

CHAFFEE COUNTY, COLORADO

ANNUAL FINANCIAL REPORT

FOR THE

YEAR ENDED DECEMBER 31, 2011

**CHAFFEE COUNTY, COLORADO
ELECTED AND APPOINTED OFFICIALS
December 31, 2011**

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, 2011

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CHAFFEE COUNTY, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2011

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FINANCIAL SECTION

SCOTT C. WRIGHT
CERTIFIED PUBLIC ACCOUNTANT

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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, 2011, 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.

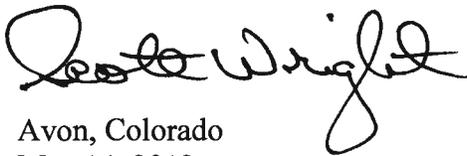
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and 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, 2011, 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 May 14, 2012, 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.

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

Avon, Colorado
May 14, 2012

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, 2011.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$29,635,705 (net assets). Of this amount, \$10,231,378 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 \$4,877,156.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$9,934,551, an increase of \$314,171 in comparison with the prior year. Approximately forty-five percent (45%) of this total amount, or \$4,487,903, is available for use within the County's policies (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$4,487,903, or fifty-three percent (53%) 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 \$342,683.

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 twelve 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, airport fund and health and human services fund, all of which are considered to be major funds. Data from the other eight nonmajor governmental funds (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 54-75 of this report.

Government-wide Financial Analysis

NET ASSETS

	Governmental Activities		Business-type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$17,052,240	\$14,370,050	\$1,826,588	\$1,763,700	\$18,878,828	\$16,133,750
Capital Assets, net	<u>21,665,041</u>	<u>17,249,213</u>	<u>2,281,644</u>	<u>2,490,787</u>	<u>23,946,685</u>	<u>19,740,000</u>
Total Assets	<u>38,717,281</u>	<u>31,619,263</u>	<u>4,108,232</u>	<u>4,254,487</u>	<u>42,825,513</u>	<u>35,873,750</u>
Other Liabilities	6,558,965	4,180,768	383,808	332,809	6,942,773	4,513,577
Noncurrent Liabilities	<u>5,724,292</u>	<u>6,073,275</u>	<u>522,743</u>	<u>528,349</u>	<u>6,247,035</u>	<u>6,601,624</u>
Total Liabilities	<u>12,283,257</u>	<u>10,254,043</u>	<u>906,551</u>	<u>861,158</u>	<u>13,189,808</u>	<u>11,115,201</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	16,330,041	11,579,213	1,791,606	1,993,066	18,121,647	13,572,279
Restricted	1,282,680	1,275,277	-	-	1,282,680	1,275,277
Unrestricted	<u>8,821,303</u>	<u>8,510,730</u>	<u>1,410,075</u>	<u>1,400,263</u>	<u>10,231,378</u>	<u>9,910,993</u>
Total Net Assets	<u>\$26,434,024</u>	<u>\$20,365,220</u>	<u>\$3,201,681</u>	<u>\$3,393,329</u>	<u>\$29,635,705</u>	<u>\$24,758,549</u>

A large portion of the County's net assets (61%) reflects its investment in capital assets (land, construction in progress, buildings and improvements, vehicles, and machinery and equipment), net of any related debt used to acquire those assets that is still outstanding. The County uses these assets to provide services to citizens, consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

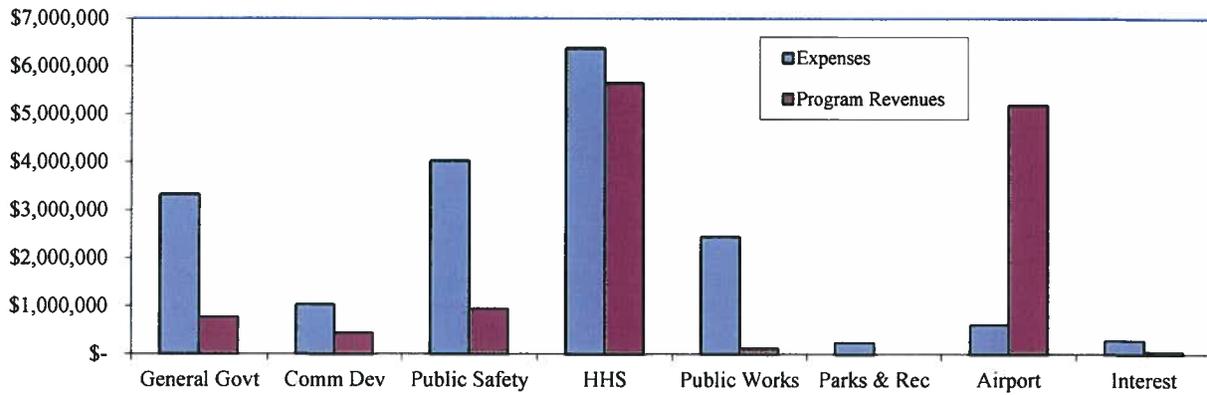
An additional portion of the County's net assets (4.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$10,231,378) may be used to meet the County's ongoing obligations to citizens and creditors.

CHANGE IN NET ASSETS

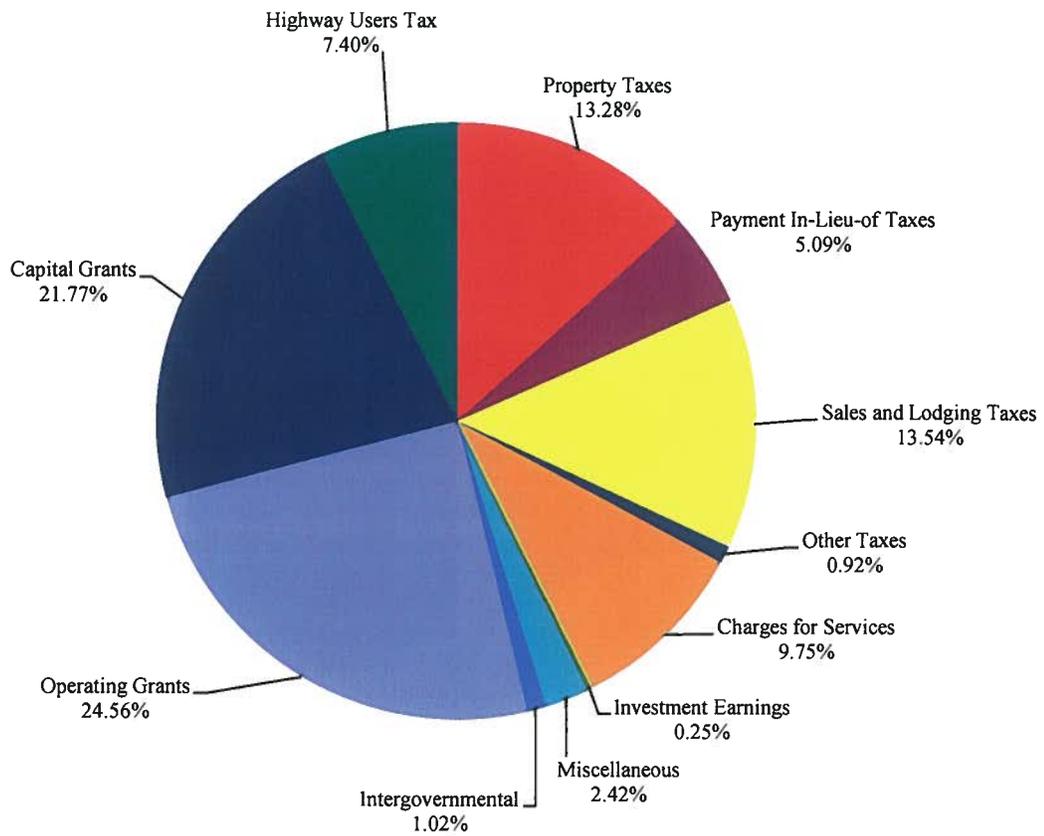
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,280,794	\$ 2,528,552	\$ 1,420,306	\$ 1,393,282	\$ 3,701,100	\$ 3,921,834
Operating Grants and Contributions	5,747,146	5,954,673	58,657	38,448	5,805,803	5,993,121
Capital Grants and Contributions	5,094,105	330,644	-	-	5,094,105	330,644
General Revenues:						
Taxes:						
Property Taxes	3,106,204	2,859,609	-	-	3,106,204	2,859,609
Sales and Lodging Taxes	3,168,507	3,335,552	-	-	3,168,507	3,335,552
Payment In-Lieu-of Taxes	1,190,861	1,163,049	-	-	1,190,861	1,163,049
Highway Users Tax	1,731,492	1,707,910	-	-	1,731,492	1,707,910
Other Taxes	214,538	310,559	-	-	214,538	310,559
Unrestricted Investment Earnings	58,212	70,170	1,331	1,937	59,543	72,107
Intergovernmental	239,565	210,643	-	-	239,565	210,643
Miscellaneous	565,958	806,744	-	-	565,958	806,744
Total Revenues	<u>23,397,382</u>	<u>19,278,105</u>	<u>1,480,294</u>	<u>1,433,667</u>	<u>24,877,676</u>	<u>20,711,772</u>
EXPENSES						
Program Activities:						
Governmental Activities:						
General Government	3,331,206	3,383,792	-	-	3,331,206	3,383,792
Community / Economic Development	1,034,723	1,112,430	-	-	1,034,723	1,112,430
Public Safety	4,025,766	3,993,160	-	-	4,025,766	3,993,160
Health and Welfare	6,376,632	6,573,346	-	-	6,376,632	6,573,346
Public Works	2,448,655	2,319,319	-	-	2,448,655	2,319,319
Parks and Recreation	249,627	288,477	-	-	249,627	288,477
Airport Operations	317,256	309,901	-	-	317,256	309,901
Interest on Long-term Debt	279,713	293,964	-	-	279,713	293,964
Business-type Activities:						
Landfill Operations	-	-	705,110	644,860	705,110	644,860
Emergency Medical Services	-	-	1,191,622	1,211,926	1,191,622	1,211,926
Sewer Enterprise	-	-	40,210	40,539	40,210	40,539
Total Expenses	<u>18,063,578</u>	<u>18,274,389</u>	<u>1,936,942</u>	<u>1,897,325</u>	<u>20,000,520</u>	<u>20,171,714</u>
Excess (Deficiency) Before Transfers	5,333,804	1,003,716	(456,648)	(463,658)	4,877,156	540,058
Transfers	<u>(265,000)</u>	<u>(428,000)</u>	<u>265,000</u>	<u>428,000</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	5,068,804	575,716	(191,648)	(35,658)	4,877,156	540,058
Net Assets, Beginning (Restated)	<u>21,365,220</u>	<u>20,789,504</u>	<u>3,393,329</u>	<u>3,428,987</u>	<u>24,759,549</u>	<u>24,218,491</u>
Net Assets, Ending	<u>\$26,434,024</u>	<u>\$21,365,220</u>	<u>\$ 3,201,681</u>	<u>\$ 3,393,329</u>	<u>\$29,635,705</u>	<u>\$24,758,549</u>

Governmental Activities. Governmental activities increased the County's net assets by \$5,068,804 in 2011. The cost of all governmental activities in 2011 was \$18,063,578, a 1.15% decrease from the prior year. Revenues from governmental activities increased 21.4% from the prior year.

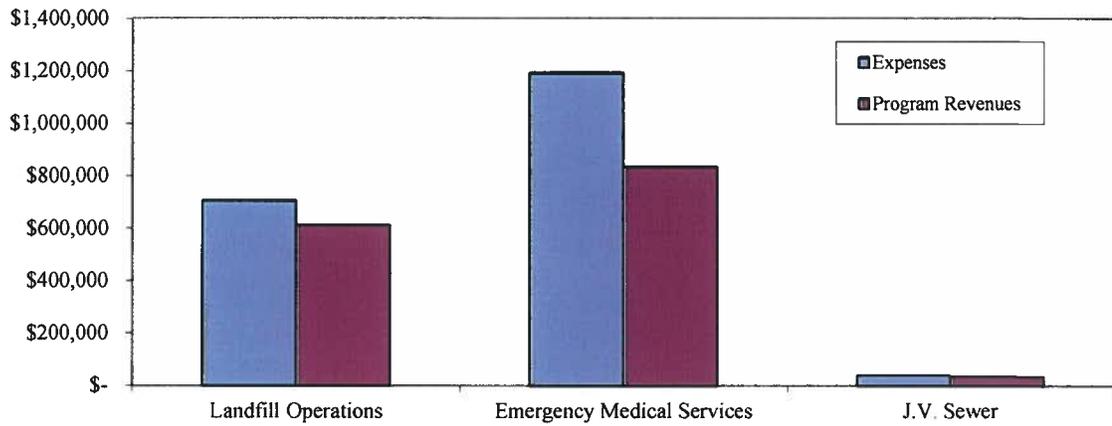
Expenses and Program Revenues – Governmental Activities



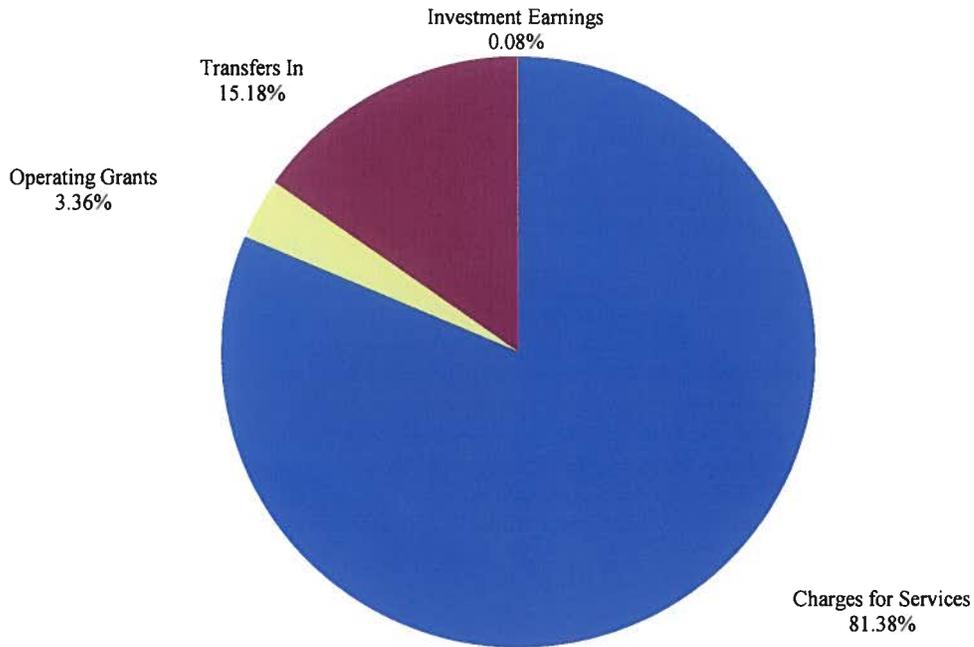
Revenues by Source – Governmental Activities



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, 2011 and the amount and percentage of increases and decreases in relation to the prior year.

<u>Revenues</u>	2011 <u>Amount</u>	Percent of <u>Total</u>	2010 <u>Amount</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Taxes	\$ 6,489,249	27.83%	\$ 6,505,720	\$ (16,471)	(0.25%)
Licenses and Permits	404,511	1.74%	398,213	6,298	1.56%
Intergovernmental	14,003,169	60.05%	9,366,169	4,637,000	33.11%
Charges for Services	1,636,450	7.02%	1,440,986	195,464	11.94%
Fines and Forfeitures	56,641	0.24%	119,051	(62,410)	(110.18%)
Investment Earnings	57,699	0.25%	69,149	(11,450)	(19.84%)
Miscellaneous	<u>670,127</u>	<u>2.87%</u>	<u>927,255</u>	<u>(257,128)</u>	<u>(38.37%)</u>
Total	<u>\$23,317,846</u>	<u>100.00%</u>	<u>\$18,826,543</u>	<u>\$ 4,491,303</u>	

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2011, and the amount and percentage of increases and decreases in relation to the prior year.

<u>Expenditures</u>	2011 <u>Amount</u>	Percent of <u>Total</u>	2010 <u>Amount</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Current:					
General Government	\$ 2,696,145	11.84%	\$ 2,753,501	\$ (57,356)	(2.13%)
Community / Economic Development	1,019,663	4.48%	1,110,320	(90,657)	(8.89%)
Public Safety	3,794,040	16.66%	3,806,569	(12,529)	(0.33%)
Health and Welfare	6,358,372	27.93%	6,556,623	(198,251)	(3.17%)
Public Works	2,313,938	10.16%	2,339,172	(25,234)	(1.09%)
Parks and Recreation	226,309	0.99%	321,980	(95,671)	(42.27%)
Airport Operations	219,919	0.97%	212,261	7,658	3.48%
Capital Outlay	5,527,348	24.28%	1,162,977	4,364,371	78.96%
Debt Service:					
Principal	335,000	1.47%	325,000	10,000	2.99%
Interest	274,200	1.20%	287,012	(12,812)	(4.67%)
Fiscal Charges	<u>3,659</u>	<u>00.02%</u>	<u>2,043</u>	<u>1,616</u>	<u>44.17%</u>
Total	<u>\$22,768,593</u>	<u>100.00%</u>	<u>\$18,877,458</u>	<u>\$ 3,891,135</u>	

Fund Balances

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

The County's governmental funds reported combined ending fund balances of \$9,934,551, an increase of \$314,171 from the prior year. Of this total, \$5,306,794 is restricted due to external

limitations on its use, such as by debt covenants and legal restrictions. A total of \$139,854 is considered unspendable because it has been used for prepaid items (inventories). The remaining \$4,487,903 is unassigned and can be used for any lawful purpose.

The general fund is the main operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,487,903. The fund balance of the general fund increased by \$291,741 or 6.5%, in 2011. As a measure of the general fund's liquidity, it can be useful to compare unassigned fund balances to total fund expenditures. Unassigned fund balance represents 53.1% of total fund expenditures or the equivalent of over 6 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, 2011, totals \$23,946,685 (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 21.3% (a 25.6% increase for governmental activities and a 8.4% decrease for business-type activities).

By far the major capital asset event during the current fiscal year was the completion of the Harriet Alexander Field Airport improvements. Those improvements totaled \$4,868,068 for the year ended December 31, 2011.

County's Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 755,157	\$ 755,157	\$ 177,677	\$ 177,677	\$ 932,834	\$ 932,834
Construction in Progress	-	30,095	164,086	74,405	164,086	104,500
Buildings & Imp.	19,088,387	14,211,986	684,478	812,689	19,772,865	15,024,675
Utility Lines	-	-	541,746	559,511	541,746	559,511
Vehicles	510,548	386,641	314,591	315,251	825,139	701,892
Mach. & Equip	<u>1,310,949</u>	<u>1,865,334</u>	<u>399,066</u>	<u>551,254</u>	<u>1,710,015</u>	<u>2,416,588</u>
Total	<u>\$21,665,041</u>	<u>\$17,249,213</u>	<u>\$ 2,281,644</u>	<u>\$ 2,490,787</u>	<u>\$23,946,685</u>	<u>\$19,740,000</u>

Additional information on the County's capital assets can be found in Notes 4 on pages 37-38 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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenue Bonds	\$ -	\$ -	\$ 490,038	\$ 497,721	\$ 490,038	\$ 497,721
Certificates of Participation	<u>5,335,000</u>	<u>5,670,000</u>	<u>-</u>	<u>-</u>	<u>5,335,000</u>	<u>5,670,000</u>
Total	<u>\$ 5,335,000</u>	<u>\$ 5,670,000</u>	<u>\$ 490,038</u>	<u>\$ 497,721</u>	<u>\$ 5,825,038</u>	<u>\$ 6,167,721</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, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 10,197,367	\$ 1,650,625	\$ 11,847,992
Receivables	6,015,046	165,518	6,180,564
Inventory	139,854	-	139,854
Restricted Assets - Cash and Cash Equivalents	619,808	-	619,808
Other Assets	80,165	10,445	90,610
Capital Assets, net of accumulated depreciation:			
Nondepreciable	755,157	341,763	1,096,920
Depreciable	20,909,884	1,939,881	22,849,765
Total Assets	38,717,281	4,108,232	42,825,513
LIABILITIES			
Accounts Payable	1,809,598	35,558	1,845,156
Retainages Payable	436,514	-	436,514
Accrued Liabilities	-	346,438	346,438
Accrued Interest Payable	25,833	1,812	27,645
Deposits and Reserves	173,431	-	173,431
Deferred Taxes	3,068,411	-	3,068,411
Unearned Revenues	1,042,547	-	1,042,547
Liabilities Payable from Restricted Assets	2,631	-	2,631
Noncurrent Liabilities:			
Due Within One Year	739,292	40,736	780,028
Due In More Than One Year	4,985,000	482,007	5,467,007
Total Liabilities	12,283,257	906,551	13,189,808
NET ASSETS			
Investment in Capital Assets, net of Related Debt	16,330,041	1,791,606	18,121,647
Restricted For:			
Emergencies	442,440	-	442,440
Debt Service	700,386	-	700,386
Inventory	139,854	-	139,854
Unrestricted	8,821,303	1,410,075	10,231,378
Total Net Assets	\$ 26,434,024	\$ 3,201,681	\$ 29,635,705

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

CHAFFEE COUNTY, COLORADO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 3,331,206	\$ 730,191	\$ -	\$ 41,451
Community / Economic Development	1,034,723	429,190	13,187	-
Public Safety	4,025,766	832,372	110,692	-
Health and Welfare	6,376,632	30,694	5,617,267	-
Public Works	2,448,655	124,755	6,000	-
Parks and Recreation	249,627	-	-	-
Airport Operations	317,256	133,592	-	5,052,654
Interest and Fiscal Charges on Long-term Debt	279,713	-	-	-
Total Governmental Activities	18,063,578	2,280,794	5,747,146	5,094,105
Business-type Activities:				
Landfill Operations	705,110	610,887	-	-
Emergency Medical Services	1,191,622	775,023	58,657	-
Sewer	40,210	34,396	-	-
Total Business-type Activities	1,936,942	1,420,306	58,657	-
Total Primary Government	\$ 20,000,520	\$ 3,701,100	\$ 5,805,803	\$ 5,094,105

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
\$ (2,559,564)	\$ -	\$ (2,559,564)
(592,346)	-	(592,346)
(3,082,702)	-	(3,082,702)
(728,671)	-	(728,671)
(2,317,900)	-	(2,317,900)
(249,627)	-	(249,627)
4,868,990	-	4,868,990
(279,713)	-	(279,713)
<u>(4,941,533)</u>	<u>-</u>	<u>(4,941,533)</u>
-	(94,223)	(94,223)
-	(357,942)	(357,942)
-	(5,814)	(5,814)
<u>-</u>	<u>(457,979)</u>	<u>(457,979)</u>
<u>(4,941,533)</u>	<u>(457,979)</u>	<u>(5,399,512)</u>
3,106,204	-	3,106,204
3,168,507	-	3,168,507
1,190,861	-	1,190,861
1,731,492	-	1,731,492
214,538	-	214,538
239,565	-	239,565
58,212	1,331	59,543
565,958	-	565,958
(265,000)	265,000	-
<u>10,010,337</u>	<u>266,331</u>	<u>10,276,668</u>
5,068,804	(191,648)	4,877,156
<u>21,365,220</u>	<u>3,393,329</u>	<u>24,758,549</u>
<u>\$ 26,434,024</u>	<u>\$ 3,201,681</u>	<u>\$ 29,635,705</u>

CHAFFEE COUNTY, COLORADO

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2011

	General Fund	Road and Bridge Fund	Airport Fund	Health and Human Services Fund
ASSETS				
Cash and Investments	\$ 4,498,082	\$ 1,598,949	\$ -	\$ 1,446,015
Receivables:				
- Interest	3,750	103	-	-
- Taxes	1,983,682	52,558	-	534,700
- Accounts	-	-	20,795	19,766
- Intergovernmental	555,590	78,362	1,991,537	217,677
Inventories	-	120,260	19,594	-
Due from Other Funds	6,201	-	-	-
Restricted Assets - Cash and Cash Equivalents	-	-	-	2,631
Total Assets	\$ 7,047,305	\$ 1,850,232	\$ 2,031,926	\$ 2,220,789
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 91,231	\$ 35,127	\$ 1,544,958	\$ 104,792
Retainages Payable	-	-	436,514	-
Deposits and Reserves	173,431	-	-	-
Deferred Taxes	1,983,682	52,558	-	534,700
Deferred or Unearned Revenues	-	-	-	1,042,547
Liabilities Payable from Restricted Assets	-	-	-	2,631
Total Liabilities	2,248,344	87,685	1,981,472	1,684,670
Fund Balances:				
Nonspendable:				
Inventories	-	120,260	19,594	-
Restricted For:				
TABOR Emergency Reserve	114,918	-	-	-
Debt Service	-	-	-	-
Public Safety	75,122	-	-	-
Secure Rural Schools	121,018	-	-	-
Roads and Bridges	-	1,642,287	-	-
Capital Improvements	-	-	-	-
Airport	-	-	30,860	-
Recreational Purposes	-	-	-	-
Employee Retirement Plan	-	-	-	-
Tourism Promotion	-	-	-	-
Animal Shelter	-	-	-	-
Health and Public Welfare	-	-	-	536,119
Unassigned	4,487,903	-	-	-
Total Fund Balances	4,798,961	1,762,547	50,454	536,119
Total Liabilities and Fund Balances	\$ 7,047,305	\$ 1,850,232	\$ 2,031,926	\$ 2,220,789

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, 2011**

Other Governmental Funds	Total
\$ 2,162,589	\$ 9,705,635
125	3,978
497,471	3,068,411
-	40,561
40,069	2,883,235
-	139,854
-	6,201
<u>617,177</u>	<u>619,808</u>
<u>\$ 3,317,431</u>	<u>\$ 16,467,683</u>
\$ 33,490	\$ 1,809,598
-	436,514
-	173,431
497,471	3,068,411
-	1,042,547
-	2,631
<u>530,961</u>	<u>6,533,132</u>
-	139,854
327,522	442,440
700,386	700,386
-	75,122
-	121,018
-	1,642,287
779,688	779,688
-	30,860
412,375	412,375
314,203	314,203
234,560	234,560
17,736	17,736
-	536,119
-	4,487,903
<u>2,786,470</u>	<u>9,934,551</u>
<u>\$ 3,317,431</u>	<u>\$ 16,467,683</u>

Total Governmental Fund Balances	\$ 9,934,551
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet.	
- Capital assets	31,012,116
- Accumulated depreciation	<u>(9,347,075)</u>
	<u>21,665,041</u>
Some liabilities, including bonds, notes and leases payable, and compensated absences are not due and payable in the current period and therefore are not reported in the fund balance sheet.	
- Certificates of participation payable	(5,335,000)
- Compensated absences payable	<u>(389,292)</u>
	<u>(5,724,292)</u>
Notes receivable are not available to pay for current period expenditures and have been deferred in the fund balance sheet.	<u>10,000</u>
Governmental funds report the effect of debt issuance costs when debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the Statement of Activities.	<u>80,165</u>
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.	<u>(25,833)</u>
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>494,392</u>
Net Assets of Governmental Activities	<u>\$ 26,434,024</u>

CHAFFEE COUNTY, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Road and Bridge Fund	Airport Fund	Health and Human Services Fund
Revenues				
Taxes	\$ 4,890,696	\$ 56,338	\$ -	\$ 576,496
Licenses and Permits	386,171	18,340	-	-
Intergovernmental	1,916,583	1,752,599	5,107,319	5,146,652
Charges for Services	1,570,626	65,824	-	-
Fines and Forfeitures	56,641	-	-	-
Investment Earnings	53,191	1,822	-	207
Other Revenues	357,495	20,711	133,592	-
Total Revenues	9,231,403	1,915,634	5,240,911	5,723,355
Expenditures				
Current:				
General Government	2,478,149	-	-	-
Community / Economic Development	633,705	-	-	-
Public Safety	3,794,040	-	-	-
Health and Welfare	817,463	-	-	5,540,909
Public Works	529,843	1,784,095	-	-
Parks and Recreation	193,509	-	-	-
Airport Operations	-	-	219,919	-
Capital Outlay	-	213,058	5,125,019	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	8,446,709	1,997,153	5,344,938	5,540,909
Excess (Deficiency) of Revenues Over (Under) Expenditures	784,694	(81,519)	(104,027)	182,446
Other Financing Sources (Uses)				
Transfers In	588,878	-	62,500	18,102
Transfers Out	(1,101,082)	(10,000)	-	(31,278)
Sales of Capital Assets	19,251	3,803	-	-
Total Other Financing Sources (Uses)	(492,953)	(6,197)	62,500	(13,176)
Net Change in Fund Balances	291,741	(87,716)	(41,527)	169,270
Fund Balances, Beginning of Year (Restated) See Note 11	4,507,220	1,850,263	91,981	366,849
Fund Balances, End of year	\$ 4,798,961	\$ 1,762,547	\$ 50,454	\$ 536,119

**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, 2011**

Other Governmental Funds	Total
\$ 965,719	\$ 6,489,249
-	404,511
80,016	14,003,169
-	1,636,450
-	56,641
2,479	57,699
158,329	670,127
<u>1,206,543</u>	<u>23,317,846</u>
217,996	2,696,145
385,958	1,019,663
-	3,794,040
-	6,358,372
-	2,313,938
32,800	226,309
-	219,919
189,271	5,527,348
335,000	335,000
274,200	274,200
3,659	3,659
<u>1,438,884</u>	<u>22,768,593</u>
<u>(232,341)</u>	<u>549,253</u>
720,480	1,389,960
(512,600)	(1,654,960)
6,864	29,918
<u>214,744</u>	<u>(235,082)</u>
(17,597)	314,171
<u>2,804,067</u>	<u>9,620,380</u>
<u>\$ 2,786,470</u>	<u>\$ 9,934,551</u>

Net Change in Fund Balances - Total Governmental Funds \$ 314,171

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	5,525,233
- Depreciation	(1,109,405)
	<u>4,415,828</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>(3,136)</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>335,000</u>
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Repayments of notes receivable is reported as revenue in the governmental funds, but the repayment reduces other assets in the Statement of Net Assets

(45,000)

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	13,983
- Change in accrued interest payable on outstanding bonds	1,282
	<u>15,265</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.

36,676

Change in Net Assets of Governmental Activities \$ 5,068,804

CHAFFEE COUNTY, COLORADO

STATEMENT OF NET ASSETS PROPRIETARY FUNDS DECEMBER 31, 2011

	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	\$ 1,345,669	\$ 260,320	\$ 44,636	\$ 1,650,625	\$ 491,732
Receivables:					
- Interest	74	-	-	74	31
- Accounts, net	44,220	112,625	-	156,845	2,629
- Intergovernmental	-	-	8,599	8,599	-
Total Current Assets	1,389,963	372,945	53,235	1,816,143	494,392
Noncurrent Assets:					
Bond Issuance Costs, net	-	-	10,445	10,445	-
Capital Assets:					
- Land and Improvements	135,677	36,000	6,000	177,677	-
- Construction in Progress	164,086	-	-	164,086	-
- Buildings and Improvements	1,053,540	514,534	-	1,568,074	-
- Utility Lines	-	-	710,585	710,585	-
- Vehicles	188,891	507,918	-	696,809	-
- Machinery and Equipment	971,743	332,164	-	1,303,907	-
- Accumulated Depreciation	(1,538,595)	(632,060)	(168,839)	(2,339,494)	-
Total Noncurrent Assets	975,342	758,556	558,191	2,292,089	-
Total Assets	2,365,305	1,131,501	611,426	4,108,232	494,392
LIABILITIES					
Current Liabilities:					
Accounts Payable	16,911	12,453	-	29,364	-
Due to Other Funds	6,194	-	-	6,194	-
Compensated Absences Payable	18,174	14,531	-	32,705	-
Accrued Closure and Post-Closure Costs	346,438	-	-	346,438	-
Accrued Interest Payable	-	-	1,812	1,812	-
Revenue Bonds Payable - Current	-	-	8,031	8,031	-
Total Current Liabilities	387,717	26,984	9,843	424,544	-
Noncurrent Liabilities:					
Revenue Bonds Payable	-	-	482,007	482,007	-
Total Liabilities	387,717	26,984	491,850	906,551	-
NET ASSETS					
Investment in Capital Assets, net of Related Debt	975,342	758,556	57,708	1,791,606	-
Unrestricted	1,002,246	345,961	61,868	1,410,075	494,392
Total Net Assets	\$ 1,977,588	\$ 1,104,517	\$ 119,576	\$ 3,201,681	\$ 494,392

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, 2011

	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	\$ 606,884	\$ 774,235	\$ 34,396	\$ 1,415,515	\$ 300,486
Other Operating Revenues	4,003	788	-	4,791	44,505
Total Operating Revenues	610,887	775,023	34,396	1,420,306	344,991
Operating Expenses:					
Cost of Operations	495,032	1,087,734	-	1,582,766	308,828
Depreciation and Amortization	204,857	103,888	17,928	326,673	-
Total Operating Expenses	699,889	1,191,622	17,928	1,909,439	308,828
Operating Income (Loss)	(89,002)	(416,599)	16,468	(489,133)	36,163
Nonoperating Revenues (Expenses):					
Grant Revenues	-	58,657	-	58,657	-
Loss on Sales of Capital Assets	(5,221)	-	-	(5,221)	-
Interest Income	1,331	-	-	1,331	513
Interest Expense	-	-	(22,282)	(22,282)	-
Total Nonoperating Revenues (Expenses)	(3,890)	58,657	(22,282)	32,485	513
Income (Loss) Before Transfers	(92,892)	(357,942)	(5,814)	(456,648)	36,676
Transfers In (Out)	(29,000)	294,000	-	265,000	-
Increase (Decrease) in Net Assets	(121,892)	(63,942)	(5,814)	(191,648)	36,676
Total Net Assets, Beginning of Year	2,099,480	1,168,459	125,390	3,393,329	457,716
Total Net Assets, End of Year	\$ 1,977,588	\$ 1,104,517	\$ 119,576	\$ 3,201,681	\$ 494,392

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, 2011

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Waste Disposal Fund	Emergency Medical Services	J.V. Sewer		
Cash Flows From Operating Activities					
Cash Received from Customers and Users	\$ 592,715	\$ 767,538	\$ 42,995	\$ 1,403,248	\$ -
Cash Received from Interfund Services Provided	-	-	-	-	300,486
Cash Payments to Suppliers	(187,386)	(263,486)	-	(450,872)	(312,359)
Cash Payments to Employees	(226,376)	(802,814)	-	(1,029,190)	-
Cash Payments for Interfund Services Used	(27,600)	(22,000)	-	(49,600)	-
Other Operating Revenues	4,003	788	-	4,791	45,703
Net Cash Provided by (Used in) Operating Activities	<u>155,356</u>	<u>(319,974)</u>	<u>42,995</u>	<u>(121,623)</u>	<u>33,830</u>
Cash Flows From Noncapital Financing Activities					
Grant Received	-	58,657	-	58,657	-
Transfers Out to Other Funds	(29,000)	(6,000)	-	(35,000)	-
Transfer In from Other Funds	-	300,000	-	300,000	-
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>(29,000)</u>	<u>352,657</u>	<u>-</u>	<u>323,657</u>	<u>-</u>
Cash Flows From Capital Financing Activities					
Acquisition and Construction of Fixed Assets	(89,680)	(32,908)	-	(122,588)	-
Interest Paid on Long-term Debt	-	-	(22,310)	(22,310)	-
Principal Paid on Long-term Debt	-	-	(7,683)	(7,683)	-
Net Cash Used in Capital Financing Activities	<u>(89,680)</u>	<u>(32,908)</u>	<u>(29,993)</u>	<u>(152,581)</u>	<u>-</u>
Cash Flows From Investing Activities					
Interest Received from Investments	1,450	-	-	1,450	559
Net Cash Provided by Investing Activities	<u>1,450</u>	<u>-</u>	<u>-</u>	<u>1,450</u>	<u>559</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>38,126</u>	<u>(225)</u>	<u>13,002</u>	<u>50,903</u>	<u>34,389</u>
Cash and Cash Equivalents, Beginning of Year	<u>1,307,543</u>	<u>260,545</u>	<u>31,634</u>	<u>1,599,722</u>	<u>457,343</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,345,669</u>	<u>\$ 260,320</u>	<u>\$ 44,636</u>	<u>\$ 1,650,625</u>	<u>\$ 491,732</u>

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

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Waste Disposal Fund	Emergency Medical Services	J.V. Sewer		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating Income (Loss)	<u>\$ (89,002)</u>	<u>\$ (416,599)</u>	<u>\$ 16,468</u>	<u>\$ (489,133)</u>	<u>\$ 36,163</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Depreciation and Amortization	204,857	103,888	17,928	326,673	-
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(14,169)	(6,697)	-	(20,866)	1,198
Decrease in Intergovernmental Receivable	-	-	8,599	8,599	-
Increase (Decrease) in Accounts Payable	8,984	(909)	-	8,075	(3,531)
Increase in Compensated Absences Payable	1,734	343	-	2,077	-
Increase in Accrued Closure and Post Closure Costs	42,952	-	-	42,952	-
Total Adjustments	<u>244,358</u>	<u>96,625</u>	<u>26,527</u>	<u>367,510</u>	<u>(2,333)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 155,356</u>	<u>\$ (319,974)</u>	<u>\$ 42,995</u>	<u>\$ (121,623)</u>	<u>\$ 33,830</u>

CHAFFEE COUNTY, COLORADO

STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUNDS AGENCY FUND DECEMBER 31, 2011

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	<u>\$ 763,022</u>
Total Assets	<u><u>\$ 763,022</u></u>
LIABILITIES	
Due to Other Governments	\$ 126,558
Amounts Held in Escrow	616,464
Amount Held in Trust - Scott Estate	<u>20,000</u>
Total Liabilities	<u><u>\$ 763,022</u></u>

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

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

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, 2011

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.
- *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.
- *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, 2011

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, 2011, 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 \$617,177 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, 2011

An additional amount of \$2,631 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

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid/deferred charges) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

The County establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of County Commissioners through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The County considers all unassigned 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 \$90,610 (net of accumulated amortization of \$10,575) are included in other assets. Capitalized debt costs are amortized over the remaining lives of the related debt issues using the interest method.

Note 3. Cash and Investments

Cash and investments as of December 31, 2011 are classified in the accompanying financial statements as follows:

Cash and Investments	\$ 11,847,992
Restricted Assets – Cash and Investments	619,808
Cash and Investments – Agency Fund	<u>763,022</u>
Total	<u>\$ 13,230,822</u>

Cash and investments as of December 31, 2011 consist of the following:

Cash on Hand	\$ 3,507
Deposits With Financial Institutions	1,118,438
Local Government Investment Pools	10,494,107
Money Market Mutual Funds	617,177
Treasury Securities	<u>997,593</u>
Total	<u>\$ 13,230,822</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	0.67
– Money Market Mutual Funds	617,177	0.00
Local Government Investment Pools	<u>10,494,107</u>	0.00
Total	<u>\$ 12,108,877</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.

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

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.

Local Government Investment Pools

As of December 31, 2011, 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, 2011 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>30,095</u>	<u>-</u>	<u>(30,095)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>785,252</u>	<u>-</u>	<u>(30,095)</u>	<u>755,157</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	19,006,357	5,393,255	(803,464)	23,596,148
Vehicles	3,084,288	71,040	(782,246)	2,373,082
Machinery and Equipment	<u>4,530,188</u>	<u>91,033</u>	<u>(333,492)</u>	<u>4,287,729</u>
Total Capital Assets, Being Depreciated	<u>26,620,833</u>	<u>5,555,328</u>	<u>(1,919,202)</u>	<u>30,256,959</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(4,794,371)	(516,854)	803,464	(4,507,761)
Vehicles	(2,460,827)	(183,953)	782,246	(1,862,534)
Machinery and Equipment	<u>(2,901,674)</u>	<u>(408,598)</u>	<u>333,492</u>	<u>(2,976,780)</u>
Total Accumulated Depreciation	<u>(10,156,872)</u>	<u>(1,109,405)</u>	<u>1,919,202</u>	<u>(9,347,075)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,463,961</u>	<u>4,445,923</u>	<u>-</u>	<u>20,909,884</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,249,213</u>	<u>\$ 4,445,923</u>	<u>\$ (30,095)</u>	<u>\$ 21,665,041</u>
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 177,677	\$ -	\$ -	\$ 177,677
Construction in Progress	<u>74,405</u>	<u>89,681</u>	<u>-</u>	<u>164,086</u>
Total Capital Assets, Not Being Depreciated	<u>252,082</u>	<u>89,681</u>	<u>-</u>	<u>341,763</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	1,568,074	-	-	1,568,074
Utility Lines	710,585	-	-	710,585
Vehicles	754,131	151,158	(208,480)	696,809
Machinery and Equipment	<u>1,446,660</u>	<u>64,259</u>	<u>(207,012)</u>	<u>1,303,907</u>
Total Capital Assets, Being Depreciated	<u>4,479,450</u>	<u>215,417</u>	<u>(415,492)</u>	<u>4,279,375</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(755,385)	(128,211)	-	(883,596)
Utility Lines	(151,074)	(17,765)	-	(168,839)
Vehicles	(351,880)	(238,818)	208,480	(382,218)
Machinery and Equipment	<u>(982,406)</u>	<u>(124,226)</u>	<u>201,791</u>	<u>(904,841)</u>
Total Accumulated Depreciation	<u>(2,240,745)</u>	<u>(509,020)</u>	<u>410,271</u>	<u>(2,339,494)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,238,705</u>	<u>(293,603)</u>	<u>(5,221)</u>	<u>1,939,881</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,490,787</u>	<u>\$ (203,922)</u>	<u>\$ (5,221)</u>	<u>\$ 2,281,644</u>

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

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

Governmental Activities:	
General Government	\$ 345,720
Community / Economic Development	15,098
Public Safety	314,753
Public Works	271,416
Health and Welfare	25,360
Parks and Recreation	34,175
Airport Operations	<u>102,883</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,109,405</u>
Business-type Activities:	
Solid Waste Landfill	\$ 204,857
Emergency Medical Services	103,888
Sewer Enterprise	<u>17,765</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 326,510</u>

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, 2011, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Sewage Collection Line	4.50%	<u>\$ 490,038</u>

Annual debt service requirements to maturity for revenue bonds outstanding at December 31, 2011, are as follows:

<u>Year Ending December 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 8,031	\$ 21,963
2013	8,397	21,597
2014	8,779	21,215
2015	9,178	20,816
2016	9,596	20,398
2017-2021	54,941	95,029
2022-2026	68,632	81,338
2027-2031	85,736	64,234
2032-2036	107,101	42,868
2036-2042	129,647	22,323
Total	<u>\$ 490,038</u>	<u>\$ 411,781</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, 2011, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government – Community Services Complex	3.00% - 5.50%	\$ 2,045,000
General Government – Jail Facility	3.00% - 5.00%	<u>3,290,000</u>
		<u>\$ 5,335,000</u>

Annual debt service requirements to maturity for Certificates of Participation outstanding at December 31, 2011, are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 350,000	\$ 260,125
2013	360,000	245,490
2014	380,000	229,715
2015	395,000	212,775
2016	415,000	193,975
2017-2021	2,390,000	638,625
2022-2026	705,000	209,875
2027-2029	<u>340,000</u>	<u>28,325</u>
Total	<u>\$ 5,335,000</u>	<u>\$ 2,018,905</u>

Changes in Long-term Liabilities. Long-term liability activity for the year ended December 31, 2011, 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	\$ 5,670,000	\$ -	\$ 335,000	\$ 5,335,000	\$ 350,000
Compensated Absences	<u>403,275</u>	<u>-</u>	<u>13,983</u>	<u>389,292</u>	<u>389,292</u>
Governmental Activity Long-term Liabilities	<u>\$ 6,073,275</u>	<u>\$ -</u>	<u>\$ 348,983</u>	<u>\$ 6,073,275</u>	<u>\$ 739,292</u>
Business-type Activities:					
Revenue Bond	\$ 497,721	\$ -	\$ 7,683	\$ 490,038	\$ 8,031
Compensated Absences	<u>30,628</u>	<u>2,077</u>	<u>-</u>	<u>32,705</u>	<u>32,705</u>
Business-type Activity Long-term Liabilities	<u>\$ 528,349</u>	<u>\$ 2,077</u>	<u>\$ 7,683</u>	<u>\$ 522,743</u>	<u>\$ 40,736</u>

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

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 \$656,694. There are no liabilities for benefits beyond the County's matching payments. No changes in the various plan's provisions occurred in 2011.

Note 7. Interfund Transfers

Interfund activities represent transactions between different funds within the County.

Fund	Transfers	Transfers
	In	Out
General Fund	\$ 588,878	\$ 1,101,082
Road and Bridge Fund	-	10,000
Airport Fund	62,500	-
Health and Human Services Fund	18,102	31,278
Retirement Fund	-	260,000
Asset Replacement Fund	108,480	50,000
Lodging Visitors Bureau Fund	-	2,600
Chaffee County Facilities Corporation	612,000	-
Capital Expenditure Fund	-	200,000
Waste Disposal Fund	-	29,000
Emergency Medical Services Fund	<u>300,000</u>	<u>6,000</u>
Total	<u>\$ 1,689,960</u>	<u>\$ 1,689,960</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, 2011 totaled \$442,440.

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, 2011

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, 2011 is \$346,438. This liability consists of closure and post-closure cost of \$163,320 and \$183,118, respectively, and represents the cumulative amount reported to date based on the use of approximately forty-five percent (45%) of the estimated capacity of the landfill.

The County will recognize the remaining estimated costs of closure and post-closure care of approximately \$423,701 as the remaining estimated capacity of the landfill is used. Closure costs are based on an estimate of the closure cost in 2011 dollars as adjusted for inflation. Post-closure costs are calculated based on the present value in 2011 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.

Note 11. Restatement

In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Among other requirements, Statement 54 clarifies the definition of special revenue funds whereby the foundation for a special revenue fund should be from revenue sources that are either restricted or committed.

Because of this change, the County has combined the beginning fund balances of a non-major fund, the P.I.L.T. Fund, and combined them with the beginning fund balances of the General Fund, as reported in the table below:

<u>General Fund</u>	
Beginning Fund Balance – General Fund	\$3,665,648
Beginning Fund Balance – P.I.L.T. Fund	<u>841,572</u>
Beginning Fund Balance – General Fund (Restated)	<u>\$4,507,220</u>

**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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,869,819	\$ 4,869,819	\$ 4,890,696	\$ 20,877
Licenses and Permits	349,000	349,000	386,171	37,171
Intergovernmental	1,843,902	1,843,902	1,916,583	72,681
Charges for Services	1,283,100	1,283,100	1,570,626	287,526
Fines and Forfeitures	125,000	125,000	56,641	(68,359)
Investment Earnings	67,500	67,500	53,191	(14,309)
Other Revenue	318,078	318,078	357,495	39,417
Total Revenues	8,856,399	8,856,399	9,231,403	375,004
Expenditures				
Current:				
General Government	2,575,599	2,699,099	2,478,149	220,950
Community Development	658,567	682,567	633,705	48,862
Public Safety	3,770,743	3,851,743	3,794,040	57,703
Health and Welfare	869,927	928,927	817,463	111,464
Public Works	500,216	548,216	529,843	18,373
Parks and Recreation	187,140	192,140	193,509	(1,369)
Total Expenditures	8,562,192	8,902,692	8,446,709	455,983
Excess (Deficiency) of Revenues Over (Under) Expenditures	294,207	(46,293)	784,694	830,987
Other Financing Sources (Uses)				
Transfers In	591,600	591,600	588,878	(2,722)
Transfers Out	(1,198,980)	(181,480)	(1,101,082)	(919,602)
Sales of Capital Assets	-	-	19,251	19,251
Total Other Financing Sources (Uses)	(607,380)	410,120	(492,953)	(903,073)
Net Change in Fund Balances	(313,173)	363,827	291,741	(72,086)
Fund Balances, Beginning of Year (Restated) See Note 11	4,843,694	3,958,072	4,507,220	549,148
Fund Balances, End of year	\$ 4,530,521	\$ 4,321,899	\$ 4,798,961	\$ 477,062

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 56,617	\$ 56,617	\$ 56,338	\$ (279)
Licenses and Permits	10,500	10,500	18,340	7,840
Intergovernmental	1,705,000	1,705,000	1,752,599	47,599
Charges for Services	66,000	66,000	65,824	(176)
Investment Earnings	3,500	3,500	1,822	(1,678)
Other Revenue	1,000	1,000	20,711	19,711
Total Revenues	<u>1,842,617</u>	<u>1,842,617</u>	<u>1,915,634</u>	<u>73,017</u>
Expenditures				
Current:				
Public Works	1,850,032	1,850,032	1,784,095	65,937
Capital Outlay	67,271	231,271	213,058	18,213
Total Expenditures	<u>1,917,303</u>	<u>2,081,303</u>	<u>1,997,153</u>	<u>84,150</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(74,686)</u>	<u>(238,686)</u>	<u>(81,519)</u>	<u>157,167</u>
Other Financing Sources (Uses)				
Transfers Out	(10,000)	(10,000)	(10,000)	-
Sales of Capital Assets	5,000	5,000	3,803	(1,197)
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(6,197)</u>	<u>(1,197)</u>
Net Change in Fund Balances	<u>(79,686)</u>	<u>(243,686)</u>	<u>(87,716)</u>	<u>155,970</u>
Fund Balances, Beginning of Year	<u>1,767,071</u>	<u>1,767,071</u>	<u>1,850,263</u>	<u>83,192</u>
Fund Balances, End of year	<u>\$ 1,687,385</u>	<u>\$ 1,523,385</u>	<u>\$ 1,762,547</u>	<u>\$ 239,162</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 130,450	\$ 130,450	\$ 5,107,319	\$ 4,976,869
Other Revenues	3,496,737	3,496,737	133,592	(3,363,145)
Total Revenues	3,627,187	3,627,187	5,240,911	1,613,724
Expenditures:				
Current:				
Airport Operations	129,810	129,810	117,721	12,089
Fuel Purchases	90,000	90,000	102,198	(12,198)
Capital Outlay	3,489,474	4,968,474	5,125,019	(156,545)
Total Expenditures	3,709,284	5,188,284	5,344,938	(156,654)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(82,097)	(1,561,097)	(104,027)	1,457,070
Other Financing Sources (Uses):				
Transfers In	92,500	92,500	62,500	(30,000)
Net Change in Fund Balances	10,403	(1,468,597)	(41,527)	1,427,070
Fund Balances, Beginning of Year	31,639	31,639	91,981	60,342
Fund Balances, End of Year	\$ 42,042	\$ (1,436,958)	\$ 50,454	\$ 1,487,412

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, 2011

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u> </u>	Variance with Final Budget - Positive (Negative) <u> </u>
Revenues			
Taxes	\$ 559,799	\$ 576,496	\$ 16,697
Intergovernmental	6,133,976	5,146,652	(987,324)
Investment Earnings	475	207	(268)
Total Revenues	<u>6,694,250</u>	<u>5,723,355</u>	<u>(970,895)</u>
Expenditures			
Current:			
Health and Welfare	<u>6,727,250</u>	<u>5,540,909</u>	<u>1,186,341</u>
Total Expenditures	<u>6,727,250</u>	<u>5,540,909</u>	<u>1,186,341</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(33,000)</u>	<u>182,446</u>	<u>215,446</u>
Other Financing Sources (Uses)			
Transfers In	33,000	18,102	(14,898)
Transfers Out	<u>-</u>	<u>(31,278)</u>	<u>(31,278)</u>
Total Other Financing Sources	<u>33,000</u>	<u>(13,176)</u>	<u>(46,176)</u>
Net Change in Fund Balances	-	169,270	169,270
Fund Balances, Beginning of Year	<u>240,388</u>	<u>366,849</u>	<u>126,461</u>
Fund Balances, End of year	<u>\$ 240,388</u>	<u>\$ 536,119</u>	<u>\$ 295,731</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.

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 and tourism promotion 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.

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.

CHAFFEE COUNTY, COLORADO

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2011

	Special Revenue Funds			
	Conservation Trust Fund	Retirement Fund	Contingent Reserve Fund	Asset Replacement Fund
ASSETS				
Cash and Investments	\$ 412,355	\$ 321,828	\$ 327,522	\$ 375,932
Receivables:				
- Interest	20	20	-	20
- Taxes	-	209,865	-	-
- Intergovernmental	-	1,953	-	-
Restricted Assets - Cash and Investments	-	-	-	-
Total Assets	\$ 412,375	\$ 533,666	\$ 327,522	\$ 375,952
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ 9,598	\$ -	\$ -
Deferred Taxes	-	209,865	-	-
Total Liabilities	-	219,463	-	-
Fund Balances:				
Restricted For:				
TABOR Emergency Reserve	-	-	327,522	-
Debt Service	-	-	-	-
Capital Improvements	-	-	-	375,952
Recreational Purposes	412,375	-	-	-
Employee Retirement Plan	-	314,203	-	-
Tourism Promotion	-	-	-	-
Animal Shelter	-	-	-	-
Total Fund Balances	412,375	314,203	327,522	375,952
Total Liabilities and Fund Balances	\$ 412,375	\$ 533,666	\$ 327,522	\$ 375,952

<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Lodging Visitors Bureau Fund</u>	<u>Animal Shelter Fund</u>	<u>Chaffee County Facilities Corporation</u>	<u>Capital Expenditures Fund</u>	
\$ 200,890	\$ 16,038	\$ 83,209	\$ 424,815	\$ 2,162,589
15	-	-	50	125
-	182,491	-	105,115	497,471
35,440	1,698	-	978	40,069
-	-	617,177	-	617,177
<u>\$ 236,345</u>	<u>\$ 200,227</u>	<u>\$ 700,386</u>	<u>\$ 530,958</u>	<u>\$ 3,317,431</u>
\$ 1,785	\$ -	\$ -	\$ 22,107	\$ 33,490
-	182,491	-	105,115	497,471
<u>1,785</u>	<u>182,491</u>	<u>-</u>	<u>127,222</u>	<u>530,961</u>
-	-	-	-	327,522
-	-	700,386	-	700,386
-	-	-	403,736	779,688
-	-	-	-	412,375
-	-	-	-	314,203
234,560	-	-	-	234,560
-	17,736	-	-	17,736
<u>234,560</u>	<u>17,736</u>	<u>700,386</u>	<u>403,736</u>	<u>2,786,470</u>
<u>\$ 236,345</u>	<u>\$ 200,227</u>	<u>\$ 700,386</u>	<u>\$ 530,958</u>	<u>\$ 3,317,431</u>

CHAFFEE COUNTY, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2011

	Special Revenue Funds			
	Conservation Trust Fund	Retirement Fund	Contingent Reserve Fund	Asset Replacement Fund
Revenues				
Taxes	\$ -	\$ 225,119	\$ -	\$ -
Intergovernmental	80,016	-	-	-
Investment Earnings	354	430	-	330
Other Revenues	45,000	26,953	-	-
Total Revenues	<u>125,370</u>	<u>252,502</u>	<u>-</u>	<u>330</u>
Expenditures				
Current:				
General Government	-	-	-	-
Community / Economic Development	-	-	-	-
Health and Welfare	-	-	-	-
Parks and Recreation	32,800	-	-	-
Airport Operations	-	-	-	-
Capital Outlay	-	-	-	97,323
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	<u>32,800</u>	<u>-</u>	<u>-</u>	<u>97,323</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>92,570</u>	<u>252,502</u>	<u>-</u>	<u>(96,993)</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	108,480
Transfers Out	-	(260,000)	-	(50,000)
Sales of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(260,000)</u>	<u>-</u>	<u>58,480</u>
Net Change in Fund Balances	<u>92,570</u>	<u>(7,498)</u>	<u>-</u>	<u>(38,513)</u>
Fund Balances, Beginning of Year	<u>319,805</u>	<u>321,701</u>	<u>327,522</u>	<u>414,465</u>
Fund Balances, End of year	<u>\$ 412,375</u>	<u>\$ 314,203</u>	<u>\$ 327,522</u>	<u>\$ 375,952</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Lodging Visitors Bureau Fund	Animal Shelter Fund	Chaffee County Facilities Corporation	Capital Expenditures Fund	
\$ 295,053	\$ 221,397	\$ -	\$ 224,150	\$ 965,719
-	-	-	-	80,016
260	-	260	845	2,479
3,129	465	-	82,782	158,329
<u>298,442</u>	<u>221,862</u>	<u>260</u>	<u>307,777</u>	<u>1,206,543</u>
-	211,955	-	6,041	217,996
385,958	-	-	-	385,958
-	-	-	-	-
-	-	-	-	32,800
-	-	-	-	-
-	-	-	91,948	189,271
-	-	335,000	-	335,000
-	-	274,200	-	274,200
-	-	3,659	-	3,659
<u>385,958</u>	<u>211,955</u>	<u>612,859</u>	<u>97,989</u>	<u>1,438,884</u>
<u>(87,516)</u>	<u>9,907</u>	<u>(612,599)</u>	<u>209,788</u>	<u>(232,341)</u>
-	-	612,000	-	720,480
(2,600)	-	-	(200,000)	(512,600)
-	-	-	6,864	6,864
<u>(2,600)</u>	<u>-</u>	<u>612,000</u>	<u>(193,136)</u>	<u>214,744</u>
(90,116)	9,907	(599)	16,652	(17,597)
<u>324,676</u>	<u>7,829</u>	<u>700,985</u>	<u>387,084</u>	<u>2,804,067</u>
<u>\$ 234,560</u>	<u>\$ 17,736</u>	<u>\$ 700,386</u>	<u>\$ 403,736</u>	<u>\$ 2,786,470</u>

CHAFFEE COUNTY, COLORADO

CONSERVATION TRUST FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 75,000	\$ 80,016	\$ 5,016
Investment Earnings	-	354	354
Other Revenues	500	45,000	44,500
Total Revenues	<u>75,500</u>	<u>125,370</u>	<u>49,870</u>
Expenditures:			
Current:			
Parks and Recreation	189,000	32,800	156,200
Total Expenditures	<u>189,000</u>	<u>32,800</u>	<u>156,200</u>
Net Change in Fund Balances	(113,500)	92,570	206,070
Fund Balances, Beginning of Year	<u>246,870</u>	<u>319,805</u>	<u>72,935</u>
Fund Balances, End of Year	<u>\$ 133,370</u>	<u>\$ 412,375</u>	<u>\$ 279,005</u>

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, 2011

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 220,091	\$ 225,119	\$ 5,028
Investment Earnings	500	430	(70)
Other Revenues	3,000	26,953	23,953
Total Revenues	223,591	252,502	28,911
Expenditures:			
Current:			
General Government	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	223,591	252,502	28,911
Other Financing Sources (Uses):			
Transfers Out	(260,000)	(260,000)	-
Net Change in Fund Balances	(36,409)	(7,498)	28,911
Fund Balances, Beginning of Year	345,703	321,701	(24,002)
Fund Balances, End of Year	\$ 309,294	\$ 314,203	\$ 4,909

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, 2011

	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>	-
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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings	\$ 800	\$ 800	\$ 330	\$ (470)
Total Revenues	800	800	330	(470)
Expenditures:				
Capital Outlay	94,300	99,300	97,323	1,977
Total Expenditures	94,300	99,300	97,323	1,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	(93,500)	(98,500)	(96,993)	1,507
Other Financing Sources (Uses):				
Transfers In	(50,000)	(50,000)	(50,000)	-
Transfers Out	108,480	108,480	108,480	-
Total Other Financing Sources (Uses):	58,480	58,480	58,480	-
Net Change in Fund Balances	(35,020)	(40,020)	(38,513)	1,507
Fund Balances, Beginning of Year	413,596	413,596	414,465	869
Fund Balances, End of Year	\$ 378,576	\$ 373,576	\$ 375,952	\$ 2,376

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, 2011

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 305,000	\$ 295,053	\$ (9,947)
Investment Earnings	400	260	(140)
Other Revenues	-	3,129	3,129
Total Revenues	305,400	298,442	(6,958)
Expenditures:			
Current:			
Economic Development	376,200	385,958	(9,758)
Total Expenditures	376,200	385,958	(9,758)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,800)	(87,516)	(16,716)
Other Financing Sources (Uses):			
Transfers Out	(2,600)	(2,600)	-
Net Change in Fund Balances	(73,400)	(90,116)	(16,716)
Fund Balances, Beginning of Year	314,282	324,676	10,394
Fund Balances, End of Year	\$ 240,882	\$ 234,560	\$ (6,322)

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 218,521	\$ 218,521	\$ 221,397	\$ 2,876
Investment Earnings	400	400	465	65
Total Revenues	218,921	218,921	221,862	2,941
Expenditures:				
Current:				
General Government	219,500	229,500	211,955	17,545
Total Expenditures	219,500	229,500	211,955	17,545
Net Change in Fund Balances	(579)	(10,579)	9,907	20,486
Fund Balances, Beginning of Year	8,268	8,268	7,829	(439)
Fund Balances, End of Year	\$ 7,689	\$ (2,311)	\$ 17,736	\$ 20,047

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, 2011

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 260	\$ 260
Total Revenues	<u>-</u>	<u>260</u>	<u>260</u>
Expenditures:			
Debt Service:			
Principal	335,000	335,000	-
Interest	280,000	274,200	5,800
Fiscal Charges	5,000	3,659	1,341
Total Expenditures	<u>620,000</u>	<u>612,859</u>	<u>7,141</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(620,000)	(612,599)	7,401
Other Financing Sources (Uses):			
Transfers In	615,000	612,000	(3,000)
Net Change in Fund Balances	(5,000)	(599)	4,401
Fund Balances, Beginning of Year	<u>85,529</u>	<u>700,985</u>	<u>615,456</u>
Fund Balances, End of Year	<u>\$ 80,529</u>	<u>\$ 700,386</u>	<u>\$ 619,857</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 220,091	\$ 220,091	\$ 224,150	\$ 4,059
Intergovernmental	30,000	30,000	-	(30,000)
Investment Earnings	1,000	1,000	845	(155)
Other Revenue	-	-	82,782	82,782
Total Revenues	251,091	251,091	307,777	56,686
Expenditures:				
Current:				
General Government	5,700	5,700	6,041	(341)
Capital Outlay	30,000	107,700	91,948	15,752
Total Expenditures	35,700	113,400	97,989	15,411
Excess (Deficiency) of Revenues Over (Under) Expenditures	215,391	137,691	209,788	72,097
Other Financing Sources (Uses):				
Transfers Out	(200,000)	(200,000)	(200,000)	-
Sales of Capital Assets	-	-	6,864	6,864
Total Other Financing Sources (Uses)	(200,000)	(200,000)	(193,136)	6,864
Net Change in Fund Balances	15,391	(62,309)	16,652	78,961
Fund Balances, Beginning of Year	336,591	336,591	387,084	50,493
Fund Balances, End of Year	\$ 351,982	\$ 274,282	\$ 403,736	\$ 129,454

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, 2011

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for Services:			
Garbage Collection Fees	\$ 630,000	\$ 606,884	\$ (23,116)
Investment Earnings	1,900	1,331	(569)
Other Revenues	4,000	4,003	3
Total Revenues	635,900	612,218	(23,682)
Expenditures:			
Operations:			
Personnel Costs	234,960	228,110	6,850
Closure and Post Closure Costs	40,000	66,519	(26,519)
Other Operating Costs	258,900	196,715	62,185
New Landfill Construction	80,000	91,268	(11,268)
Capital Outlay	-	2,100	(2,100)
Total Expenditures	613,860	584,712	29,148
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,040	27,506	5,466
Other Financing Sources (Uses):			
Transfers Out	(29,000)	(29,000)	-
Net Change in Fund Balances	(6,960)	(1,494)	5,466
Fund Balances, Beginning of Year	1,271,700	1,003,740	(267,960)
Fund Balances, End of Year	\$ 1,264,740	\$ 1,002,246	\$ (262,494)

Fund Balances at December 31, 2011, is computed as follows:

Current Assets	\$ 1,389,963
Less: Current Liabilities	<u>(387,717)</u>
Fund Balances - December 31, 2011	<u>\$ 1,002,246</u>

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

Net Change in Fund Balances (Budgetary Basis)	\$ (1,494)
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Capitalization of Fixed Assets	89,680
Book Value of Capital Assets Disposed	(5,221)
Depreciation	<u>(204,857)</u>
Total Adjustments	<u>(120,398)</u>
Change in Net Assets (GAAP Basis)	<u><u>\$ (121,892)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Ambulance Fees	\$ 825,000	\$ 825,000	\$ 774,235	\$ (50,765)
Intergovernmental	7,500	7,500	58,657	51,157
Other Revenues	600	600	788	188
Total Revenues	833,100	833,100	833,680	580
Expenditures:				
Operations:				
Personnel Costs	839,613	839,613	803,157	36,456
Other Operating Costs	295,450	295,450	284,577	10,873
Capital Outlay	-	33,000	32,908	92
Total Expenditures	1,135,063	1,168,063	1,120,642	47,421
Excess (Deficiency) of Revenues Over (Under) Expenditures	(301,963)	(334,963)	(286,962)	48,001
Other Financing Sources (Uses):				
Transfers In	350,000	350,000	300,000	(50,000)
Transfers Out	(6,000)	(6,000)	(6,000)	-
Total Other Financing Sources (Uses)	344,000	344,000	294,000	(50,000)
Net Change in Fund Balances	42,037	9,037	7,038	(1,999)
Fund Balances, Beginning of Year	211,087	211,087	338,923	127,836
Fund Balances, End of Year	\$ 253,124	\$ 220,124	\$ 345,961	\$ 125,837

Fund Balances at December 31, 2011, is computed as follows:

Current Assets	\$ 372,945
Less: Current Liabilities	(26,984)
Fund Balances - December 31, 2011	\$ 345,961

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

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 7,038</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Capitalization of Fixed Assets	32,908
Depreciation	<u>(103,888)</u>
Total Adjustments	<u>(70,980)</u>
Change in Net Assets (GAAP Basis)	<u><u>\$ (63,942)</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, 2011

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u> </u>	Variance with Final Budget - Positive (Negative) <u> </u>
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	7,685	7,683	2
Interest	<u>22,315</u>	<u>22,282</u>	<u>33</u>
Total Expenditures	<u>30,000</u>	<u>29,965</u>	<u>35</u>
Net Change in Fund Balances	4,400	4,431	31
Fund Balances, Beginning of Year	<u>40,231</u>	<u>46,992</u>	<u>6,761</u>
Fund Balances, End of Year	<u>\$ 44,631</u>	<u>\$ 51,423</u>	<u>\$ 6,792</u>

Fund Balances at December 31, 2011, is computed as follows:

Current Assets	\$ 53,235
Less: Current Liabilities	(9,843)
Add: Current Portion of Revenue Bonds Payable	<u>8,031</u>
Fund Balances - December 31, 2011	<u>\$ 51,423</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>\$ 4,431</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Principal Paid On Revenue Bonds	7,683
Depreciation and Amortization	<u>(17,928)</u>
Total Adjustments	<u>(10,245)</u>
Change in Net Assets (GAAP Basis)	<u><u>\$ (5,814)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Insurance Contribution	\$ 298,000	\$ 298,000	\$ 300,486	\$ 2,486
Investment Earnings	1,000	1,000	513	(487)
Other Revenues	5,500	5,500	44,505	39,005
Total Revenues	304,500	304,500	345,504	41,004
Expenditures:				
Current:				
Administrative, Legal and Claims	10,000	10,000	150	9,850
CAPP Pool Contributions	97,000	97,000	96,208	792
Workers Compensation Pool Contributions	177,300	177,300	170,720	6,580
Property and Casualty Claims	5,000	44,000	41,082	2,918
Miscellaneous	1,000	1,000	668	332
Total Expenditures	290,300	329,300	308,828	20,472
Net Change in Fund Balances	14,200	(24,800)	36,676	61,476
Fund Balances, Beginning of Year	454,317	454,317	457,716	3,399
Fund Balances, End of Year	\$ 468,517	\$ 429,517	\$ 494,392	\$ 64,875

Fund Balances at December 31, 2011, is computed as follows:

Current Assets	\$ 494,392
Less: Current Liabilities	-
Fund Balances - December 31, 2011	\$ 494,392

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

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 36,676</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Total Adjustments	<u>-</u>
Change in Net Assets (GAAP Basis)	<u><u>\$ 36,676</u></u>

CHAFFEE COUNTY, COLORADO

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2011

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government:				
Board of County Commissioners	\$ 677,200	\$ 677,200	\$ 622,078	\$ 55,122
Administrative Support	253,070	285,070	250,506	34,564
County Attorney	46,350	46,350	38,875	7,475
Budget Officer	19,770	19,770	18,752	1,018
Audit	25,000	25,000	24,000	1,000
Safety	9,100	9,100	7,335	1,765
County Clerk and Recorder	428,398	460,898	449,262	11,636
Elections	57,650	76,650	77,265	(615)
County Treasurer and Public Trustee	299,200	304,200	291,830	12,370
County Assessor	454,060	476,060	461,475	14,585
Information Technology	6,750	19,750	21,794	(2,044)
County Extension Service	122,691	122,691	116,656	6,035
Veterans Service Officer	36,260	36,260	20,215	16,045
Secure Rural Schools	60,000	60,000	1,100	58,900
Miscellaneous	80,100	80,100	77,006	3,094
Total General Government	2,575,599	2,699,099	2,478,149	220,950
Community Development:				
Planning and Zoning	149,336	149,336	115,372	33,964
Building Inspector	422,390	446,390	437,815	8,575
Environmental Health	86,841	86,841	80,518	6,323
Total Community Development	658,567	682,567	633,705	48,862
Public Safety:				
District Attorney	299,552	299,552	299,552	-
Sheriff	1,463,646	1,518,646	1,496,525	22,121
Jail	1,215,394	1,223,394	1,210,403	12,991
Coroner	127,508	133,508	134,424	(916)
Civil Defense	86,960	98,960	98,191	769
Communications Center	577,683	577,683	554,945	22,738
Total Public Safety	3,770,743	3,851,743	3,794,040	57,703

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Health and Welfare				
Public Health Nurse	\$ 346,590	\$ 346,590	\$ 312,502	\$ 34,088
Livewell	198,192	230,192	201,862	28,330
Immunization	119,253	119,253	117,856	1,397
CHP/STAPP	57,066	57,066	57,061	5
EPSDT	51,766	51,766	51,092	674
Oral Health Program	-	27,000	10,009	16,991
Victims Assistance Program	97,060	97,060	67,081	29,979
Total Health and Welfare	869,927	928,927	817,463	111,464
Public Works:				
Buildings and Grounds	230,285	252,285	244,961	7,324
Touber Building and Grounds	173,990	185,990	175,615	10,375
Weed Management	95,941	109,941	109,267	674
Total Public Works	500,216	548,216	529,843	18,373
Parks and Recreation:				
Fairgrounds	187,140	192,140	193,509	(1,369)
TOTAL EXPENDITURES	\$ 8,562,192	\$ 8,902,692	\$ 8,446,709	\$ 455,983

CHAFFEE COUNTY, COLORADO

DETAILED SCHEDULE OF GENERAL FUND REVENUES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2011

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes:				
General Property Tax	\$ 1,795,819	\$ 1,795,819	\$ 1,790,831	\$ (4,988)
General Property Tax - Delinquent Collections	500	500	3,559	3,059
General Property Tax - Interest and Penalties	7,000	7,000	8,314	1,314
Specific Ownership Tax	186,500	186,500	214,538	28,038
Sales Tax	2,880,000	2,880,000	2,873,454	(6,546)
Total Taxes	4,869,819	4,869,819	4,890,696	20,877
Licenses and Permits:				
Liquor Licenses	3,000	3,000	3,890	890
Building Permits	290,000	290,000	332,130	42,130
Septic Permits	22,000	22,000	17,425	(4,575)
F/S Inspections	34,000	34,000	32,726	(1,274)
Total Licenses and Permits	349,000	349,000	386,171	37,171
Intergovernmental:				
Federal Grants	243,437	243,437	171,059	(72,378)
Payments In-Lieu-Of Taxes	1,150,000	1,150,000	1,190,861	40,861
State Grants and Contracts	399,965	399,965	501,504	101,539
Other	50,500	50,500	53,159	2,659
Total Intergovernmental	1,843,902	1,843,902	1,916,583	72,681
Charges for Services:				
Departmental Fees	715,500	715,500	764,201	48,701
Public Safety Fees	533,600	533,600	775,731	242,131
Health and Welfare Fees	34,000	34,000	30,694	(3,306)
Total Charges for Services	1,283,100	1,283,100	1,570,626	287,526
Fines and Forfeitures				
Traffic Fines	125,000	125,000	56,641	(68,359)
Total Fines and Forfeitures	125,000	125,000	56,641	(68,359)
Investment Earnings	67,500	67,500	53,191	(14,309)
Miscellaneous Revenues:				
Rents and Royalties	131,078	131,078	145,737	14,659
Cost Allocations	25,000	25,000	46,344	21,344
Miscellaneous Nonclassified Revenues	162,000	162,000	165,414	3,414
Total Miscellaneous Revenues	318,078	318,078	357,495	39,417
TOTAL REVENUES	\$ 8,856,399	\$ 8,856,399	\$ 9,231,403	\$ 375,004

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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 2011

This Information From The Records Of (example - City of _ or County of _ County of Chaffee	Prepared By: Dan Short
	Phone: 719-539-3463

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,791,079
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	31,338
2. General fund appropriations		b. Snow and ice removal	99,652
3. Other local imposts (from page 2)	56,337	c. Other	
4. Miscellaneous local receipts (from page 2)	55,122	d. Total (a. through c.)	130,990
5. Transfers from toll facilities		4. General administration & miscellaneous	36,942
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,959,011
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)	111,459	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	1,786,871	2. Notes:	
D. Receipts from Federal Government (from page 2)	21,108	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,919,438	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)	1,959,011

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
	1,811,156	1,919,438	1,959,011	1,771,583	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	50,362	a. Interest on investments	1,822
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	3,803
4. Licenses		f. Charges for Services	10,446
5. Specific Ownership &/or Other	5,975	g. Other Misc. Receipts	20,711
6. Total (1. through 5.)	5,975	h. Other	18,340
c. Total (a. + b.)	56,337	i. Total (a. through h.)	55,122
	(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	1,731,492	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	55,379	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	21,108
f. Total (a. through e.)	55,379	g. Total (a. through f.)	21,108
4. Total (1. + 2. + 3.f)	1,786,871	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
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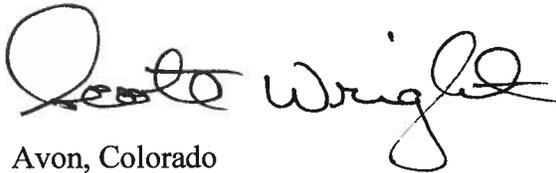
Board of County Commissioners
Chaffee County, Colorado
Salida, Colorado

**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, 2011, and have issued my report thereon dated May 14, 2012. 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
May 14, 2012

CHAFFEE COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor / Pass Through Grantor / Program Or Cluster Title	Federal CFDA #	Federal Expenditures
U.S. Department of Justice		
<i>Passed Through Colorado Division of Criminal Justice:</i>		
Victim of Crimes Act, Crime Victim Assistance Program (VOCA)	16.575	\$ 40,460
U.S. Department of Health and Human Services		
<i>Passed Through Colorado Department of Human Services:</i>		
Drug Free Communities Program (Chaffee County Build a Generation)	93.276	50,520
Promoting Safe and Stable Families	93.556	25,030
Temporary Assistance for Needy Families	93.558	452,691
Temporary Assistance for Needy Families (County MOE Refund)	93.558	12,930
Title IV D Administrative	93.563	164,633
Low Income Home Energy Assistance (LEAP)	93.568	357,699
CCDF Discretionary	93.575	(10,581)
CCDF	93.596	78,692
Title IV B Child Welfare	93.645	7,620
Title IV E Foster Care	93.658	171,667
Title IV E Adoption	93.659	40,174
Title XX	93.667	74,302
Title XIX Medicaid	93.778	80,760
<i>Passed through Colorado Department of Public Health and Environment</i>		
Emergency Preparedness Response Grant (EPRD)	93.069	22,290
Childhood Immunization	93.268	8,075
CDC Investigations and Technical Assistance	93.283	5,350
Nuturing Parent Program	93.590	10,129
ARRA - Immunization	93.712	28,841
Maternal and Child Health Services Block Grant	93.994	3,085
Total U.S. Department of Health and Human Services		1,583,907

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	<u>26,610</u>
Total U.S. Department of Homeland Security		<u>26,610</u>
<u>U.S. Department of Transportation</u>		
Federal Aviation Administration Airport Improvement Program	20.106	<u>4,868,068</u>
Total U.S. Department of Transportation		<u>4,868,068</u>
<u>U.S. Department of Agriculture</u>		
<i>Passed Through Colorado Department of Human Services:</i>		
Food Assistance Administration	10.561	118,173
Food Assistance	10.551	1,918,908
<i>Passed Through Colorado Department of Human Services and Upper Arkansas Area Council</i>		
Emergency Food Assistance Program (Food Commodities)	10.569	<u>13,727</u>
Total U.S. Department of Agriculture		<u>2,050,808</u>
Total Expenditures of Federal Awards		<u><u>\$ 8,569,853</u></u>

CHAFFEE COUNTY, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2011

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, 2011, and have issued my report thereon dated May 14, 2012. 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.

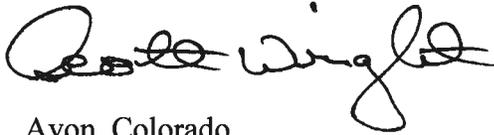
Internal Control over Financial Reporting

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.



Avon, Colorado
May 14, 2012

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CERTIFIED PUBLIC ACCOUNTANT

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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, 2011. 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, 2011.

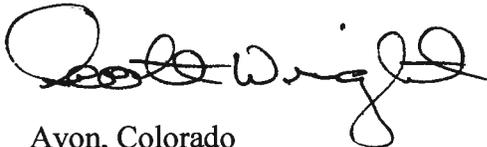
Internal Control Over Compliance

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
May 14, 2012

CHAFFEE COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2011

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, 2011.
- 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 program tested as a major federal program was:
 - CFDA 20.106 Airport Improvement 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, 2011

A. Summary Schedule of Prior Audit Findings

- There were no prior year audit findings and/or questioned costs for the year ended December 31, 2010 for Chaffee County, Colorado.