

**ARCHULETA COUNTY, COLORADO**

**FINANCIAL STATEMENTS**

**December 31, 2007**



**ARCHULETA COUNTY, COLORADO**  
**TABLE OF CONTENTS**  
**December 31, 2007**

	<u>PAGE</u>
<b>Independent Auditors' Report</b>	1
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets	3
Statement of Activities	4
<b>Governmental Fund Financial Statements:</b>	
Balance Sheet	5
Reconciliation of Total Governmental Fund Balances to the Statement of Net Assets	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statements of Revenues, Expenditures and Changes in Fund Balance—	
Budget and Actual General Fund and Special Revenue Funds:	
General Fund	11
Road and Bridge Fund	14
Human Services Fund	16
<b>Proprietary Fund Financial Statements:</b>	
Statement of Net Assets	17
Statement of Revenues, Expenses, and Changes in Fund Net Assets	18
Statement of Cash Flows	19
<b>Fiduciary Fund Financial Statements:</b>	
Statement of Fiduciary Net Assets	20
Notes to the Basic Financial Statements	21
<b>Supplementary Information:</b>	
Listing of Nonmajor Governmental Funds	42
Combining Balance Sheet by Fund Type - Nonmajor Governmental Funds	43
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances by Fund Type	
- Nonmajor Governmental Funds	44
Combining Balance Sheet - Nonmajor Special Revenue Funds	45
Combining Balance Sheet - Local Improvement Districts	46
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	
- Nonmajor Special Revenue Funds	47
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	
- Local Improvement Districts	48
Combining Balance Sheet - Nonmajor Capital Projects Funds	49
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	
- Nonmajor Capital Projects Funds	50
Listing of Internal Service Funds	51
Combining Schedule of Net Assets - Internal Service Funds	52
Combining Schedule of Revenues, Expenses, and Changes in Fund Balances	
- Internal Service Funds	53
Combining Schedule of Cash Flows - Internal Service Funds	54
<b>Other Schedules and Reports:</b>	
Schedule of Expenditures and Transfers Out - All Major Capital Projects Funds, Nonmajor Governmental Funds, and All Proprietary Funds - Budget and Actual	55
Schedule of Expenditures of Federal Awards	56
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>	57
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	59
Schedule of Findings and Questionable Costs	61
Corrective Action Plans	73
Local Highway Finance Report	77

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100

**INDEPENDENT AUDITORS' REPORT**

Board of County Commissioners  
Archuleta County, Colorado  
Pagosa Springs, CO

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, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Archuleta County Housing Authority, Casa De Los Arcos, a discretely presented component unit. Those financial statements were audited by other auditors whose report dated August 28, 2008 expressed an unqualified opinion on them.

Except as discussed in the following paragraphs, 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 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.

We were unable to obtain sufficient audit evidence in regard to recorded revenues and expenditures in the major special revenue Human Services Fund and governmental activities as discussed in note 18 to the financial statements. The Department of Human Services has not reconciled the 2007 general ledger records of the County to the State of Colorado Department of Human Services "County Financial Management System" (CFMS) and we were unable to satisfy ourselves as to the revenues and expenditures balances.

Further, we were unable to obtain sufficient audit evidence in regard to the construction in progress recorded in the major enterprise Airport Fund and business type activities as discussed in note 19 to the financial statements. The County does not have adequate records available to support an amount of \$5,114,385 that had been recorded as construction in progress in previous years and subsequently adjusted by a prior period adjustment in 2007.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the Human Services Fund revenues and expenditures, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major governmental fund and the aggregate remaining fund information of Archuleta County,



Colorado, as of December 31, 2007, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the Airport Fund construction in progress, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major enterprise funds of Archuleta County, Colorado, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, 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 December 15, 2008 on our consideration of Archuleta County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The County has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements, schedules, and reports listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County. The combining nonmajor fund financial statements, the schedule of expenditures and transfers out – all major capital projects funds, nonmajor governmental funds, and all proprietary funds – budget and actual, and the schedule of expenditures of federal awards, and the Local Highway Finance Report, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Wall, Smith, Bateman and Associates, Inc.*

Wall, Smith, Bateman and Associates, Inc.  
Alamosa, Colorado

December 15, 2008

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100

**ARCHULETA COUNTY, COLORADO**  
**BASIC FINANCIAL STATEMENTS**

**This page left blank intentionally.**

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF NET ASSETS**  
December 31, 2007

	Primary Government		TOTAL	Component Units
	Governmental Activities	Business-Type Activities		
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 6,562,560	\$ 361,776	\$ 6,924,336	\$ 49,149
Restricted Cash and Investments	-	-	-	22,570
Receivables				
Property Taxes	6,490,560	-	6,490,560	-
Other	-	122,695	122,695	86,483
Accrued Interest	120	-	120	-
Inventory	68,132	10,904	79,036	-
Prepaid Expenses	15,033	3,698	18,731	429
Due From Business-type Activities	170,042	-	170,042	-
Due From Other Governments	840,425	-	840,425	-
Internal Balances	(113,176)	113,176	-	-
<b>Total Current Assets</b>	<b>14,033,696</b>	<b>612,249</b>	<b>14,645,945</b>	<b>158,631</b>
<b>Noncurrent Assets:</b>				
<b>Capital Assets:</b>				
Land	633,840	3,374,009	4,007,849	81,999
Construction in Progress	670,056	1,121,110	1,791,166	-
Runway Improvements, net	-	17,144,602	17,144,602	-
Buildings, net	1,379,960	2,316,212	3,696,172	763,720
Machinery, net	1,766,416	576,104	2,342,520	-
Vehicles, net	261,095	-	261,095	-
Furnishings	-	-	-	73,349
Computer Equipment, net	364,914	-	364,914	-
Infrastructure	43,513	-	43,513	-
Accumulated Depreciation for Component Units	-	-	-	(651,957)
Loan Costs, net	-	-	-	14,090
<b>Total Noncurrent Assets</b>	<b>5,119,794</b>	<b>24,532,037</b>	<b>29,651,831</b>	<b>281,201</b>
<b>TOTAL ASSETS</b>	<b>19,153,490</b>	<b>25,144,286</b>	<b>44,297,776</b>	<b>439,832</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Checks in Excess of Bank Deposits	2,212,502	1,615,978	3,828,480	-
Due to Governmental Activities	-	170,042	170,042	-
Accounts Payable	1,598,267	131,078	1,729,345	101,104
Retainage Payables	-	74,483	74,483	-
Incurred but Unreported Medical Claims	89,487	-	89,487	-
Accrued Interest	7,957	36,615	44,572	-
Accrued Payroll and Liabilities	135,529	4,819	140,348	-
Deposits Payable	726	-	726	3,105
Deferred Revenue	6,497,794	-	6,497,794	-
Accrued Vacation and Sick Leave, Current Portion	125,021	7,443	132,464	-
Notes Payable, Portion Due or Payable Within One Year	323,027	225,219	548,246	4,351
<b>Total Current Liabilities:</b>	<b>10,990,310</b>	<b>2,265,677</b>	<b>13,255,987</b>	<b>108,560</b>
<b>Noncurrent Liabilities:</b>				
Closure and Post Closure Costs	-	250,000	250,000	-
Accrued Vacation and Sick Leave, Noncurrent Portion	506,893	21,628	528,521	-
Notes Payable, Portion Due or Payable After One Year	931,342	1,849,997	2,781,339	801,224
<b>Total Noncurrent Liabilities</b>	<b>1,438,235</b>	<b>2,121,625</b>	<b>3,559,860</b>	<b>801,224</b>
<b>TOTAL LIABILITIES</b>	<b>12,428,545</b>	<b>4,387,302</b>	<b>16,815,847</b>	<b>909,784</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	3,857,468	22,132,338	25,989,806	(538,464)
Restricted for:				
Capital Projects	4,765,047	-	4,765,047	-
Emergencies	557,904	-	557,904	-
Component Unit Restrictions	-	-	-	110,020
Unrestricted	(2,455,474)	(1,375,354)	(3,830,828)	(41,508)
<b>TOTAL NET ASSETS</b>	<b>\$ 6,724,945</b>	<b>\$ 20,756,984</b>	<b>\$ 27,481,929</b>	<b>\$ (469,952)</b>

See Notes to the Basic Financial Statements

This page left blank intentionally.

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2007

Functions/Programs Primary Government	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants & Contributions		Capital Grants & Contributions	Governmental Activities	Business-Type Activities		TOTAL
			Charges for Services	Operating Grants & Contributions					
<b>Governmental Activities:</b>									
General government	\$ 5,120,090	\$ 1,456,127	\$ 438,621	\$ 90,736	\$ (3,134,606)	\$ (3,134,606)	\$ (3,134,606)		
Public safety	3,155,735	150,033	56,460	-	(2,949,242)	(2,949,242)	(2,949,242)		
Health and Welfare	1,934,393	23,000	924,635	-	(986,758)	(986,758)	(986,758)		
Highways and Streets	3,002,036	98,783	1,487,893	46,196	(1,369,164)	(1,369,164)	(1,369,164)		
Economic Development	87,995	-	-	-	(87,995)	(87,995)	(87,995)		
Recreation	113,064	32,889	102,007	14,000	35,832	35,832	35,832		
Interest Expense	67,593	-	-	-	(67,593)	(67,593)	(67,593)		
<b>Total Governmental Activities</b>	<b>13,480,906</b>	<b>1,760,832</b>	<b>3,009,616</b>	<b>150,932</b>	<b>(8,559,526)</b>	<b>(8,559,526)</b>	<b>(8,559,526)</b>		
<b>Business-Type Activities:</b>									
Airport	1,050,753	14,372	-	1,006,806	\$ (29,575)	(29,575)	(29,575)		
Solid Waste	595,434	717,548	-	-	122,114	122,114	122,114		
<b>Total Business-Type Activities</b>	<b>1,646,187</b>	<b>731,920</b>	<b>-</b>	<b>1,006,806</b>	<b>92,539</b>	<b>92,539</b>	<b>92,539</b>		
<b>Total Primary Government</b>	<b>\$ 15,127,093</b>	<b>\$ 2,492,752</b>	<b>\$ 3,009,616</b>	<b>\$ 1,157,738</b>	<b>(8,559,526)</b>	<b>92,539</b>	<b>(8,466,987)</b>		
<b>Component Units:</b>									
Archuleta County Housing	\$ 584,089	\$ 29,824	\$ 532,794	\$ -	\$ -	\$ -	\$ (21,471)		
<b>Total Component Units</b>							<b>\$ (21,471)</b>		
<b>General Revenues:</b>									
Taxes:									
Property Taxes					4,480,082	-	4,480,082		
Sales and Use Taxes					3,412,733	-	3,412,733		
Other Taxes and Shared Revenues					595,871	-	595,871		
Payments in Lieu of Taxes					529,499	-	529,499		
Interest Income					152,017	30	152,047	306	
Miscellaneous					673,939	140,400	814,339	5,100	
Transfers					39,462	(155,436)	(115,974)	-	
<b>Total General Revenues and Transfers</b>					<b>9,883,603</b>	<b>(15,006)</b>	<b>9,868,597</b>	<b>5,406</b>	
<b>Special Items</b>									
Gain on Sale of Fixed Assets					71,276	-	71,276	-	
Change in Net Assets					1,395,353	77,533	1,472,886	(16,065)	
Net Assets - Beginning					5,911,122	24,891,475	30,802,597	(424,485)	
Prior Period Adjustment					(581,530)	(4,212,024)	(4,793,554)	(29,402)	
Net Assets - Beginning, restated					5,329,592	20,679,451	26,009,043	(453,887)	
Net Assets - Ending					\$ 6,724,945	\$ 20,756,984	\$ 27,481,929	\$ (469,952)	

See Notes to the Basic Financial Statements

**ARCHULETA COUNTY, COLORADO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2007**

	<u>GENERAL FUND</u>	<u>ROAD AND BRIDGE FUND</u>	<u>HUMAN SERVICES FUND</u>	<u>BALLOT MEASURE 1A FUND</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,322,110	\$ 71,622	\$ 16,991	\$ -
Receivables				
Property Taxes	3,870,200	822,311	257,017	1,541,032
Accrued Interest	-	-	-	-
Inventories, at Cost	39,844	28,288	-	-
Prepays	15,033	-	-	-
Due From Other Governments	350,723	111,357	87,361	-
Due From Other Funds	1,080,977	3,244	-	-
<b>TOTAL ASSETS</b>	<u>\$ 6,678,887</u>	<u>\$ 1,036,822</u>	<u>\$ 361,369</u>	<u>\$ 1,541,032</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Checks in Excess of Bank Deposits	\$ 1,673,978	\$ -	\$ 411,074	\$ -
Accounts Payable	1,143,707	157,697	163,549	-
Accrued Payroll and Liabilities	87,402	16,409	29,490	-
Due to Other Funds	756,923	812,344	134,097	-
Inmate Deposits	-	-	-	-
Deferred Revenue	3,877,434	822,311	257,017	1,541,032
<b>TOTAL LIABILITIES</b>	<u>7,539,444</u>	<u>1,808,761</u>	<u>995,227</u>	<u>1,541,032</u>
<b>FUND BALANCE</b>				
Fund Balance				
Reserved for Emergencies				
Emergencies	-	-	-	-
Inventory	39,844	28,288	-	-
Unreserved Fund Balance				
Designated for Future Capital Projects	-	-	-	-
Designated for Subsequent Year Expenditure	-	-	-	-
Undesignated	(900,401)	(800,227)	(633,858)	-
<b>TOTAL FUND BALANCE</b>	<u>(860,557)</u>	<u>(771,939)</u>	<u>(633,858)</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 6,678,887</u>	<u>\$ 1,036,822</u>	<u>\$ 361,369</u>	<u>\$ 1,541,032</u>

<b>ROAD CAPITAL IMPROVEMENT FUND</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
\$ 3,286,424	\$ 1,570,226	\$ 6,267,373
-	-	6,490,560
-	120	120
-	-	68,132
-	-	15,033
290,984	-	840,425
117,150	756,923	1,958,294
<u>\$ 3,694,558</u>	<u>\$ 2,327,269</u>	<u>\$ 15,639,937</u>
\$ -	\$ 127,450	\$ 2,212,502
39,275	54,810	1,559,038
-	2,228	135,529
-	84,888	1,788,252
-	726	726
-	-	6,497,794
<u>39,275</u>	<u>270,102</u>	<u>12,193,841</u>
-	557,904	557,904
-	-	68,132
3,655,283	1,109,764	4,765,047
-	90,680	90,680
-	298,819	(2,035,667)
<u>3,655,283</u>	<u>2,057,167</u>	<u>3,446,096</u>
\$ 3,694,558	\$ 2,327,269	\$ 15,639,937

**This page left blank intentionally.**

**ARCHULETA COUNTY, COLORADO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET ASSETS**  
**December 31, 2007**

<b>Total governmental fund balances</b>	\$	3,446,096
 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 funds.		5,119,794
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Notes Payable	\$	(1,254,369)
Compensated Absences		(631,914)
Accrued Interest Payable		(7,957)
		(1,894,240)
Internal service funds are used by management to charge the costs of self-insurance, fleet management, and nutrition for the jail and community groups to the individual funds. The assets and liabilities of these funds are included in governmental activities in the statement of net assets.		53,295
<b>Net assets of governmental activities</b>	<b>\$</b>	<b>6,724,945</b>

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2007**

	GENERAL FUND	ROAD AND BRIDGE FUND	HUMAN SERVICES FUND	ROAD CAPITAL IMPROVEMENT FUND
<b>REVENUES</b>				
Property Taxes	\$ 3,948,900	\$ 918,084	\$ 208,969	\$ -
Sales and Use Tax	1,671,984	-	-	1,662,895
Licenses and Permits	4,274	-	-	-
Intergovernmental	1,115,316	1,547,533	924,635	46,196
Charges for Services	1,435,057	39,143	(587)	-
Interest Earnings	96,183	2,640	17,824	998
Other	230,558	58,139	306,801	36,598
<b>TOTAL REVENUE</b>	<b>8,502,272</b>	<b>2,565,539</b>	<b>1,457,642</b>	<b>1,746,687</b>
<b>EXPENDITURES</b>				
General Government	5,058,815	-	-	-
Public Safety	3,203,447	-	-	-
Health and Welfare	520,533	-	1,471,983	-
Highways and Streets	-	2,441,906	-	274,264
Economic Development	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	413,709	16,143	(1,463)	336,053
Debt Service	3,139	-	2,273	372,968
<b>TOTAL EXPENDITURES</b>	<b>9,199,643</b>	<b>2,458,049</b>	<b>1,472,793</b>	<b>983,285</b>
Excess (Deficiency) of Revenues Over Expenditures	(697,371)	107,490	(15,151)	763,402
<b>OTHER SOURCES (USES) OF FUNDS</b>				
Operating Transfers In	1,076,161	-	99,292	-
Operating Transfers Out	(382,009)	(363,927)	(390,618)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>694,152</b>	<b>(363,927)</b>	<b>(291,326)</b>	<b>-</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(3,219)	(256,437)	(306,477)	763,402
<b>SPECIAL ITEMS</b>				
Sale of Capital Assets	313,981	158,548	-	-
<b>TOTAL SPECIAL ITEMS</b>	<b>313,981</b>	<b>158,548</b>	<b>-</b>	<b>-</b>
Excess (deficit) of Revenues Over Expenditures and Other Financing Sources (Uses) and Special Items	310,762	(97,889)	(306,477)	763,402
<b>Fund Balance at Beginning of Year, as Previously Stated</b>	<b>(457,983)</b>	<b>77,428</b>	<b>(363,445)</b>	<b>2,891,881</b>
<b>Prior Period Adjustment</b>	<b>(713,336)</b>	<b>(751,478)</b>	<b>36,064</b>	<b>-</b>
<b>Fund Balance at Beginning of Year, Restated</b>	<b>(1,171,319)</b>	<b>(674,050)</b>	<b>(327,381)</b>	<b>2,891,881</b>
<b>Fund Balance at End of Year</b>	<b>\$ (860,557)</b>	<b>\$ (771,939)</b>	<b>\$ (633,858)</b>	<b>\$ 3,655,283</b>

See Notes to the Basic Financial Statements

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 5,075,953
77,854	3,412,733
-	4,274
116,007	3,749,687
223,305	1,696,918
34,372	152,017
41,843	673,939
<u>493,381</u>	<u>14,765,521</u>
117,262	5,176,077
-	3,203,447
-	1,992,516
-	2,716,170
80,198	80,198
211,295	211,295
24,355	788,797
-	378,380
<u>433,110</u>	<u>14,546,880</u>
<u>60,271</u>	<u>218,641</u>
73,253	1,248,706
(72,690)	(1,209,244)
<u>563</u>	<u>39,462</u>
<u>60,834</u>	<u>258,103</u>
-	472,529
-	472,529
<u>60,834</u>	<u>730,632</u>
1,736,286	3,884,167
<u>260,047</u>	<u>(1,168,703)</u>
<u>1,996,333</u>	<u>2,715,464</u>
<u>\$ 2,057,167</u>	<u>\$ 3,446,096</u>

**ARCHULETA COUNTY, COLORADO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2007**

Net change in fund balances - total governmental funds \$ 730,632

Amounts reported for governmental activities in the statements 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 asset purchases	\$	968,941	
Fixed assets deleted net of accumulated depreciation		(401,253)	
Depreciation expense		<u>(828,784)</u>	(261,096)

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:

Capital lease payments			310,787
------------------------	--	--	---------

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		11,008	
Accrued Interest Payable		<u>(7,957)</u>	3,051

Internal Service Funds are used by management to charge the costs of self-insurance, fleet management, and nutrition for the jail and community groups to the individual funds. The net revenue or loss of these services is reported with governmental activities.

			<u>611,979</u>
--	--	--	----------------

Change in net assets of governmental funds			<u>\$ 1,395,353</u>
--	--	--	---------------------

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2007**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Property Taxes				
General Property Taxes	\$ 3,569,190	\$ 3,569,190	\$ 3,484,078	\$ (85,112)
Specific Ownership Tax	400,000	400,000	442,478	42,478
Penalty and Interest on Tax	52,000	52,000	22,344	(29,656)
Sales and Use Tax	1,903,497	1,903,497	1,671,984	(231,513)
<b>Total Taxes</b>	<b>5,924,687</b>	<b>5,924,687</b>	<b>5,620,884</b>	<b>(303,803)</b>
Licenses and Permits	5,000	5,000	4,274	(726)
Intergovernmental Revenue				
Federal Sources	709,721	709,721	700,143	(9,578)
State Sources	608,884	608,884	391,756	(217,128)
Local IGA Sources	-	-	23,417	23,417
<b>Total Intergovernmental Revenue</b>	<b>1,318,605</b>	<b>1,318,605</b>	<b>1,115,316</b>	<b>(203,289)</b>
Charges for Services	2,636,283	2,636,283	1,435,057	(1,201,226)
Interest and Miscellaneous				
Interest Earnings	68,630	68,630	96,183	27,553
Miscellaneous	308,595	308,595	230,558	(78,037)
<b>Total Interest and Miscellaneous</b>	<b>377,225</b>	<b>377,225</b>	<b>326,741</b>	<b>(50,484)</b>
<b>TOTAL REVENUES</b>	<b>10,261,800</b>	<b>10,261,800</b>	<b>8,502,272</b>	<b>(1,759,528)</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government - General</b>				
Board of County Commissioners	207,991	207,991	194,659	13,332
Administration	546,938	600,780	484,172	116,608
Human Resources	96,896	96,896	106,408	(9,512)
Global Information Systems	326,174	315,369	274,348	41,021
Finance Office	342,746	320,665	442,303	(121,638)
Grant Expenditures	-	-	3,726	(3,726)
Public Trustee	14,409	14,409	28,562	(14,153)
Planning	361,502	300,399	360,834	(60,435)
County Clerk and Recorder	498,904	481,062	419,302	61,760
County Clerk - Elections	121,303	121,303	66,813	54,490
County Treasurer	320,419	300,815	282,124	18,691
County Assessor	887,691	711,172	697,634	13,538
County Attorney	192,261	192,261	203,034	(10,773)
Buildings and Maintenance	278,542	278,542	211,778	66,764
<b>Total General Government - General</b>	<b>4,195,776</b>	<b>3,941,664</b>	<b>3,775,697</b>	<b>165,967</b>

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2007**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
General Government - Judicial				
District Attorney	337,139	337,139	323,373	13,766
Total General Government - Judicial	337,139	337,139	323,373	13,766
General Government - Auxiliary				
Veterans' Office	55,015	55,015	64,863	(9,848)
Extension Services	156,283	156,283	134,598	21,685
Total General Government - Auxiliary	211,298	211,298	199,461	11,837
General Government - Other				
Contributions, Dues, and Subscriptions	290,023	290,023	286,002	4,021
SMM	-	-	892	(892)
County Surveyor	8,334	8,334	17,206	(8,872)
Seniors - Pagosa	257,234	257,234	202,866	54,368
Transportation	319,316	260,701	253,318	7,383
General Government - Other	874,907	816,292	760,284	56,008
Total General Government	5,619,120	5,306,393	5,058,815	247,578
Public Safety				
County Sheriff	1,336,217	1,261,108	1,198,262	62,846
County Jail	1,306,726	1,262,365	1,185,404	76,961
Dispatch	408,600	375,289	416,267	(40,978)
Animal Control	156,085	156,085	159,397	(3,312)
County Coroner	66,157	66,157	75,990	(9,833)
Search and Rescue	-	-	54,537	(54,537)
Fire Control	-	-	113,590	(113,590)
Total Public Safety	3,273,785	3,121,004	3,203,447	(82,443)
Health and Welfare				
Emergency Management	304,524	304,524	177,200	127,324
Building Inspections	298,803	298,803	223,781	75,022
Weed and Pest Control	129,802	129,802	119,552	10,250
Total Health and Welfare	733,129	733,129	520,533	212,596
Total Capital Outlay	635,717	635,717	413,709	222,008
Total Debt Service	-	-	3,139	(3,139)
<b>TOTAL EXPENDITURES</b>	<b>10,261,751</b>	<b>9,796,243</b>	<b>9,199,643</b>	<b>596,600</b>

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Excess (Deficiency) of Revenues Over Expenditures	49	465,557	(697,371)	(1,162,928)
<b>OTHER SOURCES (USES) OF FUNDS</b>				
Operating Transfers In	-	-	1,076,161	1,076,161
Operating Transfers Out	-	-	(382,009)	(382,009)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	694,152	694,152
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	49	465,557	(3,219)	(468,776)
<b>SPECIAL ITEMS</b>				
Sale of Capital Assets	-	-	313,981	(313,981)
<b>TOTAL SPECIAL ITEMS</b>	-	-	313,981	(313,981)
Excess (deficit) of Revenues Over Expenditures and Other Financing Sources (Uses) and Special Items	49	465,557	310,762	(154,795)
<b>Fund Balance at Beginning of Year, As Previously Stated</b>	409,976	409,976	(457,983)	(867,959)
<b>Prior Period Adjustment</b>	-	-	(713,336)	(713,336)
<b>Fund Balance at Beginning of Year, Restated</b>	409,976	409,976	(1,171,319)	(1,581,295)
<b>Fund Balance at End of Year</b>	<u>\$ 410,025</u>	<u>\$ 875,533</u>	<u>\$ (860,557)</u>	<u>\$ (1,736,090)</u>

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**ROAD AND BRIDGE FUND**  
**For the Year Ended December 31, 2007**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Property Taxes				
General Property Taxes	\$ 833,925	\$ 833,925	\$ 810,871	\$ (23,054)
Specific Ownership Tax	91,980	91,980	103,043	11,063
Penalty and Interest Tax	2,650	2,650	4,170	1,520
Total Property Taxes	<u>928,555</u>	<u>928,555</u>	<u>918,084</u>	<u>(10,471)</u>
Intergovernmental - Federal				
Forest Reserve and PILT	<u>125,000</u>	<u>125,000</u>	<u>105,484</u>	<u>(19,516)</u>
Intergovernmental - State and Local				
Highway Users	1,420,000	1,420,000	1,382,409	(37,591)
Automobile Registration	<u>57,200</u>	<u>57,200</u>	<u>59,640</u>	<u>2,440</u>
Total Intergovernmental - State and Local	<u>1,477,200</u>	<u>1,477,200</u>	<u>1,442,049</u>	<u>(35,151)</u>
Charges for Services	<u>29,000</u>	<u>29,000</u>	<u>39,143</u>	<u>10,143</u>
Other				
Interest	-	-	2,640	2,640
Refunds and Reimbursements	<u>1,500</u>	<u>1,500</u>	<u>58,139</u>	<u>56,639</u>
Total Other	<u>1,500</u>	<u>1,500</u>	<u>60,779</u>	<u>59,279</u>
<b>TOTAL REVENUES</b>	<u>2,561,255</u>	<u>2,561,255</u>	<u>2,565,539</u>	<u>4,284</u>
<b>EXPENDITURES</b>				
Current				
Highways and Streets				
Administration	448,244	403,313	385,103	18,210
Engineering	265,606	215,180	219,039	(3,859)
Maintenance of Condition	2,466,076	2,344,626	1,837,764	506,862
Flood	-	-	-	-
Capital Outlay	<u>1,700</u>	<u>1,700</u>	<u>16,143</u>	<u>(14,443)</u>
<b>TOTAL EXPENDITURES</b>	<u>3,181,626</u>	<u>2,964,819</u>	<u>2,458,049</u>	<u>506,770</u>
Excess (Deficiency) of Revenues Over Expenditures	(620,371)	(403,564)	107,490	511,054
Other Financing Sources (Uses)				
Transfers Out	-	-	<u>(363,927)</u>	<u>363,927</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(363,927)</u>	<u>363,927</u>
Excess (deficit) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(620,371)</u>	<u>(403,564)</u>	<u>(256,437)</u>	<u>147,127</u>
<b>SPECIAL ITEMS</b>				
Sale of Capital Assets	-	-	<u>158,548</u>	<u>(158,548)</u>
<b>TOTAL SPECIAL ITEMS</b>	<u>-</u>	<u>-</u>	<u>158,548</u>	<u>(158,548)</u>

See Notes to the Basic Financial Statements

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**ROAD AND BRIDGE FUND**  
**For the Year Ended December 31, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Excess (deficit) of Revenues Over Expenditures and Other Financing Sources (Uses) and Special Items	<u>(620,371)</u>	<u>(403,564)</u>	<u>(97,889)</u>	<u>305,675</u>
<b>Fund Balance at Beginning of Year, As Previously Stated</b>	904,162	904,162	77,428	(826,734)
<b>Prior Period Adjustment</b>	<u>-</u>	<u>-</u>	<u>(751,478)</u>	<u>(751,478)</u>
<b>Fund Balance at Beginning of Year, Restated</b>	<u>904,162</u>	<u>904,162</u>	<u>(674,050)</u>	<u>(1,578,212)</u>
<b>Fund Balance at End of Year</b>	<u>\$ 283,791</u>	<u>\$ 500,598</u>	<u>\$ (771,939)</u>	<u>\$ (1,272,537)</u>

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**HUMAN SERVICES FUND**  
**For the Year Ended December 31, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Taxes				
General Property Tax	\$ 186,000	\$ 186,000	\$ 186,078	\$ 78
Specific Ownership	12,000	12,000	22,891	10,891
Total Taxes	<u>198,000</u>	<u>198,000</u>	<u>208,969</u>	<u>10,969</u>
Intergovernmental				
State Programs	1,368,431	1,368,431	924,635	(443,796)
Charges for Services	-	-	(587)	(587)
Interest	20,000	20,000	17,824	(2,176)
Miscellaneous Revenues	-	-	306,801	306,801
<b>Total Revenues</b>	<u>1,586,431</u>	<u>1,586,431</u>	<u>1,457,642</u>	<u>(128,789)</u>
<b>EXPENDITURES</b>				
Social Services	1,575,120	1,575,120	1,471,983	103,137
Capital Outlay	2,000	2,000	(1,463)	3,463
Debt Service	-	-	2,273	(2,273)
<b>Total Expenditures</b>	<u>1,577,120</u>	<u>1,577,120</u>	<u>1,472,793</u>	<u>104,327</u>
Excess (deficit) of Revenues Over Expenditures	9,311	9,311	(15,151)	(24,462)
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	99,292	99,292
Transfers Out	-	-	(390,618)	(390,618)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(291,326)</u>	<u>(291,326)</u>
Excess (deficit) of Revenues Over Expenditures and Other Financing Sources (Uses)	9,311	9,311	(306,477)	(315,788)
<b>Fund Balance at Beginning of Year, As Previously Stated</b>	285,821	285,821	(363,445)	(649,266)
Prior Period Adjustment	-	-	36,064	36,064
<b>Fund Balance at Beginning of Year, Restated</b>	<u>285,821</u>	<u>285,821</u>	<u>(327,381)</u>	<u>(613,202)</u>
<b>Fund Balance at End of Year</b>	<u>\$ 295,132</u>	<u>\$ 295,132</u>	<u>\$ (633,858)</u>	<u>\$ (928,990)</u>

See Notes to the Basic Financial Statements

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**December 31, 2007**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental - Activities</u>
	<u>AIRPORT FUND</u>	<u>SOLID WASTE FUND</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUNDS</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 200	\$ 361,576	\$ 361,776	\$ 295,187
Accounts Receivable	-	122,695	122,695	-
Inventory	3,346	7,558	10,904	-
Due from Other Funds	16,714	-	16,714	-
Prepaid Expenses	3,698	-	3,698	-
<b>Total Current Assets</b>	<u>23,958</u>	<u>491,829</u>	<u>515,787</u>	<u>295,187</u>
<b>Noncurrent Assets</b>				
Land	3,064,843	309,166	3,374,009	-
Construction in Progress	981,815	139,295	1,121,110	-
Runway Improvements, net	17,144,602	-	17,144,602	-
Buildings, net	2,316,212	-	2,316,212	-
Machinery and Equipment, net	178,540	397,564	576,104	-
<b>Total Noncurrent Assets</b>	<u>23,686,012</u>	<u>846,025</u>	<u>24,532,037</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>23,709,970</u>	<u>1,337,854</u>	<u>25,047,824</u>	<u>295,187</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Checks in Excess of Bank Deposits	1,615,978	-	1,615,978	-
Accounts Payable	102,551	28,527	131,078	39,229
Retainage Payable	74,483	-	74,483	-
Incurred but Unreported Medical Claims	-	-	-	89,487
Due to Other Funds	28,911	157,845	186,756	-
Accrued Interest Payable	36,615	-	36,615	-
Accrued Payroll and Liabilities	2,080	2,739	4,819	-
Accrued Vacation and Sick Leave	7,036	22,035	29,071	-
Notes Payable	225,219	-	225,219	-
<b>Total Current Liabilities</b>	<u>2,092,873</u>	<u>211,146</u>	<u>2,304,019</u>	<u>128,716</u>
<b>Noncurrent Liabilities</b>				
Notes Payable	1,849,997	-	1,849,997	-
Closure and Post-Closure Costs	-	250,000	250,000	-
<b>Total Current Liabilities</b>	<u>1,849,997</u>	<u>250,000</u>	<u>2,099,997</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>3,942,870</u>	<u>461,146</u>	<u>4,404,016</u>	<u>128,716</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	21,536,313	596,025	22,132,338	-
Unrestricted	(1,769,213)	280,683	(1,488,530)	166,471
<b>TOTAL NET ASSETS</b>	<u>\$ 19,767,100</u>	<u>\$ 876,708</u>	<u>20,643,808</u>	<u>\$ 166,471</u>
<b>Adjustments:</b>				
Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>113,176</u>	
<b>Net Assets of Business-Type Activities</b>			<u>\$ 20,756,984</u>	

See Notes to the Basic Financial Statements

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2007**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental - Activities</u>
	<u>AIRPORT FUND</u>	<u>SOLID WASTE FUND</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUNDS</u>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 14,372	\$ 717,548	\$ 731,920	\$ 3,042,524
Other	139,167	1,233	140,400	502,479
<b>Total Operating Revenues</b>	<u>153,539</u>	<u>718,781</u>	<u>872,320</u>	<u>3,545,003</u>
<b>OPERATING EXPENSES</b>				
Current				
Salaries and Benefits	135,306	327,516	462,822	571,502
Materials and Supplies	33,321	108,321	141,642	627,566
Purchased Services	83,093	49,809	132,902	1,803,723
Other	754	28,622	29,376	200
Depreciation	748,173	94,327	842,500	-
<b>Total Operating Expenses</b>	<u>1,000,647</u>	<u>608,595</u>	<u>1,609,242</u>	<u>3,002,991</u>
Operating Income (Loss)	<u>(847,108)</u>	<u>110,186</u>	<u>(736,922)</u>	<u>542,012</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Revenues	-	30	30	56
Interest Expense	(83,008)	-	(83,008)	-
Transfers In	-	-	-	235,478
Transfers Out	(1,138)	(154,298)	(155,436)	(119,504)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(84,146)</u>	<u>(154,268)</u>	<u>(238,414)</u>	<u>116,030</u>
Income (Loss) Before Transfers and Capital Grants	(931,254)	(44,082)	(975,336)	658,042
Capital Grants	1,006,806	-	1,006,806	-
Changes in Net Assets	75,552	(44,082)	31,470	658,042
Net Assets at beginning of year As previously stated	24,040,638	947,522	24,988,160	(1,903,802)
Prior Period Adjustment	(4,349,090)	(26,732)	(4,375,822)	1,412,231
Net Assets at beginning of year Restated	<u>19,691,548</u>	<u>920,790</u>	<u>20,612,338</u>	<u>(491,571)</u>
Net Assets at end of year	<u>\$ 19,767,100</u>	<u>\$ 876,708</u>	20,643,808	<u>\$ 166,471</u>
<b>Adjustments:</b>				
Reflects the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>113,176</u>	
<b>Change in Net Assets of Business-Type Activities</b>			<u>\$ 20,756,984</u>	

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended December 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental - Activities</u>
	<u>AIRPORT FUND</u>	<u>SOLID WASTE FUND</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUNDS</u>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 153,539	\$ 704,013	\$ 857,552	\$ 3,094,958
Cash reinsurance recoveries	-	-	-	602,719
Cash paid to employees	(132,473)	(328,151)	(460,624)	(641,335)
Cash paid to suppliers	(178,596)	(151,161)	(329,757)	(2,735,195)
Net cash provided (used) by operating activities	(157,530)	224,701	67,171	321,147
<b>Cash flows from noncapital financing activities:</b>				
Interfund Transfers	86,112	(154,298)	(68,186)	1,336,824
Change in Bank Overdrafts	(8,452)	-	(8,452)	(1,362,840)
Net cash provided (used) by noncapital financing activities	77,660	(154,298)	(76,638)	(26,016)
<b>Cash flows from capital and related financing activities:</b>				
Capital grants	1,134,274	659	1,134,933	-
Capital acquisitions	(971,396)	(168,685)	(1,140,081)	-
Payments of interest	(83,008)	-	(83,008)	-
Payment of note principal	-	-	-	-
Net cash provided (used) by capital and related financing activities	79,870	(168,026)	(88,156)	-
<b>Cash flows from investing activities:</b>				
Interest Received	-	30	30	56
Net cash provided (used) by investing activities	-	30	30	56
<b>Increase (Decrease) in Cash and Investments</b>	<b>-</b>	<b>(97,593)</b>	<b>(97,593)</b>	<b>295,187</b>
<b>Cash and cash equivalents, Beginning of the Year</b>	<b>200</b>	<b>459,169</b>	<b>459,369</b>	<b>-</b>
<b>Cash and cash equivalents, End of the Year</b>	<b>\$ 200</b>	<b>\$ 361,576</b>	<b>\$ 361,776</b>	<b>\$ 295,187</b>
<b>Operating income (loss)</b>	<b>\$ (847,108)</b>	<b>\$ 110,186</b>	<b>\$ (736,922)</b>	<b>\$ 542,012</b>
<b>Adjustments to reconcile net income to net cash provided (used) by operating activities</b>				
Depreciation	748,173	94,327	842,500	-
(Increase) decrease in accounts receivable	-	(14,768)	(14,768)	20,848
(Increase) decrease in inventory	(897)	-	(897)	35,912
(Increase) decrease in prepaid expense	(3,698)	-	(3,698)	-
Increase (decrease) in accounts payable	(56,833)	1,279	(55,554)	(133,379)
Increase (decrease) in accrued employee expenses	2,833	(635)	2,198	(69,833)
Increase (decrease) in incurred but not reported claim	-	-	-	(225,716)
Increase (decrease) in accrued post closure liability	-	(67,653)	(67,653)	-
Prior period adjustments recorded	-	101,965	101,965	151,303
Total adjustments	689,578	114,515	804,093	(220,865)
<b>Net cash provided (used) by operating activities</b>	<b>\$ (157,530)</b>	<b>\$ 224,701</b>	<b>\$ 67,171</b>	<b>\$ 321,147</b>

See Notes to the Basic Financial Statements

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**For the Year Ended December 31, 2007**

	<b>TREASURER'S AGENCY FUND</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$        433,195</u>
<b>TOTAL ASSETS</b>	<u><u>\$        433,195</u></u>
<b>LIABILITIES</b>	
Funds Held For Others	<u>\$        433,195</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$        433,195</u></u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

**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 five other elected officials - assessor, clerk and recorder, coroner, sheriff, 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.

***Blended Component Units***

The accounts of the Luxury Place and Hackamore Place Local Improvement Districts are blended in the County's financial statements. The Local Improvement Districts are not a legally separate entities and the County holds the corporate powers. The activities of the Local Improvement Districts are reported in the County's financial report as the special revenue fund "Local Improvement Districts".

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

***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 Archuleta County Housing Authority is presented as a proprietary fund type in the County's financial statements. The Housing Authority issues separate financial statements with a fiscal year end of July 31<sup>st</sup> and may be obtained by contacting the Housing Authority. NOTE 18 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 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 and
- 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

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

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, 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.
- The **Ballot Measure 1A Fund** is used to account for activities associated with supplemental road maintenance, parks and recreation, County facilities, technology and supplemental training that are funded through Ballot Measure 1A.
- The **Road Capital Improvement Fund** is used to account for continuing capital improvements to the County's road system and the acquisition of machinery and equipment to perform those capital improvements.

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

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

The County reports the following fund type:

- ***Internal Service Funds.*** These funds account for maintenance on County equipment, self-insured health insurance plan and food and commodities costs for the jail and community based programs.

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 and employee contributions. Operating expenses for the internal service fund include insurance premiums. 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. Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General fund and interfund payables of the deficit fund.

### ***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 2007 property tax levy due January 1, 2008 has been recorded in the financial statements as a receivable and a corresponding deferred revenue in the financial statements.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

***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, except for computer equipment which uses an individual cost of more than \$500. 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:

<u>Assets</u>	<u>Years</u>
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.

***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 one hundred twenty (120), or one hundred sixty (160) hours of earned vacation, have the option of either receiving

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

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 eighty (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 four hundred eighty (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 forty eight (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 six months 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***

In the fund financial statements, reserved fund balances indicate that a portion of fund equity is not available for appropriation or is legally restricted by outside parties of use for a specific purpose. Fund reservations include debt service, inventories, and TABOR (discussed later). Designated fund balances indicate tentative plans for future use. Undesignated fund balances indicate that a portion of fund equity is available for budgeting in future periods.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

***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 Capital Improvement 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.

**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 Director 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 Finance Director is required to present a monthly report to the Board of County Commissioners noting any variance from the approved budget.
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 Commissioners reserve the authority to transfer budgeted amounts between departments within any fund. Any revisions that alter the total expenditures of any funds are approved by the Commissioners by resolution.
9. The Board of County Commissioners may authorize supplemental appropriations during the year. The Board of County Commissioners did adopt supplemental appropriations during 2007.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

***Stewardship***

The following funds had a deficit fund balance or net assets balance as of December 31, 2007. This is a violation of Colorado State Statutes.

	<u>Deficit</u>
General Fund	\$ 860,557
Road and Bridge Fund	771,939
Human Services Fund	633,858
Fair Board Fund	35,076

Expenditures in the following funds exceeded appropriations during 2007. This is a violation of Colorado State Statutes.

	<u>Excess</u>
Human Services Fund	\$ 286,291
Conservation Trust Fund	51,275
Jail Commissary Fund	1,358
Transportation Fund	70,503
Piedra Road Fund	1,302
Local Improvement Districts	3,890
Nutrition Fund	36,102
Self Insurance Fund	633,409

**NOTE 3 CASH, DEPOSITS AND INVESTMENTS**

**CASH AND DEPOSITS**

At December 31, 2007 the financial statements reflected cash and cash equivalents as follows:

Governmental Type Activities:	
Cash and Cash Equivalents	\$ 6,562,560
Checks in excess of bank deposits	(2,212,502)
Business Type Activities:	
Cash and Cash Equivalents	361,776
Checks in excess of bank deposits	(1,615,978)
Fiduciary Fund	
Cash and Cash Equivalents	433,195
	<u>\$ 3,529,051</u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

The carrying amounts of deposits and investments are as follows:

Cash on hand	\$	4,049
Cash deposits		1183618
Certificates of deposit		21682
Investments held in COLOTRUST		2319702
		\$ 3,529,051

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, 2007, \$1,105,825 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.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

***Credit Risk***

The County does not have a formal investment policy. The County has investments in local government investment pools. As of December 31, 2007, the local government investment pool (COLOTRUST) in which the County had invested, was rated AAA by Standard & Poor's.

***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, 2007, the County had an estimated property tax receivable divided among the funds as follows:

General Fund	\$ 3,870,200
Road and Bridge Fund	822,311
Human Services Fund	257,017
Ballot Measure 1A Fund	<u>1,541,032</u>
	<u>\$ 6,490,560</u>

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

The County reports interfund balances between many of 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.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

Interfund receivable and payable balances at December 31, 2007 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Road & Bridge Fund	\$ 812,344
	Human Services Fund	31,947
	Nonmajor Governmental Funds	68,174
	Solid Waste Fund	154,601
	Airport Fund	13,911
		<u>1,080,977</u>
Road & Bridge Fund	Solid Waste Fund	3,244
Road Capital Improvement Fund	Human Services Fund	102,150
	Airport Fund	15,000
		<u>117,150</u>
Nonmajor Governmental Funds	General Fund	756,923
Airport Fund	Nonmajor Governmental Funds	16,714
	Total	<u>\$ 1,975,008</u>

Interfund transfers during 2007 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Road & Bridge Fund	\$ 350,000
	Human Services Fund	390,618
	Nonmajor Governmental Funds	72,066
	Solid Waste Fund	150,000
	Nutrition Fund	15,357
	Fleet Fund	98,120
		<u>1,076,161</u>
Human Services	General Fund	73,278
	Road & Bridge Fund	13,927
	Nonmajor Governmental Funds	624
	Solid Waste Fund	4,298
	Airport Fund	1,138
	Fleet Fund	3,496
	Nutrition Fund	2,531
		<u>99,292</u>
Nonmajor Governmental Funds	General Fund	73,253
Nutrition Fund	General Fund	85,478
Self Insurance Fund	General Fund	150,000
	Total	<u>\$ 1,484,184</u>

The transfers made during 2007 were primarily to provide operating funds to the General Fund, and to close out the Fleet and Nutrition Internal Service Funds, and the Senior and Transportation Special Revenue Funds.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

**NOTE 6 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance 12/31/2006	Adjustment	Additions	Deletions	Balance 12/31/2007
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land	\$ 1,004,622	\$ -	\$ -	\$ 370,782	\$ 633,840
Construction in Progress	141,893	-	528,163	-	670,056
Total capital assets not being depreciated	<u>1,146,515</u>	<u>-</u>	<u>528,163</u>	<u>370,782</u>	<u>\$ 1,303,896</u>
Capital assets being depreciated					
Buildings and Improvements	2,345,441	-	72,479	-	2,417,920
Machinery and Equipment	6,379,159	23,269	95,099	689,329	5,808,198
Vehicles	348,179	(49,500)	144,974	-	443,653
Computer Equipment	668,403	(7,952)	82,423	-	742,874
Infrastructure	-	-	45,803	-	45,803
Total capital assets being depreciated	<u>9,741,182</u>	<u>(34,183)</u>	<u>440,778</u>	<u>689,329</u>	<u>9,458,448</u>
Less accumulated depreciation for:					
Buildings and Improvements	776,771	200,741	60,448	-	1,037,960
Machinery and Equipment	3,790,024	370,616	540,000	658,858	4,041,782
Vehicles	106,018	(12,191)	88,731	-	182,558
Computer Equipment	230,278	10,368	137,314	-	377,960
Infrastructure	-	-	2,290	-	2,290
	<u>4,903,091</u>	<u>569,534</u>	<u>828,783</u>	<u>658,858</u>	<u>5,642,550</u>
Total capital assets being depreciated, net	<u>4,838,091</u>	<u>(603,717)</u>	<u>(388,005)</u>	<u>30,471</u>	<u>3,815,898</u>
Governmental activities capital assets, net	<u>\$ 5,984,606</u>	<u>\$ (603,717)</u>	<u>\$ 140,158</u>	<u>\$ 401,253</u>	<u>\$ 5,119,794</u>
	Balance 12/31/2006	Adjustment	Additions	Deletions	Balance 12/31/2007
<b>Business-Type Activities</b>					
Capital assets not being depreciated					
Land	\$ 3,365,572	\$ -	\$ 8,437	\$ -	\$ 3,374,009
Construction in Progress	17,434,005	(5,114,386)	1,056,049	12,254,558	1,121,110
Total capital assets not being depreciated	<u>20,799,577</u>	<u>(5,114,386)</u>	<u>1,064,486</u>	<u>12,254,558</u>	<u>4,495,119</u>
Capital assets being depreciated					
Runway	8,515,294	-	10,850,050	-	19,365,344
Buildings and Improvements	1,108,465	-	1,412,076	-	2,520,541
Machinery and Equipment	1,099,330	-	29,390	26,677	1,102,043
Computer Equipment	1,260	-	-	-	1,260
Total capital assets being depreciated	<u>10,724,349</u>	<u>-</u>	<u>12,291,516</u>	<u>26,677</u>	<u>22,989,188</u>
Less accumulated depreciation for:					
Runway	2,253,934	(674,363)	641,171	-	2,220,742
Buildings and Improvements	223,102	(81,787)	63,014	-	204,329
Machinery and Equipment	348,970	53,604	138,315	14,950	525,939
Computer Equipment	1,270	(10)	-	-	1,260
	<u>2,827,276</u>	<u>(702,556)</u>	<u>842,500</u>	<u>14,950</u>	<u>2,952,270</u>
Total capital assets being depreciated, net	<u>7,897,073</u>	<u>702,556</u>	<u>11,449,016</u>	<u>11,727</u>	<u>20,036,918</u>
Business-Type activities capital assets, net	<u>\$ 28,696,650</u>	<u>\$ (4,411,830)</u>	<u>\$ 12,513,502</u>	<u>\$ 12,266,285</u>	<u>\$ 24,532,037</u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

In 2007, the finance department reconciled the capital assets schedule. A physical inventory was taken and compared to fixed asset records. The physical inventory identified assets on the schedule that needed to be added or deleted. The net adjustments to the capital assets were (\$603,717) and \$(4,411,830) for the governmental and business-type activities, respectively. These amounts are shown above.

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

**Governmental Activities**

General Government	\$ 286,948
Public Safety	86,065
Health and Welfare	13,220
Highways and Streets	430,410
Economic Development	7,797
Recreation	4,344
	<hr/>

Total depreciation expense - governmental activities	<u><u>\$ 828,784</u></u>
--	--------------------------

**Business-type Activities**

Airport	\$ 748,173
Solid Waste	94,327
	<hr/>

Total depreciation expense - business-type activities	<u><u>\$ 842,500</u></u>
---	--------------------------

**NOTE 7 SHORT TERM DEBT**

On April 18, 2007, the County obtained a \$500,000 promissory note, which was repaid May 29, 2007. The Note yielded an adjustable interest rate that ranged from 5.53% to 8.25%. This was to provide needed cash to cover the projected cash-flow deficits of the County's General Fund during 2007.

Balance April 18, 2007	\$ -
Additions	438,005
Reductions	438,005
Balance December 31, 2007	<u><u>\$ -</u></u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

**NOTE 8 LONG-TERM LIABILITIES**

*Changes in Long-term Liabilities*

	Ending Balance 12/31/2006	Additions	Deletions	Ending Balance 12/31/2007	Due Within One Year
Governmental activities:					
Capital Leases Payable	\$ 1,565,156	\$ -	\$ 310,787	\$ 1,254,369	\$ 323,027
Compensated Absences	642,922	-	11,008	631,914	125,021
Governmental activities long-term liabilities	<u>\$ 2,208,078</u>	<u>\$ -</u>	<u>\$ 321,795</u>	<u>\$ 1,886,283</u>	<u>\$ 448,048</u>
Business-type activities:					
Note Payable	\$ 2,075,216	\$ -	\$ -	\$ 2,075,216	\$ 225,219
Compensated Absences	24,914	4,157	-	29,071	7,443
Business-type activities long-term liabilities	<u>\$ 2,100,130</u>	<u>\$ 4,157</u>	<u>\$ -</u>	<u>\$ 2,104,287</u>	<u>\$ 232,662</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 capital lease payable to Wells Fargo Brokerage Services, LLC, payable in annual installments of \$116,123, beginning July 28, 2005, at 3.50% interest, for the purchase of road and bridge equipment. Payments will be made from the Road Capital Improvement Fund. Final payment is due in 2010. These assets are recorded in the fixed assets of the government-wide financial statements at \$522,539, less accumulated depreciation of \$223,945, at December 31, 2007.

The County entered into a capital lease payable to Wells Fargo Brokerage Services, LLC, payable in annual installments of \$256,845, beginning December 8, 2006, at 4.15% interest, for the purchase of road and bridge equipment. Payments will be made from the Road Capital Improvement Fund. Final payment is due in 2011. These assets are recorded in the fixed assets of the government-wide financial statements at \$985,104, less accumulated depreciation of \$287,412, at December 31, 2007.

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

YEAR	PRINCIPAL	INTEREST	TOTALS
2008	323,027	49,941	372,968
2009	335,751	37,217	372,968
2010	348,980	23,988	372,968
2011	246,611	10,234	256,845
	<u>\$ 1,254,369</u>	<u>\$ 121,380</u>	<u>\$ 1,375,749</u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

**BUSINESS-TYPE ACTIVITIES:**

*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 recorded in the Airport Fund and the balance at December 31, 2007 was \$2,075,216.

The County did not make the scheduled principal payment in 2007 due to the financial situation at that time. The note was re-amortized in July 2008 to incorporate the 2007 principal payment over the remaining life of the loan.

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

YEAR	PRINCIPAL	INTEREST	TOTALS
2008	\$ 225,219	\$ 83,009	\$ 308,228
2009	278,909	74,000	352,909
2010	290,065	62,844	352,909
2011	301,668	51,241	352,909
2012	313,735	39,174	352,909
2013-2014	665,620	40,198	705,818
	\$ 2,075,216	\$ 350,466	\$ 2,425,682

**NOTE 9 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 \$291,686. Future minimum lease payments for these leases are as follows:

2008	\$ 185,934
2009	27,240
2010	6,707
2011	840
	220,721

The future minimum lease payments \$ 220,721

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

**NOTE 10 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 2007 was \$6,428,162. Both the County and the covered employees made the required contributions, amounting to \$257,123 from the County and \$257,123 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 11 TAX, SPENDING, AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, 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 Emergency Reserve Special Revenue Fund contains the reservation of fund balance.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

The amendment also requires voter approval for any long-term financing entered into by the County.

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 12 RISK MANAGEMENT**

***Self- Insurance Fund***

In 1991, the County began a self-insurance program for medical and dental claims. The purpose of the program is to pay medical and dental claims of the County employees and minimize annual medical insurance costs to the County. Medical claims exceeding \$40,000 per covered individual or any amount over \$1,000,000 in employer claim liability is covered by a private insurance carrier. The self-insurance fund is funded through payroll withholdings from employees and County funds.

The County does not report excess insurance risk liabilities unless it is probable that these risks will not be exceeding insurance. There were no material changes in insurance coverage or settlements exceeding insurance coverage for the last three fiscal years.

The claim liability of \$89,487 reported in the Self Insurance Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The County funded an additional \$671,600 during 2007.

Changes in the Fund's claim liability amount in fiscal year 2007 are as follows:

	2007
Liability at January 1	\$ 315,203
Current year claims and changes in estimates	1,344,445
Claims paid	(1,570,161)
Balance at December 31	\$ 89,487

***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.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

At December 31, 2007, CAPP had assets of \$27,772,413, liabilities of \$8,088,290 (including \$5,226,928 reserved for losses and claims), and members' equity of \$19,684,123. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2007 amounted to \$7,250,207 and total expenses were \$5,837,908, resulting in an excess of revenues over expenditures of \$1,412,299.

***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, 2007, CWCP had assets of \$23,356,593, liabilities of \$16,631,763 (including \$15,970,130 reserved for losses and claims) and members' equity of \$6,724,830. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2007 amounted to \$9,704,038, total expenses were \$10,471,243, resulting in an excess of revenues over expenses (net gain) of \$767,205.

**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 2006 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, 2007 the estimated liability for landfill closure and post closure care costs of \$250,000 is based on the use of 36% 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, 2007. The County will recognize the estimated remaining costs of closure and post-closure care of \$410,178 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.

At December 31, 2007 the County did not meet financial assurance requirements of the State of Colorado, and therefore was in violation of 6 CCR 1007-2, Part I, Sections 1.8.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

**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, 2007.

*Construction Projects* – At year-end, the County was engaged with two contractors for work being performed at the County Airport under Airport Improvement Project #15. This project is funded by grants from the Federal Aviation Administration and the State of Colorado Department of Transportation, Aeronautics Division. The anticipated completion date of these contracts is fiscal year 2007.

**NOTE 15 SUBSEQUENT EVENTS**

The Board of County Commissioners approved a resolution changing the status of the Airport Fund from an Enterprise Fund to a Special Revenue Fund in February 2008.

As of December 31, 2007, the County had inappropriately used restricted funds for operations. During 2008, the County formalized a repayment agreement between the restricted funds and operating funds allowing for scheduled principal and interest payments.

**NOTE 16 SPECIAL ITEMS**

The Board of County Commissioners approved the sale of property and equipment during 2007 to ease the cash flow problems the County was experiencing. This event is both unusual and infrequent, but was within the control of management, and as such is recorded as a special item in the General Fund and Road and Bridge Fund.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

**NOTE 17 PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments were required to accurately state current year ending balance sheet and revenue and expense/expenditure account balances. The prior year deficit net assets in the Fleet and Nutrition Internal Service Funds were allocated according to research performed during the current year to identify the origin of those deficits. The capital asset accounts were adjusted for prior year misstatement in accumulated depreciation and construction in progress account write-off's for unknown balances. The Self Insurance Fund prior period adjustment related to prior year misstatements in accounts receivable and claims and admin fee payables. That adjustment was allocated according to the percentage of participation in each fund. A summary of how these adjustments affected the fund and government-wide financial statements is as follows:

<b>GOVERNMENTAL ACTIVITIES</b>		
<b>General Fund</b>		
Fleet and Nutrition Fund Closing Entries	\$ (626,508)	
Additional Balancing Entries	<u>(86,828)</u>	(713,336)
<b>Road and Bridge Fund</b>		
Fleet and Nutrition Fund Closing Entries	(736,173)	
Additional Balancing Entries	<u>(15,305)</u>	(751,478)
<b>Human Services Fund</b>		
Fleet and Nutrition Fund Closing Entries	(7,222)	
Additional Balancing Entries	<u>43,286</u>	36,064
<b>Nonmajor Funds</b>		
Senior Fund Closing Entries	160,714	
Transportation Fund Closing Entries	101,468	
Additional Balancing Entries	<u>(2,135)</u>	<u>260,047</u>
<b>Total Governmental Funds</b>		<u>\$ (1,168,703)</u>
<b>Capital Asset Adjustments</b>		(603,717)
<b>Prior Year Statement of Net Assets Balancing Items</b>		(57,546)
<b>Internal Service Eliminations</b>		
Fleet and Nutrition Closing Entries	1,107,722	
Self Insurance Prior Period Adjustment Allocation	<u>140,714</u>	<u>1,248,436</u>
<b>STATEMENT OF ACTIVITIES PRIOR PERIOD ADJUSTMENT</b>		<u>\$ (581,530)</u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

<b>BUSINESS TYPE ACTIVITIES</b>		
<b>Airport Fund</b>		
Fleet and Nutrition Fund Closing Entries	\$ (23,908)	
Additional Balancing Entries	87,250	
Capital Asset Adjustments	<u>(4,412,432)</u>	(4,349,090)
<b>Solid Waste Fund</b>		
Fleet and Nutrition Fund Closing Entries	(129,299)	
Additional Balancing Entries	7,242	
Capital Asset Adjustments	602	
To correct Closure and Post Closure Liability	<u>94,723</u>	<u>(26,732)</u>
<b>Total Enterprise Funds</b>		<u><u>(4,375,822)</u></u>
<b>Internal Service Eliminations</b>		
Fleet and Nutrition Fund Closing Entries		153,207
Self Insurance Prior Period Adjustment Allocation		<u>10,591</u>
		<u>163,798</u>
<b>STATEMENT OF ACTIVITIES PRIOR PERIOD ADJUSTMENT</b>		<u><u>\$ (4,212,024)</u></u>

<b>INTERNAL SERVICE FUNDS</b>		
<b>Internal Service Funds</b>		
Fleet Fund Closing Entry	\$ 1,222,199	
Nutrition Fund Closing Entry	<u>38,729</u>	1,260,928
Self Insurance Fund Prior Period Adjustment		
Governmental 93%	140,712	
Business Type 7%	<u>10,591</u>	<u>151,303</u>
		<u><u>\$ 1,412,231</u></u>

**NOTE 18 SOCIAL SERVICES FUND RECONCILIATION**

The County Department of Human Services transactions are reported to the State of Colorado Department of Health and Human Services on a monthly basis through the County Financial Management System (CFMS). In order to ensure that the financial transactions are recorded accurately, a reconciliation between the accounting records of the County and the State is required on a monthly basis. The County has not been able to reconcile the accounting records with CFMS for 2007. Therefore, the classification and timing of the revenues and expenditures recognition has not been determined as of December 31, 2007.

**NOTE 19 AIRPORT FUND CONSTRUCTION IN PROGRESS RECONCILIATION**

The County was unable to reconcile the December 31, 2006 construction in progress account balance in the Airport Fund. A prior period adjustment of \$5,114,385 was recorded to reduce the asset balance to scheduled outstanding projects included in construction in progress.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2007**

**NOTE 20 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 to the Archuleta County Housing Authority, c/o Housing Solutions for the Southwest, Attn: Finance Department, 295 Girard Street, Durango, Colorado 81301.

***Property and Equipment***

Major classes of fixed assets are as follows:

	12/31/2007
Land	\$ 42,250
Land Improvements	39,749
Building and Improvements	763,720
Furniture and Fixtures	73,349
Total Fixed Assets	919,068
Less Accumulated Depreciation	(651,957)
Net	\$ 267,111

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 \$ 131,381

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%. 6,860

Total Mortgage Payable \$ 805,575

**ARCHULETA COUNTY, COLORADO**  
**SUPPLEMENTARY INFORMATION**

This page left blank intentionally.

**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.

*Emergency Reserve Fund* – This fund is used to account for emergency funds set aside in compliance with Article X, Section 20 of the Colorado Constitution (known as the TABOR Amendment).

*Tourism Fund* – This fund is used to account for lodging tax revenues and related expenditures.

*Fair Board Fund* – This fund is used to account for county fair activity.

*Conservation Trust Fund* – This fund is used to account for the County 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.

*Community Service Fund* – This fund is used to account for revenues from court fines.

*Jail Commissary Fund* – This fund is used to account for the revenue and expenditures associated with providing commissary items to the prisoners at the County Jail.

*Emergency 911 Fund* – This fund is used to account for the activity of providing emergency telephone services to the County's residents.

*Sidewalk Escrow Fund* – This fund is used to account for assessments paid to fund new sidewalks.

*Pagosa Lake Trails Fund* – This fund is used to account for resources collected to build trails at Pagosa Lakes.

*Piedra Road Fund* – This fund is used to account for funds received and expended on the Piedra Road project.

*Local Improvement Districts* – These funds were formed to account for certain subdivisions that have taxpayers paying assessments to fund certain road maintenance and improvements.

**CAPITAL PROJECTS 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).

*Capital Projects Fund* – This fund is used to account for resources designated for capital expenditures.

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

**ARCHULETA COUNTY, COLORADO**  
**COMBINING BALANCE SHEET BY FUND TYPE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**December 31, 2007**

	<b>NONMAJOR SPECIAL REVENUE FUNDS</b>	<b>NONMAJOR CAPITAL PROJECTS FUNDS</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,064,951	\$ 505,275	\$ 1,570,226
Due From Other Funds	6,923	750,000	756,923
Accrued Interest	120	-	120
<b>TOTAL ASSETS</b>	<b>\$ 1,071,994</b>	<b>\$ 1,255,275</b>	<b>\$ 2,327,269</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Checks in Excess of Bank Deposits	\$ -	\$ 127,450	\$ 127,450
Accounts Payable	53,463	1,347	54,810
Accrued Payroll and Liabilities	2,228	-	2,228
Due to Other Funds	68,174	16,714	84,888
Inmate Deposits	726	-	726
<b>TOTAL LIABILITIES</b>	<b>124,591</b>	<b>145,511</b>	<b>270,102</b>
<b>FUND BALANCE</b>			
Fund Balance			
Reserved for Emergencies	557,904	-	557,904
Unreserved Fund Balance			
Designated for Future Capital Projects	-	1,109,764	1,109,764
Designated for Subsequent Year Expenditure	40,389	-	40,389
Undesignated	349,110	-	349,110
<b>TOTAL FUND BALANCE</b>	<b>947,403</b>	<b>1,109,764</b>	<b>2,057,167</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,071,994</b>	<b>\$ 1,255,275</b>	<b>\$ 2,327,269</b>

**ARCHULETA COUNTY, COLORADO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES BY FUND TYPE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2007**

	NONMAJOR SPECIAL REVENUE FUND	NONMAJOR CAPITAL PROJECTS FUND	TOTAL
<b>REVENUES</b>			
Sales and Use Tax	\$ 77,854	\$ -	\$ 77,854
Intergovernmental	116,007	-	116,007
Charges for Services	223,305	-	223,305
Interest	11,290	23,082	34,372
Other	41,660	183	41,843
<b>TOTAL REVENUE</b>	<b>470,116</b>	<b>23,265</b>	<b>493,381</b>
<b>EXPENDITURES</b>			
Current			
General Government	117,262	-	117,262
Recreation	211,295	-	211,295
Economic Development	80,198	-	80,198
Capital Outlay	8,597	15,758	24,355
<b>TOTAL EXPENDITURES</b>	<b>417,352</b>	<b>15,758</b>	<b>433,110</b>
Excess (Deficiency) of Revenues Over Expenditures	52,764	7,507	60,271
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	73,253	-	73,253
Transfers Out	(72,690)	-	(72,690)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>563</b>	<b>-</b>	<b>563</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	53,327	7,507	60,834
Fund Balance at Beginning of Year, As Previously Stated	634,029	1,102,257	1,736,286
Prior Period Adjustment	260,047	-	260,047
Fund Balance at Beginning of Year, As Previously Stated	894,076	1,102,257	1,996,333
Fund Balance at End of Year	\$ 947,403	\$ 1,109,764	\$ 2,057,167

ARCHULETA COUNTY, COLORADO  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2007

	Emergency Reserve Fund	Tourism Fund	Fair Board Fund	Conservation Trust Fund	Community Service Fund	Jail Commissary Fund	Emergency 911 Fund	Senior Fund	Trans- portation Fund	Sidewalk Escrow Fund	Pagosa Lakes Trail Fund	Piedra Road Fund	Local Improvement Districts	TOTALS
ASSETS														
Cash on Hand	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Cash and Investments	557,904	777	25,175	192,927	1,830	18,087	260,477	-	-	7,274	-	-	-	1,064,451
Due from Other Funds	-	-	-	-	-	-	-	-	-	6,923	-	-	-	6,923
Accrued Interest	-	-	120	-	-	-	-	-	-	-	-	-	-	120
<b>TOTAL ASSETS</b>	<b>\$557,904</b>	<b>\$ 777</b>	<b>\$ 25,795</b>	<b>\$ 192,927</b>	<b>\$ 1,830</b>	<b>\$ 18,087</b>	<b>\$260,477</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,197</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,071,994</b>
LIABILITIES AND FUND BALANCE														
LIABILITIES														
Accounts Payable	\$ -	\$ 777	\$ 4,014	\$ 34,357	\$ -	\$ -	\$ 14,315	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,463
Accrued Payroll and Liabilities	-	-	-	-	-	-	2,228	-	-	-	-	-	-	2,228
Due to Other Funds	-	-	56,857	-	-	-	11,317	-	-	-	-	-	-	68,174
Inmate Deposits	-	-	-	-	-	726	-	-	-	-	-	-	-	726
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>777</b>	<b>60,871</b>	<b>34,357</b>	<b>-</b>	<b>726</b>	<b>27,860</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124,591</b>
FUND BALANCE														
Reserved for TABOR	557,904	-	-	-	-	-	-	-	-	-	-	-	-	557,904
Unreserved	-	-	-	-	-	-	90,680	-	-	-	-	-	-	90,680
Designated for Subsequent Year Exp	-	-	(35,076)	158,570	1,830	17,361	141,937	-	-	14,197	-	-	-	298,819
Unreserved, Undesignated	-	-	(35,076)	158,570	1,830	17,361	232,617	-	-	14,197	-	-	-	947,403
<b>TOTAL FUND BALANCE</b>	<b>557,904</b>	<b>-</b>	<b>(35,076)</b>	<b>158,570</b>	<b>1,830</b>	<b>17,361</b>	<b>232,617</b>	<b>-</b>	<b>-</b>	<b>14,197</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>947,403</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$557,904</b>	<b>\$ 777</b>	<b>\$ 25,795</b>	<b>\$ 192,927</b>	<b>\$ 1,830</b>	<b>\$ 18,087</b>	<b>\$260,477</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,197</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,071,994</b>

**ARCHULETA COUNTY, COLORADO  
 COMBINING BALANCE SHEET  
 LOCAL IMPROVEMENT DISTRICTS  
 December 31, 2007**

	<u>LUXURY PLACE DISTRICT</u>	<u>HACKAMORE PLACE DISTRICT</u>	<u>TOTAL</u>
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE</b>			
Fund Balance			
Unreserved, Undesignated	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ARCHULETA COUNTY, COLORADO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended December 31, 2007**

	Emergency Reserve Fund	Tourism Fund	Fair Board Fund	Conservation Trust Fund	Community Service Fund	Jail Commissary Fund	Emergency 911 Fund	Senior Fund	Trans- portation Fund	Sidewalk Escrow Fund	Pagosas Lakes Trail Fund	Piedra Road Fund	Local Improvement Districts	TOTALS
<b>REVENUES</b>														
Sales and Use Tax	\$ -	\$ 77,854	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,854
Intergovernmental	-	-	-	116,007	-	-	-	-	-	-	-	-	-	116,007
Charges for Services	-	-	32,889	-	-	-	190,416	-	-	-	-	-	-	223,305
Interest	3,561	-	326	6,485	-	668	-	-	-	250	-	-	261	11,290
Other	-	-	-	30,000	11,399	-	-	-	-	-	-	-	-	41,660
<b>TOTAL REVENUE</b>	<b>3,561</b>	<b>77,854</b>	<b>33,215</b>	<b>152,492</b>	<b>11,399</b>	<b>668</b>	<b>190,416</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>261</b>	<b>470,116</b>
<b>EXPENDITURES</b>														
General Government	-	-	-	-	11,912	1,358	100,363	-	-	-	-	-	3,629	117,262
Economic Development	-	80,198	-	-	-	-	-	-	-	-	-	-	-	80,198
Recreation	-	-	55,020	156,275	-	-	-	-	-	-	-	-	-	211,295
Capital Outlay	-	-	-	-	-	-	8,597	-	-	-	-	-	-	8,597
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>80,198</b>	<b>55,020</b>	<b>156,275</b>	<b>11,912</b>	<b>1,358</b>	<b>108,960</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,629</b>	<b>417,352</b>
Excess (Deficiency) of Revenues Over Expenditures	3,561	(2,344)	(21,805)	(3,783)	(513)	(690)	81,456	-	-	250	-	(1,302)	(3,368)	52,764
<b>OTHER FINANCING SOURCES (USES)</b>														
Transfers In	-	-	-	-	2,727	-	-	-	70,503	-	23	-	-	73,253
Transfers Out	-	-	-	-	-	-	(624)	-	(70,503)	-	-	(1,302)	(261)	(72,690)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,727</b>	<b>-</b>	<b>(624)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>(1,302)</b>	<b>(261)</b>	<b>563</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	3,561	(2,344)	(21,805)	(3,783)	2,214	(690)	80,832	-	-	250	23	(1,302)	(3,629)	53,327
Fund Balance at Beginning of Year, as Previously Stated	554,343	2,344	(13,271)	162,353	(384)	18,051	153,920	(160,714)	(101,468)	13,947	(23)	1,302	3,629	634,029
Prior Period Adjustment	-	-	-	-	-	-	(2,135)	160,714	101,468	-	-	-	-	260,047
Fund Balance at Beginning of Year, Restated	554,343	2,344	(13,271)	162,353	(384)	18,051	151,785	-	-	13,947	(23)	1,302	3,629	894,076
Fund Balance at End of Year	\$557,904	\$ -	\$ (35,076)	\$ 158,570	\$ 1,830	\$ 17,361	\$252,617	\$ -	\$ -	\$ 14,197	\$ -	\$ -	\$ -	\$ 947,403

**ARCHULETA COUNTY, COLORADO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**LOCAL IMPROVEMENT DISTRICTS**  
**For the Year Ended December 31, 2007**

	<u>LUXURY PLACE DISTRICT</u>	<u>HACKAMORE PLACE DISTRICT</u>	<u>TOTAL</u>
<b>REVENUES</b>			
Other	\$ 261	\$ -	\$ 261
<b>EXPENDITURES</b>			
General Government	-	3,629	3,629
<b>TOTAL EXPENDITURES</b>	-	3,629	3,629
Excess (Deficiency) of Revenues Over Expenditures	261	(3,629)	(3,368)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	(261)	-	(261)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(261)	-	(261)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	-	(3,629)	(3,629)
<b>Fund Balance at Beginning of Year</b>	-	3,629	3,629
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ARCHULETA COUNTY, COLORADO  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
December 31, 2007**

	<u>CAPITAL IMPROVEMENT FUND</u>	<u>FAIRFIELD DEFAULTED IMPROVEMENTS SETTLEMENT FUND</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ 505,275	\$ 505,275
Due From Other Funds	750,000	-	750,000
<b>TOTAL ASSETS</b>	<u>\$ 750,000</u>	<u>\$ 505,275</u>	<u>\$ 1,255,275</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Checks in Excess of Bank Deposits	\$ 127,450	\$ -	\$ 127,450
Accounts Payable	-	1,347	1,347
Due to Other Funds	16,714	-	16,714
<b>TOTAL LIABILITIES</b>	<u>144,164</u>	<u>1,347</u>	<u>145,511</u>
<b>FUND BALANCE</b>			
Fund Balance			
Unreserved, Designated for Future Capital Projects	605,836	503,928	1,109,764
<b>TOTAL FUND BALANCE</b>	<u>605,836</u>	<u>503,928</u>	<u>1,109,764</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 750,000</u>	<u>\$ 505,275</u>	<u>\$ 1,255,275</u>

**ARCHULETA COUNTY, COLORADO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**For the Year Ended December 31, 2007**

	<b>CAPITAL IMPROVEMENT FUND</b>	<b>FAIRFIELD DEFAULTED IMPROVEMENTS SETTLEMENT FUND</b>	<b>TOTAL</b>
<b>REVENUES</b>			
Interest	\$ 812	\$ 22,270	\$ 23,082
Other	-	183	183
<b>TOTAL REVENUE</b>	<u>812</u>	<u>22,453</u>	<u>23,265</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>11,268</u>	<u>4,490</u>	<u>15,758</u>
<b>TOTAL EXPENDITURES</b>	<u>11,268</u>	<u>4,490</u>	<u>15,758</u>
Excess (Deficiency) of Revenues Over Expenditures	(10,456)	17,963	7,507
Fund Balance at Beginning of Year	<u>616,292</u>	<u>485,965</u>	<u>1,102,257</u>
Fund Balance at End of Year	<u>\$ 605,836</u>	<u>\$ 503,928</u>	<u>\$ 1,109,764</u>

**ARCHULETA COUNTY, COLORADO**  
**INTERNAL SERVICE FUNDS**

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

*Fleet Maintenance Fund* – This fund is used to account for the maintenance and supplies for County vehicles and machinery.

*Self Insurance Fund* – This fund is used to account for the health insurance plan provided by the County to its employees. The premiums charged are allocated to the County funds that employ those covered by the health insurance plan.

*Nutrition Fund* – This fund is used to account for the activity of providing food for the jail and community groups.

**ARCHULETA COUNTY, COLORADO**  
**COMBINING SCHEDULE OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**December 31, 2007**

	<u>FLEET FUND</u>	<u>NUTRITION FUND</u>	<u>SELF INSURANCE FUND</u>	<u>TOTAL</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments	\$ -	\$ -	\$ 295,187	\$ 295,187
<b>TOTAL ASSETS</b>	<u>-</u>	<u>-</u>	<u>295,187</u>	<u>295,187</u>
<b>LIABILITIES</b>				
Accounts Payable	-	-	39,229	39,229
Incurred but Unreported Medical Claims	-	-	89,487	89,487
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>128,716</u>	<u>128,716</u>
<b>NET ASSETS</b>				
Unrestricted	<u>-</u>	<u>-</u>	<u>166,471</u>	<u>166,471</u>
<b>TOTAL NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,471</u>	<u>\$ 166,471</u>

**ARCHULETA COUNTY, COLORADO**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2007**

	<u>FLEET FUND</u>	<u>NUTRITION FUND</u>	<u>SELF INSURANCE FUND</u>	<u>TOTAL</u>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 972,998	\$ 277,100	\$ 1,792,426	\$ 3,042,524
Other	3,398	112	498,969	502,479
<b>Total Operating Revenues</b>	<u>976,396</u>	<u>277,212</u>	<u>2,291,395</u>	<u>3,545,003</u>
<b>OPERATING EXPENSES</b>				
<b>Current</b>				
Salaries and Benefits	356,373	215,129	-	571,502
Materials and Supplies	514,548	113,018	-	627,566
Purchased Services	3,859	16,455	1,783,409	1,803,723
Other Expenses	-	200	-	200
<b>Total Operating Expenses</b>	<u>874,780</u>	<u>344,802</u>	<u>1,783,409</u>	<u>3,002,991</u>
Operating Income (Loss)	101,616	(67,590)	507,986	542,012
<b>Nonoperating Income (Expenses)</b>				
Interest Income	-	-	56	56
Transfers In	-	85,478	150,000	235,478
Transfers Out	(101,616)	(17,888)	-	(119,504)
<b>Total Nonoperating Expenses</b>	<u>(101,616)</u>	<u>67,590</u>	<u>150,056</u>	<u>116,030</u>
Changes in Net Assets	<u>-</u>	<u>-</u>	<u>658,042</u>	<u>658,042</u>
Net Assets at beginning of year, as previously stated	(1,222,199)	(38,729)	(642,874)	(1,903,802)
Prior Period Adjustment	<u>1,222,199</u>	<u>38,729</u>	<u>151,303</u>	<u>1,412,231</u>
Net Assets at beginning of year, restated	<u>-</u>	<u>-</u>	<u>(491,571)</u>	<u>(491,571)</u>
Net Assets at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,471</u>	<u>\$ 166,471</u>

**ARCHULETA COUNTY, COLORADO**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2007**

	FLEET FUND	NUTRITION FUND	SELF INSURANCE FUND	TOTAL
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 976,396	\$ 298,060	\$ 1,820,502	\$ 3,094,958
Cash received from reinsurance recoveries	-	-	602,719	602,719
Cash paid to employees	(395,154)	(246,181)	-	(641,335)
Cash paid to suppliers	(563,623)	(129,673)	(2,041,899)	(2,735,195)
Net cash provided (used) by operating activities	17,619	(77,794)	381,322	321,147
<b>Cash flows from noncapital financing activities:</b>				
Cash transferred (to)/from other funds	1,202,999	133,825	-	1,336,824
Change in Bank Overdrafts	(1,220,618)	(56,031)	(86,191)	(1,362,840)
Net cash provided (used) by noncapital financing activities	(17,619)	77,794	(86,191)	(26,016)
<b>Cash flows from investing activities</b>				
Interest Received	-	-	56	56
Net cash provided (used) by investing activities	-	-	56	56
<b>Increase (Decrease) in Cash and Investments</b>	-	-	295,187	295,187
<b>Cash and cash equivalents, Beginning of the Year</b>	-	-	-	-
<b>Cash and cash equivalents, End of the Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295,187</u>	<u>\$ 295,187</u>
<b>Operating income (loss)</b>	<b>\$ 101,616</b>	<b>\$ (67,590)</b>	<b>\$ 507,986</b>	<b>\$ 542,012</b>
<b>Adjustments to reconcile net income to net cash provided (used) by operating activities</b>				
(Increase) decrease in accounts receivable	-	20,848	-	20,848
(Increase) decrease in inventory	35,912	-	-	35,912
Increase (decrease) in accounts payable	(81,128)	-	(52,251)	(133,379)
Increase (decrease) in accrued employee expenses	(38,781)	(31,052)	-	(69,833)
Increase (decrease) in incurred but not reported claims	-	-	(225,716)	(225,716)
Prior period adjustments recorded	-	-	151,303	151,303
Total adjustments	<u>(83,997)</u>	<u>(10,204)</u>	<u>(126,664)</u>	<u>(220,865)</u>
<b>Net cash provided (used) by operating activities</b>	<u><b>\$ 17,619</b></u>	<u><b>\$ (77,794)</b></u>	<u><b>\$ 381,322</b></u>	<u><b>\$ 321,147</b></u>

This page left blank intentionally.

**ARCHULETA COUNTY, COLORADO**  
**OTHER SCHEDULES AND REPORTS**

This page left blank intentionally.

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES AND TRANSFERS OUT**  
**ALL MAJOR CAPITAL PROJECTS FUNDS, NON-MAJOR GOVERNMENTAL FUNDS, AND ALL PROPRIETARY FUNDS**  
**BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2007**

	BUDGETED AMOUNTS		EXPENDITURES REPORTED ON THE GAAP BASIS		EXPENDITURES ON THE BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	THE GAAP BASIS	TO BUDGETARY BASIS	BUDGETARY BASIS	
<b>Governmental Funds</b>						
<b>Major Capital Projects Funds</b>						
Road Capital Improvement Fund	\$ 4,570,342	\$ 4,570,342	\$ 983,285	\$ -	\$ -	\$ 3,587,057
<b>Total Major Capital Projects Funds</b>	<b>\$ 4,570,342</b>	<b>\$ 4,570,342</b>	<b>\$ 983,285</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,587,057</b>
<b>Non-major Governmental Funds</b>						
<b>Special Revenue Funds</b>						
Emergency Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tourism Fund	105,000	105,000	80,198	-	-	24,802
Fair Board Fund	68,325	68,325	55,020	-	-	13,305
Conservation Trust Fund	105,000	105,000	156,275	-	-	(51,275)
Community Service Fund	13,200	13,200	11,912	-	-	1,288
Jail Commissary Fund	-	-	1,358	-	-	(1,358)
Emergency 911 Fund	184,222	164,138	109,584	-	-	54,554
Transportation Fund	-	-	70,503	-	-	(70,503)
Sidewalk Escrow Fund	6,000	6,000	-	-	-	6,000
Pagosa Lakes Trail Fund	-	-	(23)	-	-	23
Piedra Road Fund	-	-	1,302	-	-	(1,302)
Local Improvement Districts	-	-	3,890	-	-	(3,890)
<b>Capital Projects Funds</b>						
Capital Improvements	400,000	400,000	11,268	-	-	388,732
Fairfield Settlement	501,503	501,503	4,490	-	-	497,013
<b>Total Non-major Governmental Funds</b>	<b>\$ 1,383,250</b>	<b>\$ 1,363,166</b>	<b>\$ 505,777</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 857,389</b>
<b>Proprietary Funds</b>						
<b>Enterprise Funds</b>						
Airport Fund	\$ 6,595,596	\$ 6,584,791	\$ 1,084,793	\$ 2,251,449	\$ 3,336,242	\$ 3,248,549
Solid Waste Fund	1,329,665	1,290,919	762,893	154,196	917,089	373,830
<b>Total Enterprise Funds</b>	<b>7,925,261</b>	<b>7,875,710</b>	<b>1,847,686</b>	<b>2,405,645</b>	<b>4,253,331</b>	<b>3,622,379</b>
<b>Internal Service Funds</b>						
Fleet Service Fund	1,259,508	1,171,321	976,396	-	-	194,925
Nutrition Fund	369,145	326,588	362,690	-	-	(36,102)
Self Insurance Fund	1,150,000	1,150,000	1,783,409	-	-	(633,409)
<b>Total Enterprise Funds</b>	<b>2,778,653</b>	<b>2,647,909</b>	<b>3,122,495</b>			<b>(474,586)</b>
<b>Total Proprietary Funds</b>	<b>\$ 10,703,914</b>	<b>\$ 10,523,619</b>	<b>\$ 4,970,181</b>	<b>\$ 2,405,645</b>	<b>\$ 4,253,331</b>	<b>\$ 3,147,793</b>

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2007**

<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>			
<b>COLORADO DEPT. OF HUMAN SERVICES</b>			
<i>Food Stamp Cluster</i>			
Food Stamps	10.551		\$ 510,362
State Administrative Matching Grants for the Special Nutrition Assistance Program	10.561		56,505
Total for Food Stamp Cluster			<u>566,867</u>
<b>COLORADO DEPT. OF TREASURY</b>			
Schools and Roads - Grants to States	10.665		105,484
<b>COLORADO STATE FOREST SERVICE</b>			
Cooperative Forestry Assistance	10.664		2,937
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b>COLORADO DEPT. OF HUMAN SERVICES</b>			
Temporary Assistance for Needy Families	93.558		165,140
Child Support Enforcement	93.563		92,997
Low-Income Home Energy Assistance	93.568		80,345
<i>CCDF Cluster</i>			
Child Care and Development Block Grant	93.575		37,076
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		76,844
Total for CCDF Cluster			<u>113,920</u>
Child Welfare Services-State Grants	93.645		6,453
Foster Care-Title IV-E	93.658		93,141
Adoption Assistance	93.659		13,208
Social Services Block Grant	93.667		61,423
Medical Assistance Program ( <i>Medicaid Cluster</i> )	93.778		56,335
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086		167,752
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b>DURANGO FIRE AND RESCUE AUTHORITY</b>			
State Homeland Security Program (SHSP)	97.073	2005-5EM758106	41,562
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Airport Improvement Grants</i>			
Airport Improvement Program No.3-08-0066-15	20.106		177,966
Airport Improvement Program No.3-08-0066-16	20.106		19,745
Airport Improvement Program No.3-08-0066-17	20.106		51,385
Airport Improvement Program No.3-08-0066-18	20.106		655,866
Total for Airport Improvement Grants			<u>904,962</u>
<b>COLORADO DEPT. OF TRANSPORTATION</b>			
Highway Planning and Construction	20.205	BRO C480-002	44,622
Formula Grants for Other Than Urbanized Areas	20.509		92,217
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 2,609,365</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.

Certified Public Accountants

**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

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, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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 of the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. Findings 07-1 and 07-2.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider Findings 07-1 and 07-2 in the schedule of findings and responses to be material weaknesses.

### **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 07-2.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the County's response and, accordingly, we express no opinion on it.

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

*Wall, Smith, Bateman and Associates, Inc.*

Wall, Smith, Bateman and Associates, Inc.  
Alamosa, Colorado

December 15, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of County Commissioners  
Archuleta County  
Pagosa Springs, Colorado

**Compliance**

We have audited the compliance of Archuleta County, Colorado, (the County) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of 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 on the County's compliance with those requirements.

As described in Findings 07-3, 07-4 and 07-8 in the accompanying schedule of findings and questioned costs, Archuleta County did not comply with requirements regarding allowable costs/cost principles, cash management, eligibility and special tests and provisions that are applicable to its Airport Improvement Program grants and Food Stamp Cluster. Compliance with such requirements is necessary, in our opinion, for Archuleta County to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs at Findings 07-5, 07-6 and 07-7.

## **Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 07-3 through 07-8 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider Findings 07-3, 07-4 and 07-8 to be material weaknesses.

The County's responses to the findings identified in our audit are described in the schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on it.

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

*Wall, Smith, Bateman and Associates, Inc.*

Wall, Smith, Bateman and Associates, Inc.  
Alamosa, Colorado

December 15, 2008

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**December 31, 2007**

**A. SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses a qualified opinion on the financial statements of Archuleta County, Colorado.
2. Two significant deficiencies relating to the audit of the financial statements is reported in the "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*." Both of these conditions are reported as material weaknesses.
3. Two instances of noncompliance material to the financial statements of Archuleta County, Colorado which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Six significant deficiencies in internal control over major federal award programs disclosed during the audit in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133." Three of these conditions are reported as material weaknesses.
5. The auditors' report on compliance for the major federal award programs for Archuleta County, Colorado expresses a qualified opinion on the Food Stamp Cluster and Airport Improvement Program Grants.
6. Audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:
  - Food Stamp Cluster: CFDA No. 10.551 and 10.561
  - Airport Improvement Program Grants: CFDA No. 20.106
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Archuleta County, Colorado did not qualify to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**Finding 07-1: Internal Control Over Financial Reporting**  
**(Repeat of Finding 06-1, 06-2, 06-3, 06-4 and 06-5)**

*Type of finding:* Internal Control (significant deficiency and material weakness) and Compliance (#1, #2, and #10 are material noncompliance)

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**December 31, 2007**

*Condition:* The County does not have a complete system of internal control to prevent and detect financial misstatements. The concentration of closely related duties and responsibilities performed by a few people, in addition to turnover in key management positions have made it difficult to establish a complete system of internal controls.

*Criteria:* A system of internal controls includes the design, documentation, and monitoring of control activities over the application of accounting principles, reconciliation procedures, budgeting, antifraud programs, routine and non-routine transactions, financial statement preparation, and the safeguarding of assets.

*Effect:* As a result of this condition the County's accounting records were not reconciled in a timely manner and the following areas were affected:

1. The following funds had a deficit fund balance/net asset condition at December 31, 2007. This is a violation of Colorado State Statute. (Material noncompliance)

	Deficit
General Fund	\$ 860,557
Road and Bridge Fund	771,939
Human Services Fund	633,858
Fair Board Fund	35,076

2. The following funds had expenditures that exceeded the adopted budget for the year ended December 31, 2007. This is a violation of Colorado State Statute. (Material noncompliance)

	Excess
Human Services Fund	\$ 286,291
Conservation Trust Fund	51,275
Jail Commissary Fund	1,358
Transportation Fund	70,503
Piedra Road Fund	1,302
Local Improvement Districts	3,890
Nutrition Fund	36,102
Self Insurance Fund	633,409

3. The 2007 budgetary process failed to follow the steps necessary to allow for its use as a proper tool in planning and monitoring the financial condition of the County. The 2007 anticipated revenues were largely overstated in some areas. One example of this is the charges for services in the General Fund that were budgeted at \$2,636,283 with actual results of \$1,435,057, a shortfall of \$1,201,226. In addition, the budget did not specify transfers required between the funds. The budget should have been amended to accurately reflect the financial condition of the County and the accounting transactions that were taking place.
4. The County did not adopt a budget for the Pagosa Lakes Trail Fund, the Piedra Road Fund, nor the Local Improvement District Funds. This is a violation of Colorado State Statute.

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**December 31, 2007**

5. The general ledger cash balances were not reconciled to the Treasurer's ledger cash balance in a timely manner. In order to reconcile these records a reconstruction of the 2007 accounting records was performed during 2008.
6. Many of the due to/from account balances, used to account for loans between funds, remained the same as prior year. The State of Colorado requires that loans between funds be repaid within three months of year end.
7. The inventory values recorded in the Road and Bridge Fund are based on estimates. U.S. generally accepted accounting principles requires inventory to be recorded at historical cost.
8. The capital asset records were not accurately updated and reconciled in a timely manner for the year ended December 31, 2007. There were numerous adjustments prepared by management during the audit process. In order to accurately state ending balances of the construction in progress asset account a prior period adjustment of \$5,114,385 was recorded in the Airport Fund.
9. Grant activities are not adequately monitored for compliance with laws, regulations, and grant contracts. The County's chart of accounts is not adequate to identify and account for grant activities in accordance with generally accepted accounting principles. Federal regulations require the recipients of federal funds to have accounting systems in place that identify federal revenues and expenditures for accurate presentation of the Schedule of Expenditures of Federal Awards.
10. The revenues and expenditures of the Social Services Fund were not accurately updated and reconciled timely to the County Financial Management System (CFMS) on a monthly basis in 2007. Because this reconciliation did not take place there were lost revenues from the State of Colorado. In addition, the County was unable to prepare the Schedule of EBT Expenditures, Warrant Expenditures, and Total Expenditures for inclusion in these financial statements as required. (Material noncompliance)
11. The 2007 transactions for the Self Insurance Internal Service Fund were not recorded and reconciled in the general ledger in a timely manner. There was \$34,963 in unidentified reconciling items that have been recorded as a prior period adjustment.

*Recommendation:* The County should implement a system of internal control that includes the design, documentation, and monitoring of control activities over the application of accounting principles, reconciliation procedures, budgeting, antifraud programs, routine and non-routine transactions, financial statement preparation, and the safeguarding of assets to prevent these problems in the future.

*Management's Response:* See corrective action plan.

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**December 31, 2007**

**Finding 07-2: Archuleta County Landfill Violation of Solid Waste Law**

*Type of finding:* Internal Control (significant deficiency and material weakness) and Compliance (material noncompliance)

*Condition:* The 5-year closure and post-closure cost estimates and the 2007 annual financial assurance documentation have not been submitted to the Colorado Department of Public Health and Environment according to the established schedule.

*Criteria:* 6 CCR 1007-2, Part I, Section 1.8.1 states that the owner of any solid waste disposal site/facility shall establish financial assurance sufficient to ensure payment of closure and post-closure care costs.

*Effect:* The Facility is in violation of 6 CCR 1007-2, Part I, Sections 1.8 and 2.4.

*Recommendation:* We recommend that the County take steps necessary to meet the financial assurance requirements in 6 CCR 1007-2, Part I, Section 1.8 and 2.4 and implement internal controls and monitoring of those controls through policies and procedures to ensure continued compliance in the future.

*Management's Response:* See corrective action plan.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT**

**Finding 07-3: Airport Improvement Program, CFDA No. 20.106**  
**U.S. Department of Transportation**  
**(Repeat of Finding 06-8)**

*Compliance Requirement:* Allowable Costs/Cost Principles

*Type of finding:* Internal control (significant deficiency and material weakness) and compliance (material noncompliance)

*Condition:* Adequate depreciation records were not maintained for the Airport Fund during 2007. There were numerous adjustments prepared by management during the audit process. Specifically, the construction in progress asset class has not been reconciled to specifically identify the completed projects to reclassify and depreciate.

*Criteria:* Per OMB Circular A-87, "Charges for ... depreciation must be supported by adequate property records. When the depreciation method is followed, depreciation records indicating the amount of depreciation taken each period must also be maintained."

*Effect:* As a result of this condition, at December 31, 2007, the Airport Fund's depreciation schedule which includes the historical cost, depreciation expense and accumulated depreciation was inaccurate.

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**December 31, 2007**

*Recommendation:* We recommend that the County develop policies and procedures to ensure that the depreciation schedule is prepared timely and accurately maintained.

*Grantee's Response:* See corrective action plan.

**Finding 07-4: Airport Improvement Program, CFDA No. 20.106**  
**U.S. Department of Transportation**  
**(Repeat of Finding 06-9)**

*Compliance Requirement: Cash Management*

*Type of finding: Internal control (significant deficiency and material weakness) and compliance (material noncompliance)*

*Condition:* The County received a \$683,535 reimbursement for grant expenditures. The corresponding disbursements did not clear the bank for 152 days. In addition, these funds were on deposit in an interest bearing account during this time period.

*Criteria:* 49 CFR 18.21 states that, "Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205." "Grantees and subgrantees shall disburse repayments to and interest earned on a revolving fund before requesting additional cash payments for the same activity."

*Effect:* The County did not adhere to 49 CFR 18.21; cash management compliance requirements.

*Recommendation:* We recommend that the County develop policies and procedures to ensure that the time between the receipt and disbursement of federal funds is minimized, and that those funds are deposited in a non-interest bearing bank account.

*Grantee's Response:* See corrective action plan.

**Finding 07-5: Airport Improvement Program, CFDA No. 20.106**  
**U.S. Department of Transportation**  
**(Repeat of Finding 06-11)**

*Compliance Requirement: Procurement, Suspension, and Debarment*

*Type of finding: Internal control (significant deficiency) and compliance (noncompliance)*

*Condition:* The County did not have a procurement policy in place during 2007 that reflects applicable Federal, State, and Local laws and regulations.

*Criteria:* 49 CFR 18.36 states that, "Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**December 31, 2007**

*Effect:* The County was in violation of 49 CFR 18.36.

*Recommendation:* We recommend that the County develop policies and procedures for procurement, in accordance with 49 CFR 18.36.

*Grantee's Response:* See corrective action plan.

**Finding 07-6:     Airport Improvement Program, CFDA No. 20.106**  
**U.S. Department of Transportation**

*Compliance Requirement: Period of Availability of Federal Funds*

*Type of finding: Internal control (significant deficiency) and compliance (noncompliance)*

*Condition:* The County could not locate supporting documentation or verification that the grant period was extended beyond the original termination date.

*Criteria:* Per OMB Circular A-102, Federal awards generally specify a time period during which the non-federal entity may use the federal funds. Where a funding period is specified, a non-federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the federal program. Also, if authorized by the federal program, unobligated balances may be carried over and charged for obligations of the subsequent funding period.

*Effect:* The County may have received reimbursements for grant expenditures spent outside of the period of availability.

*Recommendation:* We recommend that the County develop policies and procedures to ensure that all grant award extensions are on file.

*Grantee's Response:* See corrective action plan.

**Finding 07-7:     Food Stamp Cluster, CFDA No. 10.551, 10.561,**  
**U. S. Department of Agriculture**

*Compliance Requirement: Eligibility and Special Tests and Provisions*

*Passed through Colorado Department of Human Services*

*Grant No.: Not applicable*

*Type of finding: Internal Control (significant deficiency) and compliance (noncompliance)*

*Condition:* The County did not conduct monthly food stamp case reviews, as required.

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**December 31, 2007**

*Criteria:* In accordance with the provisions of the Colorado Department of Human Services Staff Manual Volume IV – Volume of Food Stamps, Section 4.4121 Supervisory Responsibilities, “Supervisory personnel shall review a random sample of six current food stamp determinations (certifications, denials, and pendings) per technician per month to determine the correctness of eligibility determinations accomplished. A record of the cases reviewed must be kept for management evaluation/audit purposes”.

*Effect:* The lack of review of case files on a routine basis causes a violation of Section 4.4121 and the aforementioned could result in inaccurate payment of benefits and documentation deficiencies.

*Recommendation:* We recommend that the County implement controls to ensure compliance with Staff Manual Volume IV – Volume of Food Stamps, Section 4.4121.

*Grantee’s Response:* See corrective action plan.

**Finding 07-8: Food Stamp Cluster, CFDA No. 10.551, 10.561,  
U. S. Department of Agriculture  
(Repeat of Finding 06-7)**

*Compliance Requirement: Eligibility and Special Tests and Provisions*

*Passed through Colorado Department of Human Services*

*Grant No.: Not applicable*

*Type of finding: Internal Control (significant deficiency and material weakness) and compliance (material noncompliance)*

*Condition:* 25 files were tested for Food Stamp eligibility. The following compliance findings were noted in 6 of the case files reviewed:

- Supporting documentation for income did not agree to the amount input in CBMS.
- The County could not provide supporting documentation for the phone deduction/expense recorded in CBMS in two files tested.
- The County could not provide supporting documentation that the social security number was verified in two files tested.
- Supporting documentation for phone deduction/expenses did not agree to the amount input in CBMS.
- Supporting documentation for the housing cost did not agree to the amount input in CBMS.

*Questioned Costs:* \$ 431 (3 cases), of the total benefits tested \$6,345 (25 cases).

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**December 31, 2007**

*Criteria:* Agency Letter GEN-06-05-P issued by the Colorado Department of Human Services outlines documentation required to support the eligibility determination for food stamps.

*Effect:* The benefit paid can be over or understated based upon data entry errors and failure to verify source documents.

*Recommendation:* We recommend that technicians and supervisors consistently adhere to the policies and procedures of the Social Service Department and Colorado Department of Human Services Staff Manual Volume IV regarding application completion and insure information in the case files is verified and entered correctly into CBMS.

*Grantee's Response:* See corrective action plan.

**ARCHULETA COUNTY, COLORADO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**December 31, 2007**

**FINDINGS - FINANCIAL STATEMENT AUDIT**

**Finding 06-1: Internal Control Over Financial Reporting**

*Type of finding: Internal Control Over Financial Reporting (significant deficiency and material weakness)*

*Condition:* The County does not have a complete system of internal control to prevent and detect financial misstatements. The concentration of closely related duties and responsibilities performed by a few people, in addition turnover in key management positions make it difficult to establish a complete system of internal controls.

*Status:* Not implemented. (See finding 07-1)

**Finding 06-2: Grant Accounting**

*Type of finding: Internal Control Over Financial Reporting (significant deficiency and material weakness)*

*Condition:* We noted that the County's internal control over financial reporting and the accounting system chart of accounts in use are not adequate to identify and properly account for grant activity.

*Status:* Not implemented. (See finding 07-1)

**Finding 06-3: Deficit Fund Balance and Net Assets**

*Type of finding: Internal Control Over Compliance (significant deficiency and material weakness)*

*Condition:* The following funds had a deficit fund balance/net asset condition at December 31, 2006:

	<u>Deficit</u>
General Fund	\$ 457,983
Human Services Fund	363,445
Fair Board Fund	13,271
Community Service Fund	384
Senior Fund	160,714
Transportation Fund	101,468
Pagosa Lakes Trail Fund	23
Fleet Fund	1,222,199
Nutrition Fund	38,729
Self Insurance Fund	642,874

**ARCHULETA COUNTY, COLORADO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**December 31, 2007**

*Status:* Not implemented. (See finding 07-1)

**Finding 06-4: Budgetary Compliance**

*Type of finding: Internal Control Over Compliance (significant deficiency and material weakness)*

*Condition:* The following funds had expenditures that exceeded the adopted budget for the year ended December 31, 2006:

	Excess
General Fund	\$ 731,467
Road and Bridge Fund	86,089
Tourism Fund	30,127
Fair Board Fund	5,941
Conservation Trust Fund	8,100
Community Service Fund	2,365
Capital Improvements Fund	235,995
Airport Fund	1,754,061
Solid Waste Fund	247,128
Fleet Service Fund	269,459

*Status:* Not implemented. (See finding 07-1)

**Finding 06-5: Schedule of Expenditures of Federal Awards**

*Type of finding: Internal Control Over Financial Reporting (significant deficiency and material weakness)*

*Condition:* The County's policies, procedures, and internal control system is not adequate to identify federal grants or to ensure that all expenditures of federal awards are correctly reported.

*Status:* Not implemented. (See finding 07-1)

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT**

**Finding 06-6: Airport Improvement Program, CFDA No. 20.106**  
**U.S. Department of Transportation**

*Type of finding: Internal Control (significant deficiency and material weakness)*

*Condition:* The County does not have a complete system of internal controls to ensure compliance with federal awards.

**ARCHULETA COUNTY, COLORADO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**December 31, 2007**

*Status:* Not implemented. (See finding 07-1)

**Finding 06-7: Food Stamp Cluster, CFDA No. 10.551 and 10.561**  
**U.S. Department of Agriculture**

*Passed through Colorado Department of Human Services*

*Compliance Requirement: Eligibility*

*Type of finding: Internal control (significant deficiency) and compliance (noncompliance)*

*Condition:* A sample of 20 case files maintained by the Department for participants in the food stamp program were reviewed for supporting documentation required by Staff Manual Volume IV. It was noted that 5 of the 20 case files were missing documentation such as photo identification, verification of housing, shelter costs, and utility costs.

*Status:* Not implemented. (See finding 07-9)

**Finding 06-8: Airport Improvement Program, CFDA No. 20.106**  
**U.S. Department of Transportation**

*Compliance Requirement: Allowable Costs/Cost Principles*

*Type of finding: Internal control (significant deficiency) and compliance (noncompliance)*

*Condition:* During testing of the depreciation schedule for the Airport Fund, we noted that adequate depreciation records were not maintained. It was noted that ending prior year accumulated depreciation did not agree to the current year beginning year accumulated depreciation by approximately \$ 180,000. While recomputing the depreciation expense for the Airport runway, we noted a difference of approximately \$ 256,000 causing depreciation expense to be understated by this amount.

*Status:* Not implemented. (See finding 07-4)

**Finding 06-9: Airport Improvement Program, CFDA No. 20.106**  
**U.S. Department of Transportation**

*Compliance Requirement: Cash Management*

*Type of finding: Internal control (significant deficiency) and compliance (noncompliance)*

*Condition:* While agreeing the reimbursement request to supporting documentation, it was noted for one expense of \$ 148,318 that the time period was 39 days from the date when the reimbursement was receipted to the disbursement date clearing the bank.

*Status:* Not implemented. (See finding 07-5)

**ARCHULETA COUNTY, COLORADO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**December 31, 2007**

**Finding 06-10: Airport Improvement Program, CFDA No. 20.106**  
**U.S. Department of Transportation**

*Compliance Requirement: Davis-Bacon Act*

*Type of finding: Internal Control (significant deficiency and material weakness) and compliance (material noncompliance and qualification)*

*Condition:* The County could not provide the certified payrolls for the year for people that worked on the Airport Improvement project, who were subject to the Davis-Bacon Act.

*Status:* Implemented.

**Finding 06-11: Airport Improvement Program, CFDA No. 20.106**  
**U.S. Department of Transportation**

*Compliance Requirement: Procurement, Suspension, and Debarment*

*Type of finding: Internal control (significant deficiency) and compliance (noncompliance)*

*Condition:* During the audit, it was noted that the County does not have a procurement policy that reflects applicable Federal, State, and Local laws and regulations.

*Status:* Not implemented. (See finding 07-6)

**Finding 06-12: Airport Improvement Program, CFDA No. 20.106**  
**U.S. Department of Transportation**

*Compliance Requirement: Program Income and Special Tests and Provisions*

*Type of finding: Internal control (significant deficiency) and compliance (noncompliance)*

*Condition:* The County could not locate supporting documentation or verification that the amounts were deposited for three of the six Airport Fund revenue items selected.

*Status:* Implemented.



## ARCHULETA COUNTY, COLORADO

### CORRECTIVE ACTION PLAN

Oversight Agency - U.S. Department of Transportation  
U.S. Department of Agriculture

Archuleta County respectfully submits the following corrective action plan for the year ended December 31, 2007.

Independent Accountants: Wall, Smith, Bateman and Associates, Inc.  
Certified Public Accountants  
700 Main Street, Suite 200, P.O. Box 809  
Alamosa, CO 81101

Audit period: Year ended December 31, 2007

The findings from the December 31, 2007 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

#### **B. FINDINGS - FINANCIAL STATEMENT AUDIT**

##### **Finding 07-1: Internal Control Over Financial Reporting (Repeat of Finding 06-1, 06-2, 06-3, 06-4 and 06-5)**

*Type of finding:* Internal Control (significant deficiency and material weakness) and Compliance (#1 and #2 are material noncompliance)

*Recommendation:* The County should implement a system of internal control that includes the design, documentation, and monitoring of control activities over the application of accounting principles, reconciliation procedures, budgeting, antifraud programs, routine and non-routine transactions, financial statement preparation, and the safeguarding of assets to prevent these problems in the future.

*Action Taken:* Concur with recommendation. The County has implemented procedures for monthly reconciliations of general ledger account, including but not limited to cash, receivables and payables. The County has implemented a procurement policy, cash handling policy and a fraud policy.

*Responsible Party:* Don Warn, Finance Director (970)264-8556

##### **Finding 07-2: Archuleta County Landfill Violation of Solid Waste Law**

*Type of finding:* Internal Control (significant deficiency and material weakness) and Compliance (material noncompliance)

*Recommendation:* We recommend that the County take steps necessary to meet the financial assurance requirements in 6 CCR 1007-2, Part I, Section 1.8 and 2.4 and implement internal controls and monitoring of those controls through policies and procedures to ensure continued compliance in the future.

*Action Taken:* Concur with recommendation. The County is soliciting vendors to provide a surety bond to bring the County back into compliance with the State; this will be completed first quarter 2009.

*Responsible Party:* Don Warn, Finance Director (970)264-8556

### **C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**Finding 07-3: Airport Improvement Program, CFDA No. 20.106  
U.S. Department of Transportation  
(Repeat of Finding 06-8)**

*Compliance Requirement:* Allowable Costs/Cost Principles

*Type of finding:* Internal control (significant deficiency and material weakness) and compliance (material noncompliance)

*Recommendation:* We recommend that the County develop policies and procedures to ensure that the depreciation schedule is prepared timely and accurately maintained.

*Action Taken:* : Concur with recommendation. The Finance Department has implemented procedures to ensure that all capital asset acquisitions, dispositions and depreciation are recorded accurately and that capital asset sub-ledgers are reconciled to the general ledger on regular basis.

*Responsible Party:* Don Warn, Finance Director (970)264-8556

**Finding 07-4: Airport Improvement Program, CFDA No. 20.106  
U.S. Department of Transportation  
(Repeat of Finding 06-9)**

*Compliance Requirement:* Cash Management

*Type of finding:* Internal control (significant deficiency and material weakness) and compliance (material noncompliance)

*Recommendation:* We recommend that the County develop policies and procedures to ensure that the time between the receipt and disbursement of federal funds is minimized, and that those funds are deposited in a non-interest bearing bank account.

*Action Taken:* Concur with recommendation. The Finance Department worked with the Treasurer's Office to establish a non-interest bearing account for the deposit of grant proceeds. The Finance Department is working closely with the Special Projects Manager to monitor grant projects to ensure that time between the receipt and disbursement is minimized.

*Responsible Party: Don Warn (970)264-8556*

**Finding 07-5: Airport Improvement Program, CFDA No. 20.106  
U.S. Department of Transportation  
(Repeat of Finding 06-11)**

*Compliance Requirement: Procurement, Suspension, and Debarment*

*Type of finding: Internal control (significant deficiency) and compliance (noncompliance)*

*Recommendation: We recommend that the County develop policies and procedures for procurement, in accordance with 49 CFR 18.36.*

*Action Taken: Concur with recommendation. The County hired a Contracts and Procurement Officer to oversee County contracts and to centralize procurement. The County has adopted a comprehensive Procurement Policy that is being adhered to by all County departments and offices.*

*Responsible Party: Don Warn (970)264-8556*

**Finding 07-6: Airport Improvement Program, CFDA No. 20.106  
U.S. Department of Transportation**

*Compliance Requirement: Period of Availability of Federal Funds*

*Type of finding: Internal control (significant deficiency) and compliance (noncompliance)*

*Recommendation: We recommend that the County develop policies and procedures to ensure that all grant award extensions are on file.*

*Action Taken: Concur with recommendation. The Finance Department is working closely with the Special Projects Manager to ensure that all appropriate grant documentation is on file in the Finance Department*

*Responsible Party: Don Warn (970)264-8556*

**Finding 07-7: Food Stamp Cluster, CFDA No. 10.551, 10.561,  
U. S. Department of Agriculture**

*Compliance Requirement: Eligibility and Special Tests and Provisions*

*Passed through Colorado Department of Human Services*

*Grant No.: Not applicable*

*Type of finding: Internal Control (significant deficiency) and compliance (noncompliance)*

*Recommendation: We recommend that the County implement controls to ensure compliance with Staff Manual Volume IV – Volume of Food Stamps, Section 4.4121.*

*Action Taken: Concur with recommendation. The County's Director of Human Services is developing procedures to ensure compliance with Staff Manual IV – Volume of Food Stamps, Section 4.4121.*

*Responsible Party: Erlinda Gonzales (970)264-2182*

**Finding 07-8: Food Stamp Cluster, CFDA No. 10.551, 10.561,  
U. S. Department of Agriculture  
(Repeat of Finding 06-7)**

*Compliance Requirement: Eligibility and Special Tests and Provisions*

*Passed through Colorado Department of Human Services*

*Grant No.: Not applicable*

*Type of finding: Internal Control (significant deficiency and material weakness) and compliance  
(material noncompliance)*

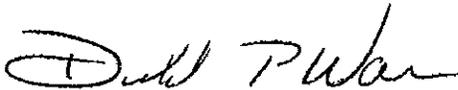
**Recommendation:** We recommend that technicians and supervisors consistently adhere to the policies and procedures of the Social Service Department and Colorado Department of Human Services Staff Manual Volume IV regarding application completion and insure information in the case files is verified and entered correctly into CBMS.

**Action Taken:** *Concur with recommendation. The County's Director of Human Services will develop procedures to ensure compliance with the appropriate polices and procedures as outlined in Manual Volume IV regarding application completion and insure information in the case files is verified and entered correctly into CBMS.*

*Responsible Party: Erlinda Gonzales (970)264-2182*

If the U.S. Department of Agriculture and the U.S. Department of Health and Human Services has questions regarding this plan, please call the responsible parties listed above.

Sincerely yours,



Donald P. Warn  
Finance Director  
Archuleta County, Colorado



Erlinda Gonzales  
Director of Human Services  
Archuleta County, Colorado

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 YEAR ENDING : December 2007
This Information From The Records Of the County of Archuleta	Prepared By: Donald Warn Phone: 970-264-5886

**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)	739,668
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,495,808
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	2,217,052	c. Other	
4. Miscellaneous local receipts (from page 2)	296,066	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	832,890
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	3,068,366
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)	2,513,118	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	1,443,623	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	150,106	a. Interest	62,181
<b>E. Total receipts (A.7 + B + C + D)</b>	4,106,847	b. Redemption	310,787
		c. Total (a. + b.)	372,968
		3. Total (1.c + 2.c)	372,968
		<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>	3,441,334

**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
	2,969,309	4,106,847	3,441,334	3,634,822	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2007

**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	451,114	a. Interest on investments	3,638
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	1,662,895	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	158,548
4. Licenses		f. Charges for Services	39,143
5. Specific Ownership &/or Other	103,043	g. Other Misc. Receipts	94,737
6. Total (1. through 5.)	1,765,938	h. Other	
c. Total (a. + b.)	2,217,052	i. Total (a. through h.)	296,066
	(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	1,382,409	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	105,484
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	59,640	d. Federal Transit Admin	
d. Other (Specify): DOLA GRANT	1,574	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	44,622
f. Total (a. through e.)	61,214	g. Total (a. through f.)	150,106
4. Total (1. + 2. + 3.f)	1,443,623	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		387,472	387,472
c. Construction:			
(1). New Facilities		6,059	6,059
(2). Capacity Improvements			0
(3). System Preservation		346,137	346,137
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	352,196	352,196
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	739,668	739,668
			(Carry forward to page 1)

Notes and Comments: