

CHAFFEE COUNTY, COLORADO

ANNUAL FINANCIAL REPORT

FOR THE

YEAR ENDED DECEMBER 31, 2009

**CHAFFEE COUNTY, COLORADO
ELECTED AND APPOINTED OFFICIALS
December 31, 2009**

ELECTED OFFICIALS

Frank Holman, Chairman of the Board, Commissioner District #2
Dennis Giese, Commissioner District #1
Tim Glenn, Commissioner District #3
Randy Amettis, Coroner
Brenda Mosby, County Assessor
Joyce M. Reno, County Clerk and Recorder
Tim Walker, Sheriff
Diana Wood, Treasurer

MANAGEMENT

Dan Short, Director of Finance and Personnel
Robert Christiansen, Director of General Administration

INDEPENDENT AUDITOR

Scott C. Wright
Certified Public Accountant

CHAFFEE COUNTY, COLORADO

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2009

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CHAFFEE COUNTY, COLORADO

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FINANCIAL SECTION

SCOTT C. WRIGHT
CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 6597
AVON, COLORADO 81620
(970) 328-4349

Board of County Commissioners
Chaffee County, Colorado
Salida, Colorado

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Chaffee County, Colorado as of and for the year ended December 31, 2009, which collectively comprise the Chaffee County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Chaffee County's management. My responsibility is to express an opinion on these financial statements based on my audit.

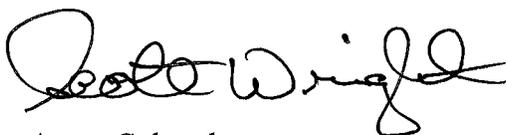
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and 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. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chaffee County, Colorado as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis and budgetary comparison information on pages 4-13 and pages 44-47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chaffee County, Colorado's basic financial statements. The combining and nonmajor fund financial statements and individual fund budgetary comparison schedules and the local highway finance report 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 Chaffee County, Colorado. The combining and nonmajor fund financial statements and individual fund budgetary comparison schedules, the local highway finance report, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 20, 2010, on my consideration of Chaffee County, Colorado's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 considered in conjunction with this report in considering the results of my audit.

A handwritten signature in black ink, appearing to read "Scott Wright". The signature is fluid and cursive, with a large initial "S" and "W".

Avon, Colorado
July 20, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Chaffee County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Chaffee County for the fiscal year ended December 31, 2009.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$24,218,491 (*net assets*). Of this amount, \$10,153,855 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$1,891,358.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$9,698,956, an increase of \$374,072 in comparison with the prior year. Approximately eight-eight percent (88%) of this total amount, or \$8,570,351, is *available for spending* at the County's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,796,998, or forty-two percent (42%) of total general fund expenditures.
- The County's total bonded debt increased by a net \$1,962,971 during the current fiscal year. Certificates of Participation in the amount of \$2,280,000 were issued in 2009 for the County's share of renovation of a community services complex, and scheduled debt service payments on outstanding bonds were made in the amount of \$317,029.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, community and economic development, public safety, health and welfare, public works, parks and recreation, and airport operations. The business-type activities of the County include solid waste landfill operations, emergency medical services and sewer debt recovery operations.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the Chaffee County Facilities Corporation (Facilities Corporation) which was created with the sole purpose of facilitating County financings. The Facilities Corporation is included in the County's financial statements because the County has financial accountability for the Facilities Corporation and they, in turn, are fiscally dependent upon the County. The Facilities Corporation activities are reported as a debt service fund.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflow and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The County maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road and bridge fund, payment in lieu of taxes (PILT) fund, and health and human services fund, all of which are considered to be major funds. Data from the other eight nonmajor governmental funds (airport fund, conservation trust fund, retirement fund, contingent reserve fund, asset replacement fund, lodging visitors bureau fund, animal shelter fund, Chaffee County Facilities Corporation fund, and capital expenditures fund) are combined into a single, aggregate presentation.

Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same function presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its solid waste landfill operations, emergency medical services, and sewer debt recovery operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for the cost of insurance and estimated damaged property claims allocated to County departments. Because this cost allocation predominately effects governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for waste landfill operations, emergency medical services, and sewer debt recovery operations. Separate information is also provided for the County's internal service fund. The basic proprietary fund financial statements can be found on pages 22-25 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Chaffee County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 26 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-42 of this report.

Required Supplemental Information. In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplemental information. The County adopts an annual appropriated budget for its general fund and major special revenue funds. Budgetary comparison statements have been provided for the general fund, road and bridge fund, PILT fund, and health and human services fund to demonstrate compliance with these budgets and can be found on pages 44-47 of this report.

Other Supplemental Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented under other supplemental information immediately following the required supplemental information on pages 49-55. Individual fund statements and schedules and other miscellaneous schedules can also be found in this section on pages 56-79 of this report.

Government-wide Financial Analysis

NET ASSETS

	Governmental Activities		Business-type Activities		Total Government	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$14,697,487	\$13,256,344	\$1,819,699	\$1,662,477	\$16,517,186	\$14,918,821
Capital Assets, net	<u>16,955,879</u>	<u>13,621,497</u>	<u>2,471,324</u>	<u>2,576,013</u>	<u>19,427,203</u>	<u>16,197,510</u>
Total Assets	<u>31,653,366</u>	<u>26,877,841</u>	<u>4,291,023</u>	<u>4,238,490</u>	<u>35,944,389</u>	<u>31,116,331</u>
Other Liabilities	4,468,142	3,499,704	324,952	303,909	4,793,094	3,803,613
Noncurrent Liabilities	<u>6,395,720</u>	<u>4,443,029</u>	<u>537,084</u>	<u>542,556</u>	<u>6,932,804</u>	<u>4,985,585</u>
Total Liabilities	<u>10,863,862</u>	<u>7,942,733</u>	<u>862,036</u>	<u>846,465</u>	<u>11,725,898</u>	<u>8,789,198</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	10,960,879	9,596,497	1,975,152	2,074,830	12,936,031	11,671,327
Restricted	1,128,605	958,283	-	-	1,128,605	958,283
Unrestricted	<u>8,700,020</u>	<u>8,380,328</u>	<u>1,453,835</u>	<u>1,317,195</u>	<u>10,153,855</u>	<u>9,697,523</u>
Total Net Assets	<u>\$20,789,504</u>	<u>\$18,935,108</u>	<u>\$3,428,987</u>	<u>\$3,392,025</u>	<u>\$24,218,491</u>	<u>\$22,327,133</u>

A large portion of the County's net assets (53%) reflects its investment in capital assets (land, construction in progress, buildings and improvements, vehicles, and machinery and equipment), net of any related debt used to acquire those assets that is still outstanding. The County uses these assets to provide services to citizens, consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

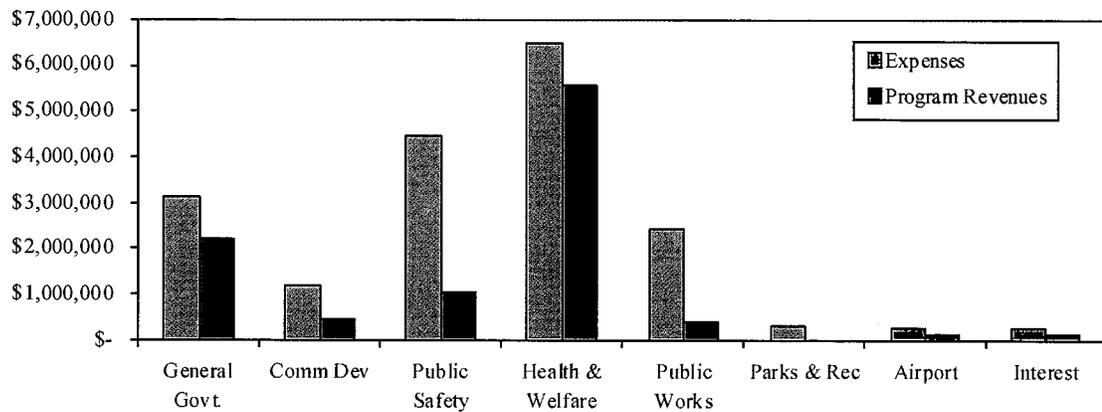
An additional portion of the County's net assets (4.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$10,153,855) may be used to meet the County's ongoing obligations to citizens and creditors.

CHANGE IN NET ASSETS

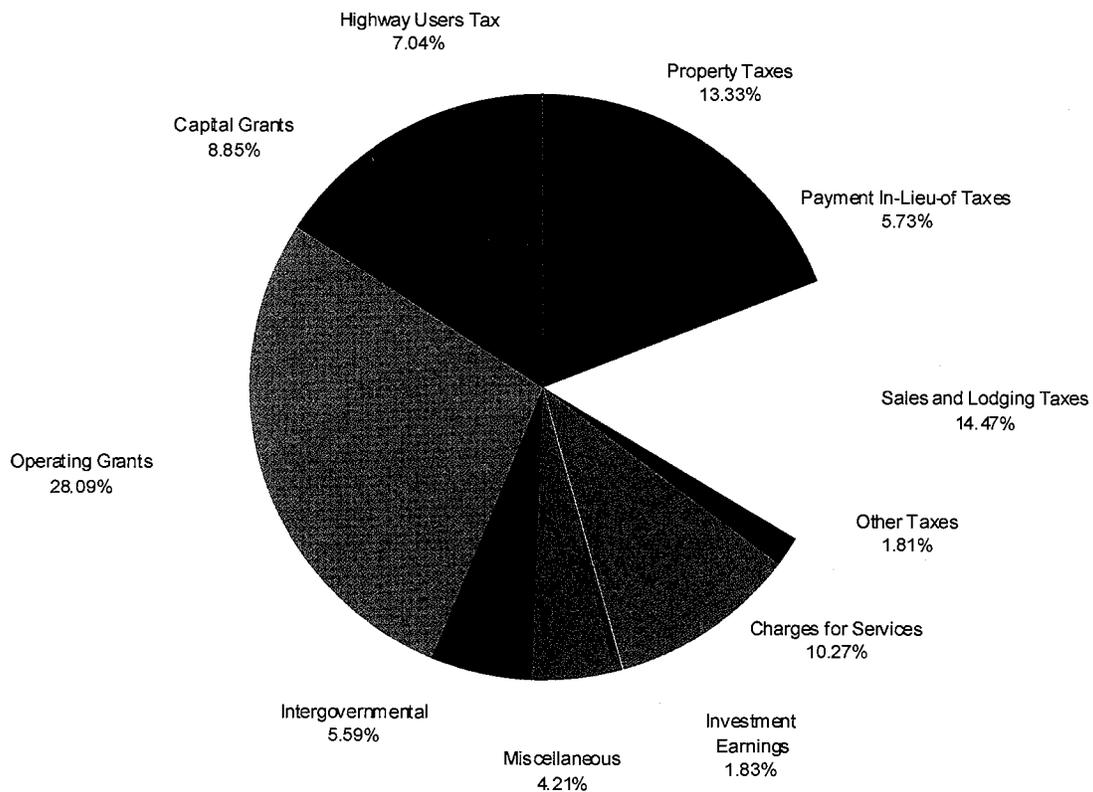
	Governmental Activities		Business-type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,131,527	\$ 2,478,594	\$ 1,656,692	\$ 1,657,209	\$ 3,788,219	\$ 4,135,803
Operating Grants and Contributions	7,290,042	6,061,592	7,500	61,887	7,290,042	6,061,592
Capital Grants and Contributions	1,836,975	923,140	-	-	1,836,975	923,140
General Revenues:						
Taxes:						
Property Taxes	2,766,823	2,608,781	-	-	2,766,823	2,608,781
Payment In-Lieu-of Taxes	1,188,110	1,160,031	-	-	1,188,110	1,160,031
Sales and Lodging Taxes	3,002,750	3,466,855	-	-	3,002,750	3,466,855
Other Taxes	374,872	397,209	-	-	374,872	397,209
Unrestricted Investment Earnings	125,505	345,032	4,787	15,358	130,292	360,390
Intergovernmental	1,159,711	870,468	-	-	1,159,711	2,368,865
Gain on Disposal of Capital Assets	65,283	-	30,000	-	95,283	-
Miscellaneous	807,962	585,748	-	-	807,962	585,748
Total Revenues	20,749,560	18,897,450	1,698,979	1,734,454	22,448,539	20,631,904
EXPENSES						
Program Activities:						
Governmental Activities:						
General Government	3,114,033	3,350,334	-	-	3,114,033	3,350,334
Community / Economic Development	1,208,654	1,234,978	-	-	1,208,654	1,234,978
Public Safety	4,451,004	4,023,829	-	-	4,451,004	4,023,829
Health and Welfare	6,489,519	5,386,175	-	-	6,489,519	5,386,175
Public Works	2,420,609	3,554,208	-	-	2,420,609	3,554,208
Parks and Recreation	319,534	440,284	-	-	319,534	440,284
Airport Operations	264,718	305,940	-	-	264,718	305,940
Interest on Long-term Debt	255,593	203,132	-	-	255,593	203,132
Business-type Activities:						
Landfill Operations	-	-	741,633	790,258	741,633	790,258
Emergency Medical Services	-	-	1,251,030	1,126,391	1,251,030	1,126,391
Sewer Enterprise	-	-	40,854	41,128	40,854	41,128
Total Expenses	18,523,664	18,498,880	2,033,517	1,957,777	20,557,181	20,456,657
Excess (Deficiency) Before Transfers	2,225,896	398,570	(334,538)	(223,323)	1,891,358	175,247
Transfers	(371,500)	(271,500)	371,500	271,500	-	-
Increase in Net Assets	1,854,396	127,070	36,962	48,177	1,891,358	175,247
Net Assets, Beginning (Restated)	18,935,108	18,808,038	3,392,025	3,343,848	22,327,133	22,151,886
Net Assets, Ending	\$ 20,789,504	\$18,935,108	\$ 3,428,987	\$ 3,392,025	\$24,218,491	\$22,327,133

Governmental Activities. Governmental activities increased the County's net assets by \$1,854,396 in 2009. The cost of all governmental activities in 2009 was \$18,523,664, a 0.13% increase from the prior year. Revenues from governmental activities increased by 9.8% from the prior year.

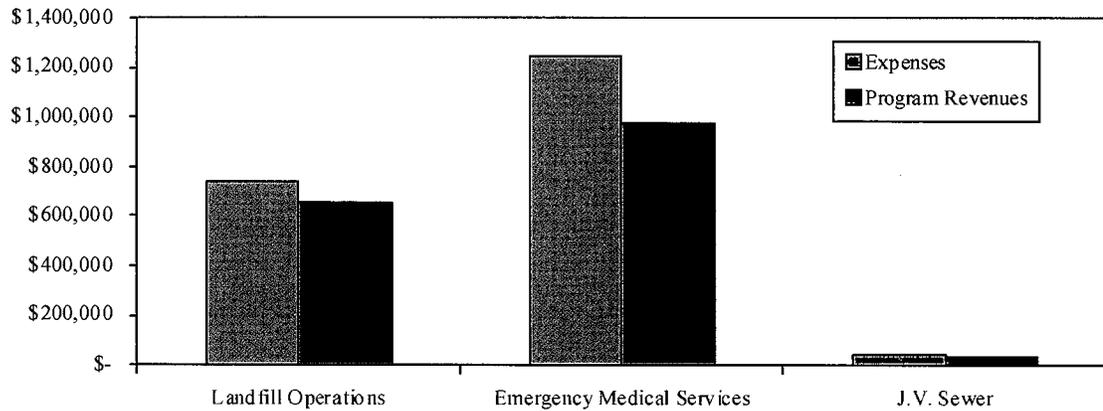
Expenses and Program Revenues – Governmental Activities



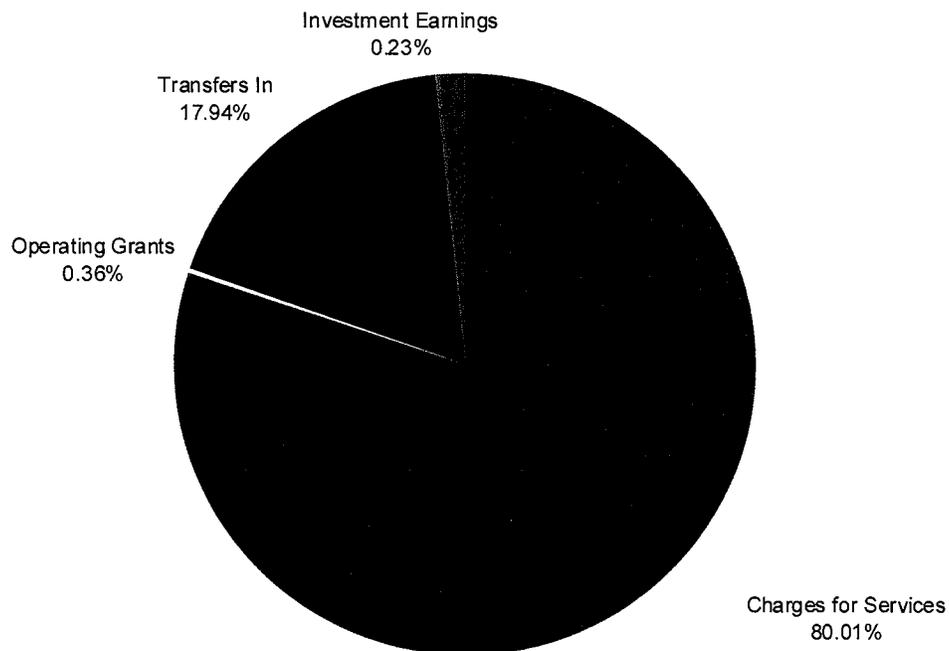
Revenues by Source – Governmental Activities



Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the County's Funds

The following schedule presents a summary of governmental fund revenues for the year ended December 31, 2009 and the amount and percentage of increases and decreases in relation to the prior year.

<u>Revenues</u>	2009 <u>Amount</u>	Percent of <u>Total</u>	2008 <u>Amount</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Taxes	\$ 6,144,445	29.72%	\$ 6,472,845	\$ (328,400)	(5.07%)
Licenses and Permits	374,506	1.81%	577,461	(202,955)	(35.15%)
Intergovernmental	11,474,838	55.50%	9,015,231	2,459,607	27.28%
Charges for Services	1,647,012	7.96%	1,712,442	(65,430)	(3.82%)
Fines and Forfeitures	110,009	.53%	134,326	(24,317)	(18.10%)
Investment Earnings	123,687	.60%	338,937	(215,250)	(63.51%)
Miscellaneous	<u>802,214</u>	<u>3.88%</u>	<u>538,175</u>	<u>264,039</u>	<u>49.06%</u>
Total	<u>\$20,676,711</u>	<u>100.00%</u>	<u>\$18,789,417</u>	<u>\$ 1,887,294</u>	

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2009, and the amount and percentage of increases and decreases in relation to the prior year.

<u>Expenditures</u>	2009 <u>Amount</u>	Percent of <u>Total</u>	2008 <u>Amount</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Current:					
General Government	\$ 2,761,804	12.41%	\$ 2,746,678	\$ 15,126	.55%
Community / Economic Development	1,198,692	5.38%	1,225,017	(26,325)	(2.15%)
Public Safety	4,138,946	18.58%	3,706,794	432,152	11.66%
Health and Welfare	6,474,131	29.06%	5,356,834	1,117,297	20.86%
Public Works	2,360,714	10.60%	2,464,351	(103,637)	4.21%
Parks and Recreation	293,651	1.32%	413,156	(119,505)	(28.93%)
Airport Operations	168,040	.75%	236,610	(68,570)	(28.98%)
Capital Outlay	4,237,735	19.02%	3,088,314	1,149,421	37.22%
Debt Service:					
Principal	310,000	1.39%	225,000	85,000	37.78%
Interest	241,292	1.08%	201,813	39,479	19.56%
Bond Issuance Charges	89,377		-	89,377	NA
Fiscal Charges	<u>2,040</u>	<u>0.01%</u>	<u>2,116</u>	<u>(76)</u>	<u>(3.60%)</u>
Total	<u>\$22,276,422</u>	<u>100.00%</u>	<u>\$19,666,683</u>	<u>\$ 2,609,739</u>	

The County's governmental funds reported combined ending fund balances of \$9,698,956, an increase of \$374,072 from the prior year. Eighty-eight percent (88%) of this amount or \$8,570,351 constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for spending because it has already been committed: (1) to pay debt service; (2) to be expended only in the instance of a "emergency" as defined by the Colorado constitution, or (3) for assets (inventories) not available for future spending.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,796,998. The fund balance of the general fund decreased by \$146,255 or 3.71%, in 2009. As a measure of the general fund's liquidity, it can be useful to compare unreserved fund balances to total fund expenditures. Unreserved fund balance represents 42.2% of total fund expenditures or the equivalent of approximately 5 months of operations. The County's fund balance provides the resources necessary to be financially adaptable to unforeseen circumstances.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December, 31, 2009, amounts to \$19,427,203 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, vehicles, and machinery and equipment (see table below). The total increase in the County's capital assets for the current fiscal year was 19.9 percent (a 24.4 percent increase for governmental activities and a 4.1 percent decrease for business-type activities).

Major capital assets events during the current fiscal year included the following:

- Acquisition and renovation of the old Touber Building (with the City of Salida) into a new community services complex at a cost to the County of \$3,538,763.
- Purchase of new grader for road and bridge of \$201,880.
- Completion of the E911 upgrade in the amount of \$217,910.
- Purchase of a bobcat for the Airport Fund in the amount of \$67,752.

County's Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 755,157	\$ 755,157	\$ 177,677	\$ 177,677	\$ 932,834	\$ 932,834
Construction in Progress	-	502,661	-	-	-	112,328
Buildings & Imp.	13,550,641	9,676,881	904,183	1,053,549	14,454,824	9,764,665
Utility Lines	-	-	577,275	595,040	577,275	630,569
Vehicles	583,058	765,754	234,715	230,111	817,773	992,318
Mach. & Equip	<u>2,067,023</u>	<u>1,921,044</u>	<u>577,474</u>	<u>519,636</u>	<u>2,644,497</u>	<u>2,110,560</u>
Total	<u>\$16,955,879</u>	<u>\$13,621,497</u>	<u>\$ 2,471,324</u>	<u>\$ 2,576,013</u>	<u>\$19,427,203</u>	<u>\$16,197,510</u>

Additional information on the County's capital assets can be found in Notes 4 on pages 36-37 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding in the amount of \$6,500,069. Of this amount, \$5,995,000 are Certificates of Participation which evidence assignments of proportionate interests in the right to receive payments pursuant to annually renewable lease agreements. The remainder of the County's debt, \$505,069, represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

County's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenue Bonds	\$ -	\$ -	\$ 505,069	\$ 512,098	\$ 505,069	\$ 512,098
Certificates of Participation	<u>5,995,000</u>	<u>4,025,000</u>	<u>-</u>	<u>-</u>	<u>5,995,000</u>	<u>4,025,000</u>
Total	<u>\$ 5,995,000</u>	<u>\$ 4,025,000</u>	<u>\$ 505,069</u>	<u>\$ 512,098</u>	<u>\$ 6,500,069</u>	<u>\$ 4,537,098</u>

The County's total bonded debt increased by a net \$1,962,971 during the current fiscal year. Certificates of Participation in the amount of \$2,280,000 were issued in 2009 for the County's share of renovation of a community services complex, and scheduled debt service payments on outstanding bonds were made in the amount of \$317,029.

Additional information on the County's long-term debt can be found in Note 5 on pages 38-39 of this report.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's fiscal management. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chaffee County Finance Department, 132 Crestone, Salida, CO 81201.

BASIC FINANCIAL STATEMENTS

CHAFFEE COUNTY, COLORADO

STATEMENT OF NET ASSETS DECEMBER 31, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 10,116,043	\$ 1,600,589	\$ 11,716,632
Receivables	3,773,135	208,345	3,981,480
Inventory	96,511	-	96,511
Restricted Assets - Cash and Cash Equivalents	622,421	-	622,421
Other Assets	89,377	10,765	100,142
Capital Assets, net of accumulated depreciation:			
Nondepreciable	755,157	177,677	932,834
Depreciable	16,200,722	2,293,647	18,494,369
Total Assets	31,653,366	4,291,023	35,944,389
LIABILITIES			
Accounts Payable	579,872	30,601	610,473
Retainages Payable	109,916	-	109,916
Accrued Liabilities	-	286,289	286,289
Accrued Interest Payable	28,282	1,868	30,150
Deposits and Reserves	188,208	-	188,208
Deferred Taxes	3,058,079	-	3,058,079
Unearned Revenues	507,351	-	507,351
Liabilities Payable from Restricted Assets	2,628	-	2,628
Internal Balances	(6,194)	6,194	-
Noncurrent Liabilities:			
Due Within One Year	725,720	39,362	765,082
Due In More Than One Year	5,670,000	497,722	6,167,722
Total Liabilities	10,863,862	862,036	11,725,898
NET ASSETS			
Investment in Capital Assets, net of Related Debt	10,960,879	1,975,152	12,936,031
Restricted For:			
Emergencies	327,522	-	327,522
Debt Service	704,572	-	704,572
Inventory	96,511	-	96,511
Unrestricted	8,700,020	1,453,835	10,153,855
Total Net Assets	\$ 20,789,504	\$ 3,428,987	\$ 24,218,491

The accompanying notes are an integral part of the financial statements.

CHAFFEE COUNTY, COLORADO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 3,114,033	\$ 672,066		\$ 1,530,000
Community / Economic Development	1,208,654	378,370	56,396	
Public Safety	4,451,004	969,342	99,398	
Health and Welfare	6,489,519	37,400	5,548,294	
Public Works	2,420,609	74,349	1,585,954	190,046
Parks and Recreation	319,534			
Airport Operations	264,718			116,929
Interest and Fiscal Charges on Long-term Debt	255,593			
Total Governmental Activities	18,523,664	2,131,527	7,290,042	1,836,975
Business-type Activities:				
Landfill Operations	741,633	653,808	-	-
Emergency Medical Services	1,251,030	968,487	7,500	-
Sewer	40,854	34,397	-	-
Total Business-type Activities	2,033,517	1,656,692	7,500	-
Total Primary Government	\$ 20,557,181	\$ 3,788,219	\$ 7,297,542	\$ 1,836,975

General Revenues:

Property Taxes, Levied for General Purposes
 Sales and Lodging Taxes
 Other Taxes
 Payment In-Lieu-of Taxes
 Intergovernmental
 Unrestricted Investment Earnings
 Miscellaneous
 Disposal of Capital Assets
 Transfers

Total General Revenues and Transfers

Increase in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (911,967)	\$ -	\$ (911,967)
(773,888)	-	(773,888)
(3,382,264)	-	(3,382,264)
(903,825)	-	(903,825)
(570,260)	-	(570,260)
(319,534)	-	(319,534)
(147,789)	-	(147,789)
(255,593)	-	(255,593)
(7,265,120)	-	(7,265,120)
-	(87,825)	(87,825)
-	(275,043)	(275,043)
-	(6,457)	(6,457)
-	(369,325)	(369,325)
(7,265,120)	(369,325)	(7,634,445)
2,766,823	-	2,766,823
3,002,750	-	3,002,750
374,872	-	374,872
1,188,110	-	1,188,110
1,159,711	-	1,159,711
125,505	4,787	130,292
807,962	-	807,962
65,283	30,000	95,283
(371,500)	371,500	-
9,119,516	406,287	9,525,803
1,854,396	36,962	1,891,358
18,935,108	3,392,025	22,327,133
\$ 20,789,504	\$ 3,428,987	\$ 24,218,491

CHAFFEE COUNTY, COLORADO

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2009

	General Fund	Road and Bridge Fund	P.I.L.T. Fund	Health and Human Services Fund
ASSETS				
Cash and Investments	\$ 3,502,644	\$ 1,673,395	\$ 992,301	\$ 897,699
Receivables:				
- Interest	4,136	331	318	-
- Taxes	1,934,582	48,561	-	492,986
- Accounts	-	-	-	13,522
- Intergovernmental	591,736	46,483	2,250	-
Inventories	-	65,516	-	-
Due from Other Funds	6,201	-	-	-
Restricted Assets - Cash and Cash Equivalents	-	-	-	2,628
Total Assets	\$ 6,039,299	\$ 1,834,286	\$ 994,869	\$ 1,406,835
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 124,842	\$ 36,310	\$ 24,823	\$ 109,581
Retainages Payable	(5,331)	-	-	-
Deposits and Reserves	188,208	-	-	-
Deferred Taxes	1,934,582	48,561	-	492,986
Deferred or Unearned Revenues	-	-	-	507,351
Liabilities Payable from Restricted Assets	-	-	-	2,628
Total Liabilities	2,242,301	84,871	24,823	1,112,546
Fund Balances:				
Reserved for Emergencies	-	-	-	-
Reserved for Debt Service	-	-	-	-
Reserved for Inventories	-	65,516	-	-
Unreserved, Undesignated, Reported In:				
General Fund	3,796,998	-	-	-
Special Revenue Funds	-	1,683,899	970,046	294,289
Capital Projects Funds	-	-	-	-
Total Fund Balances	3,796,998	1,749,415	970,046	294,289
Total Liabilities and Fund Balances	\$ 6,039,299	\$ 1,834,286	\$ 994,869	\$ 1,406,835

The accompanying notes are an integral part of the financial statements.

**RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009**

Other Governmental Funds	Total
\$ 2,586,180	\$ 9,652,219
350	5,135
581,950	3,058,079
6,105	19,627
44,348	684,817
30,995	96,511
-	6,201
619,793	622,421
<u>\$ 3,869,721</u>	<u>\$ 14,145,010</u>
\$ 284,316	\$ 579,872
115,247	109,916
-	188,208
581,950	3,058,079
-	507,351
-	2,628
981,513	4,446,054
327,522	327,522
704,572	704,572
30,995	96,511
-	3,796,998
1,416,117	4,364,351
409,002	409,002
2,888,208	9,698,956
<u>\$ 3,869,721</u>	<u>\$ 14,145,010</u>

Total Governmental Fund Balances	\$ 9,698,956
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet.	
- Capital Assets	26,030,448
- Accumulated Depreciation	(9,074,569)
	<u>16,955,879</u>
Some liabilities, including bonds, notes and leases payable, and compensated absences are not due and payable in the current period and therefore are not reported in the fund balance sheet.	
- Certificates of Participation	(5,995,000)
- Compensated Absences	(400,720)
	<u>(6,395,720)</u>
Governmental funds report the effect of debt issuance costs when debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the Statement of Activities.	89,377
Accrued interest payable is recognized for governmental activities but is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(28,282)
The internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Assets.	469,294
Net Assets of Governmental Activities	<u><u>\$ 20,789,504</u></u>

CHAFFEE COUNTY, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009

	General Fund	Road and Bridge Fund	P.I.L.T. Fund	Health and Human Services Fund
Revenues				
Taxes	\$ 4,634,736	\$ 53,723	\$ -	\$ 543,741
Licenses and Permits	363,475	11,031	-	-
Intergovernmental	707,854	1,717,892	1,217,360	5,233,442
Charges for Services	1,627,004	20,008	-	-
Fines and Forfeitures	110,009	-	-	-
Investment Earnings	104,046	6,280	4,824	481
Other Revenues	492,717	19,021	34,472	917
Total Revenues	8,039,841	1,827,955	1,256,656	5,778,581
Expenditures				
Current:				
General Government	2,547,811	-	17,516	-
Community / Economic Development	871,357	-	52,309	-
Public Safety	4,138,946	-	-	-
Health and Welfare	693,574	-	54,206	5,726,351
Public Works	510,851	1,849,863	-	-
Parks and Recreation	226,663	-	2,712	-
Airport Operations	-	-	25,000	-
Capital Outlay	-	359,831	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond Issuance Costs	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	8,989,202	2,209,694	151,743	5,726,351
Excess (Deficiency) of Revenues Over (Under) Expenditures	(949,361)	(381,739)	1,104,913	52,230
Other Financing Sources (Uses)				
Bond Proceeds	-	-	-	-
Sales of Capital Assets	-	65,283	-	-
Transfers In	1,019,351	10,567	975,000	-
Transfers Out	(216,245)	(10,000)	(1,620,000)	(76,266)
Total Other Financing Sources (Uses)	803,106	65,850	(645,000)	(76,266)
Net Change in Fund Balances	(146,255)	(315,889)	459,913	(24,036)
Fund Balances, Beginning of Year	3,943,253	2,065,304	510,133	318,325
Fund Balances, End of year	\$ 3,796,998	\$ 1,749,415	\$ 970,046	\$ 294,289

The accompanying notes are an integral part of the financial statements.

**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, 2009**

Other Governmental Funds	Total
\$ 912,245	\$ 6,144,445
-	374,506
2,598,290	11,474,838
-	1,647,012
-	110,009
8,056	123,687
255,087	802,214
<u>3,773,678</u>	<u>20,676,711</u>
196,477	2,761,804
275,026	1,198,692
-	4,138,946
-	6,474,131
-	2,360,714
64,276	293,651
143,040	168,040
3,877,904	4,237,735
310,000	310,000
241,292	241,292
89,377	89,377
2,040	2,040
<u>5,199,432</u>	<u>22,276,422</u>
<u>(1,425,754)</u>	<u>(1,599,711)</u>
2,280,000	2,280,000
-	65,283
975,283	2,980,201
<u>(1,429,190)</u>	<u>(3,351,701)</u>
<u>1,826,093</u>	<u>1,973,783</u>
400,339	374,072
2,487,869	9,324,884
<u>\$ 2,888,208</u>	<u>\$ 9,698,956</u>

Net Change in Fund Balances - Total Governmental Funds \$ 374,072

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

Governmental funds report capital outlays as expenditures. However, for governmental activities, those capital outlays other than the noncapitalizable items, are shown in the Statement of Activities and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

- Capital Outlay	4,378,012.00
- Depreciation	<u>(1,043,630)</u>
	<u>3,334,382</u>

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	<u>17,309</u>
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Governmental funds report debt issuance costs as an expenditure in the year issued, whereas these amounts are deferred and amortized over the life of the debt in the Statement of Activities.

	<u>89,377</u>
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The issuance of bonds provides current financial resources whereby issuing debt increases long-term liabilities in the Statement of Activities

	<u>(2,280,000)</u>
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Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

- Bond Principal Payments and Retirements	<u>310,000</u>
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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.

- Change in accrued interest payable on outstanding bonds	<u>(12,261)</u>
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The internal service fund is used by management to charge the cost of insurance to individual funds. The net income of the internal service fund is included in governmental activities.

	<u>21,517</u>
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Change in Net Assets of Governmental Activities	<u>\$ 1,854,396</u>
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CHAFFEE COUNTY, COLORADO

STATEMENT OF NET ASSETS PROPRIETARY FUNDS DECEMBER 31, 2009

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Waste Disposal Fund	Emergency Medical Services	J.V. Sewer		
ASSETS					
Current Assets:					
Cash and Investments	\$ 1,301,843	\$ 262,915	\$ 35,831	\$ 1,600,589	\$ 463,824
Receivables:					
- Interest	209	-	-	209	106
- Accounts, net	27,688	171,849	-	199,537	5,364
- Intergovernmental	-	-	8,599	8,599	-
Total Current Assets	1,329,740	434,764	44,430	1,808,934	469,294
Noncurrent Assets:					
Bond Issuance Costs, net	-	-	10,765	10,765	-
Capital Assets:					
- Land and Improvements	135,677	36,000	6,000	177,677	-
- Buildings and Improvements	1,053,540	514,534	-	1,568,074	-
- Utility Lines	-	-	710,585	710,585	-
- Vehicles	72,813	548,029	-	620,842	-
- Machinery and Equipment	1,134,664	316,236	-	1,450,900	-
- Accumulated Depreciation	(1,247,377)	(676,067)	(133,310)	(2,056,754)	-
Total Noncurrent Assets	1,149,317	738,732	594,040	2,482,089	-
Total Assets	2,479,057	1,173,496	638,470	4,291,023	469,294
LIABILITIES					
Current Liabilities:					
Accounts Payable	16,803	13,798	-	30,601	-
Due to Other Funds	6,194	-	-	6,194	-
Compensated Absences Payable	14,299	17,716	-	32,015	-
Accrued Closure and Post-Closure Costs	286,289	-	-	286,289	-
Accrued Interest Payable	-	-	1,868	1,868	-
Revenue Bonds Payable - Current	-	-	7,347	7,347	-
Total Current Liabilities	323,585	31,514	9,215	364,314	-
Noncurrent Liabilities:					
Revenue Bonds Payable	-	-	497,722	497,722	-
Total Liabilities	323,585	31,514	506,937	862,036	-
NET ASSETS					
Investment in Capital Assets, net of Related Debt	1,149,317	738,732	87,103	1,975,152	-
Unrestricted	1,006,155	403,250	44,430	1,453,835	469,294
Total Net Assets	\$ 2,155,472	\$ 1,141,982	\$ 131,533	\$ 3,428,987	\$ 469,294

The accompanying notes are an integral part of the financial statements.

CHAFFEE COUNTY, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Waste Disposal Fund	Emergency Medical Services	J.V. Sewer	Totals	
Operating Revenues:					
Charges for Services	\$ 644,114	\$ 966,479	\$ 34,397	\$ 1,644,990	\$ 280,000
Other Operating Revenues	9,694	2,008	-	11,702	5,748
Total Operating Revenues	653,808	968,487	34,397	1,656,692	285,748
Operating Expenses:					
Cost of Operations	506,618	1,180,270	-	1,686,888	266,049
Depreciation and Amortization	235,015	70,760	17,914	323,689	-
Total Operating Expenses	741,633	1,251,030	17,914	2,010,577	266,049
Operating Income (Loss)	(87,825)	(282,543)	16,483	(353,885)	19,699
Nonoperating Revenues (Expenses):					
Grant Revenues	-	7,500	-	7,500	-
Gain on Sales of Capital Assets	30,000	-	-	30,000	-
Interest Income	4,787	-	-	4,787	1,818
Interest Expense	-	-	(22,940)	(22,940)	-
Total Nonoperating Revenues (Expenses)	34,787	7,500	(22,940)	19,347	1,818
Income (Loss) Before Transfers	(53,038)	(275,043)	(6,457)	(334,538)	21,517
Transfers In (Out)	(22,500)	394,000	-	371,500	-
Increase (Decrease) in Net Assets	(75,538)	118,957	(6,457)	36,962	21,517
Total Net Assets, Beginning of Year	2,231,010	1,023,025	137,990	3,392,025	447,777
Total Net Assets, End of Year	\$ 2,155,472	\$ 1,141,982	\$ 131,533	\$ 3,428,987	\$ 469,294

The accompanying notes are an integral part of the financial statements.

CHAFFEE COUNTY, COLORADO

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Waste Disposal Fund	Emergency Medical Services	J.V. Sewer	Totals	
Cash Flows From Operating Activities					
Cash Received from Customers and Users	\$ 650,958	\$ 912,046	\$ 25,798	\$ 1,588,802	\$ -
Cash Received from Interfund Services Provided	-	-	-	-	280,000
Cash Payments to Suppliers	(242,210)	(301,792)	-	(544,002)	(266,133)
Cash Payments to Employees	(217,941)	(853,264)	-	(1,071,205)	-
Cash Payments for Interfund Services Used	(26,267)	(22,788)	-	(49,055)	-
Other Operating Revenues	9,694	2,008	-	11,702	384
Net Cash Provided by (Used in) Operating Activities	<u>174,234</u>	<u>(263,790)</u>	<u>25,798</u>	<u>(63,758)</u>	<u>14,251</u>
Cash Flows From Noncapital Financing Activities					
Grant Received	-	7,500	-	7,500	-
Transfers Out to Other Funds	(22,500)	(6,000)	-	(28,500)	-
Transfer In from Other Funds	-	400,000	-	400,000	-
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>(22,500)</u>	<u>401,500</u>	<u>-</u>	<u>379,000</u>	<u>-</u>
Cash Flows From Capital Financing Activities					
Acquisition and Construction of Fixed Assets	(141,376)	(77,475)	-	(218,851)	-
Disposal of Capital Assets	30,000	-	-	30,000	-
Interest Paid on Long-term Debt	-	-	(22,965)	(22,965)	-
Principal Paid on Long-term Debt	-	-	(7,029)	(7,029)	-
Net Cash Used in Capital Financing Activities	<u>(111,376)</u>	<u>(77,475)</u>	<u>(29,994)</u>	<u>(218,845)</u>	<u>-</u>
Cash Flows From Investing Activities					
Interest Received from Investments	5,195	-	-	5,195	2,147
Net Cash Provided by Investing Activities	<u>5,195</u>	<u>-</u>	<u>-</u>	<u>5,195</u>	<u>2,147</u>
Net Increase (Decrease) in Cash and Cash Equivalents	45,553	60,235	(4,196)	101,592	16,398
Cash and Cash Equivalents, Beginning of Year	<u>1,256,290</u>	<u>202,680</u>	<u>40,027</u>	<u>1,498,997</u>	<u>447,426</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,301,843</u>	<u>\$ 262,915</u>	<u>\$ 35,831</u>	<u>\$ 1,600,589</u>	<u>\$ 463,824</u>

The accompanying notes are an integral part of the financial statements.

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Waste Disposal Fund	Emergency Medical Services	J.V. Sewer	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating Income (Loss)	<u>\$ (87,825)</u>	<u>\$ (282,543)</u>	<u>\$ 16,483</u>	<u>\$ (353,885)</u>	<u>\$ 19,699</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Depreciation and Amortization	235,015	70,760	17,914	323,689	-
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	6,844	(54,433)	-	(47,589)	(5,364)
(Increase) in Intergovernmental Receivable	-	-	(8,599)	(8,599)	-
Increase (Decrease) in Accounts Payable	3,565	1,114	-	4,679	(84)
Increase in Compensated Absences Payable	245	1,312	-	1,557	-
Increase in Accrued Closure and Post Closure Costs	16,390	-	-	16,390	-
Total Adjustments	<u>262,059</u>	<u>18,753</u>	<u>9,315</u>	<u>290,127</u>	<u>(5,448)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 174,234</u>	<u>\$ (263,790)</u>	<u>\$ 25,798</u>	<u>\$ (63,758)</u>	<u>\$ 14,251</u>

CHAFFEE COUNTY, COLORADO

STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUNDS AGENCY FUND DECEMBER 31, 2009

	Agency Fund
ASSETS	
Cash and Investments	\$ 696,460
Total Assets	<u>\$ 696,460</u>
LIABILITIES	
Due to Other Governments	\$ 130,491
Amounts Held in Escrow	545,969
Amount Held in Trust - Scott Estate	<u>20,000</u>
Total Liabilities	<u>\$ 696,460</u>

The accompanying notes are an integral part of the financial statements.

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2009

The financial statements of Chaffee County, Colorado (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental entities. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting board for establishing governmental accounting and financial reporting principles. The following notes are an integral part of the County’s basic financial statements.

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

As required by generally accepted accounting principles, these financial statements present Chaffee County, Colorado (the primary government) and its component unit, an entity for which the County is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County’s operations and data from these units are combined with data of the County. The County’s blended component units have a December 31 year-end.

Primary Government. Chaffee County was formed in 1879. The governing body of the County is a three-member Board of County Commissioners. The Board appoints two individuals as co-administrators to administer its policies and authority. Five other elected officials have certain statutory authority specific to their offices. These offices are the Clerk and Recorder, Treasurer, Sheriff, Coroner, and Assessor. The County’s services include general administration, community and economic development, public safety and courts, roads and bridges, parks and recreation, and health and welfare services. In addition, the County operates three enterprise activities: a solid waste landfill, emergency medical services, and a sewer debt recovery operation.

Blended Component Units.

Chaffee County Facilities Corporation

The Chaffee County Facilities Corporation (Corporation) was created as a nonprofit corporation to finance the construction of a jail facility. The Corporation’s activities are reported as a debt service fund. The Corporation is included in the County’s financial statements because the Corporation is fiscally dependent upon the County. This component unit does not issue separate financial statements.

Chaffee County Sewer Enterprise (Johnson Village J.V.) Fund

The Chaffee County Sewer Enterprise Fund was created to finance and construct a wastewater distribution system in an area of the County known as “Johnson Village”.

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2009

Other Related Entity. The Public Trustee is a State statutorily-mandated position, appointed by the Board of County Commissioners, but whose financial transactions are independent of the County. However, all expenditures and associated revenues relating to the operations of the County Office of the Public Trustee are included in the General Fund.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements. The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all non-fiduciary activities of the County (the primary government) and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal service fund activity has been eliminated to avoid “doubling up” revenues and expenses.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business segment are offset by program revenues and helps identify the extent to which each is self-financing or draws from the general revenues of the County. Direct expenses are those that are clearly identifiable with a specific function or business segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements. Fund financial statements report detailed information about the County with the focus on major funds rather than on reporting funds by type. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement Focus and Basis of Accounting. The government-wide financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when the liability is incurred regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (60 days). The major sources of revenue which are susceptible to accrual are property taxes, tourism and sales taxes, state share taxes, and certain intergovernmental revenues. Expenditures generally are recorded when the liability is incurred, as under full 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.

Financial Statement Presentation – Fund Accounting. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of accounting for specific activities. The County uses funds to report results of operations and financial position, and demonstrate compliance with legal, contractual and regulatory requirements.

The County's major governmental funds are:

- *General Fund* – This is the County's primary operating fund. It is used to account for all activities of the County not required to be accounted for in another fund.
- *Road and Bridge Fund* – This fund is used to account for the cost of maintenance and construction of County roads and bridges. Colorado counties are required to maintain a road and bridge fund and to allocate a portion of the county's road and bridge property tax levy back to municipalities located within their county.
- *Payment in Lieu of Taxes (PILT) Fund* – This fund is used to account for monies received from the federal government for land owned that is not on the County's property tax rolls.
- *Health and Human Services Fund* – This fund is used to account for social services programs administered by the County under state and federal regulations. Programs include Medicaid, food assistance, foster care programs, and temporary assistance to needy families. Colorado counties are required by law to maintain a health and human services fund

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 all the County's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2009

The County's major proprietary funds are:

- *Waste Disposal Fund* – This fund is used to account for the activities involved in operating the County's solid waste landfill.
- *Emergency Medical Services Fund* – This fund is used to account for the operations of the County's ambulance and related emergency medical services.
- *J.V. Sewer Fund* – This fund (a blended component unit of the County) is used to account for the collection of monies and subsequent payment of debt service related to a wastewater distributions system constructed in an area of the County known as "Johnson Village".

The County's only internal service fund is the Insurance Fund. This fund charges other County funds for their allocated cost of insurance premiums and estimated damaged property claims not covered by insurance.

The County's fiduciary fund is an Agency Fund used to account for monies held on behalf of other governments, agencies and County departments and for property taxes collected on behalf of the other governments or agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

D. Budgets

Budgets are adopted by the County on a basis consistent with generally accepted accounting principles for all funds, with the exception of proprietary funds which are budgeted on the modified accrual basis of accounting. The County follows statutory guidelines regarding preparation of the annual budget and follows these procedures in establishing the budgetary data as reflected in these financial statements:

- The County budget officer is responsible for preparing a tentative budget, which is submitted to the Board of County Commissioners prior to October 15th. The budget includes proposed expenditures and the means of financing them. The budget is prepared by fund and department and includes information on the prior year, current estimates and requested appropriations and estimated revenues for the upcoming year. Public hearings are held by the Board to obtain taxpayer comments. The budget is legally adopted by the Board prior to December 31.

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- Once adopted, changes may be made to budgets by adoption of supplemental amendments by resolution of the Board. During the year ended December 31, 2009, two amendments were adopted by the Board.
 - Expenditures may not legally exceed budgeted appropriations at the fund level. Budgetary comparisons in the accompanying combined financial statements and in the individual fund statements are presented at a lower-than-required level of control to facilitate detailed financial analysis.

E. Cash and Investments

Cash and investment management is administered by the County Treasurer in accordance with Colorado Revised Statutes. The County concentrates the cash resources of its various funds in order to facilitate the management of cash. The balance in this concentration account is available to meet the County's current operating requirements. Cash resources in excess of current requirements is invested in various interest-bearing deposits and securities.

Colorado State statutes authorize the County to invest its excess funds in direct U.S. Government securities, agencies, bonds and other obligations of states and political subdivisions, corporate bonds, money market mutual funds, and local government investment pools. Investments are stated at fair value on the balance sheet except for money-market investments that have a remaining maturity at time of purchase of one year or less. Investment income is recognized when earned.

F. Inventories

Inventory of the County consists of aviation fuel for airport operations and consumable supplies associated with road and bridge operations. Road and bridge inventory is valued at average cost using the first-in/first-out (FIFO) method. Road and bridge inventory purchases are recorded as expenditures when purchased rather than when consumed and inventory is adjusted at year-end based on actual physical counts. An offsetting reserve of fund balance is reported in the Road and Bridge Fund which indicates that the amount of inventory reported is not available for expenditure as a component of net assets.

Aviation fuel inventory is valued at cost using the FIFO method. Aviation fuel purchases are recorded as expenditures when consumed rather than when purchased.

G. Restricted Assets

Restricted assets in the amount of \$619,793 are reported in the Chaffee County Facilities Corporation. This amount consists of \$617,152 in required debt service reserve accounts and an additional \$2,641 in an interest account for the Series 2009 Certificates of Participation. These accounts are all held in the trust department of UMB Bank.

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2009

An additional amount of \$2,628 is reported in the Health and Human Services fund for amounts held in trust for certain individuals. When both restricted and unrestricted resources are available for use, it is the County's policy to use unrestricted resources first, then restricted, as they are needed.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. It is the County's policy to capitalize expenditures with a cost greater than \$5,000 and an estimated useful life of more than one year. All purchased capital assets are stated at cost or estimated historical cost if actual historical records are not available. Donated capital assets are recorded at their estimated fair market value at the date of contribution. Major outlays for capital improvement projects are capitalized as projects are completed.

The costs of normal maintenance and repair that do not add to the value of the asset or extend the estimated useful life are not capitalized but charged to operations as incurred. Depreciation of property, plant and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings and Improvements	15-50 years
Improvements Other Than Buildings	10-50 years
Infrastructure	40-50 years
Vehicles	3-20 years
Machinery and Equipment	5-20 years

I. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond issuance costs are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of any applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds are reported as debt service expenditures.

J. Property Taxes

Property taxes are levied on or before December 15 of each year by the Board of County Commissioners. The levy is based on the assessed valuation of property located within the County as determined by the County Assessor generally as of January 1 of each year. The County Treasurer collects the property taxes during the ensuing calendar year for both the County and other taxing entities within the County.

Property taxes are payable in full by April 30, or if in two equal installments, by February 28 and June 15. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. Property taxes, net of estimated uncollectible taxes, are recorded as receivable in the year levied and offset to deferred revenue since they typically do not meet the availability criterion.

K. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and certain sick pay benefits. The liability for compensated absences is recorded as a current liability in the government-wide financial statements. In the fund financial statements governmental funds report a compensated liability payable only if they have matured, for example, as a result of employee resignations and retirements, while the proprietary funds report the liability as it is incurred. Within the governmental funds, the General Fund typically is used to liquidate any liabilities for compensated absences.

L. Fund Equity

In the fund financial statements, reserves are used to segregate portions of fund balance or net assets that are legally restricted for specific future uses or not available for appropriation. The County considers all unreserved fund balances to be "reserves" for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (see Note 8).

M. Statements of Cash Flows

For purposes of the statement of cash flows, the County considers all highly liquid investments with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

N. Debt Costs

Debt issuance costs in the amount of \$100,142 (net of accumulated amortization of \$900) are included in other assets. Capitalized debt costs are amortized over the remaining lives of the related debt issues using the interest method.

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2009

Note 3. Cash and Investments

Cash and investments as of December 31, 2009 are classified in the accompanying financial statements as follows:

Cash and Investments	\$ 11,716,632
Restricted Assets – Cash and Investments	622,421
Cash and Investments – Agency Fund	<u>696,460</u>
Total	<u>\$ 13,035,513</u>

Cash and investments as of December 31, 2009 consist of the following:

Cash on Hand	\$ 1,697
Deposits With Financial Institutions	1,253,824
Local Government Investment Pools	10,159,978
Money Market Mutual Funds	619,793
Treasury Securities	<u>997,593</u>
Total	<u>\$ 13,035,513</u>

Investments Authorized by State Statute

The table below identifies the investment types that are authorized by Colorado state statutes.

- U.S. Treasury Obligations
- Federal Agency and Federal Instrumentality Securities
- Repurchase Agreements
- Commercial Paper
- General Obligation Debt
- Revenue Obligation Debt
- Local Government Investment Pools
- Money Market Funds
- Time Certificates of Deposit

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The County manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

<u>Investment Type</u>	<u>Carrying Amounts</u>	<u>Weighted Average Maturity (in Years)</u>
U.S. Treasury Obligations Held by Bond Trustee	\$ 997,593	2.66
– Money Market Mutual Funds	619,793	0.00
Local Government Investment Pools	<u>10,159,998</u>	0.00
Total	<u>\$ 11,777,384</u>	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. All of the County's investments are rated AAA by Standard and Poors, and Aaa by Moody's.

Concentration of Credit Risk

The County did not have any investments in any one issuer (other than U.S. Treasury obligations, mutual funds, and local government investment pools) that represented 5% or more of total County investments.

Custodial Credit Risk

Custodial credit risk is the risk that, in the vent of the failure of a depository financial institution, the County would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party.

The Colorado Public Deposit Protection Act (PDPA) requires that cash be deposited in eligible public depositories and that deposits in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds with the County being a named participant in the single institution collateral pool. The minimum pledging requirement is 102% of the uninsured deposits. The Colorado State Banking Board verifies the market value at least monthly. Bank assets (usually securities) are required by PDPA to be delivered to a third-party institution for safekeeping, and pledged to the Colorado Division of Banking. Based on the above, the Colorado State Auditor has concluded that there is no custodial risk for public deposits collateralized under PDPA.

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2009

Local Government Investment Pools

As of December 31, 2009, the County held investments in the Colorado Local Government Liquid Asset Trust (Colostrust) and Colorado Surplus Asset Trust (CSAFE), collectively referred to as the Trusts, respectively. Local government investment pools are trusts established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the trusts. The Trusts operate similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank serves as custodian pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trusts' investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the trusts.

The Trusts may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies.

Note 4. Capital Assets

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 755,157	\$ -	\$ -	\$ 755,157
Construction in Progress	<u>502,661</u>	<u>21,351</u>	<u>524,012</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>1,257,818</u>	<u>21,351</u>	<u>524,012</u>	<u>755,157</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	13,643,151	4,223,434	-	17,866,585
Vehicles	2,712,460	102,147	-	2,814,607
Machinery and Equipment	<u>4,039,007</u>	<u>555,092</u>	<u>-</u>	<u>4,594,099</u>
Total Capital Assets, Being Depreciated	<u>20,394,618</u>	<u>4,880,673</u>	<u>-</u>	<u>25,275,291</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(3,966,270)	(349,674)	-	(4,315,944)
Vehicles	(1,946,706)	(284,843)	-	(2,231,549)
Machinery and Equipment	<u>(2,117,963)</u>	<u>(409,113)</u>	<u>-</u>	<u>(2,527,076)</u>
Total Accumulated Depreciation	<u>(8,030,939)</u>	<u>(1,043,630)</u>	<u>-</u>	<u>(9,074,569)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,363,679</u>	<u>3,837,043</u>	<u>-</u>	<u>16,200,722</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,621,497</u>	<u>\$ 3,858,394</u>	<u>\$ 524,012</u>	<u>\$ 16,955,879</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 177,677	\$ -	\$ -	\$ 177,677
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>177,677</u>	<u>-</u>	<u>-</u>	<u>177,677</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	1,568,074	-	-	1,568,074
Utility Lines	710,585	-	-	710,585
Vehicles	562,562	58,280	-	620,842
Machinery and Equipment	<u>1,290,328</u>	<u>160,572</u>	<u>-</u>	<u>1,450,900</u>
Total Capital Assets, Being Depreciated	<u>4,131,549</u>	<u>218,852</u>	<u>-</u>	<u>4,350,401</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(514,523)	(149,368)	-	(663,891)
Utility Lines	(115,545)	(17,765)	-	(133,310)
Vehicles	(332,452)	(53,675)	-	(386,127)
Machinery and Equipment	<u>(770,693)</u>	<u>(102,733)</u>	<u>-</u>	<u>(873,426)</u>
Total Accumulated Depreciation	<u>(1,733,213)</u>	<u>(323,541)</u>	<u>-</u>	<u>(2,056,754)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,398,336</u>	<u>(104,689)</u>	<u>-</u>	<u>2,293,647</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,576,013</u>	<u>\$ (104,689)</u>	<u>\$ -</u>	<u>\$ 2,471,324</u>

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

Governmental Activities:	
General Government	\$ 235,070
Community / Economic Development	11,554
Public Safety	412,111
Public Works	236,940
Health and Welfare	22,191
Parks and Recreation	26,297
Airport Operations	<u>99,467</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,043,630</u>
Business-type Activities:	
Solid Waste Landfill	\$ 235,015
Emergency Medical Services	70,760
Sewer Enterprise	<u>17,765</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 323,540</u>

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2009

Note 5. Long-term Debt

Revenue Bonds. The County has issued bonds through the United States Department of Agriculture – Rural Development in order to finance the construction of a sewage collection line to be used by customers of a local sanitation district, Buena Vista Sanitation, in an area of the County known as Johnson Village. In order to repay the debt, the Sewer Enterprise entered into an intergovernmental agreement with the Buena Vista Sanitation District whereby the Sewer Enterprise would develop a monthly surcharge, subject to annual revisions, to be imposed on the property owners in Johnson Village who are connected to the sewage collection line. Revenue bonds outstanding at December 31, 2009, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Sewage Collection Line	4.50%	<u>\$ 505,069</u>

Annual debt service requirements to maturity for revenue bonds outstanding at December 31, 2009, are as follows:

<u>Year Ending December 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 7,347	\$ 22,647
2011	7,682	22,312
2012	8,031	21,963
2013	8,397	21,597
2014	8,779	21,215
2015-2019	50,262	99,708
2020-2024	62,788	87,182
2025-2029	78,435	71,535
2030-2034	97,981	51,989
2035-2039	122,398	27,572
2040-2042	<u>52,969</u>	<u>7,019</u>
Total	<u>\$ 505,069</u>	<u>\$ 454,739</u>

Certificates of Participation. In 2001, the Chaffee County Facilities Corporation issued Certificates of Participation in order to finance the cost of constructing County jail facilities. The Certificates evidence assignments of proportionate interest in rights to receive payments pursuant to an annually terminable Lease Purchase and Sublease Agreement, and entered into between the Facilities Corporation as lessor, and the County as lessee.

In 2009, the Chaffee County Facilities Corporation issued Certificates of Participation in order to finance the County's share of the acquisition and renovation of a Community Services Complex.

Certificates of Participation outstanding at December 31, 2009, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government – Community Services Complex	3.00% - 5.50%	\$ 3,790,000
General Government – Fleet Maintenance Facility	3.00% - 5.00%	<u>2,205,000</u>
		<u>\$ 5,995,000</u>

Annual debt service requirements to maturity for Certificates of Participation outstanding at December 31, 2009, are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 325,000	\$ 287,013
2011	335,000	274,200
2012	350,000	260,125
2013	360,000	245,490
2014	380,000	229,715
2015-2019	2,175,000	864,925
2020-2024	1,425,000	335,625
2025-2028	<u>645,000</u>	<u>91,025</u>
Total	<u>\$ 5,995,000</u>	<u>\$ 2,588,118</u>

Changes in Long-term Liabilities. Long-term liability activity for the year ended December 31, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Certificates of Participation	\$ 4,025,000	\$ 2,280,000	\$ 310,000	\$ 5,995,000	\$ 325,000
Compensated Absences	<u>418,029</u>	<u>-</u>	<u>17,309</u>	<u>400,720</u>	<u>400,720</u>
Governmental Activity Long-term Liabilities	<u>\$ 4,443,029</u>	<u>\$ 2,280,000</u>	<u>\$ 327,309</u>	<u>\$ 6,395,720</u>	<u>\$ 725,720</u>
Business-type Activities:					
Revenue Bond	\$ 512,098	\$ -	\$ 7,029	\$ 505,069	\$ 7,347
Compensated Absences	<u>30,458</u>	<u>1,557</u>	<u>-</u>	<u>32,015</u>	<u>32,015</u>
Business-type Activity Long-term Liabilities	<u>\$ 542,556</u>	<u>\$ 1,557</u>	<u>\$ 7,029</u>	<u>\$ 537,084</u>	<u>\$ 39,362</u>

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2009

Note 6. Employee Retirement Plan

The County participates in the Colorado County Officials and Employee Retirement Association, a multi-employer defined contribution retirement plan. A defined contribution pension plan has terms that specify how contributions to an individual's account are to be determined rather than the amount of pension benefits the individual is to receive. In a defined contribution plan, the pension benefits a participant will receive depend only on the amount contributed to the participant's account, earnings on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to the participant's account.

Eligible employees and the County each contribute an amount equal to 5% of the employee's base salary each month. Employees may contribute up to an additional 10% of base salary on an after-tax basis. The County does not match these additional contributions. During the year there were no differences between contribution requirements and contributions actually made by plan participants or the County. Both the County and the covered employees each made the required 5% contributions to the plans totaling \$693,645. There are no liabilities for benefits beyond the County's matching payments. No changes in the various plan's provisions occurred in 2009.

Note 7. Interfund Transfers

Interfund activities represent transactions between different funds within the County.

<u>Fund</u>	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 1,019,351	\$ 216,245
Road and Bridge Fund	10,567	10,000
P.I.L.T Fund	975,000	1,620,000
Health and Human Services Fund	-	76,266
Airport Fund	40,000	27,500
Conservation Trust Fund	-	10,567
Retirement Fund	-	225,000
Asset Replacement Fund	191,760	-
Lodging Visitors Bureau Fund	-	2,600
Chaffee County Facilities Corporation	743,523	-
Capital Expenditure Fund	-	1,163,523
Waste Disposal Fund	-	22,500
Emergency Medical Services Fund	<u>400,000</u>	<u>6,000</u>
Total	<u>\$ 3,380,201</u>	<u>\$ 3,380,201</u>

Note 8. Commitments and Contingencies

Litigation. The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, where the County Attorney is the attorney of record,

the County Attorney believes the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Tax, Spending and Debt Limitations. Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments. County officials believe they are in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The County has established a Contingent Reserve Fund in order to meet this requirement. The emergency reserve balance in this fund at December 31, 2009 totaled \$327,522.

Prior to 2008, voters within the County approved the County's request to retain its excess revenue for fiscal year spending. As such the fiscal year spending limitations and refunding of excess revenue to its citizens as defined by this amendment no longer apply. However, the County remains subject to other provisions of this amendment.

Contingencies. In April, 2010, the Colorado Department of Human Services conducted an audit of County TANF (Temporary Assistance for Needy Families) contract expenditures. As a result of this audit, CDHS noted two compliance issues in their letter to the Chaffee County Department of Health and Human Services resulting in questioned costs totaling \$123,990. On May 14, 2010 the County responded to CDHS with additional information and documentation and believes that the responses given are adequate to permit the costs to be allowed. No final determination from CDHS has been received as of the date of the audit report.

Note 9. Risk Management

County Worker's Compensation Pool. The County is exposed to various risks of loss related to injuries of employees while on the job. The County is a member of the County Workers Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. 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 that the Pool will purchase insurance through commercial companies for members' claims in excess of specified self-insured retention, which is determined each policy year.

Colorado Counties Casualty and Property Pool. The County is exposed to various risks of loss related to torts or property and casualty losses. Therefore the County joined together with other Colorado counties to form the Colorado Counties Casualty and Property Pool

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2009

(CAPP). CAPP is a public entity risk pool that provides property, general and automobile liability and public officials coverage to its members. The intergovernmental agreement of formation of CAPP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for members' claims in excess of specified self-insured retention, which is determined each policy year.

Note 10. Landfill Closure and Post-Closure Care Cost

State and federal laws and regulations 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 is required to maintain, in written documented form, current cost estimates to close its landfill site and to conduct post-closure care of this site. Financial assurance is required to be established in amounts sufficient to ensure payment of such costs. Chaffee County uses the "Local Government

Financial Test" as its financial mechanism to financially assure full payment of all closure, post-closure, and if applicable, corrective action estimated costs. Although the closure and post-closure costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The landfill closure and post-closure care liability at December 31, 2009 is \$286,289. This liability consists of closure and post-closure cost of \$134,964 and \$151,325, respectively, and represents the cumulative amount reported to date based on the use of approximately thirty-nine percent (39%) of the estimated capacity of the landfill.

The County will recognize the remaining estimated costs of closure and post-closure care of approximately \$436,935 as the remaining estimated capacity of the landfill is used. Closure costs are based on an estimate of the closure cost in 2009 dollars as adjusted for inflation. Post-closure costs are calculated based on the present value in 2009 dollars of the future annual cost to perform post-closure care over a thirty-year period. Actual costs may be higher or lower due to unknown factors such as changes in technology or regulations. It is estimated that the County landfill has a remaining useful life of sixteen to twenty years.

**REQUIRED SUPPLEMENTAL
INFORMATION**

CHAFFEE COUNTY, COLORADO

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,847,584	\$ 4,847,584	\$ 4,634,736	\$ (212,848)
Licenses and Permits	565,500	565,500	363,475	(202,025)
Intergovernmental	581,700	581,700	707,854	126,154
Charges for Services	1,595,200	1,595,200	1,627,004	31,804
Fines and Forfeitures	170,000	170,000	110,009	(59,991)
Investment Earnings	200,000	200,000	104,046	(95,954)
Other Revenue	196,750	196,750	492,717	295,967
Total Revenues	8,156,734	8,156,734	8,039,841	(116,893)
Expenditures				
Current:				
General Government	2,542,899	2,716,399	2,547,811	168,588
Community Development	944,861	1,000,861	871,357	129,504
Public Safety	3,912,812	4,309,809	4,138,946	170,863
Health and Welfare	720,206	765,206	693,574	71,632
Public Works	441,164	540,164	510,851	29,313
Parks and Recreation	199,128	218,128	226,663	(8,535)
Total Expenditures	8,761,070	9,550,567	8,989,202	561,365
Excess (Deficiency) of Revenues Over (Under) Expenditures	(604,336)	(1,393,833)	(949,361)	444,472
Other Financing Sources (Uses)				
Transfers In	812,640	812,640	1,019,351	206,711
Transfers Out	(204,000)	(204,000)	(216,245)	(12,245)
Total Other Financing Sources (Uses)	608,640	608,640	803,106	194,466
Net Change in Fund Balances	4,304	(785,193)	(146,255)	638,938
Fund Balances, Beginning of Year	3,752,609	3,752,609	3,943,253	190,644
Fund Balances, End of year	\$ 3,756,913	\$ 2,967,416	\$ 3,796,998	\$ 829,582

CHAFFEE COUNTY, COLORADO

P.I.L.T. FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,115,798	\$ 1,115,798	\$ 1,217,360	\$ 101,562
Investment Earnings	30,000	30,000	4,824	(25,176)
Other Revenues	-	-	34,472	34,472
Total Revenues	1,145,798	1,145,798	1,256,656	110,858
Expenditures				
Current:				
General Government	15,000	15,000	17,516	(2,516)
Community / Economic Development	19,300	69,300	52,309	16,991
Public Safety	10,000	10,000	-	10,000
Health and Welfare	34,000	238,000	54,206	183,794
Parks and Recreation	52,000	52,000	2,712	49,288
Airport	-	-	25,000	(25,000)
Total Expenditures	130,300	384,300	151,743	232,557
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,015,498	761,498	1,104,913	343,415
Other Financing Sources (Uses)				
Transfers In	875,000	875,000	975,000	100,000
Transfers Out	(1,420,000)	(1,620,000)	(1,620,000)	-
Total Other Financing Sources	(545,000)	(745,000)	(645,000)	100,000
Net Change in Fund Balances	470,498	16,498	459,913	443,415
Fund Balances, Beginning of Year	497,461	497,461	510,133	12,672
Fund Balances, End of year	\$ 967,959	\$ 513,959	\$ 970,046	\$ 456,087

CHAFFEE COUNTY, COLORADO

ROAD AND BRIDGE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	\$ 54,227	\$ 53,723	\$ (504)
Licenses and Permits	20,000	11,031	(8,969)
Intergovernmental	1,552,000	1,717,892	165,892
Charges for Services	15,500	20,008	4,508
Investment Earnings	56,000	6,280	(49,720)
Other Revenue	2,000	19,021	17,021
Total Revenues	1,699,727	1,827,955	128,228
Expenditures			
Current:			
Public Works	2,070,733	1,849,863	220,870
Capital Outlay	180,000	359,831	(179,831)
Total Expenditures	2,250,733	2,209,694	41,039
Excess (Deficiency) of Revenues Over (Under) Expenditures	(551,006)	(381,739)	169,267
Other Financing Sources (Uses)			
Transfers In	80,000	10,567	(69,433)
Transfers Out	(90,000)	(10,000)	80,000
Sales of Capital Assets	5,000	65,283	60,283
Total Other Financing Sources (Uses)	(5,000)	65,850	70,850
Net Change in Fund Balances	(556,006)	(315,889)	240,117
Fund Balances, Beginning of Year	2,045,248	2,065,304	20,056
Fund Balances, End of year	\$ 1,489,242	\$ 1,749,415	\$ 260,173

CHAFFEE COUNTY, COLORADO

HEALTH AND HUMAN SERVICES SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 558,224	\$ 558,224	\$ 543,741	\$ (14,483)
Intergovernmental	4,338,532	5,138,532	5,233,442	94,910
Investment Earnings	900	900	481	(419)
Other Revenue	47,550	47,550	917	(46,633)
Total Revenues	4,945,206	5,745,206	5,778,581	33,375
Expenditures				
Current:				
Health and Welfare	4,940,764	5,740,764	5,726,351	14,413
Total Expenditures	4,940,764	5,740,764	5,726,351	14,413
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,442	4,442	52,230	47,788
Other Financing Sources (Uses)				
Transfers Out	(60,000)	(60,000)	(76,266)	(16,266)
Net Change in Fund Balances	4,442	4,442	(24,036)	31,522
Fund Balances, Beginning of Year	435,983	435,983	318,325	(117,658)
Fund Balances, End of year	\$ 440,425	\$ 440,425	\$ 294,289	\$ (86,136)

OTHER SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Airport Fund – To account for general maintenance of the Harriet Alexander Field airport. Revenues are principally derived from rental of airport facilities, tie-down fees, sales of fuel, and federal grants.

Conservation Trust Fund – To account for State of Colorado lottery proceeds that are restricted to capital parks and recreation expenditures.

Retirement Fund – To account for County contributions to the County employee retirement plan. Financing is provided by an annual property tax levy.

Contingent Reserve Fund – To account for emergency funds set aside in compliance with Article X, Section 20 of the Colorado Constitution (known as the TABOR amendment).

Asset Replacement Fund – To account for the accumulation of reserves through capital grants and contributions by departments and funds of the County for the replacement of vehicles and equipment.

Lodging Visitors Bureau Fund – To account for funds raised through a 1.9% lodging tax used for marketing purposes.

Animal Shelter Fund – To account for revenues received from a one-half mill property tax levy and remitted to the Ark-Valley Humane Society.

Debt Service Fund

Debt service funds are used for the accumulation of resources and payment of bond principal and interest from government resources.

Chaffee County Facilities Corporation – To accumulate funds for debt service requirements of the Series 2002 Certificates of Participation used to construct a County jail facility and the Series 2009 Certificates of Participation used for the acquisition and renovation of the County's share of a Community Services Complex.

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and/or equipment.

Capital Expenditures Fund – To account for the acquisition or construction of major capital facilities for various departments and funds of the County. Financial resources include a property tax levy and capital grants.

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CHAFFEE COUNTY, COLORADO

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2009

	Special Revenue Funds			
	Airport Fund	Conservation Trust Fund	Retirement Fund	Contingent Reserve Fund
ASSETS				
Cash and Investments	\$ 59,642	\$ 361,121	\$ 333,953	\$ 327,522
Receivables:				
- Interest	-	59	60	-
- Taxes	-	-	193,854	-
- Accounts	6,105	-	-	-
- Intergovernmental	-	-	1,634	-
Inventories	30,995	-	-	-
Restricted Assets - Cash and Investments	-	-	-	-
Total Assets	\$ 96,742	\$ 361,180	\$ 529,501	\$ 327,522
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 6,535	\$ 13,302	\$ -	\$ -
Retainages Payable	-	-	-	-
Deferred Taxes	-	-	193,854	-
Total Liabilities	6,535	13,302	193,854	-
Fund Balances:				
Reserved for Emergencies	-	-	-	327,522
Reserved for Debt Service	-	-	-	-
Reserved for Inventories	30,995	-	-	-
Unreserved, Undesignated	59,212	347,878	335,647	-
Total Fund Balances	90,207	347,878	335,647	327,522
Total Liabilities and Fund Balances	\$ 96,742	\$ 361,180	\$ 529,501	\$ 327,522

Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Asset Replacement Fund	Lodging Visitors Bureau Fund	Animal Shelter Fund	Chaffee County Facilities Corporation	Capital Expenditures Fund	
\$ 308,697	\$ 355,765	\$ 1,755	\$ 84,779	\$ 752,946	\$ 2,586,180
67	-	-	-	164	350
-	-	194,242	-	193,854	581,950
-	-	-	-	-	6,105
-	39,443	1,637	-	1,634	44,348
-	-	-	-	-	30,995
-	-	-	619,793	-	619,793
<u>\$ 308,764</u>	<u>\$ 395,208</u>	<u>\$ 197,634</u>	<u>\$ 704,572</u>	<u>\$ 948,598</u>	<u>\$ 3,869,721</u>
\$ 94	\$ 33,890	\$ -	\$ -	\$ 230,495	\$ 284,316
-	-	-	-	115,247	115,247
-	-	194,242	-	193,854	581,950
94	33,890	194,242	-	539,596	981,513
-	-	-	-	-	327,522
-	-	-	704,572	-	704,572
-	-	-	-	-	30,995
308,670	361,318	3,392	-	409,002	1,825,119
308,670	361,318	3,392	704,572	409,002	2,888,208
<u>\$ 308,764</u>	<u>\$ 395,208</u>	<u>\$ 197,634</u>	<u>\$ 704,572</u>	<u>\$ 948,598</u>	<u>\$ 3,869,721</u>

CHAFFEE COUNTY, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2009

	Special Revenue Funds			
	Airport Fund	Conservation Trust Fund	Retirement Fund	Contingent Reserve Fund
Revenues				
Taxes	\$ -	\$ -	\$ 214,702	\$ -
Intergovernmental	148,427	81,985	-	-
Investment Earnings	-	1,519	1,535	-
Other Revenues	119,088	-	26,596	-
Total Revenues	<u>267,515</u>	<u>83,504</u>	<u>242,833</u>	<u>-</u>
Expenditures				
Current:				
General Government	-	-	-	-
Community / Economic Development	-	-	-	-
Parks and Recreation	-	64,276	-	-
Airport Operations	143,040	-	-	-
Capital Outlay	152,262	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Costs of Issuance	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	<u>295,302</u>	<u>64,276</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(27,787)</u>	<u>19,228</u>	<u>242,833</u>	<u>-</u>
Other Financing Sources (Uses)				
Bond Proceeds	-	-	-	-
Transfers In	40,000	-	-	-
Transfers Out	(27,500)	(10,567)	(225,000)	-
Total Other Financing Sources (Uses)	<u>12,500</u>	<u>(10,567)</u>	<u>(225,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>(15,287)</u>	<u>8,661</u>	<u>17,833</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>105,494</u>	<u>339,217</u>	<u>317,814</u>	<u>327,522</u>
Fund Balances, End of year	<u>\$ 90,207</u>	<u>\$ 347,878</u>	<u>\$ 335,647</u>	<u>\$ 327,522</u>

Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Asset Replacement Fund	Lodging Visitors Bureau Fund	Animal Shelter Fund	Chaffee County Facilities Corporation	Capital Expenditures Fund	
\$ -	\$ 290,926	\$ 191,915	\$ -	\$ 214,702	\$ 912,245
-	-	-	-	2,367,878	2,598,290
1,124	-	670	859	2,349	8,056
-	4,619	-	-	104,784	255,087
<u>1,124</u>	<u>295,545</u>	<u>192,585</u>	<u>859</u>	<u>2,689,713</u>	<u>3,773,678</u>
-	-	190,799	-	5,678	196,477
-	275,026	-	-	-	275,026
-	-	-	-	-	64,276
-	-	-	-	-	143,040
102,479	-	-	-	3,623,163	3,877,904
-	-	-	310,000	-	310,000
-	-	-	241,292	-	241,292
-	-	-	-	89,377	89,377
-	-	-	2,040	-	2,040
<u>102,479</u>	<u>275,026</u>	<u>190,799</u>	<u>553,332</u>	<u>3,718,218</u>	<u>5,199,432</u>
<u>(101,355)</u>	<u>20,519</u>	<u>1,786</u>	<u>(552,473)</u>	<u>(1,028,505)</u>	<u>(1,425,754)</u>
-	-	-	-	2,280,000	2,280,000
191,760	-	-	743,523	-	975,283
-	(2,600)	-	-	(1,163,523)	(1,429,190)
<u>191,760</u>	<u>(2,600)</u>	<u>-</u>	<u>743,523</u>	<u>1,116,477</u>	<u>1,826,093</u>
90,405	17,919	1,786	191,050	87,972	400,339
<u>218,265</u>	<u>343,399</u>	<u>1,606</u>	<u>513,522</u>	<u>321,030</u>	<u>2,487,869</u>
<u>\$ 308,670</u>	<u>\$ 361,318</u>	<u>\$ 3,392</u>	<u>\$ 704,572</u>	<u>\$ 409,002</u>	<u>\$ 2,888,208</u>

CHAFFEE COUNTY, COLORADO

AIRPORT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 102,000	\$ 148,427	\$ 46,427
Other Revenues	175,000	119,088	(55,912)
Total Revenues	<u>277,000</u>	<u>267,515</u>	<u>(9,485)</u>
Expenditures:			
Current:			
Airport Operations	71,700	51,471	20,229
Fuel Purchases	145,000	91,569	53,431
Capital Outlay	75,000	152,262	(77,262)
Total Expenditures	<u>291,700</u>	<u>295,302</u>	<u>(3,602)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,700)</u>	<u>(27,787)</u>	<u>(13,087)</u>
Other Financing Sources (Uses):			
Transfers In	40,000	40,000	-
Transfers Out	(27,500)	(27,500)	-
Total Other Financing Sources (Uses)	<u>12,500</u>	<u>12,500</u>	<u>-</u>
Net Change in Fund Balances	<u>(2,200)</u>	<u>(15,287)</u>	<u>(13,087)</u>
Fund Balances, Beginning of Year	<u>17,761</u>	<u>105,494</u>	<u>87,733</u>
Fund Balances, End of Year	<u>\$ 15,561</u>	<u>\$ 90,207</u>	<u>\$ 74,646</u>

CHAFFEE COUNTY, COLORADO

CONSERVATION TRUST FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 81,985	\$ (3,015)
Investment Earnings	6,000	6,000	1,519	(4,481)
Total Revenues	91,000	91,000	83,504	(7,496)
Expenditures:				
Current:				
Parks and Recreation	47,000	82,000	64,276	17,724
Total Expenditures	47,000	82,000	64,276	17,724
Excess (Deficiency) of Revenues Over (Under) Expenditures	44,000	9,000	19,228	(25,220)
Other Financing Sources (Uses):				
Transfers Out	-	(11,000)	(10,567)	433
Net Change in Fund Balances	44,000	(2,000)	8,661	(24,787)
Fund Balances, Beginning of Year	324,084	324,084	339,217	15,133
Fund Balances, End of Year	\$ 368,084	\$ 322,084	\$ 347,878	\$ (9,654)

CHAFFEE COUNTY, COLORADO

RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original and Final	Actual Amounts	
Revenues:			
Taxes	\$ 217,171	\$ 214,702	\$ (2,469)
Investment Earnings	9,000	1,535	(7,465)
Other Revenues	5,000	26,596	21,596
Total Revenues	<u>231,171</u>	<u>242,833</u>	<u>11,662</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>
Total Other Finance Sources (Uses)	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>
Net Change in Fund Balances	6,171	17,833	11,662
Fund Balances, Beginning of Year	<u>306,051</u>	<u>317,814</u>	<u>11,763</u>
Fund Balances, End of Year	<u>\$ 312,222</u>	<u>\$ 335,647</u>	<u>\$ 23,425</u>

CHAFFEE COUNTY, COLORADO

CONTINGENT RESERVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Investment Earnings	-	-	-
Other Revenues	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	-	-	-
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses):			
Transfers Out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Finance Sources (Uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	-	-	-
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year	327,522	327,522	-
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	<u>\$ 327,522</u>	<u>\$ 327,522</u>	<u>\$ -</u>

CHAFFEE COUNTY, COLORADO

ASSET REPLACEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>	Variance with Final Budget - Positive (Negative) <u></u>
Revenues:			
Investment Earnings	\$ 7,000	\$ 1,124	\$ (5,876)
Total Revenues	<u>7,000</u>	<u>1,124</u>	<u>(5,876)</u>
Expenditures:			
Capital Outlay	106,325	102,479	3,846
Total Expenditures	<u>106,325</u>	<u>102,479</u>	<u>3,846</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(99,325)</u>	<u>(101,355)</u>	<u>(2,030)</u>
Other Financing Sources (Uses):			
Transfers In	190,300	191,760	1,460
Sales of Capital Assets	15,000	-	(15,000)
Total Other Financing Sources (Uses)	<u>205,300</u>	<u>191,760</u>	<u>(13,540)</u>
Net Change in Fund Balances	<u>105,975</u>	<u>90,405</u>	<u>(15,570)</u>
Fund Balances, Beginning of Year	<u>231,341</u>	<u>218,265</u>	<u>(13,076)</u>
Fund Balances, End of Year	<u>\$ 337,316</u>	<u>\$ 308,670</u>	<u>\$ (28,646)</u>

CHAFFEE COUNTY, COLORADO

LODGING VISTORS BUREAU FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original and Final	Actual Amounts	
Revenues:			
Taxes	\$ 290,000	\$ 290,926	\$ 926
Intergovernmental	15,000	-	(15,000)
Other Revenues	8,500	4,619	(3,881)
Total Revenues	<u>313,500</u>	<u>295,545</u>	<u>(17,955)</u>
Expenditures:			
Current:			
Economic Development	<u>335,600</u>	<u>275,026</u>	<u>60,574</u>
Total Expenditures	<u>335,600</u>	<u>275,026</u>	<u>60,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,100)	20,519	42,619
Other Financing Sources (Uses):			
Transfers Out	<u>(2,600)</u>	<u>(2,600)</u>	<u>-</u>
Net Change in Fund Balances	<u>(24,700)</u>	<u>17,919</u>	<u>42,619</u>
Fund Balances, Beginning of Year	<u>283,659</u>	<u>343,399</u>	<u>59,740</u>
Fund Balances, End of Year	<u>\$ 258,959</u>	<u>\$ 361,318</u>	<u>\$ 102,359</u>

CHAFFEE COUNTY, COLORADO

ANIMAL SHELTER FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 192,200	\$ 191,915	\$ (285)
Investment Earnings	500	670	170
Total Revenues	<u>192,700</u>	<u>192,585</u>	<u>(115)</u>
Expenditures:			
Current:			
General Government	193,000	190,799	2,201
Total Expenditures	<u>193,000</u>	<u>190,799</u>	<u>2,201</u>
Net Change in Fund Balances	(300)	1,786	2,086
Fund Balances, Beginning of Year	<u>2,311</u>	<u>1,606</u>	<u>(705)</u>
Fund Balances, End of Year	<u>\$ 2,011</u>	<u>\$ 3,392</u>	<u>\$ 1,381</u>

CHAFFEE COUNTY, COLORADO

CHAFFEE COUNTY FACILITIES CORPORATION SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 859	\$ 859
Total Revenues	<u>-</u>	<u>859</u>	<u>859</u>
Expenditures:			
Debt Service:			
Principal	310,000	310,000	-
Interest	250,000	241,292	8,708
Fiscal Charges	-	2,040	(2,040)
Total Expenditures	<u>560,000</u>	<u>553,332</u>	<u>6,668</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(560,000)	(552,473)	7,527
Other Financing Sources (Uses):			
Transfers In	555,000	743,523	188,523
Net Change in Fund Balances	(5,000)	191,050	196,050
Fund Balances, Beginning of Year	<u>82,370</u>	<u>513,522</u>	<u>431,152</u>
Fund Balances, End of Year	<u>\$ 77,370</u>	<u>\$ 704,572</u>	<u>\$ 627,202</u>

CHAFFEE COUNTY, COLORADO

CAPITAL EXPENDITURES FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 217,171	\$ 217,171	\$ 214,702	\$ (2,469)
Intergovernmental	-	-	2,367,878	2,367,878
Investment Earnings	7,000	7,000	2,349	(4,651)
Other Revenue	-	-	104,784	104,784
Total Revenues	<u>224,171</u>	<u>224,171</u>	<u>2,689,713</u>	<u>2,465,542</u>
Expenditures:				
Current:				
General Government	5,000	5,000	5,678	(678)
Capital Outlay	20,000	4,355,800	3,623,163	732,637
Debt Service:				
Costs of Issuance	-	-	89,377	(89,377)
Fiscal Charges	-	-	-	-
Total Expenditures	<u>25,000</u>	<u>4,360,800</u>	<u>3,718,218</u>	<u>642,582</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>199,171</u>	<u>(4,136,629)</u>	<u>(1,028,505)</u>	<u>3,108,124</u>
Other Financing Sources (Uses):				
Bond Proceeds	-	-	2,280,000	2,280,000
Transfers Out	-	-	(1,163,523)	(1,163,523)
Sale of Capital Assets	350,000	350,000	-	(350,000)
Total Other Financing Sources (Uses)	<u>350,000</u>	<u>350,000</u>	<u>1,116,477</u>	<u>766,477</u>
Net Change in Fund Balances	549,171	(3,786,629)	87,972	3,874,601
Fund Balances, Beginning of Year	<u>308,978</u>	<u>308,978</u>	<u>321,030</u>	<u>12,052</u>
Fund Balances, End of Year	<u>\$ 858,149</u>	<u>\$ (3,477,651)</u>	<u>\$ 409,002</u>	<u>\$ 3,886,653</u>

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CHAFFEE COUNTY, COLORADO

WASTE DISPOSAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Garbage Collection Fees	\$ 750,000	\$ 750,000	\$ 644,114	\$ (105,886)
Investment Earnings	15,000	15,000	4,787	(10,213)
Other Revenues	-	-	9,694	9,694
Total Revenues	765,000	765,000	658,595	(106,405)
Expenditures:				
Operations:				
Personnel Costs	235,287	235,287	217,941	17,346
Closure and Post Closure Costs	50,000	50,000	60,816	(10,816)
Other Operating Costs	280,700	305,700	224,299	81,401
New Landfill Construction	50,000	50,000	3,562	46,438
Capital Outlay	30,000	30,000	141,376	(111,376)
Total Expenditures	645,987	670,987	647,994	22,993
Excess (Deficiency) of Revenues Over (Under) Expenditures	119,013	94,013	10,601	(83,412)
Other Financing Sources (Uses):				
Transfers Out	(22,500)	(22,500)	(22,500)	-
Sales of Capital Assets	5,000	5,000	30,000	25,000
Total Other Financing Sources (Uses)	(17,500)	(17,500)	7,500	25,000
Net Change in Fund Balances	101,513	76,513	18,101	(58,412)
Fund Balances, Beginning of Year	1,223,644	1,223,644	988,054	(235,590)
Fund Balances, End of Year	\$ 1,325,157	\$ 1,300,157	\$ 1,006,155	\$ (294,002)

Fund Balances at December 31, 2009, is computed as follows:

Current Assets	\$ 1,329,740
Less: Current Liabilities	<u>(323,585)</u>
Fund Balances - December 31, 2009	<u>\$ 1,006,155</u>

**RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS)
TO CHANGE IN NET ASSETS (GAAP BASIS)**

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 18,101</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Capitalization of Fixed Assets	141,376
Depreciation	<u>(235,015)</u>
Total Adjustments	<u>(93,639)</u>
Change in Net Assets (GAAP Basis)	<u><u>\$ (75,538)</u></u>

CHAFFEE COUNTY, COLORADO

EMERGENCY MEDICAL SERVICES FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Ambulance Fees	\$ 885,000	\$ 885,000	\$ 966,479	\$ 81,479
Intergovernmental	7,500	7,500	7,500	-
Other Revenues	1,000	1,000	2,008	1,008
Total Revenues	893,500	893,500	975,987	82,487
Expenditures:				
Operations:				
Personnel Costs	849,772	849,772	853,624	(3,852)
Other Operating Costs	315,920	355,920	326,646	29,274
Capital Outlay	81,000	81,000	77,475	3,525
Total Expenditures	1,246,692	1,286,692	1,257,745	28,947
Excess (Deficiency) of Revenues Over (Under) Expenditures	(353,192)	(393,192)	(281,758)	111,434
Other Financing Sources (Uses):				
Transfers In	394,000	394,000	394,000	-
Net Change in Fund Balances	40,808	808	112,242	111,434
Fund Balances, Beginning of Year	251,653	251,653	291,008	39,355
Fund Balances, End of Year	\$ 292,461	\$ 252,461	\$ 403,250	\$ 150,789

Fund Balances at December 31, 2009, is computed as follows:

Current Assets	\$ 434,764
Less: Current Liabilities	(31,514)
Fund Balances - December 31, 2009	\$ 403,250

**RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS)
TO CHANGE IN NET ASSETS (GAAP BASIS)**

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 112,242</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Capitalization of Fixed Assets	77,475
Depreciation	<u>(70,760)</u>
Total Adjustments	<u>6,715</u>
Change in Net Assets (GAAP Basis)	<u><u>\$ 118,957</u></u>

CHAFFEE COUNTY, COLORADO

J.V. SEWER FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for Services:			
Sewer Surcharge	\$ 34,400	\$ 34,397	\$ (3)
Total Revenues	<u>34,400</u>	<u>34,397</u>	<u>(3)</u>
Expenditures:			
Debt Service:			
Principal	7,029	7,029	-
Interest	<u>22,971</u>	<u>22,939</u>	<u>32</u>
Total Expenditures	<u>30,000</u>	<u>29,968</u>	<u>32</u>
Net Change in Fund Balances	4,400	4,429	29
Fund Balances, Beginning of Year	<u>31,425</u>	<u>38,133</u>	<u>6,708</u>
Fund Balances, End of Year	<u>\$ 35,825</u>	<u>\$ 42,562</u>	<u>\$ 6,737</u>

Fund Balances at December 31, 2009, is computed as follows:

Current Assets	\$ 44,430
Less: Current Liabilities	(9,215)
Add: Current Portion of Revenue Bonds Payable	<u>7,347</u>
Fund Balances - December 31, 2009	<u>\$ 42,562</u>

**RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS)
TO CHANGE IN NET ASSETS (GAAP BASIS)**

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 4,429</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Principal Paid On Revenue Bonds	7,029
Depreciation and Amortization	<u>(17,915)</u>
Total Adjustments	<u>(10,886)</u>
Change in Net Assets (GAAP Basis)	<u><u>\$ (6,457)</u></u>

CHAFFEE COUNTY, COLORADO

INSURANCE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u> </u>	Variance with Final Budget - Positive (Negative) <u> </u>
Revenues:			
Charges for Services:			
Insurance Contribution	\$ 310,000	\$ 280,000	\$ (30,000)
Investment Earnings	5,000	1,818	(3,182)
Other Revenues	11,000	5,748	(5,252)
	<u>326,000</u>	<u>287,566</u>	<u>(38,434)</u>
Total Revenues			
Expenditures:			
Current:			
Administrative, Legal and Claims	10,000	605	9,395
CAPP Pool Contributions	80,000	77,739	2,261
Workers Compensation Pool Contributions	192,000	177,300	14,700
Property and Casualty Claims	10,000	10,405	(405)
Income Protection	2,500	-	2,500
Miscellaneous	1,000	-	1,000
	<u>295,500</u>	<u>266,049</u>	<u>29,451</u>
Total Expenditures			
	30,500	21,517	(8,983)
Net Change in Fund Balances			
	442,326	447,777	5,451
Fund Balances, Beginning of Year			
	<u>\$ 472,826</u>	<u>\$ 469,294</u>	<u>\$ (3,532)</u>
Fund Balances, End of Year			

Fund Balances at December 31, 2009, is computed as follows:

Current Assets	\$ 469,294
Less: Current Liabilities	<u>-</u>
Fund Balances - December 31, 2009	<u>\$ 469,294</u>

**RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS)
TO CHANGE IN NET ASSETS (GAAP BASIS)**

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 21,517</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Total Adjustments	<u>-</u>
Change in Net Assets (GAAP Basis)	<u><u>\$ 21,517</u></u>

CHAFFEE COUNTY, COLORADO

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2009

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government:				
Board of County Commissioners	\$ 546,346	\$ 659,846	\$ 610,972	\$ 48,874
Administrative Support	221,267	231,267	242,434	(11,167)
County Attorney	51,860	51,860	43,153	8,707
Budget Officer	20,424	20,424	19,188	1,236
Audit	21,500	21,500	23,000	(1,500)
Safety	12,750	12,750	6,775	5,975
County Clerk and Recorder	500,030	530,030	509,605	20,425
Elections	102,300	102,300	39,773	62,527
County Treasurer and Public Trustee	324,919	324,919	318,655	6,264
County Assessor	522,329	532,329	513,848	18,481
County Extension Service	124,795	124,795	117,019	7,776
Veterans Service Officer	24,279	24,279	23,678	601
Miscellaneous	70,100	80,100	79,711	389
Total General Government	2,542,899	2,716,399	2,547,811	168,588
Community Development:				
Planning and Zoning	383,852	403,852	298,109	105,743
Building Inspector	477,406	513,406	491,004	22,402
Environmental Health	83,603	83,603	82,244	1,359
Total Community Development	944,861	1,000,861	871,357	129,504
Public Safety:				
District Attorney	302,102	302,102	301,968	134
Sheriff	1,505,464	1,505,464	1,471,548	33,916
Jail	1,296,173	1,344,173	1,285,334	58,839
Coroner	139,620	145,620	127,850	17,770
Civil Defense	73,626	73,626	71,236	2,390
Fire Control	9,000	9,000	6,203	2,797
Animal Control	2,500	2,500	-	2,500
Communications Center	584,327	927,327	874,807	52,520
Total Public Safety	3,912,812	4,309,812	4,138,946	170,866

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Health and Welfare				
Public Health Nurse	\$ 468,544	\$ 468,544	\$ 416,506	\$ 52,038
Immunization	31,000	31,000	23,884	7,116
CHP/STEPP	83,856	122,856	117,814	5,042
EPSDT	35,502	35,502	39,364	(3,862)
Victims Assistance Program	101,304	107,304	96,006	11,298
Total Health and Welfare	720,206	765,206	693,574	71,632
Public Works:				
Buildings and Grounds	345,918	444,918	421,071	23,847
Weed Management	95,246	95,246	89,780	5,466
Total Public Works	441,164	540,164	510,851	29,313
Parks and Recreation:				
Fairgrounds	199,128	218,128	226,663	(8,535)
TOTAL EXPENDITURES	\$ 8,761,070	\$ 9,550,570	\$ 8,989,202	\$ 561,368

CHAFFEE COUNTY, COLORADO

DETAILED SCHEDULE OF GENERAL FUND REVENUES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2009

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes:				
General Property Tax	\$ 1,697,384	\$ 1,697,384	\$ 1,692,235	\$ (5,149)
General Property Tax - Delinquent Collections	200	200	2,231	2,031
General Property Tax - Interest and Penalties	6,000	6,000	7,292	1,292
Specific Ownership Tax	244,000	244,000	221,154	(22,846)
Sales Tax	2,900,000	2,900,000	2,711,824	(188,176)
Total Taxes	4,847,584	4,847,584	4,634,736	(212,848)
Licenses and Permits:				
Liquor Licenses	3,500	3,500	2,908	(592)
Building Permits	510,000	510,000	319,625	(190,375)
Septic Permits	30,000	30,000	21,660	(8,340)
F/S Inspections	22,000	22,000	19,282	(2,718)
Total Licenses and Permits	565,500	565,500	363,475	(202,025)
Intergovernmental:				
Federal Grants	197,700	197,700	231,272	33,572
State Grants and Contracts	369,500	369,500	461,719	92,219
Other	14,500	14,500	14,863	363
Total Intergovernmental	581,700	581,700	707,854	126,154
Charges for Services:				
Departmental Fees	728,900	728,900	730,271	1,371
Public Safety Fees	789,200	789,200	859,333	70,133
Health and Welfare Fees	77,100	77,100	37,400	(39,700)
Total Charges for Services	1,595,200	1,595,200	1,627,004	31,804
Fines and Forfeitures				
Traffic Fines	170,000	170,000	110,009	(59,991)
Total Fines and Forfeitures	170,000	170,000	110,009	(59,991)
Investment Earnings	200,000	200,000	104,046	(95,954)
Miscellaneous Revenues:				
Rents and Royalties	121,750	121,750	126,168	4,418
Cost Allocations	25,000	25,000	28,518	3,518
Miscellaneous Nonclassified Revenues	50,000	50,000	338,031	288,031
Total Miscellaneous Revenues	196,750	196,750	492,717	295,967
TOTAL REVENUES	\$ 8,156,734	\$ 8,156,734	\$ 8,039,841	\$ (116,893)

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Chaffee
	YEAR ENDING : December 2009
This Information From The Records Of (example - City of _ or County of _) County of Chaffee	Prepared By: Dan Short Phone: 719-539-3463

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,056,313
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	46,933
2. General fund appropriations		b. Snow and ice removal	73,072
3. Other local imposts (from page 2)	53,722	c. Other	
4. Miscellaneous local receipts (from page 2)	132,191	d. Total (a. through c.)	120,005
5. Transfers from toll facilities		4. General administration & miscellaneous	34,683
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	2,211,001
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	185,913	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	1,676,736	2. Notes:	
D. Receipts from Federal Government (from page 2)	41,155	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,903,804	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,211,001

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,033,345	1,903,804	2,211,001	1,726,148	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2009

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	47,536	a. Interest on investments	6,280
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	65,283
4. Licenses		f. Charges for Services	30,575
5. Specific Ownership &/or Other	6,186	g. Other Misc. Receipts	19,022
6. Total (1. through 5.)	6,186	h. Other	11,031
c. Total (a. + b.)	53,722	i. Total (a. through h.)	132,191
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	1,460,677	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	55,263	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	100,000	e. U.S. Corps of Engineers	
e. Other (Specify) - CDOT Grant	60,796	f. Other Federal - Min Lease/Severance	41,155
f. Total (a. through e.)	216,059	g. Total (a. through f.)	41,155
4. Total (1. + 2. + 3.f)	1,676,736	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments:

SINGLE AUDIT SECTION

SCOTT C. WRIGHT
CERTIFIED PUBLIC ACCOUNTANT

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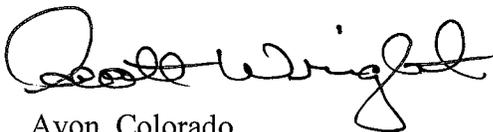
Board of County Commissioners
Chaffee County, Colorado
Salida, Colorado

**INDEPENDENT AUDITOR'S REPORT ON
SCHEDULE OF FEDERAL AWARDS**

I have audited the basic financial statements of Chaffee County, Colorado as of and for the year ended December 31, 2009, and have issued my report thereon dated July 20, 2010. These financial statements are the responsibility of Chaffee County management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinions.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chaffee County, Colorado's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements of Chaffee County, Colorado. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Avon, Colorado
July 20, 2010

CHAFFEE COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor / Pass Through Grantor / Program Or Cluster Title	Federal CFDA #	Federal Expenditures
<u>U.S. Department of Justice</u>		
<i>Passed Through Colorado Division of Criminal Justice:</i>		
Victim of Crimes Act, Crime Victim Assistance Program (VOCA)	16.575	\$ 23,002
<u>U.S. Department of Health and Human Services</u>		
<i>Passed Through Colorado Department of Human Services:</i>		
Low Income Home Energy Assistance (LEAP)	93.568	483,338
Title XX	93.667	66,619
CCDF	93.596	93,973
Title IV B Child Welfare	93.645	9,063
Title IV E Foster Care	93.658	172,423
Title IV D Administrative	93.563	175,255
Temporary Assistance for Needy Families	93.558	768,308
Title IV E Adoption	93.659	23,721
CCDF Discretionary	93.575	6,842
Promoting Safe and Stable Families	93.556	26,629
Drug Free Communities Program (Chaffee County Build a Generation)	93.276	122,336
ARRA - Child Care and Development Block Grant	93.713	32,471
<i>Passed through Colorado Department of Public Health and Environment</i>		
Emergency Preparedness Response Grant (EPRD)	93.069	21,295
Childhood Immunization	93.268	19,123
Childhood Immunization (Noncash)	93.268	42,603
CDC Investigations and Technical Assistance	93.283	6,000
Nuturing Parent Program	93.590	6,250
ARRA - Immunization	93.712	1,349
Maternal and Child Health Services Block Grant	93.994	3,287
<i>Passed through Colorado Department of Health Care</i>		
<i>Policy and Benefits and Rio Grande County, Colorado</i>		
EPSDT	93.778	96,556
Total U.S. Department of Health and Human Services		2,177,441

See accompanying notes are an integral part of this schedule.

Federal Grantor / Pass Through Grantor / Program Or Cluster Title	Federal CFDA #	Federal Expenditures
U.S. Department of Homeland Security		
Federal Emergency Management Agency		
<i>Passed through Colorado Department of Local Affairs</i>		
Emergency Management Performance Grant (EMPG)	97.042	17,443
Total U.S. Department of Homeland Security		<u>17,443</u>
U.S. Department of Housing and Urban Development		
<i>Passed Through Colorado Department of Local Affairs</i>		
Community Development Block Grant	14.228	28,073
U.S. Department of Agriculture		
<i>Passed Through Colorado Department of Human Services:</i>		
Food Assistance Administration	10.561	104,599
Food Assistance	10.551	1,169,729
<i>Passed Through Colorado Department of Human Services and Upper Arkansas Area Council</i>		
Emergency Food Assistance Program (Food Commodities)	10.569	24,804
Total U.S. Department of Agriculture		<u>1,299,132</u>
Total Expenditures of Federal Awards		<u>\$ 3,545,091</u>

CHAFFEE COUNTY, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2009

Note 1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs collected and expended of Chaffee County, Colorado. 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 in these schedules may differ from amounts presented in, or used in the presentation of the basic financial statements.

SCOTT C. WRIGHT
CERTIFIED PUBLIC ACCOUNTANT

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Board of County Commissioners
Chaffee County, Colorado
Salida, Colorado

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

I have audited the financial statements of Chaffee County, Colorado as of and for the year ended December 31, 2009, and have issued my report thereon dated July 20, 2010. I conducted my 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.

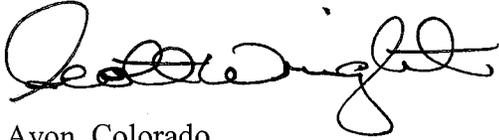
Internal Control over Financial Reporting

In planning and performing my audit, I considered Chaffee County, Colorado's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether Chaffee County, Colorado's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of County Commissioners, 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.

A handwritten signature in black ink, appearing to read "John D. [unclear]". The signature is fluid and cursive, with a large initial letter.

Avon, Colorado
July 20, 2010

SCOTT C. WRIGHT
CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 6597
Avon, Colorado 81620
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Board of County Commissioners
Chaffee County, Colorado
Salida, Colorado

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

Compliance

I have audited the compliance of Chaffee County, Colorado with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. Chaffee County, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Chaffee County, Colorado's management. My responsibility is to express an opinion on Chaffee County, Colorado's compliance based on my audit.

I conducted my 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 I 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 Chaffee County, Colorado's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Chaffee County, Colorado's compliance with those requirements.

In my opinion, Chaffee County, Colorado, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

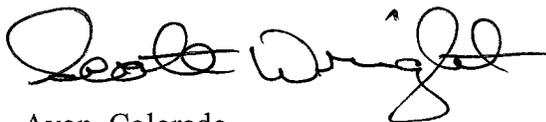
Internal Control Over Compliance

The management of Chaffee County, Colorado is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs.

In planning and performing my audit, I considered Chaffee County, Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Board of County Commissioners, 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.

A handwritten signature in black ink, appearing to read "Scott Wright". The signature is fluid and cursive, with a prominent loop at the end.

Avon, Colorado
July 20, 2010

CHAFFEE COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2009

A. Summary of Auditor Results

- The auditor's report expresses an unqualified opinion on Chaffee County, Colorado's basic financial statements as of and for the year ended December 31, 2009.
- No reportable conditions relating to the audit of the basic financial statements are 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*.
- No instances of noncompliance material to the basic financial statements of Chaffee County, Colorado were disclosed during the audit.
- No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
- The auditor's report on Compliance for the Major Federal Award Programs for Chaffee County, Colorado expresses an unqualified opinion.
- There are no audit findings relative to the major federal award programs for Chaffee County, Colorado to be reported in Part C of this schedule.
- The programs tested as major federal programs were:
 - 93.658 – Foster Care Title IV-E
 - 93.563 – Child Support Enforcement (Title IV-D Administrative)
 - 93.558 – Temporary Assistance for Needy Families (TANF)
 - 93.276 – Drug Free Communities Program
 - 10.561 – Supplemental Nutrition Assistance Program Administrative Match
- The threshold for distinguishing type A and B programs was \$300,000.
- Chaffee County, Colorado was determined to be a low risk auditee.

B. FINDINGS UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (GAGAS)

- None

C. FINDINGS AND QUESTIONED COSTS UNDER OMB CIRCULAR A-133

- None

CHAFFEE COUNTY, COLORADO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2009

A. Summary Schedule of Prior Audit Findings

- There were no prior year audit findings and/or questioned costs for the year ended December 31, 2008 for Chaffee County, Colorado.