

**ARCHULETA COUNTY, COLORADO**

**FINANCIAL STATEMENTS**

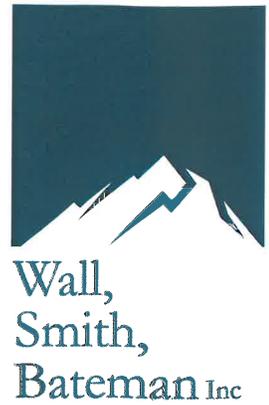
**December 31, 2011**



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

**ARCHULETA COUNTY, COLORADO**  
**TABLE OF CONTENTS**  
**December 31, 2011**

	<b>PAGE</b>
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis</b>	i-xi
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4
Governmental Fund Financial Statements:	
Balance Sheet	5
Reconciliation of Total Governmental Fund Balances to the Statement of Net Assets	6
Statement of Revenues, Expenditures, and Changes in Fund Balances	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Proprietary Fund Financial Statements:	
Statement of Net Assets	9
Statement of Revenues, Expenses, and Changes in Fund Net Assets	10
Statement of Cash Flows	11
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Assets	12
Notes to the Basic Financial Statements	13
<b>Required Supplementary Information:</b>	
Schedules of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual General Fund and Special Revenue Funds:	
General Fund	31
Road and Bridge Fund	32
Human Services Fund	33
<b>Supplementary Information:</b>	34
Listing of Nonmajor Governmental Funds	35
Combining Balance Sheet - Nonmajor Governmental Funds	36
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	37
Schedule of Net Assets - Internal Service Fund	39
Schedule of Revenues, Expenses, and Changes in Fund Balances - Internal Service Fund	40
Schedule of Cash Flows - Internal Service Fund	41
<b>Other Schedules and Reports:</b>	42
Schedule of Expenditures and Transfers Out - All Major Capital Projects Funds, Nonmajor Governmental Funds, and All Proprietary Funds - Budget and Actual	43
Schedule of Expenditures of Federal Awards	44
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46
Independent Auditors' Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control over Complinace in Accordance with OMB Circular A-133	48
Schedule of Findings and Questioned Costs	50
Summary Schedule of Prior Audit Findings	51
Local Highway Finance Report	52



## INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners  
Archuleta County, Colorado  
Pagosa Springs, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Archuleta County, Colorado (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Archuleta County Housing Authority, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Archuleta County Housing Authority, is based on the report of the other auditors.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**Certified Public Accountants**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through xi and 31 through 33 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The other supplementary information as listed in the table of contents and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information, the schedule of expenditures of federal awards, and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Wall, Smith, Bateman Inc.  
Alamosa, Colorado

June 12, 2012

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011

The following discussion and analysis of Archuleta County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2011. Management encourages readers to consider the information presented here in conjunction with the County's financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of Archuleta County exceeded its liabilities at December 31, 2011 by \$37,545,809. Of this amount, \$8,580,306 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$934,907 or 2.6% during 2011. The governmental net assets increased by \$1,049,300 or 2.9% and the business-type net assets decreased by (\$114,393) or (19.4%).
- The combined governmental funds report fund balances at December 31, 2011 of \$10,327,531, an increase of \$1,854,257 in comparison to 2010. The unassigned combined fund balance is \$681,973 and is available for spending.
- The unassigned fund balance in the General Fund is \$681,973 and is 7.2% of the total General Fund expenditures.
- The County's total long term liability decreased (\$300,667). Property taxes levied in 2011 to be collected in 2012 are estimated to decrease approximately 24%. This is the result of statutorily required assessments conducted by the Assessor's Office in 2011.
- In March 2011 the Board of County Commissioners passed a resolution requiring adequate Board established Fund Balance Reserve in support of sound fiscal practice and responsible financial management. It is essential that adequate levels of fund balance be maintained to ensure stable cash flow, provide service continuity, mitigate risks, and to provide financial stability.
- The County established a new Internal Service Fund, Fleet Fund, in 2011. The purpose of the Fleet Fund is to provide services to other departments or agencies of the County on a cost reimbursement basis.

**USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the Archuleta County's basic financial statements. The County's basic financial statements comprise three components: 1) the government-wide financial statements, 2) fund financial statements, and 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 Archuleta County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Archuleta County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011

assets may serve as a useful indicator of whether the financial position of Archuleta County is improving or deteriorating.

The *statement of activities* presents information showing how Archuleta County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Government-wide financial statements distinguish functions of Archuleta County that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of Archuleta County include general government, public safety, highway & streets, health & welfare, planning and building, recreation. The Business-type Activities of Archuleta County include Solid Waste.

The government-wide financial statements include not only Archuleta County, but also one component unit, the Archuleta County Housing Authority (ACHA). Financial activities for the ACHA, which was created to provide management of housing assistance projects to low income elderly individuals. Financial information for ACHA is reported separately from the financial information presented for the County itself.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law or bond covenants. All of the County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** – Most of the County's basic services are reported in governmental funds, which focus on how spendable resources flow into and out of those funds and the balances left at year-end that are available for future years. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliations.

**Proprietary funds** – When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact the County's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The County uses internal service funds (the other component of proprietary funds) to account for its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011

**Fiduciary funds** – Resources held for the benefit of parties outside the government are reported in fiduciary funds. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's operations. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statements can be found within the basic financial statements, just before the Notes to the Financial Statements.

**Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the basic financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with non-major Governmental Funds and Internal Service Funds. Schedules that compare actual revenues and expenditures/expenses to budget amounts are also included. Combining and individual fund statements and schedules can be found after the Notes in the financial section.

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the County, assets exceeded liabilities by \$37,545,809 at December 31, 2011.

The following table provides a summary comparison of the County's governmental and business-type net assets for the year end 2011.

Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 17,601,948	\$ 17,490,992	\$ 129,599	\$ 154,415	\$ 17,731,547	\$ 17,645,407
Capital assets	33,778,699	34,809,495	808,085	889,929	34,586,784	35,699,424
Total assets	51,380,647	52,300,487	937,684	1,044,344	52,318,331	53,344,831
Other liabilities	8,241,408	9,909,881	57,163	39,622	8,298,571	9,949,503
Long-term debt outstanding	6,069,285	6,369,952	404,666	414,474	6,473,951	6,784,426
Total liabilities	14,310,693	16,279,833	461,829	454,096	14,772,522	16,733,929
Net assets:						
Invested in capital assets net of related debt	27,404,926	28,110,385	385,080	466,045	27,790,006	28,576,430
Restricted	1,175,497	2,620,051	-	-	1,175,497	2,620,051
Unrestricted	8,489,531	5,290,218	90,775	124,203	8,580,306	5,414,421
Total net assets	\$ 37,069,954	\$ 36,020,654	\$ 475,855	\$ 590,248	\$ 37,545,809	\$ 36,610,902

The largest portion of Archuleta County's net assets, 74%, reflect its investment in capital assets (e.g. land, buildings, equipment, etc.), less any related debt still outstanding (current and long-term), that was used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011

this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

There are 3.13% of the County's net assets that are subject to restrictions on how they may be used. The remaining 22.9% is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.

**Governmental Activities**

The Governmental Activities total revenues of \$21,497,603 exceeded expenditures including transfers out of \$20,448,303, resulting in an increase in net assets of \$1,049,300 at December 31, 2011.

**Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Program revenues:						
Charges for services	\$ 1,832,305	\$ 2,728,925	\$ 513,221	\$ 491,778	\$ 2,345,526	\$ 3,220,703
Operating grants	6,431,729	6,907,653	-	-	6,431,729	6,907,653
Capital grants/Contributions	359,580	410,794	-	-	359,580	410,794
General revenues:						
Property taxes	8,129,762	8,170,894	-	-	8,129,762	8,170,894
Sales and use taxes	3,287,547	4,077,846	-	-	3,287,547	4,077,846
Other taxes	958,946	871,871	-	-	958,946	871,871
Other general revenues	497,734	417,291	335	2,751	498,069	420,042
Total revenues	<u>21,497,603</u>	<u>23,585,274</u>	<u>513,556</u>	<u>494,529</u>	<u>22,011,159</u>	<u>24,079,803</u>
Program expenses:						
General Government	7,079,405	8,240,752	-	-	7,079,405	8,240,752
Public Safety	3,188,240	3,064,741	-	-	3,188,240	3,064,741
Health and Welfare	4,230,414	4,487,047	-	-	4,230,414	4,487,047
Highways and Streets	5,476,904	6,262,761	-	-	5,476,904	6,262,761
Economic Development	81,357	4,493	-	-	81,357	4,493
Recreation and Culture	109,885	201,882	-	-	109,885	201,882
Interest Expense	282,098	593,584	-	-	282,098	593,584
Solid Waste	-	-	627,949	590,774	627,949	590,774
Total expenses	<u>20,448,303</u>	<u>22,855,260</u>	<u>627,949</u>	<u>590,774</u>	<u>21,076,252</u>	<u>23,446,034</u>
Excess before transfers	1,049,300	730,014	(114,393)	(96,245)	934,907	633,769
Transfers	-	(117,590)	-	-	-	(117,590)
Increase in net assets	1,049,300	612,424	(114,393)	(96,245)	934,907	516,179
Beginning net assets	36,020,654	35,408,230	590,248	794,783	36,610,902	36,203,013
Prior Period Adjustment	-	-	-	(108,290)	-	(108,290)
Ending net assets	<u>\$ 37,069,954</u>	<u>\$ 36,020,654</u>	<u>\$ 475,855</u>	<u>\$ 590,248</u>	<u>\$ 37,545,809</u>	<u>\$ 36,610,902</u>

Expenditures exceeded Program Revenues for Governmental Activities by \$11.8 million in 2011. In 2010 expenditures exceeded Program Revenues by \$12.8 million.

Total revenues for governmental activities are made up of 40.1% of program revenues and 59.9% general revenues. In 2010 program revenues were 42.6% of the total revenues and general revenues represented 57.4%.

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011

Governmental Activities Program Revenues decreased \$1,423,758 or (14.2%) in 2011 compared to 2010. The decrease in program revenues is mostly due to the decrease in Charges for services the result of reporting Fleet activities in the General Fund during 2010 and establishing the Fleet Fund in 2011 as an internal service fund.

General revenues, primarily property taxes and sales taxes, were used to pay for \$12,873,989 of expenses that were not covered by program revenues.

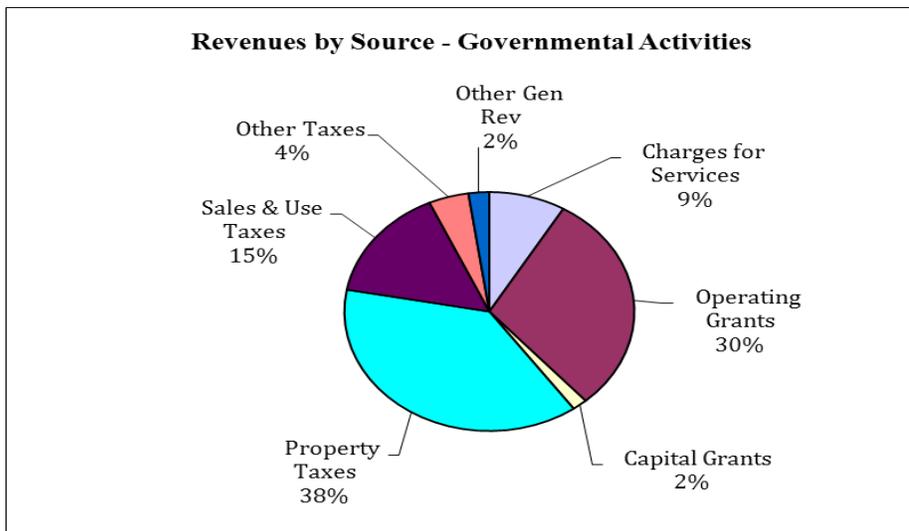
The following illustrates program revenues, expenses, and amounts covered by general revenues, by function:

**Net Program Cost to Taxpayers**

Governmental Activities	<b>Program Revenues</b>	<b>Expenses</b>	<b>Net (Expense) Revenue</b>
General Gov't	1,929,869	7,079,405	(5,149,536)
Public Safety	832,796	3,188,240	(2,355,444)
Health & Welfare	3,670,640	4,230,414	(559,774)
Highways & Streets	2,094,768	5,476,904	(3,382,136)
Economic Dev	-	81,357	(81,357)
Recreation & Cult	95,541	109,885	(14,344)
Interest Exp	-	282,098	(282,098)
<b>Totals</b>	<b>8,623,614</b>	<b>20,448,303</b>	<b>(11,824,689)</b>

Governmental Activities total revenues decreased (\$2,087,671) or (8.9%) in 2011. The decrease in Charges for services is the result of reporting Fleet activities in the General Fund during 2010 and establishing the Fleet Fund in 2011 as an internal service fund. Sales Tax decreased approximately (\$790,000) this is due to the County received unanticipated Sales Tax revenue in 2010, approximately \$1,000,000 as a result of an audit conducted by the State of Colorado Department of Revenue for the period of 2003 through 2008.

The following illustrate revenues by sources:



ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011

The total expenses for governmental activities were \$20,448,303 a decrease \$2,406,957. The most significant decrease is in the General Government function of approximately (\$1,161,347). The decrease is the results of the Fleet activities in 2010 were reported in the General Fund and in 2011 the Fleet Fund was established as an Internal Service Fund.

The percentages of total County expenses in each function are as follows:

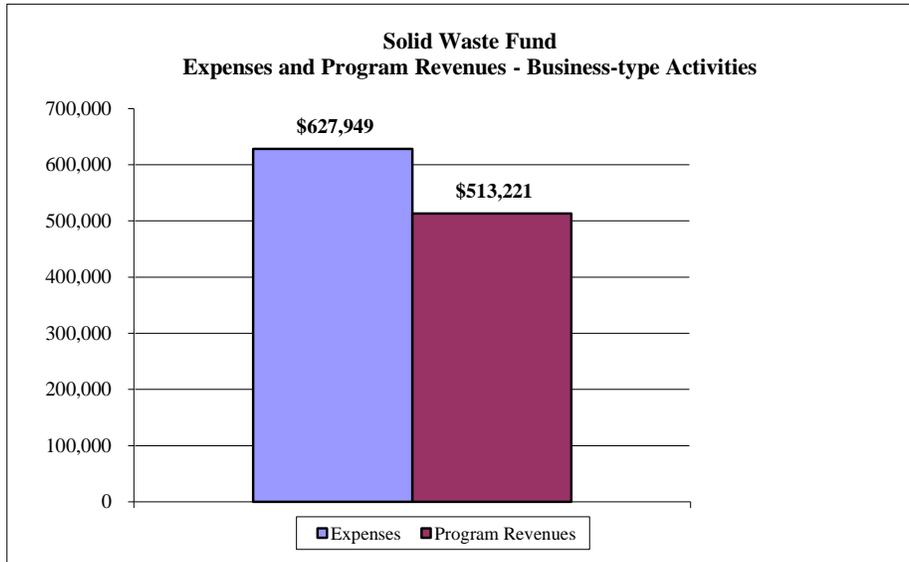
	<u>2011</u>	<u>2010</u>
General Government	34.6%	36.1%
Public Safety	15.6%	13.4%
Health & Welfare	20.7%	19.6%
Highways & Streets	26.8%	27.4%
Economic Dev	0.4%	0.0%
Recreation & Cult	0.5%	0.9%
Interest Expense	1.4%	2.6%

**Business-type Activities**

Net assets in Business-type Activities decreased by (\$114,393) in 2011. This is mostly due to the increase in repairs and maintenance on ageing equipment in the Solid Waste Fund.

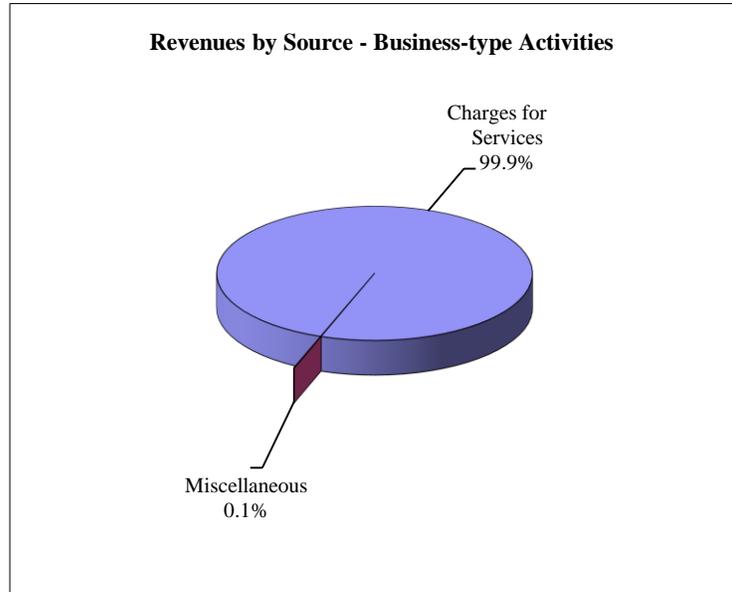
Revenues increased in 2011 compared to 2010 by \$19,027. Expenses also increased during 2011 by \$37,175.

The following illustrates the Business-type Activities revenues and expenses:



ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011

Business-type activities Charges for Services for business-type activities represents 99.9% of revenues with the remaining .1% of miscellaneous revenue.



**THE COUNTY'S FUNDS**

At year end, the County's Governmental Funds reported a combined fund balance of \$10,327,531, an increase of \$1,854,257 compared to 2010. Fund balances in the Governmental Funds are as follows:

**Governmental Fund Balances Comparison**

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
General Government Fund	5,353,684	3,409,926	1,231,710	544,953	(860,557)
Road & Bridge Fund	3,501,459	3,839,783	4,439,481	3,137,896	2,883,344
Dept. of Human Services Fund	317,350	193,810	86,289	(618,072)	(633,858)
Other Governmental Funds	1,155,038	1,029,755	941,204	977,236	2,057,167
<b>Combined Governmental Fund Balance</b>	<b>10,327,531</b>	<b>8,473,274</b>	<b>6,698,684</b>	<b>4,042,013</b>	<b>3,446,096</b>

The Proprietary Funds ended 2011 with total unrestricted net assets of \$20,638, a decrease of (\$29,384) from 2010. The decrease is due to the Solid Waste Fund reported an operating loss of (\$110,295) in 2011.

Proprietary Funds Net Assets are as follows:

Solid Waste Fund	\$ 475,855
Fleet Fund (Internal Service)	\$ 821,207

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011

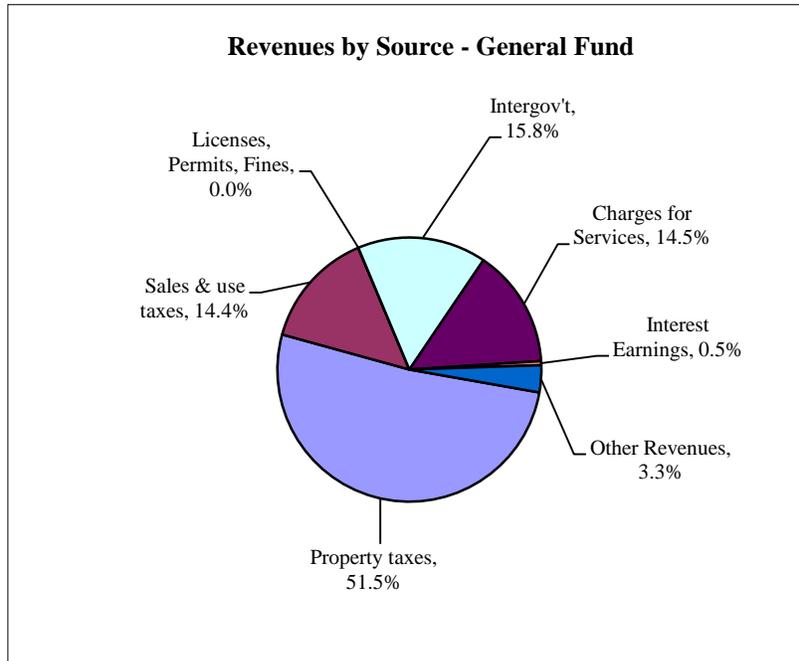
**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund accounts for all of the general services provided by the Archuleta County. At the end of 2011, the General Fund's fund balance totaled \$5,353,684. This is an increase of \$1,943,758 compared to 2010.

A comparison of unreserved fund balance to total fund expenditures is often a useful measure of the ability to continue financial operations. At December 31, 2011 the unassigned fund balance in the General Fund represented 7.2% of the General Fund expenditures.

2011 General Fund revenues decreased (\$1,541,352) from 2010. Charges for services decreased (\$798,568) which is due to the Fleet activities was a department in the General Fund in 2011 and moved to an internal service fund in 2011. Sales Tax revenue decreased due to the County receiving approximately \$1 million in unanticipated Sales Tax revenue in 2010, resulting from an audit performed by the State of Colorado for the period from February 2003 to December 2008.

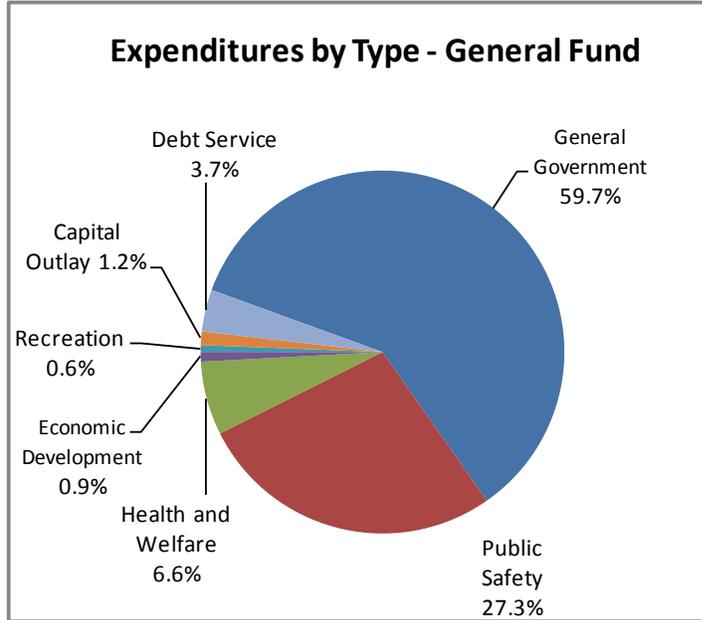
The following illustrates revenues by sources in the General Fund:



General Fund expenditures include all administrative functions of the County (i.e. Commissioners, Administrator, Finance, Attorney, Human Resources, IT/GIS, etc.); public safety; health and welfare; planning and development and outdoor recreation. Total General Fund expenditures decreased (\$2,405,318) in 2011. The majority of the decrease in expenditures is due to the Fleet expenses were recorded in the General Fund during 2010 and became an Internal Service Fund in 2011. The other large decrease is seen in Capital Outlay due to a land purchase in 2010 of \$760,000.

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011

The following illustrates expenditures by type for the General Fund:



During 2011, the County Commissioners approved two budget amendments that included changes to the General Fund budget. Resolution enactment requires public hearing and the opportunity for public discussion. The County does allow small inter-departmental budget changes that modify line items within departments within the same fund.

Actual revenues collected were \$170,950 more than budgetary estimates (excluding other financing sources) and expenditures were \$1,692,033 less than the final budgetary estimates (excluding other financing uses).

The following illustrates General Fund Budget:

	<b>2011 General Fund Budget</b>		
	<b>Adopted Budget</b>	<b>Amendments</b>	<b>Final Budget</b>
Beginning Fund Balance	2,815,600	-	2,815,600
Sources	10,936,530	745,075	11,681,605
Uses	10,779,882	745,075	11,524,957
Ending Fund Balance	\$ 2,972,248	\$ -	\$ 2,972,248

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011

**CAPITAL ASSETS**

In 2011, the County invested in a broad range of capital assets, including construction in progress on a bridge, vehicles, and equipment.

The table below provides a comparative summary of total capital assets at December 31, 2011 and 2010.

**Capital Assets at Year-end**  
(Net of Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Land	\$4,461	\$4,461	\$309	\$309	\$4,770	\$4,770
Runway	20,021	20,793	0	0	20,021	20,793
Buildings and Improvements	3,698	3,808	0	0	3,698	3,808
Improvements nonbuilding	77	82	0	0	77	82
Vehicles	611	740	1	1	612	741
Machinery & Equipment	751	594	123	173	874	767
Computer Equipment	509	485	0	0	509	485
Infrastructure	3,266	3,473	375	406	3,641	3,879
Construction in progress	383	263	0	0	383	263
Totals	\$33,777	\$34,699	\$808	\$889	\$34,584	\$35,588

Major capital expenditures during 2011 included:

CIP	\$120,151
Vehicles	139,472
Machinery	421,263
Computer & Office	256,018

The County remains committed to the upkeep and maintenance of the County's largest assets. More detailed information about the County's capital assets is presented in Notes 1 and 6 to the financial statements.

**DEBT**

Note 7 of the financial statements provide a summary of the County's long-term debt. At the end of 2011, the County had total debt outstanding of \$6.43 million. \$979,355 is a note payable, secured by a security interest in the County's Aviation Fuel Tax Refund revenue. The County entered into a new note payable in the amount of \$475,000 to purchase various phone and computer equipment for the Combined Dispatch operations. \$4.9 million is capital leases, which covers the debt on various pieces of road equipment and is to be repaid from sales tax revenues and \$709,963 covers the debt on the land purchase in 2010. The County's total debt decreased (\$326,393) in 2011.

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2011

**Outstanding Debt, at Year-end**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
	Notes Payable	1,421,519	1,281,023	-	-	1,421,519
Capital leases	4,952,254	5,395,334	52,227	76,036	5,004,481	5,471,370
<b>Totals</b>	<b>\$ 6,373,773</b>	<b>\$ 6,676,357</b>	<b>\$ 52,227</b>	<b>\$ 76,036</b>	<b>\$ 6,426,000</b>	<b>\$ 6,752,393</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The County, along with other local, state and federal governments, continues to be faced with unprecedented economic times where revenues are uncertain and the provisions of services become increasingly difficult. The 2012 budget was developed to ensure the fiscal health of the County through changing economic conditions. Management continues to be cautious with its spending, delaying discretionary purchases as necessary and monitoring revenues to continually assess the County's financial position.

2011 was a reassessment year and it is in 2012 that decreased property tax valuations truly affect the County's property tax collections. The County Assessor has reported that assessed valuations have declined approximately 25%. Property tax revenue is the County's single largest source of revenue and represents approximately 37.8% of all revenues received. A decrease of 25% will have a significant impact on the County operations in 2012.

The 2012 Budget increase in expenditures of \$101,627 is largely the result of budgeting the carryover of 1A funds from prior years.

For the year 2012, the Solid Waste Fund was expected to have an increase in revenues of approximately 4.59%. During the first quarter of 2012 revenues have decreased (11.6%) from 2011.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the County's finances and to show the County's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the County's Finance Department at Archuleta County, PO Box 1507, Pagosa Springs, CO 81147, or at [www.archuletacounty.org](http://www.archuletacounty.org). Archuleta County Housing Authority issues publicly available annual financial statements, which may be obtained by writing to the Archuleta County, Attn: Finance Department, PO Box 1507, Pagosa Springs, Colorado 81147.

**ARCHULETA COUNTY, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF NET ASSETS**  
**December 31, 2011**

	Primary Government		TOTAL	Component Units
	Governmental Activities	Business-Type Activities		
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 9,617,554	\$ 61,453	\$ 9,679,007	\$ 87,456
Restricted Cash and Investments	-	-	-	140,181
Property Taxes Receivable	5,886,006	-	5,886,006	-
Other Receivables	283,354	93,256	376,610	-
Inventory	89,216	-	89,216	-
Prepaid Expenses	401	-	401	204
Due from Other Governments	1,700,307	-	1,700,307	-
Internal Balances	25,110	(25,110)	-	-
<b>Total Current Assets</b>	<b>17,601,948</b>	<b>129,599</b>	<b>17,731,547</b>	<b>227,841</b>
<b>Noncurrent Assets:</b>				
Issuance Cost	2,000	-	2,000	-
Capital Assets:				
Land	4,460,928	309,165	4,770,093	42,250
Construction in Progress	383,161	-	383,161	-
Runway Improvements, net	20,020,739	-	20,020,739	-
Buildings, net	3,698,396	-	3,698,396	808,016
Machinery, net	751,345	122,754	874,099	73,349
Vehicles, net	610,457	-	610,457	-
Improvements -non-building, net	76,568	-	76,568	-
Computer Equipment, net	509,493	-	509,493	-
Infrastructure, net	3,265,612	376,166	3,641,778	-
Accum. Depr. for Component Units	-	-	-	(768,990)
Loan Costs, net	-	-	-	11,750
<b>Total Noncurrent Assets</b>	<b>33,778,699</b>	<b>808,085</b>	<b>34,586,784</b>	<b>166,375</b>
<b>TOTAL ASSETS</b>	<b>51,380,647</b>	<b>937,684</b>	<b>52,318,331</b>	<b>394,216</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	629,056	4,523	633,579	13,860
Due to Other Governments	558,226	-	558,226	-
Accrued Interest	195,098	2,064	197,162	-
Accrued Payroll and Liabilities	197,104	10,658	207,762	90,688
Deposits Payable	9,348	-	9,348	-
Deferred Revenue	5,929,814	-	5,929,814	-
Accrued Vacation and Sick, Current Portion	83,319	14,604	97,923	-
Note Payable, Due Within One Year	639,443	25,314	664,757	4,720
<b>Total Current Liabilities</b>	<b>8,241,408</b>	<b>57,163</b>	<b>8,298,571</b>	<b>109,268</b>
<b>Noncurrent Liabilities:</b>				
Closure and Post Closure Costs	-	370,778	370,778	-
Accrued Vacation and Sick, Noncurrent	334,955	6,975	341,930	-
Notes Payable, Due After One Year	5,734,330	26,913	5,761,243	783,048
<b>Total Noncurrent Liabilities</b>	<b>6,069,285</b>	<b>404,666</b>	<b>6,473,951</b>	<b>783,048</b>
<b>TOTAL LIABILITIES</b>	<b>14,310,693</b>	<b>461,829</b>	<b>14,772,522</b>	<b>892,316</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	27,404,926	385,080	27,790,006	(633,143)
Restricted for:				
TABOR	548,592	-	548,592	-
Capital Projects	494,641	-	494,641	-
Forest Reserve Title III	132,264	-	132,264	-
Unrestricted	8,489,531	90,775	8,580,306	(3,869)
<b>TOTAL NET ASSETS</b>	<b>\$ 37,069,954</b>	<b>\$ 475,855</b>	<b>\$ 37,545,809</b>	<b>\$ (637,012)</b>

The notes to the financial statements are an integral part of this financial statement



**ARCHULETA COUNTY, COLORADO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2011**

	<u>GENERAL FUND</u>	<u>ROAD &amp; BRIDGE FUND</u>	<u>HUMAN SERVICES FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 5,068,004	\$ 3,100,176	\$ 226,840	\$ 1,137,220	\$ 9,532,240
Property Taxes Receivable	4,870,410	718,278	297,318	-	5,886,006
Other Receivable	144,342	97,632	1,679	37,312	280,965
Inventories, at Cost	4,947	20,508	-	-	25,455
Prepays	401	-	-	-	401
Due From Other Governments	1,048,609	428,035	223,663	-	1,700,307
Due From Other Funds	100,000	-	-	-	100,000
<b>TOTAL ASSETS</b>	<u>\$ 11,236,713</u>	<u>\$ 4,364,629</u>	<u>\$ 749,500</u>	<u>\$ 1,174,532</u>	<u>\$ 17,525,374</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 390,836	\$ 113,621	\$ 2,342	\$ 5,624	\$ 512,423
Accrued Payroll and Liabilities	142,891	31,271	-	13,870	188,032
Due to Other Governments	469,544	-	88,682	-	558,226
Inmate Deposits	9,348	-	-	-	9,348
Deferred Revenue	4,870,410	718,278	341,126	-	5,929,814
<b>TOTAL LIABILITIES</b>	<u>5,883,029</u>	<u>863,170</u>	<u>432,150</u>	<u>19,494</u>	<u>7,197,843</u>
<b>FUND BALANCE</b>					
Nonspendable Fund Balance:					
Inventory and Prepays	5,347	20,508	-	-	25,855
Restricted for:					
TABOR	304,589	150,965	80,632	12,406	548,592
Capital Projects	-	-	-	494,641	494,641
Title III	-	132,264	-	-	132,264
Committed to:					
1A Projects - Parks & Recreation	681,562	-	-	-	681,562
1A Projects - Technology & Training	405,765	-	-	-	405,765
1A Projects - Facilities	80,516	-	-	-	80,516
1A Projects - Highway & Streets	-	153,227	-	-	153,227
Fund Reserves Policy	2,780,600	-	-	-	2,780,600
Assigned to:					
General Government-Subsequent Year Expenditures	413,362	-	-	-	413,362
Highways and Streets	-	3,044,495	-	-	3,044,495
Public Safety	-	-	-	333,695	333,695
Health and Welfare	-	-	236,718	-	236,718
Parks and Recreations	-	-	-	314,296	314,296
Unassigned	681,943	-	-	-	681,943
<b>TOTAL FUND BALANCE</b>	<u>5,353,684</u>	<u>3,501,459</u>	<u>317,350</u>	<u>1,155,038</u>	<u>10,327,531</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 11,236,713</u>	<u>\$ 4,364,629</u>	<u>\$ 749,500</u>	<u>\$ 1,174,532</u>	<u>\$ 17,525,374</u>

The notes to the financial statements are an integral part of this financial statement

**ARCHULETA COUNTY, COLORADO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES**  
**TO THE STATEMENT OF NET ASSETS**  
**December 31, 2011**

**Total governmental fund balances** \$ 10,327,531

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund. 33,776,699

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Capital Leases Payable	(4,952,254)	
Notes Payable	(1,421,519)	
Compensated Absences	(418,274)	
Accrued Interest Payable	(195,098)	
		(6,987,145)

Certain transactions from the capital lease transactions are expensed in the governmental funds but are required to be capitalized and amortized in the government-wide financial statements. 2,000

Internal service funds are used by management to charge the cost of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. (49,131)

**Net assets of governmental Activities** \$ 37,069,954

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BLANACES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2011**

	<u>GENERAL FUND</u>	<u>ROAD &amp; BRIDGE FUND</u>	<u>HUMAN SERVICES FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>					
Property Taxes	\$ 6,095,857	\$ 1,723,148	\$ 310,757	\$ -	\$ 8,129,762
Intergovernmental	1,874,661	2,082,092	3,491,775	277,726	7,726,254
Sales and Use Taxes	1,704,139	1,583,408	-	-	3,287,547
Charges for Services	1,718,360	12,675	-	224,480	1,955,515
Other	389,587	30,180	3,854	3,255	426,876
Interest Earnings	64,437	-	-	906	65,343
Licenses and Permits	5,515	-	-	-	5,515
<b>TOTAL REVENUES</b>	<u>11,852,556</u>	<u>5,431,503</u>	<u>3,806,386</u>	<u>506,367</u>	<u>21,596,812</u>
<b>EXPENDITURES</b>					
General Government	5,633,323	-	-	-	5,633,323
Public Safety	2,576,295	-	-	589,626	3,165,921
Health and Welfare	618,654	-	3,682,846	-	4,301,500
Highway and Streets	-	5,063,067	-	30,000	5,093,067
Economic Development	81,357	-	-	-	81,357
Recreation	56,898	-	-	23,350	80,248
Capital Outlay	113,380	272,656	-	394,431	780,467
Debt Service	352,909	434,104	-	118,785	905,798
<b>TOTAL EXPENDITURES</b>	<u>9,432,816</u>	<u>5,769,827</u>	<u>3,682,846</u>	<u>1,156,192</u>	<u>20,041,681</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,419,740</u>	<u>(338,324)</u>	<u>123,540</u>	<u>(649,825)</u>	<u>1,555,131</u>
<b>OTHER SOURCES (USES) OF FUNDS</b>					
Capital Lease Proceeds	-	-	-	475,000	475,000
Operating Transfers In	-	-	-	300,108	300,108
Operating Transfers Out	(475,982)	-	-	-	(475,982)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(475,982)</u>	<u>-</u>	<u>-</u>	<u>775,108</u>	<u>299,126</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	1,943,758	(338,324)	123,540	125,283	1,854,257
<b>Fund Balances -- Beginning</b>	<u>3,409,926</u>	<u>3,839,783</u>	<u>193,810</u>	<u>1,029,755</u>	<u>8,473,274</u>
<b>Fund Balances -- Ending</b>	<u>\$ 5,353,684</u>	<u>\$ 3,501,459</u>	<u>\$ 317,350</u>	<u>\$ 1,155,038</u>	<u>\$ 10,327,531</u>

The notes to the financial statements are an integral part of this financial statement

**ARCHULETA COUNTY, COLORADO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**December 31, 2011**

**Net change in fund balances - total governmental funds** \$ 1,854,257

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

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

Fixed assets purchases	936,905	
Depreciation expense	(1,859,000)	
		(922,095)

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

Loan and capital lease payments	777,584	
Debt issuance costs (net due to refinance)	(108,701)	
Capital lease proceeds	(475,000)	
Loan moved to Fleet Fund, reducing contributed capital		193,883

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

Compensated Absences	70,550	
Accrued Interest Payable	(172,345)	
		(101,795)

Internal service funds are used by management to charge the cost of fleet management to individual funds. The net revenue or loss of these services is reported with governmental activities.

25,050

**Change in net assets of governmental activities** **\$ 1,049,300**

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**December 31, 2011**

	<b>Business-type Activities</b>	<b>Governmental- Activities</b>
	<b>SOLID WASTE FUND</b>	<b>INTERNAL SERVICE FUNDS</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash & Cash Equivalents	\$ 61,453	\$ 85,314
Accounts Receivable	93,256	2,389
Inventories	-	63,761
<b>Total Current Assets</b>	<b>154,709</b>	<b>151,464</b>
<b>Non Current Assets</b>		
Land	309,165	-
Machinery & Equipment, net	122,754	249,921
Vehicles, net	-	610,457
Infrastructure, net	376,166	-
<b>Total Noncurrent Assets</b>	<b>808,085</b>	<b>860,378</b>
<b>TOTAL ASSETS</b>	<b>962,794</b>	<b>1,011,842</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	4,523	116,633
Due to Other funds	100,000	-
Accrued Interest Payable	2,064	1,776
Accrued Payroll & Liabilities	10,658	9,072
Accrued Vacation & Sick Leave	14,604	3,825
Notes Payable	25,314	43,924
<b>Total Current Liabilities</b>	<b>157,163</b>	<b>175,230</b>
<b>Noncurrent Liabilities</b>		
Accrued Vacation & Sick Leave	6,975	15,405
Notes Payable	26,913	-
Closure & Post-Closure costs	370,778	-
<b>Total Noncurrent Liabilities</b>	<b>404,666</b>	<b>15,405</b>
<b>TOTAL LIABILITIES</b>	<b>561,829</b>	<b>190,635</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	385,080	816,454
Assigned	15,885	4,753
<b>TOTAL NET ASSETS</b>	<b>400,965</b>	<b>\$ 821,207</b>
<b>Adjustments:</b>		
Reflects the Consolidation of Internal Service Fund Activities Related to Enterprise Funds	74,890	
<b>Net Assets of Business-Type Activities</b>	<b>\$ 475,855</b>	

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2011**

	<b>Business-type Activities</b>	<b>Governmental- Activities</b>
	<b>SOLID WASTE FUND</b>	<b>INTERNAL SERVICE FUNDS</b>
<b>OPERATING REVENUES</b>		
Charges for Services Intragovernment	\$ -	\$ 1,131,467
Charges for Services Outside	513,221	2,506
Other	335	13,730
<b>Total Operating Revenues</b>	<b>513,556</b>	<b>1,147,703</b>
<b>OPERATING EXPENSES</b>		
Salaries & Benefits	253,402	324,540
Materials & Supplies	58,335	816,888
Purchased Services	197,100	-
Other	33,170	-
Depreciation	81,844	421,703
<b>Total operating expenses</b>	<b>623,851</b>	<b>1,563,131</b>
Operating Income (loss)	(110,295)	(415,428)
<b>NONOPERATING REVENUES (EXPENSE)</b>		
Interest Expense	(4,807)	(7,198)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(4,807)</b>	<b>(7,198)</b>
Income before contributions and transfers	(115,102)	(422,626)
Capital Contributions	-	1,067,959
Transfers In	-	175,874
Change in net assets	(115,102)	821,207
<b>Net Assets at beginning of year</b>	<b>516,067</b>	<b>-</b>
<b>Net Assets at end of year</b>	<b>400,965</b>	<b>\$ 821,207</b>
<b>Adjustments:</b>		
Reflects the Consolidation of Internal Service Fund Activities Related to Enterprise Funds	74,890	
	<b>74,890</b>	
<b>Changes in Net Assets of Business-Type Activities</b>	<b>\$ 475,855</b>	

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2011**

	<b>Business-Type Activities</b>	<b>Governmental- Activities</b>
	<b>SOLID WASTE FUND</b>	<b>INTERNAL SERVICE FUND</b>
<b>Cash flows from operating activities:</b>		
Cash received from customer	\$ 502,498	\$ 16,236
Cash received from interfund service provided		1,129,078
Cash paid to employees	(248,693)	(296,238)
Cash paid to suppliers	(261,772)	(764,016)
	(7,967)	85,060
<b>Net cash provided by operating activities</b>		
<b>Cash flows from noncapital financing activities:</b>		
Interfund transfers	-	175,874
	-	175,874
<b>Net cash provided (used) by noncapital financing activities</b>		
<b>Cash flows from capital and related financing activities:</b>		
Capital Acquisitions	-	(132,437)
Payment of note principal and interest	(28,616)	(43,183)
	(28,616)	(175,620)
<b>Net cash (used) by capital and related financing activities</b>		
<b>Cash flows from investing activities</b>	-	-
<b>Increase (decrease) in cash and cash equivalents</b>	(36,583)	85,314
<b>Cash and cash equivalents, Beginning of the Year</b>	98,036	-
<b>Cash and cash equivalents, End of the Year</b>	\$ 61,453	\$ 85,314
<b>Operating income (loss)</b>	\$ (110,295)	\$ (415,428)
<b>Adjustments to reconcile net income to net cash provided (used) by operating activities</b>		
Depreciation Expense	81,844	421,703
(Increase) decrease in accounts receivables	(11,058)	(2,389)
(Increase) in Inventory	-	(63,761)
Increase (decrease) in accounts payable	3,903	116,633
Increase (decrease) in accrued employee expense	4,709	28,302
Increase (decrease) in accrued post closure liability	22,930	-
Total adjustments	102,328	500,488
<b>Net Cash provided by operating activities</b>	\$ (7,967)	\$ 85,060
<b>Noncash investing, capital, and financings activities:</b>		
Contribution of capital assets from government	\$ -	\$ 1,067,959

The notes to the financial statements are an integral part of this financial statement

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**December 31, 2011**

	<b>TREASURER'S AGENCY FUND</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$      752,094</u>
<b>TOTAL ASSETS</b>	<u><u>\$      752,094</u></u>
<b>LIABILITIES</b>	
Funds Held for Others	<u>\$      752,094</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$      752,094</u></u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**REPORTING ENTITY**

***Primary Government***

The County is a political subdivision organized under the statutes of the State of Colorado. The County is governed by a three-member Board of County Commissioners (the Board). Each commissioner is elected at-large by the voters of the County to represent one of the three separate districts and must reside in the district for which he or she is elected. There are also seven other elected officials - assessor, clerk and recorder, sheriff, coroner, surveyor, and treasurer. The treasurer is also the County Public Trustee.

The County provides a wide range of services to its residents including public safety, highways and streets, health and human services, planning, zoning, property tax assessment, property tax collection and distribution, extension service, landfill operations, airport operations, recording, and general administrative services.

***Component Units***

The County's combined financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name).
- The County holds the corporate powers of the organization.
- The County appoints a voting majority of the organization's board.
- The County is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the County.
- There is fiscal dependency by the organization on the County.
- The organization is financially accountable to the County.
- The organization receives or holds funds that are for the benefit of the County; and the County has access to a majority of the funds held; and the funds that are accessible are also significant to the County.

***Discretely Presented Component Units***

The Archuleta County Housing Authority is a legally separate organization, but the County is financially accountable for the Housing Authority because the County Commissioners approve a voting majority of the Authority's governing body and impose their will by having the ability to remove appointed members of the Authority's board. The Housing Authority issues separate financial statements with a fiscal year end of December 31<sup>st</sup> and may be obtained by contacting the Housing Authority. Note 15 contains the footnote information for the Housing Authority and this information is not included in any other footnote disclosures of the County's financial report.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the County and its component units, except for County fiduciary activity. The effect of interfund transfers has been removed from the government-wide

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

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

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

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

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

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales and use taxes, other taxes, charges for services, intergovernmental revenues, and interest are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

- The **General Fund** is the general operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Road and Bridge Fund** is used to account for the maintenance and improvements of streets and highways. The sources of funds include property taxes, sales tax, highway users' fees, and other revenue sources.
- The **Human Services Fund** is used to account for the operations of social programs; i.e. Temporary Aid to Needy Families, Old Age Pension, Aide to the Blind, Aide to the Needy and Disabled, among others. Financing is provided by grants, allotments, and property tax revenue.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

Proprietary fund financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows.

The Proprietary Fund is accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
- Current-year contributions, administrative expenses, and premium payments, which are not received or paid until the subsequent year, are incurred.

The County reports the following major proprietary funds:

- The ***Solid Waste Fund*** is used to account for the operation, maintenance, and the development of the County landfill.

The County reports the following fund type:

- ***Internal Service Fund*** accounts for fleet services provided to other departments or agencies of the County on a cost reimbursement basis.

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

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 subject to this same limitation. The County has elected not to follow subsequent private sector guidance.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net assets have been eliminated. In the statement of activities, internal service fund transactions have been eliminated.

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

## **ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

### ***Cash, Cash Equivalents, and Investments***

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

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

***Property Taxes***

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

The 2011 property tax levy due January 1, 2012, has been recorded in the financial statements as a receivable and a corresponding deferred revenue in the financial statements.

***Receivables/Payables from Other County Funds***

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

***Inventories and Prepaid Items***

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

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

***Capital Assets***

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

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.

Costs related to the construction of assets including interest, engineering, legal, surveying and landscaping that were incurred from the beginning of construction until the assets were substantially complete were capitalized.

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

Assets	Years
Buildings and Improvements	40
Land Improvements	15
Machinery and Equipment	7
Vehicles	5
Computer Equipment	5

***Long-Term Obligations***

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

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

***Compensated Absences***

A maximum of 80 to 160 hours of vacation time, per year, may be accumulated by each employee. Employees who have over five years of continued employment and are eligible for either 120, or 160 hours of earned vacation, have the option of either receiving payment or having accrued vacation time added to the employee's contribution to the retirement plan. Such contributions shall be the monetary equivalent of any vacation time earned over 80 hours in a given year.

Employees will be paid for up to the maximum accumulated of unused vacation hours upon separation from County service after six months of continuous service.

Full-time employees may accumulate up to 480 hours of sick leave; Part time employees may accumulate a percentage of 480 hours, based on the hours approved for benefits. After the maximum accumulated sick leave is reached (480), an employee shall be eligible to be paid for 50% of any unused sick time over the 480 hours or a maximum of 48 hours, as calculated on December 31, of each year, at the hourly rate which the employee is receiving as of the December 31 date.

After five years of continuous service, upon termination an employee will be paid for accumulated sick leave at the rate of 50% of all unused sick leave up to the maximum accumulative number of hours, which is 480 hours.

The County accrues a liability for compensated absences that meets the following criteria:

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

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only when due.

***Deferred Revenue***

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

***Fund Equity***

*Net Assets* - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

*Fund Balance* – Beginning in fiscal year 2011, the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classification and by clarifying the definitions of existing governmental fund types.

As a result fund balances are classified based on the extent to which the County is bound to honor constraints for the specific purpose on which amounts in the fund can be spent. In accordance with the Statement, fund balances are now classified in one of the five categories:

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

Beginning fund balances have been restated to reflect the above classifications.

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

***Sales Tax Allocation***

The County collects a 2% sales tax. The first one percent is allocated 100 percent to the General Fund. The remaining one percent of taxes collected is allocated 100 percent to the Road and Bridge Fund for capital expenditures.

***Use of estimates***

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

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgets and Budgetary Accounting***

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

1. In accordance with State statutes, prior to October 15, the County Budget Officer submits to the Board of County Commissioners a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statutes require more detailed line item budgets be submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to December 31, the budget is legally enacted through passage of a resolution. The associated appropriations resolution is adopted at the fund level.
4. The County's policy states that no authorization is given to spend, contract, or incur a liability that was not appropriated in the current year's budget without written approval of the Finance Director. Finance Director will approve only those expenditures for which a qualifying budget supplement has been properly prepared and submitted.
5. Formal budgetary integration is employed as a management control device during the year.
6. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse at the end of each fiscal year.
8. The Board of County Commissioners may authorize supplemental appropriations during the year. The Board of County Commissioners did adopt supplemental appropriations during 2011.

**NOTE 3 CASH, DEPOSITS AND INVESTMENTS**

**CASH AND DEPOSITS**

At December 31, 2011 the financial statements reflected cash and cash equivalents as follows:

Governmental Type Activities:	
Cash and Cash Equivalents	\$ 9,617,554
Business Type Activities:	
Cash and Cash Equivalents	61,453
Fiduciary Fund:	
Cash and Cash Equivalents	752,094
	<u>\$ 10,431,101</u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

The carrying amounts of deposits and investments are as follows:

Cash on hand	\$ 1,223
Cash deposits	9,591,717
Investments	838,161
	\$ 10,431,101

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

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

***Custodial Credit Risk – Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. At December 31, 2011, \$1,788,435 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

**INVESTMENTS**

The County's investments are subject to interest rate, credit risk, and concentration of credit risk.

The types of investments which are authorized to be made with County funds are controlled by state statute and the investment policies of the County. Colorado statutes and the County's investment policies specify investment instruments meeting defined rating and risk criteria in which the County may invest:

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

***Credit Risk***

The County does not have a formal investment policy. The County has investments in local government investment pools. As of December 31, 2011, the local government investment pool (COLOTRUST) in which the County had invested, was rated AAA by Standard & Poor's.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

***Interest Rate Risk***

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates. The County has no investments with maturities past five years.

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

**NOTE 4 PROPERTY TAXES RECEIVABLE**

At December 31, 2011, the County had an estimated property tax receivable divided among the funds as follows:

Property Taxes Receivable	
General Fund	\$ 4,870,410
Road and Bridge Fund	718,278
Human Services	297,318
	\$ 5,886,006

**NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The County reports interfund balances between its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at December 31, 2011 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 100,000

Interfund transfers during 2011 were as follows:

Transfers In	Transfers Out	Amount
Non-Major Fund	General Fund	\$ 300,108
Fleet Fund	General Fund	175,874
		\$ 475,982

The General Fund transferred funds to the Combined Dispatch Fund to contribute the County's share of operating funds. Also, the General Fund transferred funds to the Fleet Fund for startup cash and transferred inventory.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 6 CAPITAL ASSETS**

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

	Balance 12/31/2010	Additions	Deletions	Balance 12/31/2011
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,460,928	\$ -	\$ -	\$ 4,460,928
Construction in Progress	263,010	120,151	-	383,161
Total capital assets not being depreciated	<u>4,723,938</u>	<u>120,151</u>	<u>-</u>	<u>4,844,089</u>
Capital assets being depreciated				
Runway	25,037,584	-	-	25,037,584
Improvements Non-building	91,548	-	-	91,548
Building and Improvements	5,428,890	23,448	-	5,452,338
Machinery and Equipment	2,431,972	421,263	-	2,853,235
Vehicles	4,150,930	139,472	48,129	4,242,273
Computer Equipment	1,652,485	232,571	61,488	1,823,568
Infrastructure	4,221,607	-	-	4,221,607
Total capital assets being depreciated	<u>43,015,016</u>	<u>816,754</u>	<u>109,617</u>	<u>43,722,153</u>
Less accumulated depreciation for:				
Runway	4,244,959	771,886	-	5,016,845
Improvements Non-building	8,877	6,103	-	14,980
Building and Improvements	1,621,109	132,833	-	1,753,942
Machinery and Equipment	1,838,206	263,689	-	2,101,895
Vehicles	3,410,981	268,960	48,129	3,631,812
Computer Equipment	1,167,079	208,483	61,488	1,314,074
Infrastructure	748,949	207,046	-	955,995
	<u>13,040,160</u>	<u>1,859,000</u>	<u>109,617</u>	<u>14,789,543</u>
Total capital assets being depreciated, net	<u>29,974,856</u>	<u>(1,042,246)</u>	<u>-</u>	<u>28,932,610</u>
Governmental activities capital assets, net	<u>\$ 34,698,794</u>	<u>\$ (922,095)</u>	<u>\$ -</u>	<u>\$ 33,776,699</u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

	Balance 12/31/2010	Additions	Deletions	Balance 12/31/2011
<b>Business-Type Activities</b>				
Capital assets not being depreciated				
Land	\$ 309,166	\$ -	\$ -	\$ 309,166
Total capital assets not being depreciated	<u>309,166</u>	<u>-</u>	<u>-</u>	<u>309,166</u>
Capital assets being depreciated				
Infrastructure	451,399	-	-	451,399
Machinery and Equipment	602,563	-	-	602,563
Vehicles	19,047	-	-	19,047
Total capital assets being depreciated	<u>1,073,009</u>	<u>-</u>	<u>-</u>	<u>1,073,009</u>
Less accumulated depreciation for:				
Infrastructure	45,140	30,093	-	75,233
Machinery and Equipment	429,054	50,755	-	479,809
Vehicles	18,052	996	-	19,048
	<u>492,246</u>	<u>81,844</u>	<u>-</u>	<u>574,090</u>
Total capital assets being depreciated, net	<u>580,763</u>	<u>(81,844)</u>	<u>-</u>	<u>498,919</u>
Business-Type activities capital assets, net	<u>\$ 889,929</u>	<u>\$ (81,844)</u>	<u>\$ -</u>	<u>\$ 808,085</u>

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

<b>Governmental activities:</b>	
General Government	\$ 1,060,039
Public Safety	67,533
Highways and Streets	305,417
Recreation	4,308
Health and Welfare	-
Total Governmental Activities	<u>1,437,297</u>
Fleet Fund	421,703
Total Combined Depreciation	<u>\$ 1,859,000</u>
 <b>Business-type activities:</b>	
Solid Waste	<u>\$ 81,844</u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 7 LONG-TERM LIABILITIES**

*Changes in Long-term Liabilities*

	Ending Balance 12/31/2010	Additions	Deletions	Ending Balance 12/31/2011	Due Within One Year
Governmental activities:					
Capital Leases Payable	\$ 5,395,334		\$ 443,080	4,952,254	\$ 283,800
Notes Payable	1,281,023	\$ 475,000	334,504	1,421,519	355,643
Accrued Interest on Long Term Debt	22,753	172,345	-	195,098	195,098
Compensated Absences	488,824	-	70,550	418,274	83,191
Governmental activities long-term liabilities	<u>\$ 7,187,934</u>	<u>\$ 647,345</u>	<u>\$ 848,134</u>	<u>\$ 6,987,145</u>	<u>\$ 917,732</u>
Business-type activities:					
Capital Leases Payable	\$ 76,036		\$ 23,809	\$ 52,227	\$ 25,314
Compensated Absences	15,999	5,580		21,579	14,604
Business-type activities long-term liabilities	<u>\$ 92,035</u>	<u>\$ 5,580</u>	<u>\$ 23,809</u>	<u>\$ 73,806</u>	<u>\$ 39,918</u>

**GOVERNMENTAL ACTIVITIES:**

***Capital Leases Payable***

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 net asset.

The County entered into a \$91,452 capital lease payable with Caterpillar Financial Services Corporation, payable in monthly installments of \$1,747, beginning March 6, 2008, at 5.50% interest, for the purchase of a drum compactor. Payments are made from the Road and Bridge Fund. Final payment is due in 2013. This asset is recorded in the fixed assets of the government-wide financial statements at \$136,452, less accumulated depreciation of \$104,879 at December 31, 2011. At December 31, 2011, the balance outstanding was \$23,726.

The County entered into a \$5,270,761 capital lease payable to Wells Fargo Brokerage Services, LLC, payable in annual installments of \$483,403, beginning May 1, 2011, at 5.40% interest, to pay off August 1, 2009, \$5,000,000 capital lease with Wells Fargo Brokerage Services, LLC, and the additional funds are to purchase land. Final payment is due in 2026. Collateral includes the county courthouse, road and bridge equipment, and vacant land. This lease is collateralized payments will be made from the Road and Bridge and Conservation Trust Funds. At December 31, 2011, the balance outstanding was \$4,884,604.

The County entered into a \$121,317 capital lease payable to Kansas State Bank of Manhattan, payable in two annual installments of \$43,183, beginning April 8, 2011, at 5.5% interest, for the purchase of three vehicles. Final payment is due in 2012. This asset is recorded in the fixed assets of the government-wide financial statements at \$121,349, less accumulated depreciation of \$35,862 at December 31, 2011. At December 31, 2011, the balance outstanding was \$43,924.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

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

YEAR	PRINCIPAL	INTEREST	TOTALS
2012	\$ 283,800	\$ 266,929	\$ 550,729
2013	234,979	251,919	486,898
2014	243,995	239,408	483,403
2015	257,171	226,232	483,403
2016	271,058	212,345	483,403
2016-2021	1,645,325	841,951	2,487,276
2022-2026	2,015,926	330,827	2,346,753
	\$ 4,952,254	\$ 2,369,612	\$ 7,321,866

***Note Payable***

Note payable to the Colorado Department of Transportation, payable in annual payments of \$308,227, including interest at 4%. Final payment is due in 2014. The note is secured by a security interest in the County's Aviation Fuel Tax Refund revenue. This debt is being serviced in the General Fund and the balance at December 31, 2011 was \$979,355. The note was re-amortized in July 2008 changing the annual payments to \$352,909.

The County along with Town of Pagosa Springs, Pagosa Fire Protection District and Upper San Juan Health Service District jointly and severally entered into a \$475,000 promissory note payable to Wells Fargo Bank National Association, payable in 35 regular payments of \$4,652.41 and one irregular last payment estimated at \$354,547.81, beginning March 15, 2011, at 3.251% interest, for the purchase of 911 Equipment. Final payment is due in 2014. These assets are recorded in the fixed assets of the government-wide financial statements at \$394,432, less accumulated depreciation of \$36,748 at December 31, 2011. At December 31, 2011, the balance outstanding was \$442,164.

The annual debt service for the note payable is as follows:

YEAR	PRINCIPAL	INTEREST	TOTALS
2012	\$ 355,643	\$ 53,095	\$ 408,738
2013	369,596	39,142	408,738
2014	696,280	13,573	709,853
	\$ 1,421,519	\$ 105,810	\$ 1,527,329

**BUSINESS-TYPE ACTIVITIES:**

The County entered into a \$127,045 capital lease payable to Paccar Financial, payable in annual payments of \$28,616, beginning May 15, 2009, including interest at 6.32%, for the purchase of solid waste equipment. Payments will be made from the Solid Waste Fund. Final payment is due in 2013. The asset is recorded at \$127,045, less accumulated depreciation of \$45,373 at December 31, 2011.

YEAR	PRINCIPAL	INTEREST	TOTALS
2012	\$ 25,314	\$ 3,302	\$ 28,616
2013	26,913	1,702	28,615
	\$ 52,227	\$ 5,003	\$ 57,230

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 8 OPERATING LEASES**

The County is committed under various leases for office equipment and software. These leases are considered for accounting purposes as operating leases. Lease expenses for the year totaled \$145,760.

**NOTE 9 RETIREMENT**

***Defined Contribution Plan***

The County provides pension benefits for all of its full-time employees through an agent multi-employer public retirement system, the Colorado County Officials and Employees Retirement Association (CCOERA), a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate immediately upon hire. The County has established that employees contribute 4% and the County contributes a matching 4% of the employee's base salary each month. The County's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous plan participation. The participants in this plan are offered various investment options through the plan and are allowed to invest all monies in their account, at their own discretion, among the options.

County contributions for, and interest forfeited by, employees who leave employment before five years of participation are used to reduce the County's current contribution requirements. The County's total payroll in 2011 was \$6,364,499. Both the County and the covered employees made the required contributions, amounting to \$246,169 from the County and \$246,169 from employees. Information is not available to determine the base salary amount which determined the County's contribution. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners. That report may be obtained by writing to Colorado County Officials and Employee Retirement Association, 4949 South Syracuse, Suite 400, Denver, CO 80237 or by calling 1-800-352-0313.

***Deferred Compensation Plan***

The County also offers its employees an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code 457(f).

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

**NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS**

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

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. The voters of the County passed a ballot issue in 2006 allowing for the retention of revenues generated in excess of the limits imposed by the amendment.

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3 percent of fiscal year spending. The entity is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The amendment also requires voter approval for any long-term financing entered into by the County.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

Colorado Revised Statute Section 29-1-301 establishes a 5.5% property tax revenue growth limitation that may be exceeded upon the affirmative vote of the qualified electors. Archuleta County voters approved such a measure in November 2006, whereby the County is authorized to collect, retain, spend, and reserve all revenues derived from property taxes under its current property tax levy of 18.233 mills in 2007 and each subsequent year through 2011.

The voters of the County passed a ballot issue in 1999 which removed the TABOR restriction on all revenues (except property tax) and authorized the collection, retention and spend, or reserve for growth related issues, all excess revenues and other funds collected during 1999 and each subsequent year from any source, other than that generated by the Archuleta County mill levy notwithstanding any TABOR restrictions.

The County believes it is in compliance with the requirements of the amendment. However, the County has made certain interpretations of the amendment's language in order to determine its compliance.

**NOTE 11 RISK MANAGEMENT**

***Colorado Counties Casualty and Property Pool (CAPP)***

The County is exposed to various risks of loss related to property and casualty losses. The County joined together with other counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool (CAPP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP for its property and casualty insurance coverage. The inter-governmental agreement of formation of CAPP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

At December 31, 2011, CAPP had assets of \$26,461,204, liabilities of \$10,253,643 (including \$6,328,715 reserved for losses and claims), and members' equity of \$16,207,561. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2011 amounted to \$7,086,555 and total expenses were \$5,725,462, resulting in net income before return of surplus of \$1,361,093.

***Colorado Workers' Compensation Pool (CWCP)***

The County is exposed to various risks of loss related to injuries of employees while on the job. The County has joined together with other counties in the State of Colorado to form the Colorado Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

At December 31, 2011, CWCP had assets of \$35,758,135, liabilities of \$22,742,210 (including \$21,875,412 reserved for losses and claims) and members' equity of \$13,015,925. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2011 amounted to \$10,701,155, total expenses were \$11,650,853, resulting in net loss before return of surplus of (\$948,698)

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 12 COLORADO CONTRABAND FORFEITURE ACT**

We have reviewed financial activities in the Sheriff's Department for compliance with the Colorado Revised Statute 16-13-506. There were no sales of contraband during the year ended December 31, 2011.

**NOTE 13 LANDFILL CLOSURE AND POST CLOSURE CARE COSTS**

State and Federal laws require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County completed the necessary engineering studies in 2008 to estimate the landfill's capacity and closure and post closure costs. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized in the Solid Waste Fund based on the estimated future closure and post closure care costs that will be incurred near or after the date the landfill no longer will accept waste. The amount recognized each year is based on the landfill capacity used as of the balance sheet date. At December 31, 2011 the estimated liability for landfill closure and post closure care costs of \$370,778 is based on the use of 45% of capacity of all landfill cells. The estimated total current cost of the landfill closure and post closure is based on the amount that would be paid if all equipment facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2011. The County will recognize the estimated remaining costs of closure and post-closure care of \$450,260 as the remaining estimated capacity is filled. The County expects to close the landfill in 2026. Actual cost of closure and post closure care may change due to inflation or deflation, changes in technology, or changes in landfill laws and regulations. Those costs may need to be covered by charges to future landfill users, taxpayers or both.

**NOTE 14 COMMITMENTS AND CONTINGENCIES**

***Grant Programs*** – The County participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of expenditures, if any, which may be disallowed by the granting agencies, cannot be determined at this time although the County expects any such amounts to be immaterial.

***Litigation*** – The County is currently the defendant in several lawsuits arising principally in the normal course of operations. In the opinion of legal counsel, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements; accordingly, no provision for losses has been recorded.

***Insurance Pools*** – The County is a member of the Colorado Counties Casualty and Property Pool (CAPP) and the Colorado Workers' Compensation Pool (CWCP). CAPP and CWCP have a legal obligation for claims against its members to the extent that funds are available in their annually established loss funds and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds are direct liabilities of the participating members. CAPP and CWCP have indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs. The ultimate liability to the County resulting from claims not covered by CAPP and CWCP is not presently determinable.

***Operating Leases*** – The County is committed under various leases for facilities and equipment. Additional information is not available as of December 31, 2011.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 15 ARCHULETA COUNTY HOUSING AUTHORITY COMPONENT UNIT NOTES**

The following important note disclosures have been presented for Archuleta County Housing Authority, a component unit of Archuleta County, Colorado. Archuleta County Housing Authority issues publicly available annual financial statements that may be obtained by writing the County's Finance Department at Archuleta County, PO Box 1507, Pagosa Springs, Colorado 81147.

***Property and Equipment***

Major classes of fixed assets are as follows:

	12/31/2011
Land	\$ 42,250
Building and Improvements	808,017
Equipment	73,348
Total Fixed Assets	923,615
Less Accumulated Depreciation	(768,990)
Net	\$ 154,625

Depreciation is computed using the straight-line method based on estimated useful lives.

***Mortgage Payable***

Mortgage payable to Colorado Housing and Finance Authority, payable in 360 monthly payments of \$691 including interest at 4%. Said note represents a first deed of trust on the apartments	\$ 118,025
Mortgage payable to HUD payable in amounts equal to surplus cash as defined by a mortgage restructuring the deed of trust note dated August 28, 2002, said note to have an interest of 1%.	523,626
Mortgage payable to HUD payable in amounts equal to surplus cash as defined by a deed of trust dated August 28, 2002, said note to have and interest rate of 1%.	143,708
Promissory note to Housing Solutions of the Southwest payable in 120 months of \$114 including interest of 2%.	2,408
Total Mortgage Payable	\$ 787,767

## **ARCHULETA COUNTY, COLORADO**

### **REQUIRED SUPPLEMENTARY INFORMATION**

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

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2011**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Property Taxes	\$ 6,121,443	\$ 6,029,970	\$ 6,095,857	\$ 65,887
Intergovernmental	1,571,265	1,838,469	1,874,661	36,192
Sales and Use Taxes	1,452,750	1,549,223	1,704,139	154,916
Licenses and Permits	394,000	5,000	5,515	515
Charges for Services	1,130,937	1,506,338	1,718,360	212,022
Other	8,550	692,606	406,174	(286,432)
Interest	257,585	60,000	47,850	(12,150)
<b>TOTAL REVENUES</b>	<b>10,936,530</b>	<b>11,681,606</b>	<b>11,852,556</b>	<b>170,950</b>
<b>EXPENDITURES</b>				
Current:				
General Government	5,343,490	7,119,746	5,633,323	1,486,423
Public Safety	2,781,406	2,692,169	2,576,295	115,874
Health and Welfare	390,194	700,146	618,654	81,492
Economic Development	-	75,000	81,357	(6,357)
Highway & Streets	116,177	-	-	-
Culture & Recreation	1,168,769	61,241	56,898	4,343
Capital Outlay	227,738	123,638	113,380	10,258
Debt Service	352,000	352,909	352,909	-
<b>TOTAL EXPENDITURES</b>	<b>10,379,774</b>	<b>11,124,849</b>	<b>9,432,816</b>	<b>1,692,033</b>
Excess (Deficiency) of Revenues Over Expenditures	556,756	556,757	2,419,740	1,862,983
<b>OTHER (USES) OF FUNDS</b>				
Transfers Out	(400,108)	(400,108)	(475,982)	(75,874)
<b>TOTAL OTHER FINANCING (USES)</b>	<b>(400,108)</b>	<b>(400,108)</b>	<b>(475,982)</b>	<b>(75,874)</b>
Excess of Revenues Over Expenditures and Other Financing (Uses)	156,648	156,649	1,943,758	1,787,109
<b>Fund Balance at Beginning of Year</b>	<b>2,815,600</b>	<b>2,815,600</b>	<b>3,409,926</b>	<b>594,326</b>
<b>Fund Balance at End of Year</b>	<b>\$ 2,972,248</b>	<b>\$ 2,972,249</b>	<b>\$ 5,353,684</b>	<b>\$ 2,381,435</b>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.  
The schedule is presented on the GAAP basis.

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**ROAD AND BRIDGE FUND**  
**For the Year Ended December 31, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Property Taxes	\$ 1,763,845	\$ 1,763,845	\$ 1,723,148	\$ (40,697)
Sales and Use Taxes	1,452,750	1,452,750	1,583,408	130,658
Intergovernmental Revenues	2,951,774	3,019,077	2,082,092	(936,985)
Charges for Services	10,000	10,000	12,675	2,675
Miscellaneous	2,500	2,500	30,180	27,680
<b>TOTAL REVENUES</b>	<b>6,180,869</b>	<b>6,248,172</b>	<b>5,431,503</b>	<b>(816,669)</b>
<b>EXPENDITURES</b>				
Highway and Streets	7,464,008	7,401,576	5,063,067	2,338,509
Capital outlay	21,000	150,735	272,656	(121,921)
Debt service:				
Principal Retirement	235,424	386,731	349,192	37,539
Interest	248,553	97,246	84,912	12,334
<b>TOTAL EXPENDITURES</b>	<b>7,968,985</b>	<b>8,036,288</b>	<b>5,769,827</b>	<b>2,266,461</b>
Deficiency of Revenues over Expenditures	(1,788,116)	(1,788,116)	(338,324)	1,449,792
<b>Fund Balance at Beginning of Year</b>	<b>3,038,558</b>	<b>3,038,558</b>	<b>3,839,783</b>	<b>801,225</b>
<b>Fund Balance at End of Year</b>	<b>\$ 1,250,442</b>	<b>\$ 1,250,442</b>	<b>\$ 3,501,459</b>	<b>\$ 2,251,017</b>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP  
The schedule is presented on the GAAP basis.

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**HUMAN SERVICES FUND**  
**For the Year Ended December 31, 2011**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Property Taxes	\$ 313,267	\$ 313,267	\$ 310,757	\$ (2,510)
Intergovernmental Revenues	3,278,919	3,528,919	3,491,775	(37,144)
Miscellaneous	-	-	3,854	3,854
<b>TOTAL REVENUES</b>	<b>3,592,186</b>	<b>3,842,186</b>	<b>3,806,386</b>	<b>(35,800)</b>
<b>EXPENDITURES</b>				
Health & Welfare	3,573,396	3,823,396	3,682,846	140,550
<b>TOTAL EXPENDITURES</b>	<b>3,573,396</b>	<b>3,823,396</b>	<b>3,682,846</b>	<b>140,550</b>
Excess (Deficiency) of Revenues Over Expenditures	18,790	18,790	123,540	104,750
<b>Fund Balance at Beginning of Year</b>	<b>190,192</b>	<b>190,192</b>	<b>193,810</b>	<b>3,618</b>
<b>Fund Balance at End of Year</b>	<b>\$ 208,982</b>	<b>\$ 208,982</b>	<b>\$ 317,350</b>	<b>\$ 108,368</b>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP  
The schedule is presented on the GAAP basis.

## **ARCHULETA COUNTY, COLORADO**

### **OTHER SUPPLEMENTARY INFORMATION**

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

# **ARCHULETA COUNTY, COLORADO NONMAJOR GOVERNMENTAL FUNDS**

## **SPECIAL REVENUE FUNDS**

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

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

*Combined Dispatch Fund* - This fund was formerly the Emergency 911 fund and has been changed to include the combined dispatch of the County, Town of Pagosa Springs, Upper San Juan Health Service District, and the Pagosa Fire Protection District to account for the activity of providing emergency telephone services to the County's residents.

## **CAPITAL PROJECT FUNDS**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

*Fairfield Settlement Fund* - This fund is used to partially compensate property owners in the eligible subdivision when they complete the extension of electrical power to their lot.

**ARCHULETA COUNTY, COLORADO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2011**

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>TOTALS</u>
	<u>Combined Dispatch Fund</u>	<u>Conservation Trust Fund</u>	<u>FairField Settlement Fund</u>	
<b>ASSETS</b>				
Cash and Investments	\$ 328,283	\$ 314,296	\$ 494,641	\$ 1,137,220
Other Receivables	37,312	-		37,312
<b>TOTAL ASSETS</b>	<u>\$ 365,595</u>	<u>\$ 314,296</u>	<u>\$ 494,641</u>	<u>\$ 1,174,532</u>
<b>LIABILITIES AND FUND BLANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 5,624	\$ -	\$ -	\$ 5,624
Accrued Payroll and Liabilities	13,870	-	-	13,870
<b>TOTAL LIABILITIES</b>	<u>19,494</u>	<u>-</u>	<u>-</u>	<u>19,494</u>
<b>FUND BALANCE</b>				
Restricted for:				
TABOR	12,406	-	-	12,406
Fairfield Capital Outlay	-	-	494,641	494,641
Assigned to:				
Public Safety	333,695	-	-	333,695
Park and Recreation	-	314,296	-	314,296
<b>TOTAL FUND BALANCE</b>	<u>346,101</u>	<u>314,296</u>	<u>494,641</u>	<u>1,155,038</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 365,595</u>	<u>\$ 314,296</u>	<u>\$ 494,641</u>	<u>\$ 1,174,532</u>

**ARCHULETA COUNTY, COLORADO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2011**

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>TOTALS</u>
	<u>Combined Dispatch Fund</u>	<u>Conservation Trust Fund</u>	<u>FairField Settlement Fund</u>	
<b>REVENUES</b>				
Charges for Services	\$ 224,480	\$ -	\$ -	\$ 224,480
Intergovernmental	185,792	91,934	-	277,726
Interest Earnings	-	373	533	906
Other	3,255	-	-	3,255
<b>TOTAL REVENUES</b>	<u>413,527</u>	<u>92,307</u>	<u>533</u>	<u>506,367</u>
<b>EXPENDITURES</b>				
Public Safety	589,626	-	-	589,626
Recreation	-	23,350	-	23,350
Highway & Streets	-	30,000	-	30,000
Capital Outlay	394,431	-	-	394,431
Debt Service	48,524	70,261	-	118,785
<b>TOTAL EXPENDITURES</b>	<u>1,032,581</u>	<u>123,611</u>	<u>-</u>	<u>1,156,192</u>
Excess (Deficiency) of Revenues Over Expenditures	(619,054)	(31,304)	533	(649,825)
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan Proceeds	475,000	-	-	475,000
Operating Transfers In	300,108	-	-	300,108
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>775,108</u>	<u>-</u>	<u>-</u>	<u>775,108</u>
Excess (Deficiency) of Revenues over Expenditures and Other Sources (Users)	156,054	(31,304)	533	125,283
<b>Fund Balance at Beginning of Year</b>	<u>190,047</u>	<u>345,600</u>	<u>494,108</u>	<u>1,029,755</u>
<b>Fund Balance at End of Year</b>	<u>\$ 346,101</u>	<u>\$ 314,296</u>	<u>\$ 494,641</u>	<u>\$ 1,155,038</u>

# ARCHULETA COUNTY, COLORADO

## INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financings of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

*Fleet Fund* - This fund is used to account for use, maintenance, and replacement of motor vehicles and machinery to other departments and related costs.

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**December 31, 2011**

	<b>FLEET FUND</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Investments	\$ 85,314
Other Receivables	2,389
Inventories, at cost	63,761
Total Current Assets	151,464
<b>Noncurrent Assets</b>	
Capital Assets:	
Machinery, net	249,921
Vehicles, net	610,457
Total Noncurrent Assets	860,378
<b>TOTAL ASSETS</b>	<b>1,011,842</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	116,633
Accrued Payroll and Liabilities	9,072
Notes Payable, due within one year	43,924
Accrued Interest	1,776
Compensated Absences	3,825
Total Current Liabilities	175,230
<b>Noncurrent Liabilities</b>	
Compensated Absences	15,405
Total Noncurrent Liabilities	15,405
<b>TOTAL LIABILITIES</b>	<b>190,635</b>
<b>NET ASSETS</b>	
Invested in Capital Assets, net of debt	816,454
Unrestricted	4,753
<b>TOTAL NET ASSETS</b>	<b>\$ 821,207</b>

**ARCHULETA COUNTY, COLORADO  
SCHEDULE OF REVENUES, EXPENSES, AND  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2011**

	<b>FLEET FUND</b>
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 2,506
Intergovernmental	1,131,467
Other	13,730
<b>Total Operating Revenues</b>	1,147,703
<b>OPERATING EXPENSES</b>	
Salaries & Benefits	324,540
Cost of Sales & Service	816,888
Depreciation	421,703
<b>Total Operating Expenses</b>	1,563,131
<b>Operating Income (Loss)</b>	(415,428)
<b>NONOPERATING REVENUES (EXPENSE)</b>	
Interest Expense	(7,198)
<b>Total Nonoperating Income</b>	(7,198)
Income before contributions and transfers	(422,626)
Capital Contributions	1,067,959
Transfers In	175,874
Changes in Net Assets	821,207
<b>Net Assets at beginning of year</b>	-
<b>Net Assets at end of year</b>	\$ 821,207

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF CASH FLOWS**  
**INTERNAL SERVICE FUND**  
**For the Year Ended December 31, 2011**

	<b>FLEET FUND</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 16,236
Cash received from interfund services provided	1,129,078
Cash paid to employees	(296,238)
Cash paid to suppliers	(764,016)
Net cash provided by operating activities	85,060
 <b>Cash flows from noncapital financing activities:</b>	
Transfers from other funds	175,874
Net cash provided by noncapital and related financing activities	175,874
 <b>Cash flows from capital and related financing activities</b>	
Capital Acquisitions	(132,437)
Payment of note principal and interest	(43,183)
Net cash used by capital and related financing activities	(175,620)
 <b>Increase (Decrease) in Cash and Investments</b>	85,314
<b>Cash and cash equivalents - Beginning of the Year</b>	-
<b>Cash and cash equivalents - End of the Year</b>	\$ 85,314
 <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	(415,428)
<b>Adjustments to reconcile net income to net cash provided (used) by operating activities</b>	
Depreciation Expense	421,703
(Increase) decrease in accounts receivables	(2,389)
(Increase) in Inventory	(63,761)
Increase (decrease) in accounts payable	116,633
Increase (decrease) in accrued employee expense	28,302
Total adjustments	500,488
Net Cash provided by operating activities	\$ 85,060
 <b>Noncash investing, capital, and financings activities:</b>	
Contribution of capital assets and related debt from government	\$ 1,067,959

**ARCHULETA COUNTY, COLORADO**

**OTHER SCHEDULES AND REPORTS**

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES AND TRANSFERS OUT**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS AND ALL PROPRIETARY FUNDS**  
**BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>EXPENDITURES</u>	<u>ADJUSTMENTS</u>	<u>EXPENDITURES</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>REPORTED ON</u>	<u>TO BUDGETARY</u>	<u>ON THE</u>	<u>WITH FINAL</u>
			<u>THE GAAP</u>	<u>BASIS</u>	<u>BUDGETARY</u>	<u>BUDGET</u>
			<u>BASIS</u>	<u>BASIS</u>	<u>BASIS</u>	<u>POSITIVE</u>
						<u>(NEGATIVE)</u>
<b>Governmental Funds</b>						
Non-major Governmental Funds:						
Special Revenue Funds:						
Conservation Trust Fund	\$ 395,000	\$ 395,000	\$ 123,611	\$ -	\$ 123,611	\$ 271,389
Combined Dispatch Fund	759,900	1,234,900	1,032,582	-	1,032,582	202,318
Capital Projects Funds:						
Fairfield Settlement Fund	-	-	-	-	-	-
Total Non-major Governmental Funds	<u>\$ 1,154,900</u>	<u>\$ 1,629,900</u>	<u>\$ 1,156,193</u>	<u>\$ -</u>	<u>\$ 1,156,193</u>	<u>\$ 473,707</u>
<b>Proprietary Funds</b>						
Enterprise Funds:						
Solid Waste Fund	\$ 671,123	\$ 672,574	\$ 628,660	\$ (58,035)	\$ 570,625	\$ 101,949
Total Enterprise Funds	<u>671,123</u>	<u>672,574</u>	<u>628,660</u>	<u>(58,035)</u>	<u>570,625</u>	<u>101,949</u>
Internal Service Funds:						
Fleet Fund	<u>1,523,817</u>	<u>1,838,923</u>	<u>1,570,329</u>	<u>-</u>	<u>1,570,329</u>	<u>268,594</u>
Total Internal Service Funds	<u>1,523,817</u>	<u>1,838,923</u>	<u>1,570,329</u>	<u>-</u>	<u>1,570,329</u>	<u>268,594</u>
Total Proprietary Funds	<u>\$ 2,194,940</u>	<u>\$ 2,511,497</u>	<u>\$ 2,198,989</u>	<u>\$ (58,035)</u>	<u>\$ 2,140,954</u>	<u>\$ 370,543</u>

Adjustments to budgetary basis include principal reductions on long-term debt, costs of capitalized assets, and depreciation expenses.

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2011**

<b>FEDERAL GRANTOR /PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS-THROUGH ENTITY IDENTIFYING NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
COLORADO DEPT. OF HUMAN SERVICES			
<i>SNAP Cluster</i>			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561		\$ 80,928
<i>Schools and Roads Cluster</i>			
COLORADO DEPT. OF TREASURY			
Secure Payments for States and Counties Containing Federal Lands Title I and Title III Funds	10.665		
Direct Expenditures: Title III Funds			38,668
Passed to Sub recipients: Title I Funds			469,544
Secure Payments for States and Counties Containing Federal Lands Title II Funds	10.665		67,303
Total for <i>Schools and Roads Cluster</i>			<u>575,515</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
SAN JUAN BASIN AREA AGENCY ON AGING			
<i>Aging Cluster</i>			
Special Programs for the Aging-Title III Part B	93.044		16,857
Nutrition Services Incentive Program	93.053		36,673
Total for <i>Aging Cluster</i>			<u>53,530</u>
COLORADO DEPT. OF HUMAN SERVICES			
<i>TANF Cluster</i>			
Temporary Assistance for Needy Families	93.558		250,170
Child Support Enforcement	93.563		103,394
Low-Income Home Energy Assistance	93.568		242,737
<i>CCDF Cluster</i>			
Child Care and Development Block Grant	93.575		17,273
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		65,107
Total for <i>CCDF Cluster</i>			<u>82,380</u>
Child Welfare Services-State Grants	93.645		5,798
Foster Care-Title IV-E	93.658		68,875
Adoption Assistance	93.659		17,871
Social Services Block Grant	93.667		53,785
Family Violence Prevention and Services	93.671		13,000
Medical Assistance Program ( <i>Medicaid Cluster</i> )	93.778		61,079
Domestic Violence	93.T11DOMA-T2		8,836
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086		155,031
Promoting Safe and Stable Families	93.556		(5,657)

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2011**

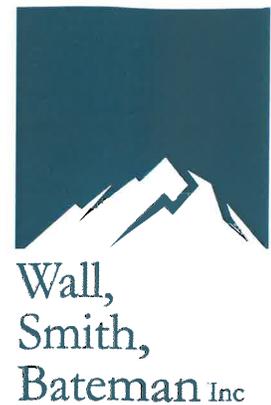
<b>FEDERAL GRANTOR /PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS-THROUGH ENTITY IDENTIFYING NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
COLORADO DEPT. OF LOCAL AFFAIRS			
Emergency Operations Centers	97.001		5,315
Flood Mitigation Assistance	97.029		11,143
Emergency Management Performance Grants	97.042		52,300
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Bulletproof Vest Partnership Program	16.607		775
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
COLORADO DEPT. OF TRANSPORTATION			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205		291,114
Formula Grants for Other Than Urbanized Areas	20.509		35,709
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 2,163,628</u></u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Archuleta County, Colorado and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**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**



To the Board of County Commissioners  
Archuleta County, Colorado  
Pagosa Springs, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Archuleta County, Colorado (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the County, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

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

**Certified Public Accountants**

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | [www.wsbcpa.com](http://www.wsbcpa.com)

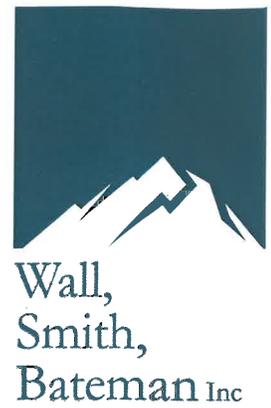
### **Compliance and Other Matters**

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

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

  
Wall, Smith, Bateman Inc.  
Alamosa, Colorado

June 12, 2012



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of County Commissioners  
Archuleta County, Colorado  
Pagosa Springs, Colorado

**Compliance**

We have audited Archuleta County, Colorado's (the County) 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 the County's major federal programs for the year ended December 31, 2011. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Archuleta County, Colorado complied, in all material respects, with the 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, 2011.

**Certified Public Accountants**

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | [www.wsbcpa.com](http://www.wsbcpa.com)

### **Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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



Wall, Smith, Bateman Inc.  
Alamosa, Colorado

June 12, 2012

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2011**

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes    ✓ no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? \_\_\_\_\_yes    ✓ none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_yes    ✓ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes    ✓ no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? \_\_\_\_\_yes    ✓ none reported

Type of auditors’ report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? \_\_\_\_\_yes    ✓ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.665	Schools and Roads Cluster
93.568	Low-Income Home Energy Assistance
20.205	Highway Planning and Construction Cluster

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

Auditee qualified as a low-risk auditee? \_\_\_\_\_yes    ✓ no

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**ARCHULETA COUNTY, COLORADO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**December 31, 2011**

**Section II – Financial Statement Findings**

**Finding 10-01: Internal Control Over Financial Reporting**  
**(Repeat of Finding 07-01, 08-01, 09-01)**

*Type of finding:* Internal Control (material weakness) and Compliance (#1 is material noncompliance)

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

*Status:* Implemented

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: ARCHULETA COUNTY
	YEAR ENDING : December 2011
This Information From The Records Of (example - City of _ or County of _) County of Archuleta	Prepared By: Diane K. Sorensen, Finance Director Phone: (970)264-8556

**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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	120,151
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	3,808,876
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations		b. Snow and ice removal	99,268
3. Other local imposts (from page 2)	3,319,231	c. Other	567,945
4. Miscellaneous local receipts (from page 2)	30,180	d. Total (a. through c.)	667,213
5. Transfers from toll facilities		4. General administration & miscellaneous	739,483
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0
a. Bonds - Original Issues		6. Total (1 through 5)	5,335,723
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	3,349,411	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	1,947,555	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	134,537	a. Interest	84,912
<b>E. Total receipts (A.7 + B + C + D)</b>	5,431,503	b. Redemption	349,192
		c. Total (a. + b.)	434,104
		3. Total (1.c + 2.c)	434,104
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	5,769,827

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	3,839,783	5,431,503	5,769,827	3,501,459	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2011

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	1,680,857	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	1,583,408	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees		d. Parking Meter Fees	0
3. Liens		e. Sale of Surplus Property	0
4. Licences & Permits	12,675	f. Charges for Services	0
5. Specific Ownership &/or Other	42,291	g. Other Misc. Receipts	30,180
6. Total (1. through 5.)	1,638,374	h. Other	0
c. Total (a. + b.)	3,319,231	i. Total (a. through h.)	30,180
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	1,559,829	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	134,537
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	57,462	d. Federal Transit Admin	0
d. Other - Harebell & Juanita Bridge	330,264	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	387,726	g. Total (a. through f.)	134,537
4. Total (1. + 2. + 3.f)	1,947,555	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		120,151	120,151
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	120,151	120,151
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	120,151	120,151
			(Carry forward to page 1)

Notes and Comments: