

CHAFFEE COUNTY, COLORADO

ANNUAL FINANCIAL REPORT

FOR THE

YEAR ENDED DECEMBER 31, 2010

**CHAFFEE COUNTY, COLORADO
ELECTED AND APPOINTED OFFICIALS
December 31, 2010**

ELECTED OFFICIALS

Frank Holman, Chairman of the Board, Commissioner District #2
Dennis Giese, Commissioner District #1
Dave Potts, Commissioner District #3
Randy Amettis, Coroner
Brenda Mosby, County Assessor
Joyce M. Reno, County Clerk and Recorder
Pete Palmer, 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, 2010

TABLE OF CONTENTS

FINANCIAL SECTION	Page
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-13
Basic Financial Statements	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets	15
Statement of Activities	16-17
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	18-19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20-21
Statement of Net Assets – Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24-25
Statement of Fiduciary Assets and Liabilities – Fiduciary Fund	26
Notes to the Basic Financial Statements	27-42
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	44
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge Fund	45
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – P.I.L.T Fund	46
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Health and Human Services Fund	47
Other Supplemental Information	
Nonmajor Governmental Fund Descriptions	49-50
Combining Balance Sheet – Nonmajor Governmental Funds	52-53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	54-55

CHAFFEE COUNTY, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS - CONTINUED

Other Supplemental Information (Continued)	Page
Schedules of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budgetary Basis):	
Special Revenue Funds:	
Airport Fund	56
Conservation Trust Fund	57
Retirement Fund	58
Contingent Reserve Fund	59
Asset Replacement Fund	60
Lodging Visitors Bureau Fund	61
Animal Shelter Fund	62
Chaffee County Facilities Corporation Debt Service Fund	63
Capital Expenditures Capital Projects Fund	64
Enterprise Funds:	
Waste Disposal Fund	66-67
Emergency Medical Services Fund	68-69
J.V Sewer Fund	70-71
Insurance Reserve Internal Service Fund	72-73
<i>Miscellaneous Schedules:</i>	
Detailed Schedule of General Fund Expenditures (Budgetary Basis) – Budget and Actual	74-75
Detailed Schedule of General Fund Revenues (Budgetary Basis) – Budget and Actual	76
Local Highway Finance Report	78-79
SINGLE AUDIT SECTION	
Independent Auditor's Report on Schedule of Expenditures of Federal Awards	81
Schedule of Expenditures of Federal Awards	82-83
Notes to Schedules of Expenditures of Federal Awards	84
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	85-86
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	87-88
Schedule of Findings and Questioned Costs	89
Summary Schedule of Prior Audit Findings	90

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, 2010, 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.

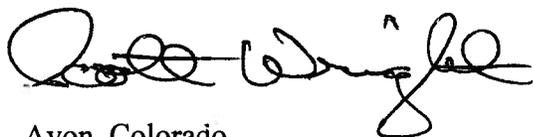
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and 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, 2010, 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 11, 2011, 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 assessing the results of my audit.



Avon, Colorado
July 11, 2011

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, 2010.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$24,758,549 (*net assets*). Of this amount, \$9,910,993 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 \$540,058.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$9,620,380, a decrease of \$78,576 in comparison with the prior year. Approximately eight-seven percent (87%) of this total amount, or \$8,345,103, 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 \$3,544,927, or forty-one percent (41%) of total general fund expenditures.
- All scheduled debt service payments on long-term debt obligations were made during the current fiscal year thereby reducing the County's total long-term debt by \$332,348.

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 nine 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$14,370,050	\$14,697,487	\$1,763,700	\$1,819,699	\$16,133,750	\$16,517,186
Capital Assets, net	<u>17,249,213</u>	<u>16,955,879</u>	<u>2,490,787</u>	<u>2,471,324</u>	<u>19,740,000</u>	<u>19,427,203</u>
Total Assets	<u>31,619,263</u>	<u>31,653,366</u>	<u>4,254,487</u>	<u>4,291,023</u>	<u>35,873,750</u>	<u>35,944,389</u>
Other Liabilities	4,180,768	4,468,142	332,809	324,952	4,513,577	4,793,094
Noncurrent Liabilities	<u>6,073,275</u>	<u>6,395,720</u>	<u>528,349</u>	<u>537,084</u>	<u>6,601,624</u>	<u>6,932,804</u>
Total Liabilities	<u>10,254,043</u>	<u>10,863,862</u>	<u>861,158</u>	<u>862,036</u>	<u>11,115,201</u>	<u>11,725,898</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	11,579,213	10,960,879	1,993,066	1,975,152	13,572,279	12,936,031
Restricted	1,275,277	1,128,605	-	-	1,275,277	1,128,605
Unrestricted	<u>8,510,730</u>	<u>8,700,020</u>	<u>1,400,263</u>	<u>1,453,835</u>	<u>9,910,993</u>	<u>10,153,855</u>
Total Net Assets	<u>\$20,365,220</u>	<u>\$20,789,504</u>	<u>\$3,393,329</u>	<u>\$3,428,987</u>	<u>\$24,758,549</u>	<u>\$24,218,491</u>

A large portion of the County's net assets (54.8%) 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.

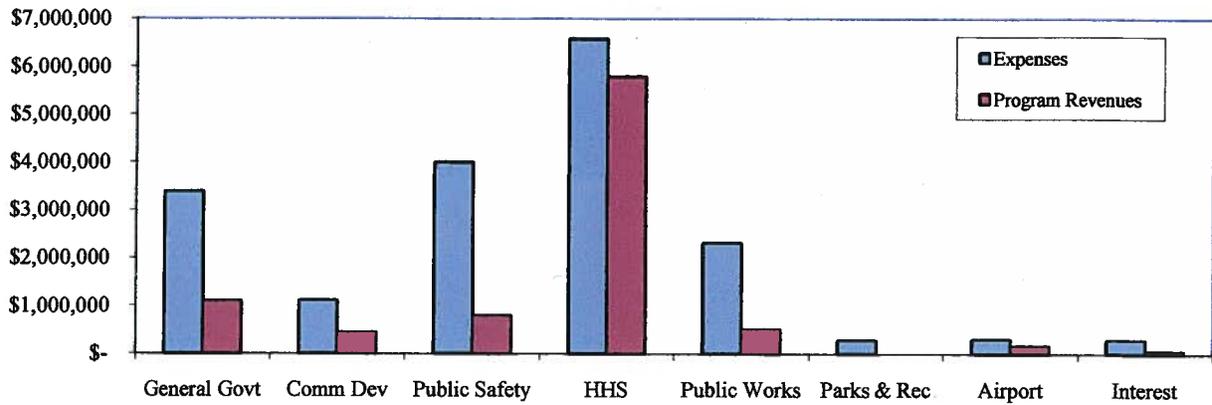
An additional portion of the County's net assets (5.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$9,910,993) may be used to meet the County's ongoing obligations to citizens and creditors.

CHANGE IN NET ASSETS

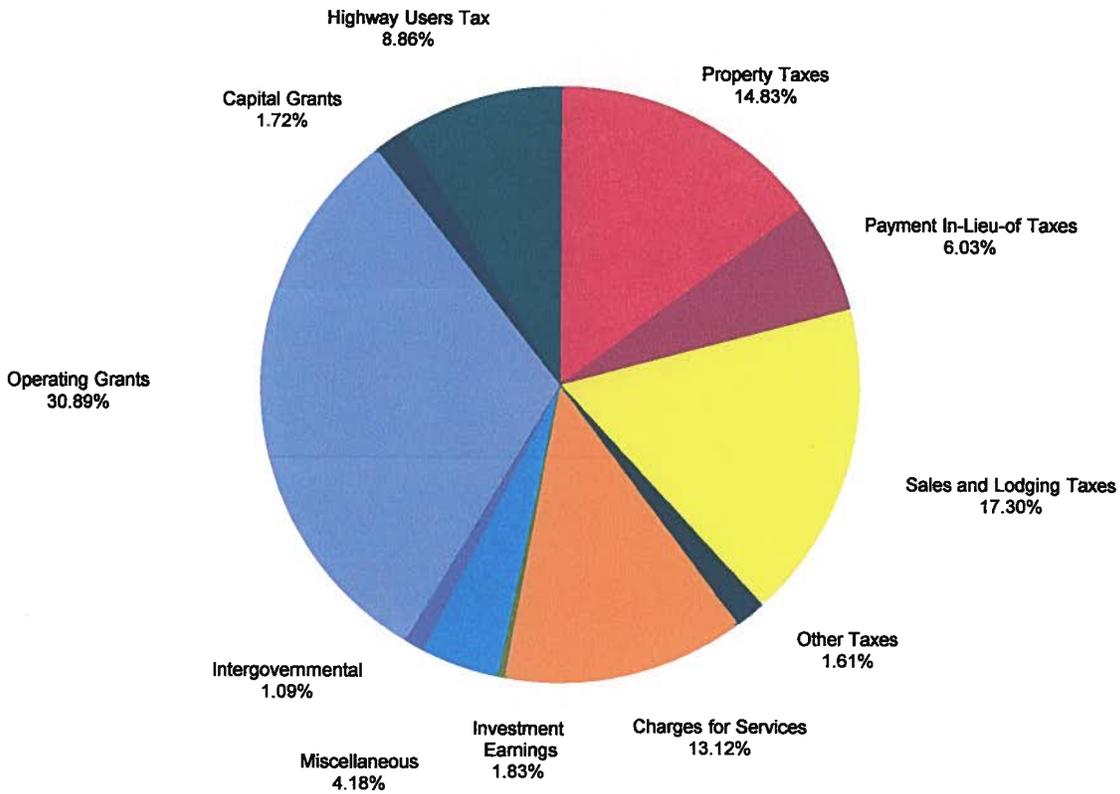
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,528,552	\$ 2,131,527	\$ 1,393,282	\$ 1,656,692	\$ 3,921,834	\$ 3,788,219
Operating Grants and Contributions	5,954,673	5,829,365	38,448	7,500	5,993,121	5,836,865
Capital Grants and Contributions	330,644	1,836,975	-	-	330,644	1,836,975
General Revenues:						
Taxes:						
Property Taxes	2,859,609	2,766,823	-	-	2,859,609	2,766,823
Sales and Lodging Taxes	3,335,552	3,002,750	-	-	3,335,552	3,002,750
Payment In-Lieu-of Taxes	1,163,049	1,188,110	-	-	1,163,049	1,188,110
Highway Users Tax	1,707,910	1,460,677	-	-	1,707,910	1,460,677
Other Taxes	310,559	374,872	-	4,787	310,559	379,659
Unrestricted Investment Earnings	70,170	125,505	1,937	-	72,107	125,505
Intergovernmental	210,643	1,159,711	-	30,000	210,643	1,189,711
Miscellaneous	<u>806,744</u>	<u>873,245</u>	<u>-</u>	<u>-</u>	<u>806,744</u>	<u>873,245</u>
Total Revenues	<u>19,278,105</u>	<u>20,749,560</u>	<u>1,433,667</u>	<u>1,698,979</u>	<u>20,711,772</u>	<u>22,448,539</u>
EXPENSES						
Program Activities:						
Governmental Activities:						
General Government	3,383,792	3,114,033	-	-	3,383,792	3,114,033
Community / Economic Development	1,112,430	1,208,654	-	-	1,112,430	1,208,654
Public Safety	3,993,160	4,451,004	-	-	3,993,160	4,451,004
Health and Welfare	6,573,346	6,489,519	-	-	6,573,346	6,489,519
Public Works	2,319,319	2,420,609	-	-	2,319,319	2,420,609
Parks and Recreation	288,477	319,534	-	-	288,477	319,534
Airport Operations	309,901	264,718	-	-	309,901	264,718
Interest on Long-term Debt	293,964	255,593	-	-	293,964	255,593
Business-type Activities:						
Landfill Operations	-	-	644,860	741,633	644,860	741,633
Emergency Medical Services	-	-	1,211,926	1,251,030	1,211,926	1,251,030
Sewer Enterprise	-	-	<u>40,539</u>	<u>40,854</u>	<u>40,539</u>	<u>40,854</u>
Total Expenses	<u>18,274,389</u>	<u>18,523,664</u>	<u>1,897,325</u>	<u>2,033,517</u>	<u>20,171,714</u>	<u>20,557,181</u>
Excess (Deficiency) Before Transfers	1,003,716	2,225,896	(463,658)	(334,538)	540,058	1,891,358
Transfers	<u>(428,000)</u>	<u>(371,500)</u>	<u>428,000</u>	<u>371,500</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	575,716	1,854,396	(35,658)	36,962	540,058	1,891,358
Net Assets, Beginning (Restated)	<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>
Net Assets, Ending	<u>\$21,365,220</u>	<u>\$20,789,504</u>	<u>\$ 3,393,329</u>	<u>\$ 3,428,987</u>	<u>\$24,758,549</u>	<u>\$24,218,491</u>

Governmental Activities. Governmental activities increased the County's net assets by \$575,716 in 2010. The cost of all governmental activities in 2010 was \$18,274,389, a 1.3% decrease from the prior year. Revenues from governmental activities decreased by 7.1% from the prior year.

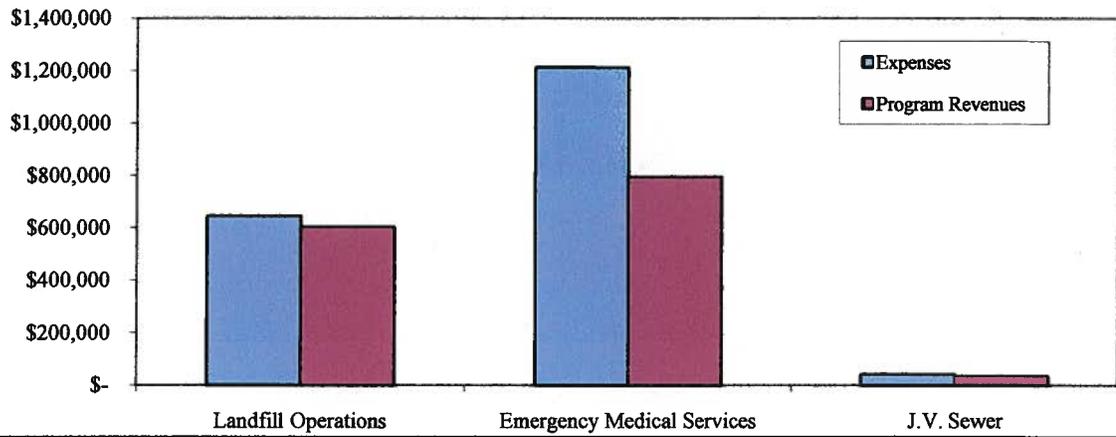
Expenses and Program Revenues – Governmental Activities



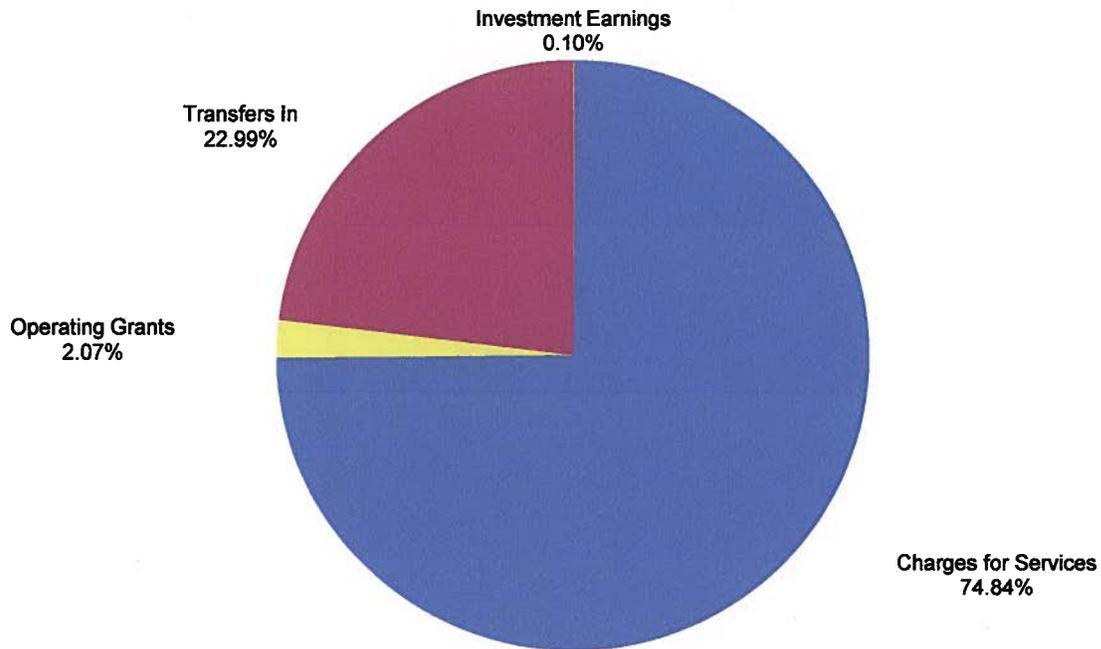
Revenues by Source – Governmental Activities



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, 2010 and the amount and percentage of increases and decreases in relation to the prior year.

<u>Revenues</u>	<u>2010 Amount</u>	<u>Percent of Total</u>	<u>2009 Amount</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Taxes	\$ 6,505,720	34.56%	\$ 6,144,445	\$ 361,275	5.88%
Licenses and Permits	398,213	2.11%	374,506	23,707	6.33%
Intergovernmental	9,366,169	49.75%	11,474,838	(2,108,669)	(18.38%)
Charges for Services	1,440,986	7.65%	1,647,012	(206,026)	(12.51%)
Fines and Forfeitures	119,051	0.63%	110,009	9,042	8.22%
Investment Earnings	69,149	0.37%	123,687	(54,538)	(44.09%)
Miscellaneous	<u>927,255</u>	<u>4.93%</u>	<u>802,214</u>	<u>125,041</u>	<u>15.59%</u>
Total	<u>\$18,826,543</u>	<u>100.00%</u>	<u>\$20,676,711</u>	<u>\$ (1,850,168)</u>	

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2010, and the amount and percentage of increases and decreases in relation to the prior year.

<u>Expenditures</u>	<u>2010 Amount</u>	<u>Percent of Total</u>	<u>2009 Amount</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Current:					
General Government	\$ 2,753,501	14.59%	\$ 2,761,804	\$ (8,303)	(0.30%)
Community / Economic					
Development	1,110,320	5.88%	1,198,692	(88,372)	(7.37%)
Public Safety	3,806,569	20.17%	4,138,946	(332,377)	(8.03%)
Health and Welfare	6,556,623	34.73%	6,474,131	82,492	1.27%
Public Works	2,339,172	12.39%	2,360,714	(21,542)	(0.91%)
Parks and Recreation	321,980	1.71%	293,651	28,329	9.65%
Airport Operations	212,261	1.12%	168,040	44,221	26.32%
Capital Outlay	1,162,977	6.16%	4,237,735	(3,074,758)	(72.56%)
Debt Service:					
Principal	325,000	1.72%	310,000	15,000	4.84%
Interest	287,012	1.52%	241,292	45,720	18.95%
Bond Issuance Charges	-	0.00%	89,377	(89,377)	(100.00%)
Fiscal Charges	<u>2,043</u>	<u>0.01%</u>	<u>2,040</u>	<u>3</u>	<u>0.15%</u>
Total	<u>\$18,877,458</u>	<u>100.00%</u>	<u>\$22,276,422</u>	<u>\$(3,398,964)</u>	

The County's governmental funds reported combined ending fund balances of \$9,620,380, a decrease of \$78,576 from the prior year. Eighty-seven percent (87%) of this amount or \$8,345,103 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 \$3,544,927. The fund balance of the general fund decreased by \$131,350 or 3.46%, in 2010. 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 40.8% of total fund expenditures or the equivalent of almost 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, 2010, totals \$19,740,000 (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 1.6% (a 1.73% increase for governmental activities and a 0.79% increase for business-type activities).

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

- Continued renovation in the amount of \$662,892 of the Touber Building (with the City of Salida) that serves as the new community services complex.
- Purchase of new 4X4 ambulance for \$127,989.
- Purchase of 499 Antero Court for emergency services in the amount of \$266,401.
- Purchase of a herbicide spray truck and a Dodge Ram 3500 truck in the amount of \$105,024 for weed control.

County's Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 755,157	\$ 755,157	\$ 177,677	\$ 177,677	\$ 932,834	\$ 932,834
Construction in Progress	30,095	-	74,405	-	104,500	-
Buildings & Imp.	14,211,986	13,550,641	812,689	904,183	15,024,675	14,454,824
Utility Lines	-	-	559,511	577,275	559,511	577,275
Vehicles	386,641	583,058	315,251	234,715	701,892	817,773
Mach. & Equip	<u>1,865,334</u>	<u>2,067,023</u>	<u>551,254</u>	<u>577,474</u>	<u>2,416,588</u>	<u>2,644,497</u>
Total	<u>\$17,249,213</u>	<u>\$16,955,879</u>	<u>\$ 2,490,787</u>	<u>\$ 2,471,324</u>	<u>\$19,740,000</u>	<u>\$19,427,203</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 long-term debt outstanding in the amount of \$6,167,721. Of this amount, \$5,670,000 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, \$497,721, 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>2010</u>	<u>2008</u>	<u>2010</u>	<u>2009</u>
Revenue Bonds	\$ -	\$ -	\$ 497,721	\$ 505,069	\$ 497,721	\$ 505,069
Certificates of Participation	<u>5,670,000</u>	<u>5,995,000</u>	<u>-</u>	<u>-</u>	<u>5,670,000</u>	<u>5,995,000</u>
Total	<u>\$ 5,670,000</u>	<u>\$ 5,995,000</u>	<u>\$ 497,721</u>	<u>\$ 505,069</u>	<u>\$ 6,167,721</u>	<u>\$ 6,500,069</u>

The County's total outstanding debt decreased by a net \$332,348 during the current fiscal year. All scheduled debt service payments on long-term debt obligations were made during the current fiscal year.

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, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 9,755,410	\$ 1,599,722	\$ 11,355,132
Receivables	3,785,417	153,370	3,938,787
Inventory	126,049	-	126,049
Restricted Assets - Cash and Cash Equivalents	619,873	-	619,873
Other Assets	83,301	10,608	93,909
Capital Assets, net of accumulated depreciation:			
Nondepreciable	785,252	252,082	1,037,334
Depreciable	16,463,961	2,238,705	18,702,666
Total Assets	31,619,263	4,254,487	35,873,750
LIABILITIES			
Accounts Payable	267,003	27,483	294,486
Due to Other Governments	89,611	-	89,611
Accrued Liabilities	-	303,486	303,486
Accrued Interest Payable	27,115	1,840	28,955
Deposits and Reserves	174,720	-	174,720
Deferred Taxes	2,955,843	-	2,955,843
Unearned Revenues	663,846	-	663,846
Liabilities Payable from Restricted Assets	2,630	-	2,630
Noncurrent Liabilities:			
Due Within One Year	738,275	38,224	776,499
Due In More Than One Year	5,335,000	490,125	5,825,125
Total Liabilities	10,254,043	861,158	11,115,201
NET ASSETS			
Investment in Capital Assets, net of Related Debt	11,579,213	1,993,066	13,572,279
Restricted For:			
Emergencies	448,243	-	448,243
Debt Service	700,985	-	700,985
Inventory	126,049	-	126,049
Unrestricted	8,510,730	1,400,263	9,910,993
Total Net Assets	\$ 21,365,220	\$ 3,393,329	\$ 24,758,549

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

CHAFFEE COUNTY, COLORADO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 3,383,792	\$ 1,100,523		\$ -
Community / Economic Development	1,112,430	414,840	30,940	
Public Safety	3,993,160	692,887	105,480	
Health and Welfare	6,573,346	32,668	5,696,520	48,400
Public Works	2,319,319	163,227	121,733	231,538
Parks and Recreation	288,477			
Airport Operations	309,901	124,407		50,706
Interest and Fiscal Charges on Long-term Debt	293,964			
Total Governmental Activities	18,274,389	2,528,552	5,954,673	330,644
Business-type Activities:				
Landfill Operations	644,860	602,931	-	-
Emergency Medical Services	1,211,926	755,955	38,448	-
Sewer	40,539	34,396	-	-
Total Business-type Activities	1,897,325	1,393,282	38,448	-
Total Primary Government	\$ 20,171,714	\$ 3,921,834	\$ 5,993,121	\$ 330,644

General Revenues:

Property Taxes, Levied for General Purposes
 Sales and Lodging Taxes
 Payment In-Lieu-of Taxes
 Highway Users Tax
 Other Taxes
 Miscellaneous Intergovernmental
 Unrestricted Investment Earnings
 Miscellaneous
 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
\$ (2,283,269)	\$ -	\$ (2,283,269)
(666,650)	-	(666,650)
(3,194,793)	-	(3,194,793)
(795,758)	-	(795,758)
(1,802,821)	-	(1,802,821)
(288,477)	-	(288,477)
(134,788)	-	(134,788)
(293,964)	-	(293,964)
<u>(9,460,520)</u>	<u>-</u>	<u>(9,460,520)</u>
-	(41,929)	(41,929)
-	(417,523)	(417,523)
-	(6,143)	(6,143)
<u>-</u>	<u>(465,595)</u>	<u>(465,595)</u>
<u>(9,460,520)</u>	<u>(465,595)</u>	<u>(9,926,115)</u>
2,859,609	-	2,859,609
3,335,552	-	3,335,552
1,163,049	-	1,163,049
1,707,910	-	1,707,910
310,559	-	310,559
210,643	-	210,643
70,170	1,937	72,107
806,744	-	806,744
(428,000)	428,000	-
<u>10,036,236</u>	<u>429,937</u>	<u>10,466,173</u>
575,716	(35,658)	540,058
<u>20,789,504</u>	<u>3,428,987</u>	<u>24,218,491</u>
<u>\$ 21,365,220</u>	<u>\$ 3,393,329</u>	<u>\$ 24,758,549</u>

CHAFFEE COUNTY, COLORADO

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2010

	General Fund	Road and Bridge Fund	P.I.L.T. Fund	Health and Human Services Fund
ASSETS				
Cash and Investments	\$ 3,389,705	\$ 1,714,088	\$ 845,598	\$ 1,128,307
Receivables:				
- Interest	3,980	261	271	-
- Taxes	1,795,819	50,247	-	510,774
- Accounts	-	-	-	5,947
- Intergovernmental	619,342	75,591	-	-
Inventories	-	81,356	-	-
Due from Other Funds	6,201	-	-	-
Restricted Assets - Cash and Cash Equivalents	-	-	-	2,630
Total Assets	\$ 5,815,047	\$ 1,921,543	\$ 845,869	\$ 1,647,658
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 89,249	\$ 21,033	\$ 4,297	\$ 103,559
Due to Other Governments	89,611	-	-	-
Deposits and Reserves	174,720	-	-	-
Deferred Taxes	1,795,819	50,247	-	510,774
Deferred or Unearned Revenues	-	-	-	663,846
Liabilities Payable from Restricted Assets	-	-	-	2,630
Total Liabilities	2,149,399	71,280	4,297	1,280,809
Fund Balances:				
Reserved for Emergencies	120,721	-	-	-
Reserved for Debt Service	-	-	-	-
Reserved for Inventories	-	81,356	-	-
Unreserved, Undesignated, Reported In:				
General Fund	3,544,927	-	-	-
Special Revenue Funds	-	-	841,572	366,849
Capital Projects Funds	-	1,768,907	-	-
Total Fund Balances	3,665,648	1,850,263	841,572	366,849
Total Liabilities and Fund Balances	\$ 5,815,047	\$ 1,921,543	\$ 845,869	\$ 1,647,658

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, 2010**

Other Governmental Funds	Total		
\$ 2,220,369	\$ 9,298,067	Total Governmental Fund Balances	<u>\$ 9,620,380</u>
317	4,829	<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
599,003	2,955,843	Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet.	
6,868	12,815	- Capital assets	27,406,085
51,892	746,825	- Accumulated depreciation	<u>(10,156,872)</u>
44,693	126,049		<u>17,249,213</u>
-	6,201		
<u>617,243</u>	<u>619,873</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.	
<u>\$ 3,540,385</u>	<u>\$ 13,770,502</u>	- Certificates of participation payable	(5,670,000)
		- Compensated absences payable	<u>(403,275)</u>
\$ 45,334	\$ 263,472		<u>(6,073,275)</u>
-	89,611	Notes receivable are not available to pay for current period expenditures and have been deferred in the fund balance sheet.	
-	174,720		<u>55,000</u>
599,003	2,955,843	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.	
-	663,846	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.	
-	2,630	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.	
<u>644,337</u>	<u>4,150,122</u>		<u>83,301</u>
327,522	448,243		
700,985	700,985		
44,693	126,049		<u>(27,115)</u>
-	3,544,927		
1,435,764	2,644,185		
<u>387,084</u>	<u>2,155,991</u>		
<u>2,896,048</u>	<u>9,620,380</u>		<u>457,716</u>
<u>\$ 3,540,385</u>	<u>\$ 13,770,502</u>	Net Assets of Governmental Activities	<u><u>\$ 21,365,220</u></u>

CHAFFEE COUNTY, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Road and Bridge Fund	P.I.L.T. Fund	Health and Human Services Fund
Revenues				
Taxes	\$ 4,953,641	\$ 53,806	\$ -	\$ 546,324
Licenses and Permits	383,485	14,728	-	-
Intergovernmental	801,858	1,782,647	1,227,919	5,186,133
Charges for Services	1,349,922	91,064	-	-
Fines and Forfeitures	119,051	-	-	-
Investment Earnings	59,275	3,222	2,807	251
Other Revenues	412,245	5,704	26,513	594
Total Revenues	8,079,477	1,951,171	1,257,239	5,733,302
Expenditures				
Current:				
General Government	2,514,897	-	12,112	-
Community / Economic Development	710,602	-	58,192	-
Public Safety	3,806,569	-	-	-
Health and Welfare	804,018	-	98,201	5,654,404
Public Works	630,385	1,708,787	-	-
Parks and Recreation	214,278	-	2,208	-
Airport Operations	-	-	25,000	-
Capital Outlay	-	131,536	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	8,680,749	1,840,323	195,713	5,654,404
Excess (Deficiency) of Revenues Over (Under) Expenditures	(601,272)	110,848	1,061,526	78,898
Other Financing Sources (Uses)				
Transfers In	651,320	-	250,000	33,507
Transfers Out	(182,738)	(10,000)	(1,440,000)	(39,845)
Sales of Capital Assets	1,340	-	-	-
Total Other Financing Sources (Uses)	469,922	(10,000)	(1,190,000)	(6,338)
Net Change in Fund Balances	(131,350)	100,848	(128,474)	72,560
Fund Balances, Beginning of Year	3,796,998	1,749,415	970,046	294,289
Fund Balances, End of year	\$ 3,665,648	\$ 1,850,263	\$ 841,572	\$ 366,849

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, 2010**

Other Governmental Funds	Total
\$ 951,949	\$ 6,505,720
-	398,213
367,612	9,366,169
-	1,440,986
-	119,051
3,594	69,149
482,199	927,255
<u>1,805,354</u>	<u>18,826,543</u>
226,492	2,753,501
341,526	1,110,320
-	3,806,569
-	6,556,623
-	2,339,172
105,494	321,980
187,261	212,261
1,031,441	1,162,977
325,000	325,000
287,012	287,012
2,043	2,043
<u>2,506,269</u>	<u>18,877,458</u>
<u>(700,915)</u>	<u>(50,915)</u>
789,231	1,724,058
(479,475)	(2,152,058)
398,999	400,339
<u>708,755</u>	<u>(27,661)</u>
7,840	(78,576)
<u>2,888,208</u>	<u>9,698,956</u>
<u>\$ 2,896,048</u>	<u>\$ 9,620,380</u>

Net Change in Fund Balances - Total Governmental Funds \$ (78,576)

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 reported 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	1,375,637
- Depreciation	(1,082,303)
	<u>293,334</u>

Expenses reported in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in governmental funds.

- Amortization of bond issuance costs	<u>(6,076)</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:

- Certificates of participation retirements	<u>325,000</u>
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Notes receivable are not available to pay for current period expenditures and are not reported in governmental funds.

55,000

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 compensated absences payable	(2,555)
- Change in accrued interest payable on outstanding bonds	1,167
	<u>(1,388)</u>

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.

(11,578)

Change in Net Assets of Governmental Activities

\$ 575,716

CHAFFEE COUNTY, COLORADO

STATEMENT OF NET ASSETS PROPRIETARY FUNDS DECEMBER 31, 2010

	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	\$ 1,307,543	\$ 260,545	\$ 31,634	\$ 1,599,722	\$ 457,343
Receivables:					
- Interest	193	-	-	193	77
- Accounts, net	30,051	105,928	-	135,979	3,827
- Intergovernmental	-	-	17,198	17,198	-
Total Current Assets	1,337,787	366,473	48,832	1,753,092	461,247
Noncurrent Assets:					
Bond Issuance Costs, net	-	-	10,608	10,608	-
Capital Assets:					
- Land and Improvements	135,677	36,000	6,000	177,677	-
- Construction in Progress	74,405	-	-	74,405	-
- Buildings and Improvements	1,053,540	514,534	-	1,568,074	-
- Utility Lines	-	-	710,585	710,585	-
- Vehicles	72,813	594,318	-	667,131	-
- Machinery and Equipment	1,168,664	364,996	-	1,533,660	-
- Accumulated Depreciation	(1,409,359)	(680,312)	(151,074)	(2,240,745)	-
Total Noncurrent Assets	1,095,740	829,536	576,119	2,501,395	-
Total Assets	2,433,527	1,196,009	624,951	4,254,487	461,247
LIABILITIES					
Current Liabilities:					
Accounts Payable	7,927	13,362	-	21,289	3,531
Due to Other Funds	6,194	-	-	6,194	-
Compensated Absences Payable	16,440	14,188	-	30,628	-
Accrued Closure and Post-Closure Costs	303,486	-	-	303,486	-
Accrued Interest Payable	-	-	1,840	1,840	-
Revenue Bonds Payable - Current	-	-	7,596	7,596	-
Total Current Liabilities	334,047	27,550	9,436	371,033	3,531
Noncurrent Liabilities:					
Revenue Bonds Payable	-	-	490,125	490,125	-
Total Liabilities	334,047	27,550	499,561	861,158	3,531
NET ASSETS					
Investment in Capital Assets, net of Related Debt	1,095,740	829,536	67,790	1,993,066	-
Unrestricted	1,003,740	338,923	57,600	1,400,263	457,716
Total Net Assets	\$ 2,099,480	\$ 1,168,459	\$ 125,390	\$ 3,393,329	\$ 457,716

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, 2010

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Waste Disposal Fund	Emergency Medical Services	J.V. Sewer		
Operating Revenues:					
Charges for Services	\$ 584,976	\$ 745,533	\$ 34,396	\$ 1,364,905	\$ 264,309
Other Operating Revenues	3,145	422	-	3,567	3,896
Total Operating Revenues	588,121	745,955	34,396	1,368,472	268,205
Operating Expenses:					
Cost of Operations	482,878	1,125,981	-	1,608,859	280,804
Depreciation and Amortization	161,982	85,945	17,921	265,848	-
Total Operating Expenses	644,860	1,211,926	17,921	1,874,707	280,804
Operating Income (Loss)	(56,739)	(465,971)	16,475	(506,235)	(12,599)
Nonoperating Revenues (Expenses):					
Grant Revenues	-	38,448	-	38,448	-
Gain on Sales of Capital Assets	14,810	10,000	-	24,810	-
Interest Income	1,937	-	-	1,937	1,021
Interest Expense	-	-	(22,618)	(22,618)	-
Total Nonoperating Revenues (Expenses)	16,747	48,448	(22,618)	42,577	1,021
Income (Loss) Before Transfers	(39,992)	(417,523)	(6,143)	(463,658)	(11,578)
Transfers In (Out)	(16,000)	444,000	-	428,000	-
Increase (Decrease) in Net Assets	(55,992)	26,477	(6,143)	(35,658)	(11,578)
Total Net Assets, Beginning of Year	2,155,472	1,141,982	131,533	3,428,987	469,294
Total Net Assets, End of Year	\$ 2,099,480	\$ 1,168,459	\$ 125,390	\$ 3,393,329	\$ 457,716

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, 2010

	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	\$ 582,613	\$ 811,454	\$ 25,797	\$ 1,419,864	\$ -
Cash Received from Interfund Services Provided	-	-	-	-	265,846
Cash Payments to Suppliers	(225,801)	(273,046)	-	(498,847)	(277,273)
Cash Payments to Employees	(221,820)	(835,388)	-	(1,057,208)	-
Cash Payments for Interfund Services Used	(24,795)	(21,511)	-	(46,306)	-
Other Operating Revenues	3,145	422	-	3,567	3,896
Net Cash Provided by (Used in) Operating Activities	<u>113,342</u>	<u>(318,069)</u>	<u>25,797</u>	<u>(178,930)</u>	<u>(7,531)</u>
Cash Flows From Noncapital Financing Activities					
Grant Received	-	38,448	-	38,448	-
Transfers Out to Other Funds	(16,000)	(6,000)	-	(22,000)	-
Transfer In from Other Funds	-	450,000	-	450,000	-
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>(16,000)</u>	<u>482,448</u>	<u>-</u>	<u>466,448</u>	<u>-</u>
Cash Flows From Capital Financing Activities					
Acquisition and Construction of Fixed Assets	(108,405)	(176,749)	-	(285,154)	-
Disposal of Capital Assets	14,810	10,000	-	24,810	-
Interest Paid on Long-term Debt	-	-	(22,646)	(22,646)	-
Principal Paid on Long-term Debt	-	-	(7,348)	(7,348)	-
Net Cash Used in Capital Financing Activities	<u>(93,595)</u>	<u>(166,749)</u>	<u>(29,994)</u>	<u>(290,338)</u>	<u>-</u>
Cash Flows From Investing Activities					
Interest Received from Investments	1,953	-	-	1,953	1,050
Net Cash Provided by Investing Activities	<u>1,953</u>	<u>-</u>	<u>-</u>	<u>1,953</u>	<u>1,050</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,700	(2,370)	(4,197)	(867)	(6,481)
Cash and Cash Equivalents, Beginning of Year	<u>1,301,843</u>	<u>262,915</u>	<u>35,831</u>	<u>1,600,589</u>	<u>463,824</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,307,543</u>	<u>\$ 260,545</u>	<u>\$ 31,634</u>	<u>\$ 1,599,722</u>	<u>\$ 457,343</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>\$ (56,739)</u>	<u>\$ (465,971)</u>	<u>\$ 16,475</u>	<u>\$ (506,235)</u>	<u>\$ (12,599)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Depreciation and Amortization	161,982	85,945	17,921	265,848	-
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(2,363)	65,921	-	63,558	1,537
Increase in Intergovernmental Receivable	-	-	(8,599)	(8,599)	-
Increase (Decrease) in Accounts Payable	(8,876)	(436)	-	(9,312)	3,531
Increase (Decrease) in Comp. Absences Payable	2,141	(3,528)	-	(1,387)	-
Increase in Accrued Closure and Post Closure Costs	17,197	-	-	17,197	-
Total Adjustments	<u>170,081</u>	<u>147,902</u>	<u>9,322</u>	<u>327,305</u>	<u>5,068</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 113,342</u>	<u>\$ (318,069)</u>	<u>\$ 25,797</u>	<u>\$ (178,930)</u>	<u>\$ (7,531)</u>

CHAFFEE COUNTY, COLORADO

STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUNDS AGENCY FUND DECEMBER 31, 2010

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	\$ 762,914
Total Assets	<u>\$ 762,914</u>
LIABILITIES	
Due to Other Governments	\$ 119,281
Amounts Held in Escrow	623,633
Amount Held in Trust - Scott Estate	<u>20,000</u>
Total Liabilities	<u>\$ 762,914</u>

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

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

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 in 2001 in order to assist in the financing of various County facilities. 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, 2010

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 appropriate to include 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 service 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, 2010

The County's 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, 2010, one amendment was 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 \$617,243 are reported in the Chaffee County Facilities Corporation in required debt service reserve accounts for the Series 2001 and 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, 2010

An additional amount of \$2,630 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 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 \$93,909 (net of accumulated amortization of \$7,276) 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, 2010

Note 3. Cash and Investments

Cash and investments as of December 31, 2010 are classified in the accompanying financial statements as follows:

Cash and Investments	\$ 11,355,132
Restricted Assets – Cash and Investments	619,873
Cash and Investments – Agency Fund	<u>762,914</u>
Total	<u>\$ 12,737,919</u>

Cash and investments as of December 31, 2010 consist of the following:

Cash on Hand	\$ 2,195
Deposits With Financial Institutions	590,064
Local Government Investment Pools	10,530,824
Money Market Mutual Funds	617,243
Treasury Securities	<u>997,593</u>
Total	<u>\$ 12,737,919</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	1.66
– Money Market Mutual Funds	617,243	0.00
Local Government Investment Pools	<u>10,530,824</u>	0.00
Total	<u>\$ 12,145,660</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 event 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, 2010

Local Government Investment Pools

As of December 31, 2010, the County held investments in the Colorado Local Government Liquid Asset Trust (Colotrust) 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, 2010 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>-</u>	<u>30,095</u>	<u>-</u>	<u>30,095</u>
Total Capital Assets, Not Being Depreciated	<u>755,157</u>	<u>30,095</u>	<u>-</u>	<u>785,252</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	17,866,585	1,139,772	-	19,006,357
Vehicles	2,814,607	-	-	2,814,607
Machinery and Equipment	<u>4,594,099</u>	<u>205,770</u>	<u>-</u>	<u>4,799,869</u>
Total Capital Assets, Being Depreciated	<u>25,275,291</u>	<u>1,345,542</u>	<u>-</u>	<u>26,620,833</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(4,315,944)	(478,427)	-	(4,794,371)
Vehicles	(2,231,549)	(196,417)	-	(2,427,966)
Machinery and Equipment	<u>(2,527,076)</u>	<u>(407,459)</u>	<u>-</u>	<u>(2,934,535)</u>
Total Accumulated Depreciation	<u>(9,074,569)</u>	<u>(1,082,303)</u>	<u>-</u>	<u>(10,156,872)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,200,722</u>	<u>263,239</u>	<u>-</u>	<u>16,463,961</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,955,879</u>	<u>\$ 293,334</u>	<u>\$ -</u>	<u>\$ 17,249,213</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>74,405</u>	<u>-</u>	<u>74,405</u>
Total Capital Assets, Not Being Depreciated	<u>177,677</u>	<u>74,405</u>	<u>-</u>	<u>252,082</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	1,568,074	-	-	1,568,074
Utility Lines	710,585	-	-	710,585
Vehicles	620,842	127,989	(81,700)	667,131
Machinery and Equipment	<u>1,450,900</u>	<u>82,760</u>	<u>-</u>	<u>1,533,660</u>
Total Capital Assets, Being Depreciated	<u>4,350,401</u>	<u>210,749</u>	<u>(81,700)</u>	<u>4,479,450</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(663,891)	(91,494)	-	(755,385)
Utility Lines	(133,310)	(17,764)	-	(151,074)
Vehicles	(386,127)	(47,453)	81,700	(351,880)
Machinery and Equipment	<u>(873,426)</u>	<u>(108,980)</u>	<u>-</u>	<u>(982,406)</u>
Total Accumulated Depreciation	<u>(2,056,754)</u>	<u>(265,691)</u>	<u>81,700</u>	<u>(2,240,745)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,293,647</u>	<u>(54,942)</u>	<u>-</u>	<u>2,238,705</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,471,324</u>	<u>\$ 19,463</u>	<u>\$ -</u>	<u>\$ 2,490,787</u>

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

Governmental Activities:	
General Government	\$ 356,128
Community / Economic Development	11,554
Public Safety	340,773
Public Works	220,497
Health and Welfare	21,989
Parks and Recreation	32,155
Airport Operations	<u>99,207</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,082,303</u>
Business-type Activities:	
Solid Waste Landfill	\$ 161,982
Emergency Medical Services	85,945
Sewer Enterprise	<u>17,764</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 265,691</u>

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

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, 2010, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Sewage Collection Line	4.50%	<u>\$ 497,721</u>

Annual debt service requirements to maturity for revenue bonds outstanding at December 31, 2010, are as follows:

<u>Year Ending December 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 7,596	\$ 22,312
2012	8,031	21,963
2013	8,397	21,597
2014	8,779	21,215
2015	9,178	20,816
2016-2020	52,550	97,420
2021-2025	65,645	84,325
2026-2030	82,004	67,966
2031-2035	102,440	47,530
2036-2040	127,968	22,002
2041-2042	<u>25,133</u>	<u>710</u>
Total	<u>\$ 497,721</u>	<u>\$ 427,856</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, 2010, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government – Community Services Complex	3.00% - 5.50%	\$ 3,545,000
General Government – Jail Facility	3.00% - 5.00%	<u>2,125,000</u>
		<u>\$ 5,670,000</u>

Annual debt service requirements to maturity for Certificates of Participation outstanding at December 31, 2010, are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 335,000	\$ 274,200
2012	350,000	260,125
2013	360,000	245,490
2014	380,000	229,715
2015	395,000	212,775
2016-2020	2,280,000	758,875
2021-2025	1,075,000	264,369
2026-2029	<u>495,000</u>	<u>55,550</u>
Total	<u>\$ 5,670,000</u>	<u>\$ 2,301,099</u>

Changes in Long-term Liabilities. Long-term liability activity for the year ended December 31, 2010, 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	\$ 5,995,000	\$ -	\$ 325,000	\$ 5,670,000	\$ 335,000
Compensated Absences	<u>400,720</u>	<u>2,555</u>	<u>-</u>	<u>403,275</u>	<u>403,275</u>
Governmental Activity Long-term Liabilities	<u>\$ 6,395,720</u>	<u>\$ 2,555</u>	<u>\$ 325,000</u>	<u>\$ 6,073,275</u>	<u>\$ 738,275</u>
Business-type Activities:					
Revenue Bond	\$ 505,069	\$ -	\$ 7,348	\$ 497,721	\$ 7,596
Compensated Absences	<u>32,015</u>	<u>-</u>	<u>1,387</u>	<u>30,628</u>	<u>30,628</u>
Business-type Activity Long-term Liabilities	<u>\$ 537,084</u>	<u>\$ -</u>	<u>\$ 8,735</u>	<u>\$ 528,349</u>	<u>\$ 38,224</u>

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

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 \$704,092. There are no liabilities for benefits beyond the County's matching payments. No changes in the various plan's provisions occurred in 2010.

Note 7. Interfund Transfers

Interfund activities represent transactions between different funds within the County.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 651,320	\$ 182,738
Road and Bridge Fund	-	10,000
P.I.L.T Fund	250,000	1,440,000
Health and Human Services Fund	33,507	39,845
Airport Fund	47,811	6,875
Retirement Fund	-	220,000
Asset Replacement Fund	131,420	-
Lodging Visitors Bureau Fund	-	2,600
Chaffee County Facilities Corporation	610,000	-
Capital Expenditure Fund	-	250,000
Waste Disposal Fund	-	16,000
Emergency Medical Services Fund	<u>450,000</u>	<u>6,000</u>
Total	<u>\$ 2,174,058</u>	<u>\$ 2,174,058</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 emergency reserve balance in at December 31, 2010 totaled \$448,243.

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.

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 (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.

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2010

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, 2010 is \$300,486. This liability consists of closure and post-closure cost of \$143,071 and \$160,415, respectively, and represents the cumulative amount reported to date based on the use of approximately forty-two percent (42%) of the estimated capacity of the landfill.

The County will recognize the remaining estimated costs of closure and post-closure care of approximately \$442,035 as the remaining estimated capacity of the landfill is used. Closure costs are based on an estimate of the closure cost in 2010 dollars as adjusted for inflation. Post-closure costs are calculated based on the present value in 2010 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 fifteen 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,714,718	\$ 4,714,718	\$ 4,953,641	\$ 238,923
Licenses and Permits	422,100	422,100	383,485	(38,615)
Intergovernmental	659,429	659,429	801,858	142,429
Charges for Services	1,678,000	1,678,000	1,349,922	(328,078)
Fines and Forfeitures	150,000	150,000	119,051	(30,949)
Investment Earnings	102,000	102,000	59,275	(42,725)
Other Revenue	350,150	350,150	412,245	62,095
Total Revenues	8,076,397	8,076,397	8,079,477	3,080
Expenditures				
Current:				
General Government	2,726,717	2,754,717	2,514,897	239,820
Community Development	795,439	804,439	710,602	93,837
Public Safety	4,027,488	4,062,488	3,806,569	255,919
Health and Welfare	811,864	826,864	804,018	22,846
Public Works	548,366	684,366	630,385	53,981
Parks and Recreation	205,173	219,173	214,278	4,895
Total Expenditures	9,115,047	9,352,047	8,680,749	671,298
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,038,650)	(1,275,650)	(601,272)	674,378
Other Financing Sources (Uses)				
Transfers In	1,033,100	1,033,100	651,320	(381,780)
Transfers Out	(153,460)	(153,460)	(182,738)	(29,278)
Sales of Capital Assets	28,400	28,400	1,340	
Total Other Financing Sources (Uses)	908,040	908,040	469,922	(411,058)
Net Change in Fund Balances	(130,610)	(367,610)	(131,350)	263,320
Fund Balances, Beginning of Year	3,847,238	3,847,238	3,796,998	(50,240)
Fund Balances, End of year	\$ 3,716,628	\$ 3,479,628	\$ 3,665,648	\$ 213,080

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 54,676	\$ 54,676	\$ 53,806	\$ (870)
Licenses and Permits	14,000	14,000	14,728	728
Intergovernmental	1,718,000	1,718,000	1,782,647	64,647
Charges for Services	18,000	18,000	91,064	73,064
Investment Earnings	8,000	8,000	3,222	(4,778)
Other Revenue	7,000	7,000	5,704	(1,296)
Total Revenues	1,819,676	1,819,676	1,951,171	131,495
Expenditures				
Current:				
Public Works	1,840,503	1,840,503	1,708,787	131,716
Capital Outlay	35,000	115,000	131,536	(16,536)
Total Expenditures	1,875,503	1,955,503	1,840,323	115,180
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,827)	(135,827)	110,848	246,675
Other Financing Sources (Uses)				
Transfers Out	(10,000)	(85,000)	(10,000)	75,000
Net Change in Fund Balances	(65,827)	(220,827)	100,848	321,675
Fund Balances, Beginning of Year	1,948,789	1,948,789	1,749,415	(199,374)
Fund Balances, End of year	\$ 1,882,962	\$ 1,727,962	\$ 1,850,263	\$ 122,301

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, 2010

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u> </u>	Variance with Final Budget - Positive (Negative) <u> </u>
Revenues			
Intergovernmental	\$ 1,210,000	\$ 1,227,919	\$ 17,919
Investment Earnings	6,000	2,807	(3,193)
Other Revenues	-	26,513	26,513
Total Revenues	<u>1,216,000</u>	<u>1,257,239</u>	<u>41,239</u>
Expenditures			
Current:			
General Government	14,400	12,112	2,288
Community / Economic Development	55,450	58,192	(2,742)
Health and Welfare	40,500	98,201	(57,701)
Parks and Recreation	5,000	2,208	2,792
Airport	25,000	25,000	-
Total Expenditures	<u>140,350</u>	<u>195,713</u>	<u>(55,363)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,075,650</u>	<u>1,061,526</u>	<u>(14,124)</u>
Other Financing Sources (Uses)			
Transfers In	500,000	250,000	(250,000)
Transfers Out	(1,724,750)	(1,440,000)	284,750
Total Other Financing Sources	<u>(1,224,750)</u>	<u>(1,190,000)</u>	<u>34,750</u>
Net Change in Fund Balances	(149,100)	(128,474)	20,626
Fund Balances, Beginning of Year	<u>966,971</u>	<u>970,046</u>	<u>3,075</u>
Fund Balances, End of year	<u>\$ 817,871</u>	<u>\$ 841,572</u>	<u>\$ 23,701</u>

CHAFFEE COUNTY, COLORADO

HEALTH AND HUMAN SERVICES FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	\$ 492,737	\$ 546,324	\$ 53,587
Intergovernmental	5,417,250	5,186,133	(231,117)
Investment Earnings	500	251	(249)
Other Revenue	50,297	594	(49,703)
Total Revenues	<u>5,960,784</u>	<u>5,733,302</u>	<u>(227,482)</u>
Expenditures			
Current:			
Health and Welfare	6,018,768	5,654,404	364,364
Total Expenditures	<u>6,018,768</u>	<u>5,654,404</u>	<u>364,364</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(57,984)</u>	<u>78,898</u>	<u>136,882</u>
Other Financing Sources (Uses)			
Transfers In	33,000	33,507	507
Transfers Out	-	(39,845)	(39,845)
Total Other Financing Sources	<u>33,000</u>	<u>(6,338)</u>	<u>(39,338)</u>
Net Change in Fund Balances	<u>(24,984)</u>	<u>72,560</u>	<u>97,544</u>
Fund Balances, Beginning of Year	<u>382,558</u>	<u>294,289</u>	<u>(88,269)</u>
Fund Balances, End of year	<u>\$ 357,574</u>	<u>\$ 366,849</u>	<u>\$ 9,275</u>

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, 2010

	Special Revenue Funds			
	Airport Fund	Conservation Trust Fund	Retirement Fund	Contingent Reserve Fund
<u>ASSETS</u>				
Cash and Investments	\$ 46,595	\$ 319,754	\$ 320,052	\$ 327,522
Receivables:				
- Interest	-	51	52	-
- Taxes	-	-	200,591	-
- Accounts	6,868	-	-	-
- Intergovernmental	-	-	1,597	-
Inventories	44,693	-	-	-
Restricted Assets - Cash and Investments	-	-	-	-
Total Assets	\$ 98,156	\$ 319,805	\$ 522,292	\$ 327,522
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 6,175	\$ -	\$ -	\$ -
Deferred Taxes	-	-	200,591	-
Total Liabilities	6,175	-	200,591	-
Fund Balances:				
Reserved for Emergencies	-	-	-	327,522
Reserved for Debt Service	-	-	-	-
Reserved for Inventories	44,693	-	-	-
Unreserved, Undesignated	47,288	319,805	321,701	-
Total Fund Balances	91,981	319,805	321,701	327,522
Total Liabilities and Fund Balances	\$ 98,156	\$ 319,805	\$ 522,292	\$ 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	
\$ 414,415	\$ 316,699	\$ 6,229	\$ 83,742	\$ 385,361	\$ 2,220,369
50	38	-	-	126	317
-	-	197,821	-	200,591	599,003
-	-	-	-	-	6,868
-	47,098	1,600	-	1,597	51,892
-	-	-	-	-	44,693
-	-	-	617,243	-	617,243
<u>\$ 414,465</u>	<u>\$ 363,835</u>	<u>\$ 205,650</u>	<u>\$ 700,985</u>	<u>\$ 587,675</u>	<u>\$ 3,540,385</u>
\$ -	\$ 39,159	\$ -	\$ -	\$ -	\$ 45,334
-	-	197,821	-	200,591	599,003
-	39,159	197,821	-	200,591	644,337
-	-	-	-	-	327,522
-	-	-	700,985	-	700,985
-	-	-	-	-	44,693
414,465	324,676	7,829	-	387,084	1,822,848
414,465	324,676	7,829	700,985	387,084	2,896,048
<u>\$ 414,465</u>	<u>\$ 363,835</u>	<u>\$ 205,650</u>	<u>\$ 700,985</u>	<u>\$ 587,675</u>	<u>\$ 3,540,385</u>

CHAFFEE COUNTY, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds			
	Airport Fund	Conservation Trust Fund	Retirement Fund	Contingent Reserve Fund
Revenues				
Taxes	\$ -	\$ -	\$ 215,130	\$ -
Intergovernmental	80,706	76,906	-	-
Investment Earnings	-	515	521	-
Other Revenues	125,166	-	-	-
Total Revenues	205,872	77,421	215,651	-
Expenditures				
Current:				
General Government	-	-	9,597	-
Community / Economic Development	-	-	-	-
Parks and Recreation	-	105,494	-	-
Airport Operations	187,261	-	-	-
Capital Outlay	57,773	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	245,034	105,494	9,597	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,162)	(28,073)	206,054	-
Other Financing Sources (Uses)				
Transfers In	47,811	-	-	-
Transfers Out	(6,875)	-	(220,000)	-
Sales of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	40,936	-	(220,000)	-
Net Change in Fund Balances	1,774	(28,073)	(13,946)	-
Fund Balances, Beginning of Year	90,207	347,878	335,647	327,522
Fund Balances, End of year	\$ 91,981	\$ 319,805	\$ 321,701	\$ 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	
\$ -	\$ 307,034	\$ 214,711	\$ -	\$ 215,074	\$ 951,949
-	-	-	-	210,000	367,612
657	-	-	468	1,433	3,594
-	450	825	-	355,758	482,199
<u>657</u>	<u>307,484</u>	<u>215,536</u>	<u>468</u>	<u>782,265</u>	<u>1,805,354</u>
-	-	211,099	-	5,796	226,492
-	341,526	-	-	-	341,526
-	-	-	-	-	105,494
-	-	-	-	-	187,261
26,282	-	-	-	947,386	1,031,441
-	-	-	325,000	-	325,000
-	-	-	287,012	-	287,012
-	-	-	2,043	-	2,043
<u>26,282</u>	<u>341,526</u>	<u>211,099</u>	<u>614,055</u>	<u>953,182</u>	<u>2,506,269</u>
<u>(25,625)</u>	<u>(34,042)</u>	<u>4,437</u>	<u>(613,587)</u>	<u>(170,917)</u>	<u>(700,915)</u>
131,420	-	-	610,000	-	789,231
-	(2,600)	-	-	(250,000)	(479,475)
-	-	-	-	398,999	398,999
<u>131,420</u>	<u>(2,600)</u>	<u>-</u>	<u>610,000</u>	<u>148,999</u>	<u>708,755</u>
105,795	(36,642)	4,437	(3,587)	(21,918)	7,840
<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>
<u>\$ 414,465</u>	<u>\$ 324,676</u>	<u>\$ 7,829</u>	<u>\$ 700,985</u>	<u>\$ 387,084</u>	<u>\$ 2,896,048</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 62,000	\$ 62,000	\$ 80,706	\$ 18,706
Other Revenues	135,950	135,950	125,166	(10,784)
Total Revenues	197,950	197,950	205,872	7,922
Expenditures:				
Current:				
Airport Operations	60,500	60,500	92,932	(32,432)
Fuel Purchases	108,000	108,000	94,329	13,671
Capital Outlay	40,000	335,000	57,773	277,227
Total Expenditures	208,500	503,500	245,034	258,466
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,550)	(305,550)	(39,162)	266,388
Other Financing Sources (Uses):				
Transfers In	30,000	30,000	47,811	17,811
Transfers Out	(27,500)	(27,500)	(6,875)	20,625
Total Other Financing Sources (Uses)	2,500	2,500	40,936	38,436
Net Change in Fund Balances	(8,050)	(303,050)	1,774	304,824
Fund Balances, Beginning of Year	45,702	45,702	90,207	44,505
Fund Balances, End of Year	\$ 37,652	\$ (257,348)	\$ 91,981	\$ 349,329

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, 2010

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 80,000	\$ 76,906	\$ (3,094)
Investment Earnings	2,500	515	(1,985)
Total Revenues	82,500	77,421	(5,079)
Expenditures:			
Current:			
Parks and Recreation	217,500	105,494	112,006
Total Expenditures	217,500	105,494	112,006
Net Change in Fund Balances	(135,000)	(28,073)	106,927
Fund Balances, Beginning of Year	350,967	347,878	(3,089)
Fund Balances, End of Year	\$ 215,967	\$ 319,805	\$ 103,838

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, 2010

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 218,320	\$ 215,130	\$ (3,190)
Investment Earnings	3,000	521	(2,479)
Total Revenues	<u>221,320</u>	<u>215,651</u>	<u>(5,669)</u>
Expenditures:			
Current:			
General Government	-	9,597	(9,597)
Excess (Deficiency) of Revenues Over (Under) Expenditures	221,320	206,054	(15,266)
Other Financing Sources (Uses):			
Transfers Out	<u>(220,000)</u>	<u>(220,000)</u>	<u>-</u>
Net Change in Fund Balances	1,320	(13,946)	(15,266)
Fund Balances, Beginning of Year	<u>351,274</u>	<u>335,647</u>	<u>(15,627)</u>
Fund Balances, End of Year	<u>\$ 352,594</u>	<u>\$ 321,701</u>	<u>\$ (30,893)</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, 2010

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Investment Earnings	-	-	-
Other Revenues	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers Out	-	-	-
Total Other Finance Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balances, Beginning of Year	<u>327,522</u>	<u>327,522</u>	<u>-</u>
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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings	\$ 1,500	\$ 1,500	\$ 657	\$ (843)
Total Revenues	1,500	1,500	657	(843)
Expenditures:				
Capital Outlay	-	27,500	26,282	1,218
Total Expenditures	-	27,500	26,282	1,218
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,500	(26,000)	(25,625)	375
Other Financing Sources (Uses):				
Transfers In	120,400	120,400	131,420	11,020
Net Change in Fund Balances	121,900	94,400	105,795	11,395
Fund Balances, Beginning of Year	308,039	308,039	308,670	631
Fund Balances, End of Year	\$ 429,939	\$ 402,439	\$ 414,465	\$ 12,026

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, 2010

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 295,000	\$ 307,034	\$ 12,034
Other Revenues	-	450	450
Total Revenues	<u>295,000</u>	<u>307,484</u>	<u>12,484</u>
Expenditures:			
Current:			
Economic Development	<u>357,400</u>	<u>341,526</u>	<u>15,874</u>
Total Expenditures	<u>357,400</u>	<u>341,526</u>	<u>15,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,400)	(34,042)	28,358
Other Financing Sources (Uses):			
Transfers Out	<u>(2,600)</u>	<u>(2,600)</u>	<u>-</u>
Net Change in Fund Balances	(65,000)	(36,642)	28,358
Fund Balances, Beginning of Year	<u>250,649</u>	<u>361,318</u>	<u>110,669</u>
Fund Balances, End of Year	<u>\$ 185,649</u>	<u>\$ 324,676</u>	<u>\$ 139,027</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, 2010

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 217,597	\$ 214,711	\$ (2,886)
Investment Earnings	-	825	825
Total Revenues	<u>217,597</u>	<u>215,536</u>	<u>(2,061)</u>
Expenditures:			
Current:			
General Government	<u>217,000</u>	<u>211,099</u>	<u>5,901</u>
Total Expenditures	<u>217,000</u>	<u>211,099</u>	<u>5,901</u>
Net Change in Fund Balances	597	4,437	3,840
Fund Balances, Beginning of Year	<u>9,088</u>	<u>3,392</u>	<u>(5,696)</u>
Fund Balances, End of Year	<u>\$ 9,685</u>	<u>\$ 7,829</u>	<u>\$ (1,856)</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, 2010

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 468	\$ 468
Total Revenues	<u>-</u>	<u>468</u>	<u>468</u>
Expenditures:			
Debt Service:			
Principal	325,000	325,000	-
Interest	290,000	287,012	2,988
Fiscal Charges	5,000	2,043	2,957
Total Expenditures	<u>620,000</u>	<u>614,055</u>	<u>5,945</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(620,000)	(613,587)	6,413
Other Financing Sources (Uses):			
Transfers In	<u>614,750</u>	<u>610,000</u>	<u>(4,750)</u>
Net Change in Fund Balances	<u>(5,250)</u>	<u>(3,587)</u>	<u>1,663</u>
Fund Balances, Beginning of Year	<u>77,369</u>	<u>704,572</u>	<u>627,203</u>
Fund Balances, End of Year	<u>\$ 72,119</u>	<u>\$ 700,985</u>	<u>\$ 628,866</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 218,320	\$ 218,320	\$ 215,074	\$ (3,246)
Intergovernmental	170,000	170,000	210,000	40,000
Investment Earnings	3,000	3,000	1,433	(1,567)
Other Revenue	219,700	219,700	355,758	136,058
Total Revenues	611,020	611,020	782,265	171,245
Expenditures:				
Current:				
General Government	6,000	5,000	5,796	(796)
Capital Outlay	403,000	928,000	947,386	(19,386)
Total Expenditures	409,000	933,000	953,182	(20,182)
Excess (Deficiency) of Revenues Over (Under) Expenditures	202,020	(321,980)	(170,917)	151,063
Other Financing Sources (Uses):				
Transfers Out	(500,000)	(500,000)	(250,000)	250,000
Sale of Capital Assets	400,000	400,000	398,999	(1,001)
Total Other Financing Sources (Uses)	(100,000)	(100,000)	148,999	248,999
Net Change in Fund Balances	102,020	(421,980)	(21,918)	400,062
Fund Balances, Beginning of Year	327,419	327,419	409,002	81,583
Fund Balances, End of Year	\$ 429,439	\$ (94,561)	\$ 387,084	\$ 481,645

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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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Garbage Collection Fees	\$ 720,000	\$ 720,000	\$ 584,976	\$ (135,024)
Investment Earnings	7,500	7,500	1,937	(5,563)
Other Revenues	7,000	7,000	3,145	(3,855)
Total Revenues	734,500	734,500	590,058	(144,442)
Expenditures:				
Operations:				
Personnel Costs	235,045	235,045	223,961	11,084
Closure and Post Closure Costs	50,000	50,000	42,837	7,163
Other Operating Costs	262,600	262,600	213,511	49,089
New Landfill Construction	15,000	15,000	2,569	12,431
Capital Outlay	85,000	115,000	108,405	6,595
Total Expenditures	647,645	677,645	591,283	86,362
Excess (Deficiency) of Revenues Over (Under) Expenditures	86,855	56,855	(1,225)	(58,080)
Other Financing Sources (Uses):				
Transfers Out	(16,000)	(16,000)	(16,000)	-
Sales of Capital Assets	-	-	14,810	14,810
Total Other Financing Sources (Uses)	(16,000)	(16,000)	(1,190)	14,810
Net Change in Fund Balances	70,855	40,855	(2,415)	(43,270)
Fund Balances, Beginning of Year	1,396,626	1,396,626	1,006,155	(390,471)
Fund Balances, End of Year	\$ 1,467,481	\$ 1,437,481	\$ 1,003,740	\$ (433,741)

Fund Balances at December 31, 2010, is computed as follows:

Current Assets	\$ 1,337,787
Less: Current Liabilities	(334,047)
Fund Balances - December 31, 2010	\$ 1,003,740

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

Net Change in Fund Balances (Budgetary Basis)	<u>\$ (2,415)</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Capitalization of Fixed Assets	108,405
Depreciation	<u>(161,982)</u>
Total Adjustments	<u>(53,577)</u>
Change in Net Assets (GAAP Basis)	<u><u>\$ (55,992)</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Ambulance Fees	\$ 950,000	\$ 950,000	\$ 745,533	\$ (204,467)
Intergovernmental	7,500	7,500	38,448	30,948
Other Revenues	1,000	1,000	422	(578)
Total Revenues	958,500	958,500	784,403	(174,097)
Expenditures:				
Operations:				
Personnel Costs	840,736	840,736	831,860	8,876
Other Operating Costs	352,920	352,920	294,121	58,799
Capital Outlay	140,000	214,000	176,749	37,251
Total Expenditures	1,333,656	1,407,656	1,302,730	104,926
Excess (Deficiency) of Revenues Over (Under) Expenditures	(375,156)	(449,156)	(518,327)	(69,171)
Other Financing Sources (Uses):				
Transfers In	380,000	380,000	450,000	70,000
Transfers Out	(6,000)	(6,000)	(6,000)	-
Sales of Capital Assets	5,000	5,000	10,000	5,000
Total Other Financing Sources (Uses)	379,000	379,000	454,000	75,000
Net Change in Fund Balances	3,844	(70,156)	(64,327)	5,829
Fund Balances, Beginning of Year	252,779	252,779	403,250	150,471
Fund Balances, End of Year	\$ 256,623	\$ 182,623	\$ 338,923	\$ 156,300

Fund Balances at December 31, 2010, is computed as follows:

Current Assets	\$ 366,473
Less: Current Liabilities	(27,550)
Fund Balances - December 31, 2010	\$ 338,923

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

Net Change in Fund Balances (Budgetary Basis)	<u>\$ (64,327)</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Capitalization of Fixed Assets	176,749
Depreciation	<u>(85,945)</u>
Total Adjustments	<u>90,804</u>
Change in Net Assets (GAAP Basis)	<u><u>\$ 26,477</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, 2010

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for Services:			
Sewer Surcharge	\$ 34,400	\$ 34,396	\$ (4)
Total Revenues	<u>34,400</u>	<u>34,396</u>	<u>(4)</u>
Expenditures:			
Debt Service:			
Principal	7,350	7,348	2
Interest	22,650	22,618	32
Total Expenditures	<u>30,000</u>	<u>29,966</u>	<u>34</u>
Net Change in Fund Balances	4,400	4,430	30
Fund Balances, Beginning of Year	<u>63,824</u>	<u>42,562</u>	<u>(21,262)</u>
Fund Balances, End of Year	<u>\$ 68,224</u>	<u>\$ 46,992</u>	<u>\$ (21,232)</u>

Fund Balances at December 31, 2010, is computed as follows:

Current Assets	\$ 48,832
Less: Current Liabilities	(9,436)
Add: Current Portion of Revenue Bonds Payable	<u>7,596</u>
Fund Balances - December 31, 2010	<u>\$ 46,992</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>\$ 4,430</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Principal Paid On Revenue Bonds	7,348
Depreciation and Amortization	<u>(17,921)</u>
Total Adjustments	<u>(10,573)</u>
Change in Net Assets (GAAP Basis)	<u><u>\$ (6,143)</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, 2010

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for Services:			
Insurance Contribution	\$ 310,000	\$ 264,309	\$ (45,691)
Investment Earnings	5,000	1,021	(3,979)
Other Revenues	11,000	3,896	(7,104)
Total Revenues	<u>326,000</u>	<u>269,226</u>	<u>(56,774)</u>
Expenditures:			
Current:			
Administrative, Legal and Claims	10,000	-	10,000
CAPP Pool Contributions	80,000	94,180	(14,180)
Workers Compensation Pool Contributions	192,000	170,129	21,871
Property and Casualty Claims	10,000	5,432	4,568
Income Protection	2,500	9,920	(7,420)
Miscellaneous	1,000	1,143	(143)
Total Expenditures	<u>295,500</u>	<u>280,804</u>	<u>14,696</u>
Net Change in Fund Balances	30,500	(11,578)	(42,078)
Fund Balances, Beginning of Year	<u>442,326</u>	<u>469,294</u>	<u>26,968</u>
Fund Balances, End of Year	<u>\$ 472,826</u>	<u>\$ 457,716</u>	<u>\$ (15,110)</u>

Fund Balances at December 31, 2010, is computed as follows:

Current Assets	\$ 461,247
Less: Current Liabilities	<u>(3,531)</u>
Fund Balances - December 31, 2010	<u>\$ 457,716</u>

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

Net Change in Fund Balances (Budgetary Basis)	\$ (11,578)
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Total Adjustments	-
Change in Net Assets (GAAP Basis)	\$ (11,578)

CHAFFEE COUNTY, COLORADO

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2010

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government:				
Board of County Commissioners	\$ 638,514	\$ 653,514	\$ 623,584	\$ 29,930
Administrative Support	251,950	251,950	254,810	(2,860)
County Attorney	48,160	48,160	35,835	12,325
Budget Officer	19,770	19,770	18,864	906
Audit	25,000	25,000	23,000	2,000
Safety	11,700	11,700	8,545	3,155
County Clerk and Recorder	481,316	481,316	455,684	25,632
Elections	202,920	202,920	116,234	86,686
County Treasurer and Public Trustee	322,830	326,830	324,754	2,076
County Assessor	453,912	462,912	443,900	19,012
County Extension Service	122,235	122,235	112,374	9,861
Veterans Service Officer	23,310	23,310	21,529	1,781
Secure Rural Schools	45,000	45,000	-	45,000
Miscellaneous	80,100	80,100	75,784	4,316
Total General Government	2,726,717	2,754,717	2,514,897	239,820
Community Development:				
Planning and Zoning	210,818	219,818	163,415	56,403
Building Inspector	496,740	496,740	463,868	32,872
Environmental Health	87,881	87,881	83,319	4,562
Total Community Development	795,439	804,439	710,602	93,837
Public Safety:				
District Attorney	302,000	302,000	301,968	32
Sheriff	1,544,842	1,544,842	1,442,499	102,343
Jail	1,339,634	1,339,634	1,206,208	133,426
Coroner	127,100	132,100	122,754	9,346
Civil Defense	73,044	73,044	70,034	3,010
Fire Control	7,200	7,200	-	7,200
Animal Control	500	500	-	500
Communications Center	633,168	663,168	663,106	62
Total Public Safety	4,027,488	4,062,488	3,806,569	255,919

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Health and Welfare				
Public Health Nurse	\$ 410,965	\$ 419,965	\$ 406,771	\$ 13,194
Immunization	31,200	37,200	31,134	6,066
CHP/STEPP	222,439	222,439	218,093	4,346
EPSDT	47,920	47,920	51,667	(3,747)
Victims Assistance Program	99,340	99,340	96,353	2,987
Total Health and Welfare	811,864	826,864	804,018	22,846
Public Works:				
Buildings and Grounds	240,975	254,975	245,133	9,842
Touber Building and Grounds	209,310	209,310	191,083	18,227
Weed Management	98,081	220,081	194,169	25,912
Total Public Works	548,366	684,366	630,385	53,981
Parks and Recreation:				
Fairgrounds	205,173	219,173	214,278	4,895
TOTAL EXPENDITURES	\$ 9,115,047	\$ 9,352,047	\$ 8,680,749	\$ 671,298

CHAFFEE COUNTY, COLORADO

DETAILED SCHEDULE OF GENERAL FUND REVENUES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2010

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes:				
General Property Tax	\$ 1,733,518	\$ 1,733,518	\$ 1,726,982	\$ (6,536)
General Property Tax - Delinquent Collections	500	500	1,629	1,129
General Property Tax - Interest and Penalties	6,200	6,200	7,566	1,366
Specific Ownership Tax	224,500	224,500	188,947	(35,553)
Sales Tax	2,750,000	2,750,000	3,028,517	278,517
Total Taxes	4,714,718	4,714,718	4,953,641	238,923
Licenses and Permits:				
Liquor Licenses	3,100	3,100	2,630	(470)
Building Permits	375,000	375,000	326,734	(48,266)
Septic Permits	18,000	18,000	24,700	6,700
F/S Inspections	26,000	26,000	29,421	3,421
Total Licenses and Permits	422,100	422,100	383,485	(38,615)
Intergovernmental:				
Federal Grants	256,616	256,616	302,507	45,891
State Grants and Contracts	388,413	388,413	486,361	97,948
Other	14,400	14,400	12,990	(1,410)
Total Intergovernmental	659,429	659,429	801,858	142,429
Charges for Services:				
Departmental Fees	730,500	730,500	743,418	12,918
Public Safety Fees	907,000	907,000	573,836	(333,164)
Health and Welfare Fees	40,500	40,500	32,668	(7,832)
Total Charges for Services	1,678,000	1,678,000	1,349,922	(328,078)
Fines and Forfeitures				
Traffic Fines	150,000	150,000	119,051	(30,949)
Total Fines and Forfeitures	150,000	150,000	119,051	(30,949)
Investment Earnings	102,000	102,000	59,275	(42,725)
Miscellaneous Revenues:				
Rents and Royalties	101,150	101,150	129,828	28,678
Cost Allocations	25,000	25,000	21,960	(3,040)
Miscellaneous Nonclassified Revenues	224,000	224,000	260,457	36,457
Total Miscellaneous Revenues	350,150	350,150	412,245	62,095
TOTAL REVENUES	\$ 8,076,397	\$ 8,076,397	\$ 8,079,477	\$ 3,080

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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: County of Chaffee
	YEAR ENDING : December 2010

This Information From The Records Of (example - City of _ or County of) County of Chaffee	Prepared By: Dan Short Phone: 719-539-3463
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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:	1,699,814
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	41,025
2. General fund appropriations		b. Snow and ice removal	85,371
3. Other local imposts (from page 2)	53,806	c. Other	
4. Miscellaneous local receipts (from page 2)	113,387	d. Total (a. through c.)	126,396
5. Transfers from toll facilities		4. General administration & miscellaneous	38,622
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,864,832
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)	167,193	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	1,772,059	2. Notes:	
D. Receipts from Federal Government (from page 2)	10,588	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,949,840	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)	1,864,832

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,726,148	1,949,840	1,864,832	1,811,156	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2010

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	48,516	a. Interest on investments	3,172
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	2,580
4. Licenses		f. Charges for Services	89,783
5. Specific Ownership &/or Other	5,290	g. Other Misc. Receipts	3,124
6. Total (1. through 5.)	5,290	h. Other #NAME?	14,728
c. Total (a. + b.)	53,806	i. Total (a. through h.)	113,387
	(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	1,707,910	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	52,861	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) - CDOT Grant	11,288	f. Other Federal - Severance/Mineral	10,588
f. Total (a. through e.)	64,149	g. Total (a. through f.)	10,588
4. Total (1. + 2. + 3.f)	1,772,059	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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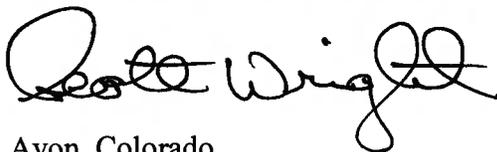
Board of County Commissioners
Chaffee County, Colorado
Salida, Colorado

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, 2010, and have issued my report thereon dated July 11, 2011. 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 11, 2011

CHAFFEE COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2010

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	\$ 23,001
<u>U.S. Department of Health and Human Services</u>		
<i>Passed Through Colorado Department of Human Services:</i>		
Drug Free Communities Program (Chaffee County Build a Generation)	93.276	124,621
Promoting Safe and Stable Families	93.556	27,913
Temporary Assistance for Needy Families	93.558	397,570
Temporary Assistance for Needy Families (County MOE Refund)	93.558	13,389
Title IV D Administrative	93.563	190,490
Low Income Home Energy Assistance (LEAP)	93.568	474,143
CCDF Discretionary	93.575	(4,526)
CCDF	93.596	81,385
Title IV B Child Welfare	93.645	9,832
Title IV E Foster Care	93.658	170,591
Title IV E Adoption	93.659	43,602
Title XX	93.667	66,849
ARRA - Child Care and Development Block Grant	93.713	51,279
Title XIX Medicaid	93.778	84,100
<i>Passed through Colorado Department of Public Health and Environment</i>		
Emergency Preparedness Response Grant (EPRD)	93.069	105,540
Childhood Immunization	93.268	12,675
CDC Investigations and Technical Assistance	93.283	5,350
Nuturing Parent Program	93.558	21,752
Nuturing Parent Program	93.590	13,249
ARRA - Immunization	93.712	18,373
Maternal and Child Health Services Block Grant	93.994	1,625
Total U.S. Department of Health and Human Services		1,909,802

See accompanying notes are an integral part of this schedule.

Federal Grantor / Pass Through Grantor / Program Or Cluster Title	Federal CFDA #	Federal Expenditures
<u>U.S. Department of Homeland Security</u>		
Federal Emergency Management Agency <i>Passed through Colorado Department of Local Affairs</i> Emergency Management Performance Grant (EMPG)	97.042	42,260
Total U.S. Department of Homeland Security		<u>42,260</u>
<u>U.S. Department of Transportation</u>		
<i>Passed Through Colorado Department of Transportation</i> Nonurbanized Area Formula Program (Neighbor to Neighbor Volunteers)	14.228	48,200
Federal Aviation Administration Airport Improvement Program	20.106	40,634
Total U.S. Department of Transportation		<u>88,834</u>
<u>U.S. Department of Agriculture</u>		
<i>Passed Through Colorado Department of Human Services:</i> Food Assistance Administration	10.561	108,531
Food Assistance	10.551	1,689,667
<i>Passed Through Colorado Department of Human Services and Upper Arkansas Area Council</i> Emergency Food Assistance Program (Food Commodities)	10.569	23,003
Total U.S. Department of Agriculture		<u>1,821,201</u>
Total Expenditures of Federal Awards		<u>\$ 3,885,098</u>

CHAFFEE COUNTY, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2010

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, 2010, and have issued my report thereon dated July 11, 2011. 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.

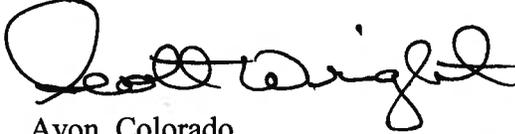
Internal Control over Financial Reporting

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 "D. J. ...". The signature is fluid and cursive, with a large initial letter.

Avon, Colorado
July 11, 2011

SCOTT C. WRIGHT
CERTIFIED PUBLIC ACCOUNTANT
P.O. Box 6597
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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, 2010. 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, 2010.

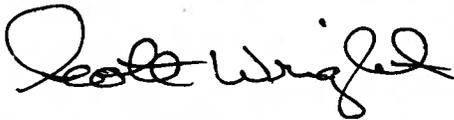
Internal Control Over Compliance

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.



Avon, Colorado
July 11, 2011

CHAFFEE COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2010

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, 2010.
- 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:
 - 93.568 – Low Income Home Energy Assistance (LEAP)
 - 93.069 – Emergency Preparedness Response Grant
 - 10.551 – Supplemental Nutrition Assistance Program
- 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, 2010

A. Summary Schedule of Prior Audit Findings

- There were no prior year audit findings and/or questioned costs for the year ended December 31, 2009 for Chaffee County, Colorado.