	-	-	5,497	5,497
Interest income	200	200	225	25
Total revenues	<u>23,200</u>	<u>23,200</u>	<u>31,411</u>	<u>8,211</u>
Expenditures				
Current				
Capital outlay	65,000	65,000	52,221	12,779
Total expenditures	<u>65,000</u>	<u>65,000</u>	<u>52,221</u>	<u>12,779</u>
Revenues over (under) expenditures	(41,800)	(41,800)	(20,810)	20,990
Fund balance, January 1	<u>77,836</u>	<u>77,836</u>	<u>86,658</u>	<u>8,822</u>
Fund balance, December 31	<u><u>\$ 36,036</u></u>	<u><u>\$ 36,036</u></u>	<u><u>\$ 65,848</u></u>	<u><u>\$ 29,812</u></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, 2012

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Intergovernmental				
Federal grants	\$ 94,000	\$ 94,000	\$ 107,930	\$ 13,930
State grants	31,000	31,000	30,017	(983)
Charges for services	101,400	101,400	105,402	4,002
Miscellaneous	5,677	5,677	5,778	101
Total revenues	<u>232,077</u>	<u>232,077</u>	<u>249,127</u>	<u>17,050</u>
Expenditures				
Current				
Health and welfare	527,641	527,641	518,183	9,458
Total expenditures	<u>527,641</u>	<u>527,641</u>	<u>518,183</u>	<u>9,458</u>
Revenues over (under) expenditures	(295,564)	(295,564)	(269,056)	26,508
Other Financing Sources				
Transfers In or (Out)	305,119	305,119	176,707	(128,412)
Total other financing sources	<u>305,119</u>	<u>305,119</u>	<u>176,707</u>	<u>(128,412)</u>
Revenues and other sources over expenditures	9,555	9,555	(92,349)	(101,904)
Fund balance, January 1	<u>43,021</u>	<u>43,021</u>	<u>109,878</u>	<u>66,857</u>
Fund balance, December 31	<u>\$ 52,576</u>	<u>\$ 52,576</u>	<u>\$ 17,529</u>	<u>\$ (35,047)</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, 2012

	Budgeted		Actual	Variance
	Original	Final		
Revenues				
Taxes				
General property tax	\$ 54,258	\$ 54,258	\$ 54,094	\$ (164)
Specific ownership tax	1,175	1,175	1,519	344
Penalty and interest tax	75	75	241	166
Delinquent tax	-	-	(95)	(95)
Total taxes	<u>55,508</u>	<u>55,508</u>	<u>55,759</u>	<u>251</u>
Intergovernmental				
Other	45	45	47	2
Charges for services	11,500	11,500	15,324	3,824
Total intergovernmental	<u>11,545</u>	<u>11,545</u>	<u>15,371</u>	<u>3,826</u>
Total revenues	<u>67,053</u>	<u>67,053</u>	<u>71,130</u>	<u>4,077</u>
Expenditures				
Current				
General government				
Waste disposal	91,432	91,432	85,416	6,016
Total expenditures	<u>91,432</u>	<u>91,432</u>	<u>85,416</u>	<u>6,016</u>
Revenues over (under) expenditures	(24,379)	(24,379)	(14,286)	10,093
Fund balance, January 1	<u>274,075</u>	<u>274,075</u>	<u>281,738</u>	<u>7,663</u>
Fund balance, December 31	<u>\$ 249,696</u>	<u>\$ 249,696</u>	<u>\$ 267,452</u>	<u>\$ 17,756</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 2012
This Information From The Records Of San Miguel	Prepared By: Phyllis Shaffer	Phone: -4192

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:	2,498,327
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	90,785
3. Other local imposts (from page 2)	1,689,251	c. Other	
4. Miscellaneous local receipts (from page 2)	110,522	d. Total (a. through c.)	90,785
5. Transfers from toll facilities		4. General administration & miscellaneous	995,260
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	3,584,371
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,799,772	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	1,829,584	2. Notes:	
D. Receipts from Federal Government (from page 2)	196,166	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,825,523	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)	3,584,371

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
	2,016,387	3,825,523	3,584,371	2,257,539	(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2012

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	1,643,086	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	7,473
4. Licenses		f. Charges for Services	25,047
5. Specific Ownership &/or Other	46,165	g. Other Misc. Receipts	73,717
6. Total (1. through 5.)	46,165	h. Other (Permits & Fees)	4,285
c. Total (a. + b.)	1,689,251	i. Total (a. through h.)	110,522
	(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	1,807,243	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	42,347
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	21,869	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) DOW PILT	473	f. Other Federal (Mineral Leasing)	153,819
f. Total (a. through e.)	22,342	g. Total (a. through f.)	196,166
4. Total (1. + 2. + 3.f)	1,829,584	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:

SAN MIGUEL, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>FEDERAL CFDA NUMBER</u>	<u>2012 FEDERAL AWARDS EXPENDED</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed Through Colorado Department of Health care policy and Financing Medical Assistance program	93.778	\$ 26,169
Passed Through Colorado Department of Public Health and Environment:		
Public Health Emergency Preparedness	93.069	24,891
Family Planning Services	93.217	14,037
Childhood Immunization- Non Cash	93.268	2,552
Chlamydia Grant	93.XXX	630
Passed Through Colorado Department of Human Services		
Temporary Assistance to Needy Families	93.558	72,258
Temporary Assistance to Needy Families-ARRA	93.714	1,501
Child Support Enforcement (Title IV-d)	93.563	45,542
Low Income Home Energy Assistance	93.568	49,418
Child Care and Development Block Grant	93.575	(8,927)
Child Care mandatory and Matching Funds of the Child Care and Development fund and Development Block Grant	93.596	45,441
Child Welfare Services - State Grants	93.645	2,564
Foster Care - Title IV-E	93.658	48,850
Adoption Assistance	93.659	3,263
Social Services Block Grant	93.667	48,659
Single Entry Point	93.XXX	(442)
Passed through Colorado Department of Local Affairs:		
Community Services Block Grant - ARRA	93.710	-
Total Department of Health and Human Services		\$ 376,406

**SAN MIGUEL COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>FEDERAL CFDA NUMBER</u>	<u>2012 FEDERAL AWARDS EXPENDED</u>
DEPARTMENT OF AGRICULTURE		
Passed Through Colorado Department of Health Services:		
State Administrative matching Grants for Food Stamp program	10.561	\$ 40,623
Emergency Food Assistance Program (Commodities) - ARRA	10.569	3,949
Passes Through Colorado Department of Public Health and Environment:		
Special Supplemental Nutrition program for Women, Infants, and Children	10.557	31,396
Special Supplemental Nutrition program Women Infants and Children - Non Cash	10.557	<u>53,601</u>
Total Department of Agriculture		<u>129,569</u>
DEPARTMENT OF INTERIOR		
BLM-Invasive & Noxious Plant Management	15.23	<u>5,000</u>
DEPARTMENT OF HOMELAND SECURITY		
Emergency Management Performance Grant	97.042	<u>54,065</u>
DEPARTMENT OF JUSTICE		
Cops	16.71	1,919
JAG Grant	16.738	<u>6,012</u>
		<u>7,931</u>
 Total federal award expenditures		 <u><u>\$ 572,971</u></u>

SAN MIGUEL COUNTY, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year ended December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Schedule of Expenditures of Federal Awards is not prepared on the accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources.

Federal awards provided to sub recipients are treated as expenditures when paid or distributed to the sub recipients.

NOTE B - REPORTING ENTITY

The financial reporting entity consists of San Miguel County, Colorado (the County) as the primary government; organizations for which the County is financially accountable; and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

The Department of Human Services and Health Department are considered to be part of the primary government of the County because they are not legally separate. The county is accountable and has fiscal control over these departments.

NOTE C - PASS-THROUGH AWARDS

The County receives certain federal awards from pass-through awards from the State of Colorado. The amounts received are commingled by the State of Colorado with other funds. Only the federal amount of such pass-through awards is included in the Schedule of Expenditures of Federal Awards.

**INDEPENDENT AUDITOR'S 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**

Board of County Commissioners
San Miguel County, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type 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, 2012, and the related notes to the financial statements, which collectively comprise San Miguel County, Colorado's basic financial statements, and have issued our report thereon dated May 17, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Board of County Commissioners
San Miguel County, Colorado
Page Two

Purpose of this Report

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

Blair and Associates, P.C.

Cedaredge, Colorado
May 17, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of County Commissioners
San Miguel County, Colorado

Report on Compliance for Each Major Federal Program

We have audited San Miguel County, Colorado's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of San Miguel County, Colorado's major federal programs for the year ended December 31, 2012. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of San Miguel County, Colorado's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of San Miguel County, Colorado's compliance.

Opinion on Each Major Federal Program

In our opinion, San Miguel County, Colorado, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of San Miguel County, Colorado, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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, Colorado's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Blair and Associates, P.C.

Cedaredge, Colorado
May 17, 2013

San Miguel County, Colorado
Schedule of Findings and Questioned Costs
Year ended December 31, 2012

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal Control over major programs:				
Material weakness(es) identified?	_____	yes	___X___	no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	yes	___X___	none

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.561/10.568/10.569	Food Administration
10.557	WIC
93.069	Public Health Emergency Preparedness

Dollar threshold used to distinguish between Type A and Type B programs:		\$ 300,000		
Auditee qualified as low-risk auditee?	___X___	yes	_____	no

San Miguel County, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS — CONTINUED
Year ended December 31, 2012

SECTION II — FINDINGS UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

There are no findings under Generally Accepted Government Auditing Standards.

SECTION III — FINDINGS AND QUESTIONED COSTS UNDER OMB CIRCULAR A-133

There are no findings under OMB Circular A-133.

San Miguel County, Colorado
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended December 31, 2012

SECTION II— FINDINGS UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING
STANDARDS

None

SECTION III — FINDINGS AND QUESTIONED COSTS UNDER OMB CIRCULAR A-133

None