

Gunnison County, Colorado

Financial Report

December 31, 2004

**Gunnison County, Colorado
Financial Report
December 31, 2004**

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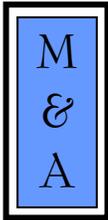
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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners Gunnison County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gunnison County, Colorado (the "County"), as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Gunnison Valley Hospital and Health Care Center, the discretely presented component unit of Gunnison County. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Gunnison County, is based on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gunnison County as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2005, on our consideration of Gunnison County's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grants. That report is an integral part of and audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis in Section B is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We 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, we did not audit the information and express no opinion on it.

Performing services for local governments throughout Colorado

D. Jerry McMahan, C.P.A.
Paul J. Backes, C.P.A.

Daniel R. Cudahy, C.P.A.
Michael N. Jenkins, C.A., C.P.A.

Members: American Institute of Certified Public Accountants/Colorado Society of Certified Public Accountants
National and Colorado Government Finance Officers Association/Colorado Municipal League

*Board of County Commissioners
Gunnison County, Colorado*

The budgetary comparison schedules in Section E are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying financial information in Section F and G is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying financial information presented as supporting schedules and the Schedule of Expenditures of Federal Awards in Section G is presented for purposes of additional analysis and as required by the U.S. Office of Management Budget Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements of Gunnison County, Colorado. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McMahan and Associates, LLC.

**McMahan and Associates, L.L.C.
March 31, 2005**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gunnison County, Colorado

Management's Discussion and Analysis

December 31, 2004

As management of the Gunnison County (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2004.

Overview of the Financial Statements

This discussion and analysis is 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 other supplementary information in addition to the basic financial statements themselves. The County has three component units: 1) The Gunnison Valley Hospital and Health Care Center, 2) the Gunnison County Housing Authority ("Authority") and 3) the Gunnison River Valley Local Marketing District. The latter two entities are treated as a blended component unit, meaning they are treated as funds of the County, because their Boards are the same as the Board of County Commissioners. The Hospital is treated as a discretely presented component unit.

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 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 government'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., uncollected taxes).

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, judicial, public safety, health and welfare, auxiliary services, culture and recreation and highways and streets. The business-type activities of the County include those relating to the airport, water systems, sewer systems, landfill and housing operations.

The government-wide financial statements can be found on pages C1 and C2 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.

Overview of the Financial Statements (continued)

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 inflows 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. The County's major governmental funds include the General Fund, Road and Bridge Fund, Human Services Fund, Sales Tax Capital Improvement Fund, and the Airport Construction Fund. The County also reports a number of minor governmental funds.

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 government's near-term financing decisions. The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic major governmental fund financial statements can be found on pages C3 through C5.

Proprietary Funds: The County maintains proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its airport, water, sewer, landfill and housing authority operations.

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 each of the business-type services provided by the County, each of which is considered to be a major fund of the County.

The basic proprietary fund financial statements can be found on pages C6 through C8 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 the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds used by the County account for the County Treasurer and the Public Trustee, both of which collect and hold assets on behalf of other individuals and governments.

The basic fiduciary fund financial statements can be found on page C9 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 in Section D of this report.

Government-wide Financial Analysis

Gunnison County, Colorado

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets:						
Current and other assets	\$ 16,102,541	13,746,698	7,315,964	5,951,456	23,418,505	19,698,154
Capital assets, net	13,916,560	14,138,359	40,105,582	31,521,412	54,022,142	45,659,771
Total Assets	30,019,101	27,885,057	47,421,546	37,472,868	77,440,647	65,357,925
Liabilities:						
Other liabilities	8,441,458	7,339,182	3,482,320	2,798,093	11,923,778	10,137,275
Long-term liabilities	3,125,067	3,001,964	3,332,755	3,919,124	6,457,822	6,921,088
Total Liabilities	11,566,525	10,341,146	6,815,075	6,717,217	18,381,600	17,058,363
Net Assets:						
Invested in capital assets, net of related debt	11,659,147	11,385,975	38,793,116	27,855,612	50,452,263	39,241,587
Restricted	1,385,533	552,900	-	-	1,385,533	552,900
Unrestricted	5,407,896	5,605,036	1,813,355	2,900,039	7,221,251	8,505,075
Total Net Assets	\$ 18,452,576	17,543,911	40,606,471	30,755,651	59,059,047	48,299,562

Traditionally, the largest portion of any County's investments is in its capital assets. Land, buildings, equipment, machinery, and specialized tools are necessary in order to deliver and/or provide services to the County's residents and visitors. The County has not yet added all infrastructure (roads, bridges, etc.), to its accounting records, but anticipates adding infrastructure as required within the next four years. The County's capital assets, net of related debt, account for 85% of its total net assets; these assets are not an available source for payment of future spending. Of the remaining \$8,606,784 in assets, \$1,385,533 is restricted for water protection and emergencies.

At the end of the 2004 fiscal year, the County is able to report positive balances in all three categories of net assets, first for the government as a whole, and then as separate governmental and business-type activities.

The County's net assets increased \$10,759,485 during the current fiscal year. The County's business-type activities increased \$9,421,167. The governmental activities had net income of \$908,665. General government consists largely of providing statutorily required services and auxiliary services consists of extension department and veterans office expenditures. The increase in business-type activities is due to net income in the Airport Construction Fund as a result of receiving significant federal grants for airport construction.

Government-wide Financial Analysis (continued)

Governmental Activities: Governmental activities increased the County's net assets by \$183,339. Key elements of this increase were as follows:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	\$ 1,712,915	1,688,685	2,042,449	2,001,768	3,755,364	3,690,453
Grants and contributions	8,224,628	6,391,327	11,146,114	4,912,723	19,370,742	11,304,050
General revenues:						
Sales taxes	1,460,612	1,383,528	-	-	1,460,612	1,383,528
Property taxes	4,812,174	4,403,418	-	-	4,812,174	4,403,418
Other taxes	1,612,222	866,005	-	-	1,612,222	866,005
Interest and other revenue	705,513	724,160	27,422	14,411	732,935	738,571
Total Revenues	18,528,064	15,457,123	13,215,985	6,928,902	31,744,049	22,386,025
Expenses:						
General government	5,479,368	4,980,923	-	-	5,479,368	4,980,923
Judicial	189,588	176,153	-	-	189,588	176,153
Public safety	3,773,067	1,974,387	-	-	3,773,067	1,974,387
Health and welfare	3,241,910	3,372,326	-	-	3,241,910	3,372,326
Auxiliary services	195,686	179,152	-	-	195,686	179,152
Culture and recreation	737,345	673,923	-	-	737,345	673,923
Highways and streets	3,460,062	3,776,407	-	-	3,460,062	3,776,407
Interest on long-term debt	112,720	109,783	-	-	112,720	109,783
Airport operations	-	-	1,717,404	1,480,065	1,717,404	1,480,065
Sewer	-	-	361,192	214,366	361,192	214,366
Water	-	-	1,027,487	418,194	1,027,487	418,194
Landfill	-	-	421,270	483,491	421,270	483,491
Housing	-	-	267,465	641,927	267,465	641,927
Total Expenses	17,189,746	15,243,054	3,794,818	3,238,043	20,984,564	18,481,097
Change in Net Assets before Transfers	1,338,318	214,069	9,421,167	3,690,859	10,759,485	3,904,928
Transfers	(429,653)	(31,730)	429,653	31,730	-	-
Change in Net Assets	908,665	182,339	9,850,820	3,722,589	10,759,485	3,904,928
Net Assets - Beginning	17,543,911	17,361,572	30,755,651	27,033,062	48,299,562	44,394,634
Net Assets - Ending	\$ 18,452,576	17,543,911	40,606,471	30,755,651	59,059,047	48,299,562

Significant events impacting 2004 were:

- Net assets as a result of governmental activities increased \$908,665 because total governmental revenues exceeded total governmental expenses. This is at least partially due to the significant increase in grants and contributions including public safety (terrorism) grants and transportation (airport construction).
- In 2004 the County experienced a large increase in public safety expenditures due to the award of several homeland security grants. A large portion of these grant proceeds were passed through to other Colorado local governments.
- Water expenditures increased due to capital outlay expenditures spent upon the water system.

Government-wide Financial Analysis (continued)

Business-type Activities: Business-type activities increased the County’s net assets by \$9,850,820. Key elements of this increase are as follows:

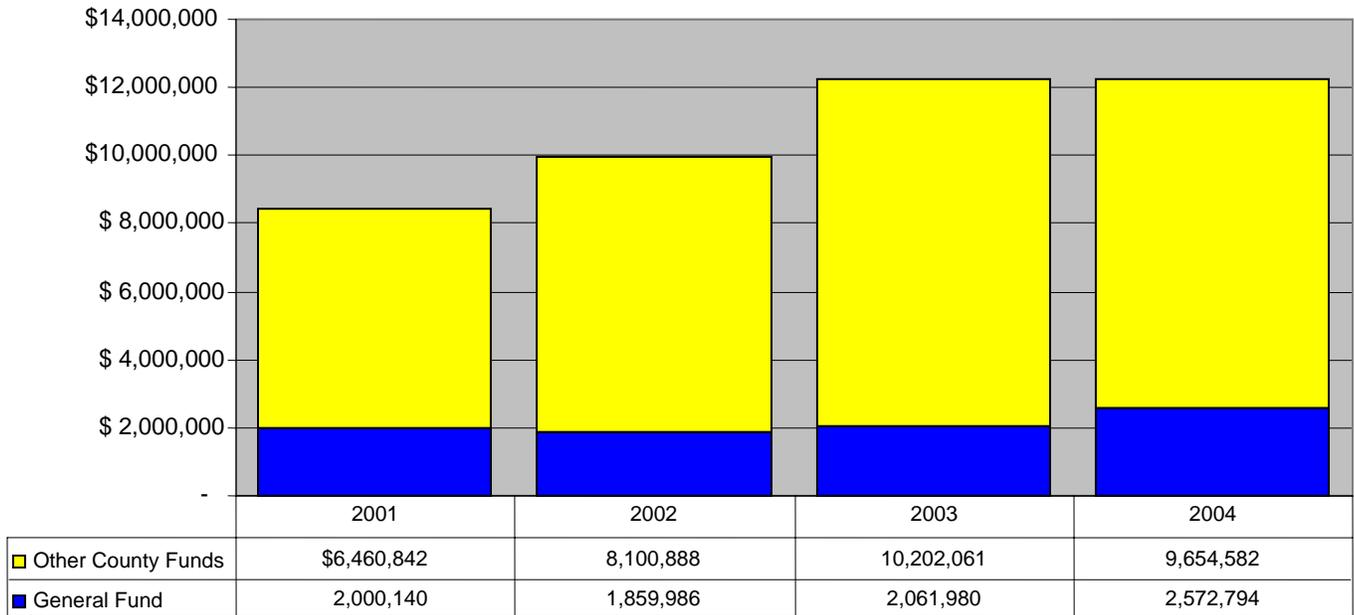
- The Airport Operations Fund increased significantly due to the contributions from the Airport Construction Fund. The contributions represent completed assets which were built from proceeds that consisted largely from federal grants.

Financial Analysis of the County's Funds

As mentioned earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All County funds had a nominal change in available resources:

The County’s available resource for 2001 through 2004 is charted below:

Schedule of Year End Resources



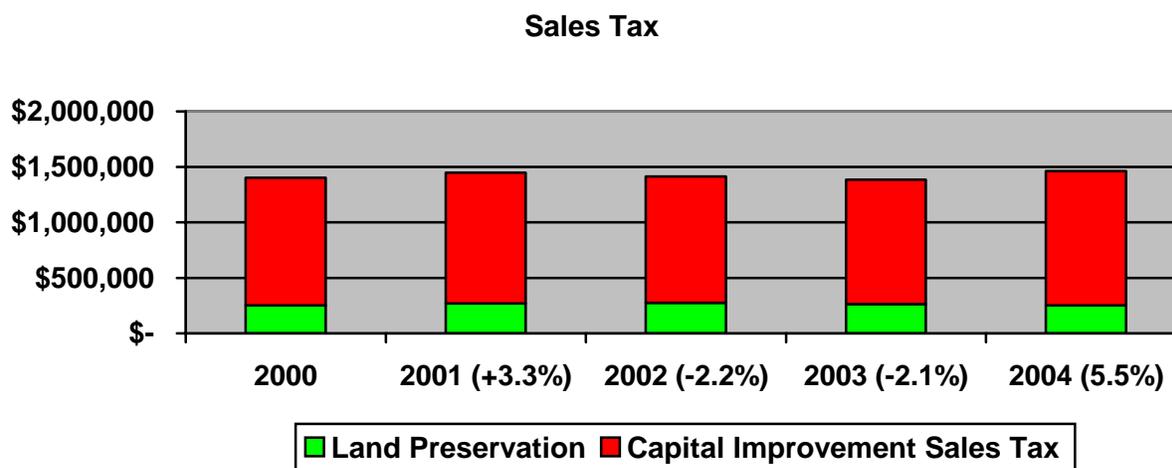
■ General Fund ■ Other County Funds

Financial Analysis of the County's Funds (continued)

Governmental Funds: 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, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's funds reported combined ending fund balances of \$5,943,540; an increase of \$631,608 from the prior year's ending fund balances. This increase was due partially to an increase in the Sales Tax Capital Improvement Fund. The ending balance within governmental funds totaled approximately 20% of 2004 governmental fund expenditures.

One of the County's primary funding of governmental activities is through sales tax. As sales tax is a significant source of County revenue and a sign of economic activity in the County it is reflected in the following chart:



Proprietary Funds: The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The County's proprietary funds (including internal service funds) ended the year with available resources of \$6,283,836. This is a decrease from \$7,140,129. The decrease is mainly due the expenditure of funds for sewer system construction

Budget Variances in the General Fund: The County amended the General Fund budget during the year increasing appropriations by \$33,350. The ending expenditures were \$101,249 less than the amended budget. No significant expenditures variances were noted in the General Fund.

Capital Assets: The County has decided to utilize the Governmental Accounting Standards Board option to capitalize infrastructure assets within four years of implementing Governmental Accounting Standards Board Statement 34. Therefore, capital assets included in the County's financial statement only include infrastructure purchased since January 1, 2003. The adjustment to retroactively include infrastructure is anticipated to be completed by 2007. For the year ended December 31, 2004, the County added \$14,522,794 of capital assets. The increase in capital assets for 2004 included purchases of dedicated open space and significant capital improvements at the County airport.

The County's capitalization policy pertains to assets with a purchase value of \$5,000 or greater. Assets of lesser value are treated as operational expenditures. Additional information as well as a detailed classification of the County's net capital assets can be found in the Notes to the Financial Statement on page D16 of this report.

Financial Analysis of the County's Funds (continued)

Long-term Debt: As of the end of the current fiscal year, the County's long-term liabilities totaled \$10,531,157. The County did not have significant changes in long-term debt other than the new Colorado State Investment Bank (SIB) loans totaling \$644,727. Additional information as well as a detailed classification of the County's total long-term liabilities can be found in the Notes to the Financial Statements on pages D20 through D28 of this report.

Next Year's Budget and Rates: The County's General Fund balance at the end of fiscal year 2004 totaled \$2,572,794. The original 2005 budget anticipates using \$171,148 of this balance. The 2005 budget for all funds anticipates utilizing \$2,743,503 of available resources. This anticipated use of funds is largely due to capital expenditures.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gunnison County, County Finance Director, 200 E. Virginia Avenue, Gunnison, CO 81230

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Gunnison County, Colorado
Statement of Net Assets
December 31, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Hospital
Assets:				
Cash and investments - Unrestricted	7,777,955	1,565,493	9,343,448	5,057,013
Cash and investments - Restricted	127,653	2,413,445	2,541,098	797,474
Receivables, net:				
Taxes	5,112,137	-	5,112,137	-
Intergovernmental	1,098,989	-	1,098,989	-
Accounts	1,358,869	784,539	2,143,408	4,174,398
Inventories, at cost	647,676	-	647,676	793,573
Prepaid expenses	7,345	11,659	19,004	206,031
Internal balances	(28,083)	28,083	-	-
Capacity costs, net	-	98,445	98,445	-
Deferred financing costs, net	-	429,478	429,478	164,461
Construction-in-progress	-	1,984,822	1,984,822	-
Capital assets, net	13,916,560	40,105,582	54,022,142	14,730,314
Total Assets	30,019,101	47,421,546	77,440,647	25,923,264
Liabilities:				
Accounts/vouchers payable	1,292,689	722,824	2,015,513	462,340
Accrued interest and expenses	-	6,602	6,602	890,436
Deferred revenue	269,817	100,000	369,817	-
Deposits	346,374	-	346,374	-
Compensated absences	882,739	44,903	927,642	-
Deferred property taxes	5,112,137	-	5,112,137	-
Non-current liabilities:				
Due within one year	537,702	2,607,991	3,145,693	363,466
Due in more than one year	3,125,067	3,332,755	6,457,822	8,843,189
Total Liabilities	11,566,525	6,815,075	18,381,600	10,559,431
Net Assets:				
Invested in capital assets, net of related debt	11,659,147	38,793,116	50,452,263	6,455,161
Restricted for:				
Emergencies	1,275,558	-	1,275,558	-
Other	109,975	-	109,975	38,054
Unrestricted	5,407,896	1,813,355	7,221,251	8,870,618
Total Net Assets	18,452,576	40,606,471	59,059,047	15,363,833

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

Gunnison County, Colorado
Statement of Activities
For the Year Ended December 31, 2004

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governments			
					Governmental Activities	Business-type Activities	Total	
Functions/Programs:								
Primary Government:								
Governmental Activities:								
General government	5,479,368	1,404,018	252,603	-	(3,822,747)		(3,822,747)	
Judicial	189,588	-	-	-	(189,588)		(189,588)	
Public safety	3,773,067	78,921	135,739	1,989,272	(1,569,135)		(1,569,135)	
Health and welfare	3,241,910	170,926	2,300,757	-	(770,227)		(770,227)	
Auxiliary services	195,686	-	-	-	(195,686)		(195,686)	
Culture and recreation	737,345	-	305,021	-	(432,324)		(432,324)	
Highways and streets	3,460,062	59,050	3,241,236	-	(159,776)		(159,776)	
Interest on long-term debt	112,720	-	-	-	(112,720)		(112,720)	
Total Governmental Activities	17,189,746	1,712,915	6,235,356	1,989,272	(7,252,203)		(7,252,203)	
Business-type Activities:								
Airport	1,717,404	716,844	50,799	9,928,476		8,978,715	8,978,715	
Sewer	361,192	284,432	11,378	541,081		475,699	475,699	
Water	1,027,487	182,012	652	521,830		(322,993)	(322,993)	
Landfill	421,270	646,910	89,884	-		315,524	315,524	
Housing	267,465	212,251	2,014	-		(53,200)	(53,200)	
Total Business-type Activities	3,794,818	2,042,449	154,727	10,991,387		9,393,745	9,393,745	
Total Primary Government	20,984,564	3,755,364	6,390,083	12,980,659	(7,252,203)	9,393,745	2,141,542	
Component Unit:								
Hospital	17,032,196	16,532,317	504,221	18,367	-	-	-	22,709
General Revenues and Transfers:								
Taxes:								
Property taxes					4,812,174	-	4,812,174	376,030
Specific ownership taxes					459,945	-	459,945	-
Sales taxes					1,460,612	-	1,460,612	-
Marketing and promotion tax					1,152,277	-	1,152,277	-
Investment earnings					179,124	27,422	206,546	101,492
Grants and contributions not restricted to specific programs					526,389	-	526,389	-
Transfers					(429,653)	429,653	-	-
Total General Revenues and Transfers					8,160,868	457,075	8,617,943	477,522
Change in Net Assets					908,665	9,850,820	10,759,485	500,231
Net Assets - Beginning of Year					17,543,911	30,755,651	48,299,562	14,863,602
Net Assets - End of Year					18,452,576	40,606,471	59,059,047	15,363,833

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

FUND FINANCIAL STATEMENTS

**Gunnison County, Colorado
Governmental Funds
Balance Sheet
December 31, 2004**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Human Services Fund</u>	<u>Sales Tax Capital Improvement Fund</u>	<u>Airport Construction Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:							
Cash - Unrestricted	2,470,936	968,531	194,990	819,502	139,754	890,852	5,484,565
Cash - Restricted	127,653	-	-	-	-	-	127,653
Accounts receivable, net	105,407	1,655	2,774	370,141	697,937	144,421	1,322,335
Due from other funds	327,499	382	-	-	7,949	16,931	352,761
Due from other governments	103,298	623,724	22,800	112,136	-	237,031	1,098,989
Inventories, at cost	-	-	2,104	-	-	-	2,104
Property taxes receivable	4,386,018	-	236,821	-	-	489,298	5,112,137
Total Assets	<u>7,520,811</u>	<u>1,594,292</u>	<u>459,489</u>	<u>1,301,779</u>	<u>845,640</u>	<u>1,778,533</u>	<u>13,500,544</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts/vouchers payable	297,274	16,175	16,668	205,679	537,809	130,840	1,204,445
Due to other funds	5,075	325,982	25,574	76,628	-	294,007	727,266
Deferred revenue	39,575	-	53,986	-	34,290	38,931	166,782
Deposits	220,075	91,118	-	-	-	35,181	346,374
Deferred property taxes not collectible until subsequent year	4,386,018	-	236,821	-	-	489,298	5,112,137
Total Liabilities	<u>4,948,017</u>	<u>433,275</u>	<u>333,049</u>	<u>282,307</u>	<u>572,099</u>	<u>988,257</u>	<u>7,557,004</u>
Fund Balances:							
Reserved for emergencies	1,275,558	-	-	-	-	-	1,275,558
Reserved for water protection	109,975	-	-	-	-	-	109,975
Unreserved:							
General	1,187,261	-	-	-	-	-	1,187,261
Special revenue	-	1,161,017	126,440	1,019,472	-	726,664	3,033,593
Capital projects	-	-	-	-	273,541	63,612	337,153
Total Fund Balances	<u>2,572,794</u>	<u>1,161,017</u>	<u>126,440</u>	<u>1,019,472</u>	<u>273,541</u>	<u>790,276</u>	<u>5,943,540</u>
Total Liabilities and Fund Balances	<u>7,520,811</u>	<u>1,594,292</u>	<u>459,489</u>	<u>1,301,779</u>	<u>845,640</u>	<u>1,778,533</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,891,011
Internal Service Funds are used by the County to charge the cost of equipment, technology, worker's compensation and health insurance to individual funds. A portion of the assets and liabilities of the Internal Service Funds is included in governmental activities in the Statement of Net Assets.	5,547,752
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,929,727)</u>
Net Assets of Governmental Activities	<u>18,452,576</u>

Gunnison County, Colorado
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2004

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Human Services Fund</u>	<u>Sales Tax Capital Improvement Fund</u>	<u>Airport Construction Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Taxes	4,438,459	153,302	222,034	1,209,548	-	1,861,665	7,885,008
Intergovernmental revenue	729,335	3,388,236	1,968,646	110,749	9,793,524	2,137,806	18,128,296
Charges for services	1,450,382	59,050	-	-	134,952	93,553	1,737,937
Other	345,755	7,250	1,080	11,923	-	84,234	450,242
Earnings on investments	137,585	12,021	-	7,503	3,382	18,633	179,124
Contributions	66,982	-	-	-	-	84,902	151,884
Total Revenues	<u>7,168,498</u>	<u>3,619,859</u>	<u>2,191,760</u>	<u>1,339,723</u>	<u>9,931,858</u>	<u>4,280,793</u>	<u>28,532,491</u>
Expenditures:							
General government	4,111,774	-	-	23,482	-	1,279,301	5,414,557
Judicial	189,465	-	-	-	-	-	189,465
Public safety	1,991,674	-	-	149,603	-	141,316	2,282,593
Health and welfare	666,447	-	2,140,937	-	-	424,687	3,232,071
Auxiliary services	202,961	-	-	-	-	-	202,961
Culture and recreation	237,610	-	-	-	-	492,886	730,496
Highways and streets	-	3,620,892	-	-	-	-	3,620,892
Debt service	-	-	-	230,336	-	200,423	430,759
Capital outlay	-	-	-	145,087	10,586,124	2,221,464	12,952,675
Total Expenditures	<u>7,399,931</u>	<u>3,620,892</u>	<u>2,140,937</u>	<u>548,508</u>	<u>10,586,124</u>	<u>4,760,077</u>	<u>29,056,469</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(231,433)</u>	<u>(1,033)</u>	<u>50,823</u>	<u>791,215</u>	<u>(654,266)</u>	<u>(479,284)</u>	<u>(523,978)</u>
Other Financing Sources (Uses):							
Sale of asset	-	-	-	221,540	-	-	221,540
Loan proceeds	-	-	-	-	644,727	-	644,727
Transfers in	789,743	140,190	-	-	80,000	93,090	1,103,023
Transfers (out)	(47,496)	(114,300)	-	(509,058)	-	(142,850)	(813,704)
Total Other Financing Sources (Uses)	<u>742,247</u>	<u>25,890</u>	<u>-</u>	<u>(287,518)</u>	<u>724,727</u>	<u>(49,760)</u>	<u>1,155,586</u>
Net Change in Fund Balances	510,814	24,857	50,823	503,697	70,461	(529,044)	631,608
Fund Balances - Beginning of Year	<u>2,061,980</u>	<u>1,136,160</u>	<u>75,617</u>	<u>515,775</u>	<u>203,080</u>	<u>1,319,320</u>	<u>5,311,932</u>
Fund Balances - End of Year	<u>2,572,794</u>	<u>1,161,017</u>	<u>126,440</u>	<u>1,019,472</u>	<u>273,541</u>	<u>790,276</u>	<u>5,943,540</u>

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

Gunnison County, Colorado
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2004

Net Change in Fund Balances of Governmental Funds	631,608
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized. This is the amount of capital outlay expenditures that were capitalized as assets on the Statement of Net Assets.	973,666
Governmental funds do not record depreciation of capital assets. This expense is reflected in the Statement of Activities. This is the amount of depreciation recorded on governmental assets during the year.	(368,500)
Repayment of capital lease and bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount of repayments.	339,037
Internal Service Funds are used by management to charge the cost of equipment, technology, and insurance to the individual funds. The net portion of revenue (expense) of the Internal Service Funds that is related to governmental activities is reported with governmental activities.	293,250
Changes in the County's employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences increased.	(18,177)
Proceeds from debt are shown as a financing source in the fund financial statements. In the Statement of Activities this source of funds is removed to be shown as a liability.	(644,727)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets	<u>(297,492)</u>
Change in Net Assets of Governmental Activities	<u><u>908,665</u></u>

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

Gunnison County, Colorado
Proprietary Funds
Statement of Net Assets
December 31, 2004

	Business-type Activities - Enterprise Funds						Totals	Governmental Activities - Internal Service Funds
	Airport Operations Fund	Gunnison County Sewer Fund	Gunnison County Water Fund	Landfill Operations Fund	Gunnison County Housing Auth. Assisted Lvg.	Gunnison County Housing Auth. Mtn. View		
Assets:								
Current Assets:								
Cash	319,376	859,469	65,243	256,730	10	64,665	1,565,493	2,293,390
Cash - Restricted	-	1,060,714	-	911,945	-	432,159	2,404,818	-
Tenant security deposits	-	-	-	-	-	8,627	8,627	-
Accounts receivable, net of allowance for uncollectible accounts where applicable	118,569	410,511	215,653	36,591	-	3,215	784,539	36,534
Prepaid expenses	10,725	-	548	386	-	-	11,659	7,345
Due from other funds	10,636	2,900	96,813	830	-	-	111,179	370,632
Inventory, at cost	-	-	-	-	-	-	-	645,572
Total Current Assets	459,306	2,333,594	378,257	1,206,482	10	508,666	4,886,315	3,353,473
Non-current Assets:								
Unamortized capacity costs, net	-	98,445	-	-	-	-	98,445	-
Deferred financing costs, net	-	26,466	-	-	-	403,012	429,478	-
Construction-in-progress	-	1,984,822	-	-	-	-	1,984,822	-
Land, property and equipment	45,421,517	2,222,227	6,786,192	115,203	2,037,512	1,587,326	58,169,977	9,324,881
Less accumulated depreciation	(13,092,190)	(1,210,541)	(2,779,642)	(75,967)	(123,703)	(782,352)	(18,064,395)	(6,299,332)
Total Non-current Assets	32,329,327	3,121,419	4,006,550	39,236	1,913,809	1,207,986	42,618,327	3,025,549
Total Assets	32,788,633	5,455,013	4,384,807	1,245,718	1,913,819	1,716,652	47,504,642	6,379,022
Liabilities:								
Current Liabilities:								
Accounts payable	22,088	572,623	77,791	8,408	-	33,292	714,202	88,245
Due to other funds	13,288	46,554	1,883	21,371	-	-	83,096	24,210
Accrued interest	-	129	1,197	-	-	5,276	6,602	-
Deferred revenue	-	100,000	-	-	-	-	100,000	103,035
Tenant security deposits	-	-	-	-	-	8,623	8,623	-
Debt obligations	9,548	15,786	3,238	-	568,625	10,418	607,615	124,617
Compensated absences	20,376	-	11,749	12,778	-	-	44,903	50,804
Total Current Liabilities	65,300	735,092	95,858	42,557	568,625	57,609	1,565,041	390,911
Non-current Liabilities:								
Accrued liability for landfill closure costs	-	-	-	951,598	-	-	951,598	-
Debt obligations	47,836	2,750,359	92,488	-	-	1,490,850	4,381,533	440,359
Total Non-current Liabilities	47,836	2,750,359	92,488	951,598	-	1,490,850	5,333,131	440,359
Total Liabilities	113,136	3,485,451	188,346	994,155	568,625	1,548,459	6,898,172	831,270
Net Assets:								
Invested in capital assets, net of related debt	32,271,943	230,363	3,910,824	39,236	1,345,184	(696,294)	37,101,256	2,460,573
Unrestricted	403,554	1,739,199	285,637	212,327	10	864,487	3,505,214	3,087,179
Total Net Assets	32,675,497	1,969,562	4,196,461	251,563	1,345,194	168,193	40,606,470	5,547,752

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

Gunnison County, Colorado
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended December 31, 2004

	Business-type Activities - Enterprise Funds						Totals	Governmental Activities - Internal Service Funds
	Airport Operations Fund	Gunnison County Sewer Fund	Gunnison County Water Fund	Landfill Operations Fund	Gunnison County Housing Auth. Assisted Lvg.	Gunnison County Housing Auth. Mtn. View		
Operating Revenues:								
Rent, net	290,221	-	-	-	-	175,763	465,984	3,719,214
Charges and fees	426,623	284,432	182,012	646,910	36,488	-	1,576,465	-
Other	50,799	11,378	652	89,884	-	2,014	154,727	-
Total Operating Revenues	<u>767,643</u>	<u>295,810</u>	<u>182,664</u>	<u>736,794</u>	<u>36,488</u>	<u>177,777</u>	<u>2,197,176</u>	<u>3,719,214</u>
Operating Expenses:								
Operations and maintenance	413,572	271,421	115,791	411,227	-	66,183	1,278,194	2,772,189
Administration	217,929	-	40,879	-	-	39,735	298,543	-
Depreciation and amortization	1,083,396	82,706	261,515	10,043	38,063	60,946	1,536,669	569,666
Total Operating Expenses	<u>1,714,897</u>	<u>354,127</u>	<u>418,185</u>	<u>421,270</u>	<u>38,063</u>	<u>166,864</u>	<u>3,113,406</u>	<u>3,341,855</u>
Operating Income (Loss)	<u>(947,254)</u>	<u>(58,317)</u>	<u>(235,521)</u>	<u>315,524</u>	<u>(1,575)</u>	<u>10,913</u>	<u>(916,230)</u>	<u>377,359</u>
Non-operating Revenues (Expenses):								
Intergovernmental	-	371,750	337,500	-	-	-	709,250	-
Interest income	5,143	2,511	-	15,510	-	4,258	27,422	-
Gain (loss) on asset disposal	-	-	-	-	-	-	-	(1,911)
Contribution of asset	-	-	(604,355)	-	-	-	(604,355)	-
Interest on indebtedness	(2,507)	(7,065)	(4,947)	-	(22,437)	(40,101)	(77,057)	(5,574)
Total Non-operating Revenues (Expenses)	<u>2,636</u>	<u>367,196</u>	<u>(271,802)</u>	<u>15,510</u>	<u>(22,437)</u>	<u>(35,843)</u>	<u>55,260</u>	<u>(7,485)</u>
Income (Loss) Before Contributions and Transfers	<u>(944,618)</u>	<u>308,879</u>	<u>(507,323)</u>	<u>331,034</u>	<u>(24,012)</u>	<u>(24,930)</u>	<u>(860,970)</u>	<u>369,874</u>
Capital Contributions	10,574,397	169,331	184,330	-	-	-	10,928,058	-
Transfers In	-	-	80,146	-	-	-	80,146	59,000
Transfers (Out)	<u>(172,900)</u>	<u>(13,471)</u>	<u>(21,260)</u>	<u>(88,784)</u>	<u>-</u>	<u>-</u>	<u>(296,415)</u>	<u>(132,050)</u>
Change in Net Assets	9,456,879	464,739	(264,107)	242,250	(24,012)	(24,930)	9,850,819	296,824
Total Net Assets - Beginning of Year	<u>23,218,618</u>	<u>1,504,823</u>	<u>4,460,568</u>	<u>9,313</u>	<u>1,369,206</u>	<u>193,123</u>	<u>30,755,651</u>	<u>5,250,928</u>
Total Net Assets - End of Year	<u>32,675,497</u>	<u>1,969,562</u>	<u>4,196,461</u>	<u>251,563</u>	<u>1,345,194</u>	<u>168,193</u>	<u>40,606,470</u>	<u>5,547,752</u>

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

Gunnison County, Colorado
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2004

	Business-type Activities - Enterprise Funds						Governmental
	Airport Operations Fund	Gunnison County Sewer Fund	Gunnison County Water Fund	Landfill Operations Fund	Gunnison County Housing Auth. Assisted Lvg.	Gunnison County Housing Auth. Mtn. View	Activities - Internal Service Funds
						Totals	
Cash Flows from Operating Activities:							
Cash received from customers and others	773,523	274,976	186,040	645,014	36,498	172,548	3,692,710
Other operating cash receipts	-	13,889	652	89,884	-	2,014	-
Cash payments to vendors for goods and services	(370,624)	(196,497)	(6,937)	(385,699)	-	(63,434)	(2,516,300)
Cash payments to employees for services	(271,870)	(74,616)	(71,718)	(148,807)	-	(22,069)	(421,363)
Net Cash Provided by Operating Activities	131,029	17,752	108,037	200,392	36,498	89,059	755,047
Cash Flows from Non-capital and Related Financing Activities:							
Transfers (to) other funds, net	(175,188)	(15,716)	6,666	(70,767)	-	-	(367,242)
Net Cash Provided (Used) by Non-capital and Related Financing Activities	(175,188)	(15,716)	6,666	(70,767)	-	-	(367,242)
Cash Flows from Capital and Related Financing Activities:							
Sale of assets	-	-	-	-	-	-	11,428
Capital contributed by customers	-	169,331	84,330	-	-	-	253,661
Acquisition of capital assets	-	(1,238,370)	(382,182)	-	-	(44,270)	(1,664,822)
Principal paid on loans and leases	(9,186)	(4,693)	(4,274)	-	(14,052)	(25,877)	(134,483)
Debt proceeds	-	200,000	-	-	-	-	200,000
Debt issuance costs	-	-	-	-	-	-	-
Interest paid on debt	(2,507)	(7,750)	(3,750)	-	(25,477)	(37,448)	(5,574)
Net Cash Provided (Used) by Capital and Related Financing Activities	(11,693)	(881,482)	(305,876)	-	(39,529)	(107,595)	85,095
Cash Flows from Investing Activities:							
Interest received - Unrestricted	5,143	2,511	-	15,510	-	4,258	27,422
Net Cash Provided by Investing Activities	5,143	2,511	-	15,510	-	4,258	-
Net Increase (Decrease) in Cash	(50,709)	(876,935)	(191,173)	145,135	(3,031)	(14,278)	472,900
Cash - Beginning of Year	370,085	2,797,118	256,416	1,023,540	3,041	511,102	1,820,490
Cash - End of Year	319,376	1,920,183	65,243	1,168,675	10	496,824	2,293,390
Cash Consists of:							
Cash	319,376	859,469	65,243	256,730	10	64,665	2,293,390
Cash - Restricted	-	1,060,714	-	911,945	-	432,159	-
Total Cash	319,376	1,920,183	65,243	1,168,675	10	496,824	2,293,390
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:							
Operating income (loss)	(947,254)	(58,317)	(235,521)	315,524	(1,575)	10,913	(916,230)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation and amortization	1,083,396	82,706	261,515	10,043	38,063	60,946	1,536,669
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	839	(6,637)	4,028	(1,896)	-	(3,215)	(6,881)
(Increase) decrease in prepaid expenses	(355)	-	-	-	-	-	(355)
(Increase) decrease in inventory	-	-	-	-	-	-	(10,609)
(Increase) decrease in tenant security deposits	-	-	-	-	-	211	211
Increase (decrease) in deferred revenues	-	-	-	-	-	-	(2,798)
Increase (decrease) in accounts payable	(7,540)	-	75,117	3,491	10	20,204	91,282
Increase (decrease) in accrued landfill closure costs	-	-	-	(131,365)	-	-	(131,365)
Increase (decrease) in compensated absences	1,943	-	2,898	4,595	-	-	9,436
Net Cash Provided by Operating Activities	131,029	17,752	108,037	200,392	36,498	89,059	755,047
Schedule of Non-cash Capital Activities:							
Assets contributed	10,574,397	-	100,000	-	-	-	10,674,397
Supplemental Cash Flow Information:							
Cash payments for interest	2,507	7,750	3,750	-	25,477	37,448	76,932

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

Gunnison County, Colorado
Agency Funds
Statement of Fiduciary Net Assets
December 31, 2004

	<u>County Treasurer Agency Fund</u>	<u>Public Trustee Agency Fund</u>
Assets:		
Cash	11,766,146	60,458
Less: cash held for County funds	<u>(11,109,208)</u>	<u>-</u>
Total Assets	<u><u>656,938</u></u>	<u><u>60,458</u></u>
 Liabilities:		
Due to other governments and agencies	656,938	-
Held by Trustee	<u>-</u>	<u>60,458</u>
Total Liabilities	<u><u>656,938</u></u>	<u><u>60,458</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004

I. Summary of Significant Accounting Policies

Gunnison County (the "County") is a statutory county located in central Colorado. An elected Board of Commissioners is responsible for setting policy, appointing administrative personnel and the adoption of an annual budget in accordance with state statutes. The County's operations include police protection, health and human services, culture and recreation, road maintenance, an airport, water and sewer services, a housing administration, and a landfill.

The County's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established by GAAP used by the County are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the County, and (b) organizations for which the County is financially accountable. The County is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the County. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the County. Organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The financial statements of component units have been included in the financial reporting entity either as blended or discretely presented component units.

1. Blended Component Units

The Gunnison County Housing Authority ("Authority") - Gunnison Senior Housing Project, an entity legally separate from the County, is governed by the Gunnison County Board of County Commissioners. For financial reporting purposes, the Authority is reported as if it was part of the County's operations because its purpose is to finance and provide low income senior housing to the citizens of the County.

In 2003, the County's electorate approved the creation of the Gunnison River Valley Local Marketing District ("District"). The District was created for the organization, promotion, marketing, and management of public events; activities in support of business recruitment, management and development; and coordinating tourism promotion activities within the District's boundaries. The County's Board of County Commissioners sits as *ex officio* as the District's Board. For financial reporting purposes, the District is reported as a blended component unit and resembles the reporting for other special revenue funds.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

2. Discretely Presented Component Unit

The component unit columns in the combined financial statements include the financial data of the County's discretely presented component unit. This unit is reported in a separate column to emphasize that it is legally separate from the County.

The Gunnison Valley Hospital and Health Care Center - The Gunnison Valley Hospital and Health Care Center Board is appointed by the County, is fiscally dependent on the County because they cannot issue debt without the approval of the County, and its operational and capital budgets and its annual property tax mill levy are approved by the County. The completed financial statements of the Hospital and Health Care Center can be obtained directly from their administrative office at:

Administrative Office
Gunnison Valley Hospital
214 East Denver Avenue
Gunnison, CO 81230

3. Intergovernmental Agreements

The County has entered into various governmental agreements that do not meet the criteria for inclusion in these financial statements as component units or as joint ventures.

The County receives funding from local, state, and federal government sources and must comply with all requirements of these funding sources. However, the County is not included in any other governmental reporting entity.

B. Government-wide and Fund Financial Statements

The County's basic financial statements include both government-wide (financial activities of the overall County, except for fiduciary activities) and fund financial statements (reporting the County's individual funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or part by fees charged to external parties.

1. Government-wide Financial Statements

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The County's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (e.g., public safety, culture and recreation, etc.) and business-type activities (e.g., water, sewer, landfill, etc.). The functions are also supported by general government revenues (property and sales taxes, intergovernmental revenue, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund.

The *Road and Bridge Fund* accounts for the County's share of state revenues that are legally restricted for the maintenance of highways and roads within the County's boundaries and also accounts for property taxes and other revenues restricted for highway and road purposes.

The *Human Services Fund* administers the County's state and federal revenues that are restricted for the provision of social services to the residents of the County.

The *Sales Tax Capital Improvement Fund* accounts for the collection of sales tax restricted for capital expenditures.

The *Airport Construction Fund* accounts for grants and construction expenditures relating to the County's airport. The constructed assets are contributed to the Airport Operations Fund.

The County reports the following major proprietary funds:

The *Airport Operations Fund* accounts for the operations of the Gunnison County Airport.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

The County reports the following major proprietary funds:

The *Gunnison County Sewer Fund* is used to account for the operations of sewer facilities operated by the County in unincorporated areas of the County.

The *Gunnison County Water Fund* is used to account for the operations of water system operated by the County in unincorporated areas of the County.

The *Landfill Operations Fund* accounts for the operations of the County's landfill and recycling program.

The *Gunnison County Housing Authority* is used to account for the activities of the Authority, a blended component unit of the County. Two funds are included which account for operations of an assisted living center and an elderly housing complex.

Additionally, the County reports the following fund types:

Internal services funds account for the rental of motor vehicles and heavy equipment, the usage of gravel and other construction materials, the rental of computer equipment, and to account for unemployment claims. These services are provided to other County funds and departments on a cost reimbursement basis.

Agency funds are used to account for the collection and distribution of property and other taxes between the County's funds and other governments and agencies. Agency funds are also used to account for the activities of the County Trustee and segregate these activities into a separate fund as required by State of Colorado statutes.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both the governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. On the accrual basis, revenue from property taxes is recognized in the year for which taxes are levied. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The County considered all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term liabilities and acquisitions under capital leases are reported as other financing sources.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund are charges to customers for sales. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expense notes meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

Restricted cash and cash equivalents represent amounts restricted by bond indentures and other binding commitments.

2. Investments

Investments are stated at fair value.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental unit until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue on the fund financial statements.

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as "due to / from other funds" in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as "internal balances" in the government-wide financial statements.

6. Inventories

Inventories are carried at lower of cost or market. The Internal Service Fund I inventory includes gravel held for County use. The cost value of such inventory is recorded as an expenditure at the time of use.

7. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2004 are recorded as prepaid expenses.

8. Capital Assets

Capital assets, which include land, buildings, building improvements, equipment, and vehicles, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years for all assets other than equipment. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Capital Assets (continued)

<u>Assets</u>	<u>Years</u>
Infrastructure	15-30
Buildings and improvements	15-40
Machinery and equipment	3-10
Vehicles	5

The book value of property and equipment transferred to the City of Gunnison for additional capacity at their wastewater treatment facility are being amortized on the straight-line method over a period of twenty-five (25) years. The term of the agreement is indefinite and does not include treatment costs.

9. Deferred Property Taxes

Property taxes in the State of Colorado are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded in the accompanying financial statements as a receivable and as deferred revenue.

10. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the government-wide financial statements. Vested or accumulated vacation leave of the proprietary fund type is recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

11. Recognition of Grant Revenue

Where the expenditure of funds is the prime factor for determining eligibility for grant funds, revenue is recognized at the time the expenditure is incurred.

12. Fund Equity

Governments report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. At December 31, 2004, the County reported \$1,385,533 of restricted net assets which was comprised of \$109,975 restricted for water protection, and \$1,275,558 restricted for emergencies as required by Colorado law.

Designations of fund balance represent tentative management plans that are subject to change. Designations of fund balance are reported only on fund financials and not on the government-wide financial statements.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

13. Interfund Transactions

Quasi-external (i.e., internal service fund) transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

E. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Proprietary Funds

As required by GASB 20, the County has elected to follow for its proprietary funds, all (1) GASB pronouncements and (2) FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

3. Legal Provisions and Authorization of Deposits

The County is governed by state statutes as to the type of institutions and investments with which it may deposit funds and transact business.

Cash and investments include amounts in demand deposits as well as investments. The funds of the County are invested by the County Treasurer. The County Treasurer accounts for the transactions of each individual fund of the County and maintains a separate ledger for each County fund and all other governments and agencies within the County for which the County Treasurer collects and disburses funds.

Investments are stated at cost except for investments in the Deferred Compensation Plan agency fund which are reported at market value.

The cash and investments of the County's component units are invested by each entity within the guidelines set forth by their respective Boards of Trustees.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net assets of governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.” The \$10,891,011 represents the book value of governmental fund’s capital assets at December 31, 2004.

Another element of that reconciliation states that “Internal Service Funds are used by the County to charge the cost of equipment, technology, worker’s compensation and health insurance to individual funds. A portion of the assets and liabilities of the Internal Service Funds is included in the governmental activities in the Statement of Assets.” The result is an increase in net assets of \$5,547,752 in the governmental activities.

Another element of that reconciliation states the “Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.” The details of this \$3,929,727 difference represent bond principal of \$1,057,575, loan and lease payables of \$2,040,757, and \$831,395 of accrued compensated absences.

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between *net change in fund balances of governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains “Internal Service Funds are used by management to charge the cost of equipment, technology, and insurance to the individual funds.” The total difference of \$293,250 represents all three internal service funds operated by the County.

III. Stewardship, Compliance, and Accountability

A. Legal Compliance - Budgets

Property taxes become a lien on the property as of January 1 of the year assessed. Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2003 were collected in 2004 and taxes certified in 2004 will be collected in 2005. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28 and June 15th) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, supplementary appropriations were necessary. Appropriations lapse at the end of each calendar year.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. Budgetary Information

As required by Colorado statutes, the County follows these procedures in establishing the budgetary data reflected in the financial statements.

- (1) For the 2004 budget, prior to August 25, 2003, the County Assessor sent to the County Finance Director a certified assessed valuation of all taxable property within the County.
- (2) Based on this assessed valuation, the County Finance Director computed a rate of levy which when levied would raise the amounts, along with other revenues, necessary to fund the County operating requirements. The levy rate and proposed budget was submitted to the County Commissioners before December 22.
- (3) Notice was published within ten (10) days which contained: availability of proposed budget for public inspection, date and time of budget adoption meeting, and that any County taxpayer may file objection prior to adoption of the budget.
- (4) The final budget and appropriating resolution was adopted prior to December 31.
- (5) After adoption of the budget resolution, the County may make by resolution the following changes: (i) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (ii) emergency appropriations; and (iii) reduction of appropriations for which originally estimated revenues are insufficient. At any time during the year, the County may, by resolution, transfer part of all of any unexpended funds from one department or fund to another.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

C. Budget Amendments

Amendments made to the original budget for each fund were as follows:

<u>Fund</u>	<u>Original Budget</u>	<u>Resolution #04-70 Amendment 12/21/2004</u>	<u>Revised Budget</u>
General Fund	\$ 7,515,326	33,350	7,548,676
Road and Bridge Fund	4,251,085	-	4,251,085
Human Services Fund	2,407,896	-	2,407,896
Conservation Trust Fund	40,500	-	40,500
Sales Tax Fund	1,179,399	-	1,179,399
Land Preservation Fund	395,280	465,000	860,280
Library Fund	505,875	31,726	537,601
Mosquito Control District Fund	74,838	-	74,838
Sage Grouse Trust Fund	60,275	-	60,275
Risk Management Fund	30,000	30,000	60,000
Gunnison River Valley Local Marketing	930,132	354,840	1,284,972
Gunnison Valley Transportation Authority	1,260,832	475,000	1,735,832
Airport Construction Fund	9,831,622	700,000	10,531,622
Capital Expenditures Fund	2,153,948	1,474,573	3,628,521
Airport Operations Fund	746,570	130,000	876,570
Sewer District Fund	3,831,721	-	3,831,721
Water District Fund	567,842	186,526	754,368
Solid Waste Fund	589,756	-	589,756
Hospital Fund	17,410,636	-	17,410,636
Housing Authority Administration Fund	316,991	150,000	466,991
Housing Authority Palisades Fund	36,520	-	36,520
Housing Authority Mountain View Fund	249,223	-	249,223
ISF-I Fund	2,409,991	-	2,409,991
ISF-II Fund	606,540	-	606,540
ISF-III Fund	1,279,966	-	1,279,966
Total County Budget	<u>\$ 58,682,764</u>	<u>4,031,015</u>	<u>62,713,779</u>

D. TABOR Amendment – Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

**D. TABOR Amendment – Revenue and Spending Limitation Amendment
(Continued)**

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The County has reserved its December 31, 2004 year-end fund balance in the General Fund for emergencies as required under Tabor in the amount of \$1,275,558.

The initial base for local government spending and revenue limits is December 31, 1992. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

On November 5, 1996, the County's electorate approved the following ballot question:

“May Gunnison County, without any increase in County rates and without exceeding the property tax revenue limit, keep and spend for County services and capital expenditures, in 1996 and each year thereafter, any excess revenues from grants, fees, interest, sales tax, and all other revenue sources without being limited by the restrictions of Article X, Section 20 of the Colorado Constitution (commonly known as Amendment 1 and/or the “Tabor Amendment”).”

On November 7, 2000 the County's electorate approved the following ballot question:

“May Gunnison County be authorized to collect, keep, and expend all revenues it receives from its property tax levy in 2001 and each year thereafter as a revenue change pursuant to Article X, Section 20 of the Colorado Constitution provided that nothing in this question authorizes the County to increase its permanent rate of levy without prior voter approval.”

The County's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation

IV. Detailed Notes on All Funds

A. County Treasurer – Cash and Investments

The County Treasurer maintains a cash and investment pool that is available for use by all funds except the Gunnison Valley Hospital Fund (a component unit). Each fund type's portion of the pool is included on the combined balance sheet as "cash". In addition, certain change funds, checking accounts, and savings accounts are separately held by several of the County's funds.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Deposits and Investments

The Colorado Public Deposit Protection Act ("PDPA") requires all units of local government to deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit 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. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The amount of total bank balance classified in these three categories of credit risk is:

- (1) Insured or collateralized with securities held by the entity or by its agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name;
- (3) Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.)

At year-end, the carrying amount of the County's deposits was \$8,577,159 and the bank balance was \$8,725,509. Of the bank balance, \$700,000 was covered by Federal depository insurance and \$8,025,509 was covered by PDPA (Category 3) as described above. The difference between the carrying amount of the book balance and the bank balance is due to outstanding items not clearing the banks at December 31, 2004.

Colorado statutes specify which instruments the County may invest and include local government pools.

The County has invested in the Colorado Surplus Asset Fund Trust ("CSAFE"), Colorado Government Liquid Asset Trust ("COLOTRUST"), and Financial Guarantee Insurance Company Investors Trust ("FGIC"). The trusts are investment vehicles established for local government entities in Colorado to pool surplus funds. The trusts operate similarly to a money market fund and each share is equal in value to \$1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the trusts in connection with their direct investment and withdrawal functions. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the trusts.

At December 31, 2004, the County had invested in the trusts as follows:

CSAFE	\$	1,727,748
COLOTRUST		1,598,462
FGIC		177,395
Total	\$	<u><u>3,503,605</u></u>

Investments in local government pools are not categorized as required by GASB No. 3 because they are not evidenced by securities that exist in physical or book entry form.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Deposits and Investments (continued)

At December 31, 2004, the County had \$500,315 of investments in Federal Home Loan Bank securities. The securities mature in 2006 and are considered Category 2 for financial reporting purposes. The FHLB securities are backed by the full faith and credit of the United States government.

C. Reconciliation of Deposits and Investments

A reconciliation of deposits and investments at December 31, 2004 follows:

Cash and Investments - Unrestricted and Restricted

Cash on hand	\$ 20,863
Cash in bank - Checking	1,217,606
Certificates of deposit	4,564,533
Money market accounts	2,795,020
Government pools	3,503,605
Federal Home Loan Bank	500,315
	<u>\$ 12,601,942</u>

Cash and investments at December 31, 2004 are reported on the financial statements as follows:

Cash and investments - Unrestricted	\$ 9,343,448
Cash and investments - Restricted	2,541,098
Cash held for others - Fiduciary Funds	717,396
Total	<u>\$ 12,601,942</u>

D. Component Unit - Gunnison Valley Hospital and Gunnison Health Care Center

- As of December 31, 2004, the amount of the Gunnison Valley Hospital and Gunnison Health Care Center's carrying amount of deposits was \$2,323,730 and had a bank balance of \$2,441,365. Of the bank balance, \$554,061 was covered by FDIC; \$1,887,304 was collateralized by securities held by the pledging financial institution in other than the entity's name (Category 3).
- As of December 31, 2004, the amount of the Gunnison Valley Hospital and Gunnison Health Care Center's carrying amount of investments was \$3,528,912 and had a fair value of \$23,528,912. The investments consisted of mutual funds.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Receivables

Receivables as of year-end for the County's funds are as follows:

	General	Road & Bridge	Human Services	Sales Tax Capital Improvement	Airport Construction	Non-major Governmental	Total
Receivables:							
Taxes	\$ 4,386,018	-	236,821	-	-	489,298	5,112,137
Accounts	105,407	1,655	2,774	370,141	697,937	144,421	1,322,335
Intergovernmental	103,298	623,724	22,800	112,136	-	237,031	1,098,989
Total receivables	\$ 4,594,723	625,379	262,395	482,277	697,937	870,750	7,533,461

	Airport Operations	Sewer	Water	Landfill Operations	Housing Authority	Internal Service	Total
Receivables:							
Accounts	\$ 118,569	410,511	215,653	36,591	3,215	36,534	821,073
Total receivables	\$ 118,569	410,511	215,653	36,591	3,215	36,534	821,073

Management considers all receivables to be collectible. No allowances for uncollectible accounts are established at December 31, 2004.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The \$5,112,137 of deferred revenue is property taxes levied in 2004 but not available until 2005.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 964,866	618,074	476,426	1,106,514
Construction in progress	-	141,216	-	141,216
Dedicated open space	726,238	540,597	-	1,266,835
Total capital assets, not being depreciated	<u>1,691,104</u>	<u>1,299,887</u>	<u>476,426</u>	<u>2,514,565</u>
Capital assets, being depreciated:				
Infrastructure	-	62,934	-	62,934
Improvements	322,842	5,354	(6,823)	321,373
Buildings	11,987,398	57,594	(122,451)	11,922,541
Equipment	9,177,478	446,055	(653,602)	8,969,931
Total capital assets being depreciated	<u>21,487,718</u>	<u>571,937</u>	<u>(782,876)</u>	<u>21,276,779</u>
Less accumulated depreciation for:				
Improvements	(113,410)	(19,816)	6,823	(126,403)
Buildings	(3,422,141)	(313,562)	78,407	(3,657,296)
Equipment	(6,122,986)	(608,362)	640,263	(6,091,085)
Total accumulated depreciation	<u>(9,658,537)</u>	<u>(941,740)</u>	<u>725,493</u>	<u>(9,874,784)</u>
Total capital assets being depreciated, net	<u>11,829,181</u>	<u>(369,803)</u>	<u>(57,383)</u>	<u>11,401,995</u>
Governmental activities capital assets, net	<u>\$ 13,520,285</u>	<u>930,084</u>	<u>419,043</u>	<u>13,916,560</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 11,825,804	27,000	(548,955)	11,303,849
Water rights	163,843	-	-	163,843
Construction in progress	-	1,984,823	-	1,984,823
Easements	190,094	-	-	190,094
Total capital assets not being depreciated	<u>12,179,741</u>	<u>2,011,823</u>	<u>(548,955)</u>	<u>13,642,609</u>
Capital assets, being depreciated:				
Improvements	19,636,098	9,486,518	(26,034)	29,096,582
Buildings	5,863,802	1,105,327	(14,708)	6,954,421
Utility treatment transmission systems	8,423,080	21,270	-	8,444,350
Equipment	1,990,806	26,032	-	2,016,838
Total capital assets being depreciated	<u>35,913,786</u>	<u>10,639,147</u>	<u>(40,742)</u>	<u>46,512,191</u>
Less accumulated depreciation for:				
Improvements	(9,859,890)	(869,064)	-	(10,728,954)
Buildings	(1,922,587)	(173,358)	14,530	(2,081,415)
Utility treatment transmission systems	(3,599,076)	(310,002)	-	(3,909,078)
Equipment	(1,190,562)	(154,386)	-	(1,344,948)
Total accumulated depreciation	<u>(16,572,115)</u>	<u>(1,506,810)</u>	<u>14,530</u>	<u>(18,064,395)</u>
Total capital assets being depreciated, net	<u>19,341,671</u>	<u>9,132,337</u>	<u>(26,212)</u>	<u>28,447,796</u>
Business-type activities capital assets, net	<u>\$ 31,521,412</u>	<u>11,144,160</u>	<u>(575,167)</u>	<u>42,090,405</u>

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Capital Assets (continued)

The County's assets do not include infrastructure which have been purchased or constructed prior to January 1, 2002. The County will retroactively add fixed assets relating to prior years over the next four years.

The County had the following depreciation expense for the following functions:

Governmental activities:

General government	\$ 584,901
Judicial	123
Public safety	77,226
Health and welfare	102,036
Culture and recreation	79,558
Highways and streets	97,896
Total governmental activities	\$ 941,740

Business-type activities:

Airport	\$ 1,083,396
Sewer	52,847
Water	261,515
Landfill	10,043
Housing	99,009
Total business-type activities	\$ 1,506,810

G. Component Unit - Gunnison Valley Hospital and Health Care Center - Capital Assets

Capital assets consist of the following at December 31, 2004:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and improvements	\$ 521,803	-	-	521,803
Equipment	15,798,547	867,953	(328,490)	16,338,010
Buildings and leasehold improvements	5,557,215	856,242	(839,416)	5,574,041
Construction in progress	403,423	333,983	(737,406)	-
Total property and equipment	22,280,988	2,058,178	(1,905,312)	22,433,854
Less: accumulated depreciation	(7,589,385)	(932,177)	818,022	(7,703,540)
Capital assets, net	\$ 14,691,603	1,126,001	(1,087,290)	14,730,314

Capital assets are depreciated on a straight-line basis over the estimated useful lives of each asset. Assets under capital lease obligations are depreciated over the shorter of the lease term or their respective estimated useful lives.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Interfund Transfers, Receivables, and Payables

Transfers for 2004 were as follows:

Transferred out	Transfer In:						
	General	Road & Bridge	Human Services	Sales Tax Cap. Imp.	Airport Construction	Internal Service	Non-major Funds
General Fund	\$ -	-	-	-	-	-	47,496
Road and Bridge Fund	114,300	-	-	-	-	-	-
Sales Tax Capital Improvement Fund	337,843	40,000	-	-	-	59,000	-
Airport Construction	-	-	-	-	-	-	-
Non-major Governmental Funds	142,850	-	-	-	-	-	-
Airport Operations	92,900	-	-	-	80,000	-	-
Gunnison County Sewer Fund	3,000	2,540	-	-	-	-	-
Gunnison County Water Fund	7,500	13,760	-	-	-	-	-
Landfill Operations Fund	18,100	25,090	-	-	-	-	45,594
Gunnison Housing Auth. Assisted Lvg.	-	-	-	-	-	-	-
Gunnison Housing Auth. Mtn. View	-	-	-	-	-	-	-
Internal Service Funds	73,250	58,800	-	-	-	-	-
	<u>\$ 789,743</u>	<u>140,190</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>59,000</u>	<u>93,090</u>

Transferred from	Airport Operations	Sewer	Water	Landfill Operations	Housing Auth. Assisted Lvg.	Housing Auth. Mtn. View	Total
	General Fund	\$ -	-	-	-	-	-
Road and Bridge Fund	-	-	-	-	-	-	114,300
Sales Tax Capital Improvement Fund	-	-	72,215	-	-	-	509,058
Airport Construction	-	-	-	-	-	-	-
Non-major Governmental Funds	-	-	-	-	-	-	142,850
Airport Operations	-	-	-	-	-	-	172,900
Gunnison County Sewer Fund	-	-	7,931	-	-	-	13,471
Gunnison County Water Fund	-	-	-	-	-	-	21,260
Landfill Operations Fund	-	-	-	-	-	-	88,784
Gunnison Housing Auth. Assisted Lvg.	-	-	-	-	-	-	-
Gunnison Housing Auth. Mtn. View	-	-	-	-	-	-	-
Internal Service Funds	-	-	-	-	-	-	132,050
	<u>\$ -</u>	<u>-</u>	<u>80,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,242,169</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Interfund Transfers, Receivables, and Payables (continued)

<u>Due from other Fund:</u>	<u>Due to other Fund:</u>						
	<u>General</u>	<u>Road & Bridge</u>	<u>Human Services</u>	<u>Sales Tax Cap. Imp.</u>	<u>Airport Construction</u>	<u>Internal Service</u>	<u>Non-major Funds</u>
General Fund	\$ -	-	-	-	-	-	5,075
Road and Bridge Fund	7,500	-	-	-	-	306,732	7,113
Human Services	25,574	-	-	-	-	-	-
Sales Tax Capital Improvement Fund	25,189	-	-	-	-	1,439	-
Airport Construction	-	-	-	-	-	-	-
Non-major Governmental Funds	244,006	-	-	-	-	35,535	3,948
Airport Operations	4,846	-	-	-	7,949	89	342
Gunnison County Sewer Fund	376	-	-	-	-	88	133
Gunnison County Water Fund	1,749	-	-	-	-	129	-
Landfill Operations Fund	4,521	-	-	-	-	16,530	320
Gunnison Housing Auth. Assisted Lvg.	-	-	-	-	-	-	-
Gunnison Housing Auth. Mtn. View	-	-	-	-	-	-	-
Internal Service Funds	13,738	382	-	-	-	10,090	-
	<u>\$ 327,499</u>	<u>382</u>	<u>-</u>	<u>-</u>	<u>7,949</u>	<u>370,632</u>	<u>16,931</u>

<u>Due from other Fund:</u>	<u>Airport Operations</u>	<u>Sewer</u>	<u>Water</u>	<u>Landfill Operations</u>	<u>Housing Auth. Assisted Lvg.</u>	<u>Housing Auth. Mtn. View</u>	<u>Total</u>
	General Fund	\$ -	-	-	-	-	-
Road and Bridge Fund	118	2,838	856	825	-	-	325,982
Human Services	-	-	-	-	-	-	25,574
Sales Tax Capital Improvement Fund	-	-	50,000	-	-	-	76,628
Airport Construction	-	-	-	-	-	-	-
Non-major Governmental Funds	10,518	-	-	-	-	-	294,007
Airport Operations	-	62	-	-	-	-	13,288
Gunnison County Sewer Fund	-	-	45,957	-	-	-	46,554
Gunnison County Water Fund	-	-	-	5	-	-	1,883
Landfill Operations Fund	-	-	-	-	-	-	21,371
Gunnison Housing Auth. Assisted Lvg.	-	-	-	-	-	-	-
Gunnison Housing Auth. Mtn. View	-	-	-	-	-	-	-
Internal Service Funds	-	-	-	-	-	-	24,210
	<u>\$ 10,636</u>	<u>2,900</u>	<u>96,813</u>	<u>830</u>	<u>-</u>	<u>-</u>	<u>834,572</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include the amount of working capital loans made to internal service funds that the general fund expects to collect in the subsequent year.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

I. Operating Leases

The government is committed under various leases for buildings, office space and data processing equipment. These leases are considered, for accounting purposes, to be operating leases.

J. Long-term Liabilities – Governmental Activities

1. Dozer Lease

In 1999, the County signed a lease purchase agreement with Norwest Investment Services for the purchase of a bulldozer. The debt is recorded on the County's Internal Service Fund I. Annual payments of \$28,597 are required through 2004. The lease has a stated interest rate of 2.50%.

2. Compactor Lease

On April 3, 2001, the County signed a lease purchase agreement with Wagner Equipment for the purchase of a Compactor. The debt is recorded on the County's Internal Service Fund I. Annual payments of \$45,606 are required with final payment in 2006 of \$83,900. The lease has a stated interest rate of 4.7%.

During the year ended December 31, 2003, the County refinanced the lease purchase agreement. The new terms require monthly payments of \$3,642 at a stated interest rate of 4.0% per annum. Final payment will be made on November 16, 2007.

3. GMAC Vehicle Leases

In 2001, the County signed a lease purchase agreement with GMAC Financing ("GMAC") for the purchase of two vehicles. Annual payments of \$15,348 are required with the final payment occurring in November 2004.

In 2002 and 2003, the County leased another three vehicles. Annual payments of \$15,043 are required with the final payment occurring in 2004.

4. Motor Grader Lease

In 2004, the County signed a lease with Wells Fargo for a motor grader. The lease term is through November 2009 with a 2.95% interest rate. Annual payments of \$97,482 are required.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

J. Long-term Liabilities – Governmental Activities (continued)

5. Blackstock Energy Improvements Lease

On May 26, 2000, the County entered into a lease purchase agreement to provide financing for energy improvements to the “Blackstock” building. The agreement funded costs of \$814,000 with a 5.85% interest rate. The lease purchase has a ten year term. The agreement can be terminated upon payment of all the outstanding balances. Annual payments are required on January 5 of each year.

During the year ended December 31, 2003, the County refinanced this lease purchase agreement. The new terms require an annual payment of \$101,433 on January 7 of each year, beginning January 7, 2004 and ending January 7, 2010. Interest compounds annually at 3.85%.

6. Family Services Energy Improvements Lease

In 1999, the County signed a lease purchase agreement for the acquisition of energy improvements and enhancements at the Gunnison Family Center. Two semi-annual payments of \$36,690 are required on the first of January and June. The lease has a stated interest rate of 5.45%.

During the year ended December 31, 2003, the County refinanced this agreement. The new terms require two semi-annual payments of \$34,920 on the first of January and July with final payment on July 1, 2009. The lease has a stated interest rate of 3.10%.

7. Sheriff’s Vehicle Lease

In 2001, the County signed a lease purchase agreement with GMAC for the purchase of a Sheriff’s vehicle. The debt is paid by the County’s General Fund. Annual payments of \$7,128 are required with the final payment occurring in November 2004. The lease has a stated interest rate of 0%.

8. Open Space Sales Tax Revenue Bonds

The County issued \$1,294,000 of Gunnison County Open Space Sales Tax Revenue Bonds, series 2002, on May 22, 2002, bearing interest at a fixed rate of 4.71%, payable on January 1 annually and maturing in 2012.

The principal and interest on these bonds are to be paid from the Gunnison County sales tax of 1%. One-half (1/2) of the sales tax collected within any incorporated municipality is distributed to such municipality. All other sales tax collected is distributed to Gunnison County and used solely for capital outlay, capital expenditures, land preservation or retirement of debt thereon. However, as approved in a 1997 County resolution, an annual total of \$230,000 is to be deposited into a fund for repayment of the Open Space Sales Tax Revenue Bond debt and interest. Of this \$230,000, \$80,000 is to be collected from the County and \$150,000 will be collected from municipalities within the County

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

J. Long-term Liabilities – Governmental Activities (continued)

9. Colorado SIB Loans

In 2004, the County signed two promissory notes totaling \$572,064 with the Colorado State Investment Bank for use in transportation projects. Principal and interest for the first note in the amount of \$60,995 is due annually through January 12, 2014, while principal and interest for the second note which totals \$33,694 is payable on July 23, annually through 2009. Both notes have a stated interest rate of 4%.

K. Long-term Liabilities – Business-type Activities

1. Sewer Refunding and Improvement Revenue Bonds

The County issued \$350,000 of Gunnison County Sewer Fund, Dos Rios Division Sewer Revenue Bonds, series 1992, on October 15, 1992, bearing interest at rates ranging from 3.75% to 7.25% payable semi-annually and maturing serially on December 1.

The principal and interest on these bonds are to be paid from the net income from the operation of the sewer system within the Dos Rios service area. Additionally, a reserve fund was established in the amount of \$35,000 from the proceeds of the sewer bond issue, which may be used to prevent defaults in payment of principal and interest and must be maintained until sufficient amounts are available to pay all outstanding indebtedness.

The bonds of this issue are equitably and ratably secured by a lien on the net income and revenue of the Dos Rios Service Area Sewer System, and constitute an irrevocable and first lien on said net revenues and funds. The bonds are redeemable after December 1, 2003, at par.

2. Impact Assistance Loan Funds - Somerset

(a) The County received a \$25,000 loan from the Colorado Department of Local Affairs for assistance in financing the relocation and reconstruction of a collective septic tank and leach field in the unincorporated community of Somerset. The loan is payable in fifteen (15) annual installments of \$2,409, including interest at the rate of 5%, beginning September, 1992.

(b) During the year ended December 31, 2003, the County received \$100,000 from the Colorado Department of Local Affairs for the assistance financing the installation of a new water treatment system for the community of Somerset, Colorado. The loan is payable in 20 annual installments of \$8,024, including interest at the rate of 5% per annum, beginning September 1, 2004.

The County levies the necessary charges, fees and assessments to raise revenues for repayment of the loans as well as for operational and maintenance costs of the wastewater treatment facilities.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Long-term Liabilities – Business-type Activities (continued)

3. Impact Assistance Loan Funds - Antelope Hills

In 1992, the County received a \$40,000 loan from the Colorado Department of Local Affairs for assistance in financing the renovation of the wastewater treatment facility in the unincorporated community of Antelope Hills. On January 13, 1998, the County extended the term of the loan through 2006. Required payments are \$2,904, including interest at the rate of 5%. The County levies the necessary charges, fees and assessments to raise revenues for repayment of the loan as well as for operational and maintenance costs of the wastewater treatment facilities.

4. Energy Savings Lease

The County entered into lease purchase agreements for the purchase and construction of various building improvements throughout the County. The purchased assets include heating, lighting, and air-conditioning controls at a cost of \$243,807. The lease agreements provide for a reduction of payments if certain budgeted energy savings are not realized. A portion of the debt has been recorded on the Airport Operations Fund and the Housing Authority Fund with the remaining amount included in the Government-wide Statement of Net Assets – Governmental Activities. Annual payments of \$31,038 are required. The leases have a stated interest rate of 5.25%.

During the year ended December 31, 2003, the County refinanced this agreement. The new terms require semi-annual payments of \$15,018 on February 15 and August 15 of each year, beginning February 15, 2003 and ending on February 15, 2010. Interest compounds annually at 3.90%.

5. Bond Anticipation Note

The County's Sewer Fund undertook a sewer reconstruction project to the North Gunnison Area. The County has obtained a commitment from the USDA for a grant and loan to provide long-term financing for the project. However, the USDA financing is only available upon completion of the project. To provide interim financing of the project the County issued a Bond Anticipation Note, Series 2003 in the principal amount of \$2,558,450 from Wells Fargo Brokerage Services, LLC. The note matures on in 2005 and requires a principal payment of \$2,558,450 with accrued interest at 1.5%.

5. Mineral Impact Loan

On November 4, 2004 the County took out a mineral impact loan with the Colorado Department of Local Affairs for \$200,000. The loan is financed by the Sewer Fund and the proceeds were used for the North Gunnison County sewer reconstruction project. The loan requires payments totaling \$19,108 annually with a 5% interest rate.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Long-term Liabilities - Gunnison County Housing Authority

1. Mortgage Payable

In 2003 the Housing Authority – Mountain View apartments agreed to a mortgage, which is subject to a first deed of trust including a lien on, and pledge of, the gross revenues derived and to be derived from operation of the housing project, payable to the Colorado Housing Finance Authority in the amount of \$528,100. The loan requires \$3,082 per month, including interest at 5.75%, with payment on October 1, 2033.

2. Contingent Repayment Deed of Trust Note

During the year ended December 31, 2003, the Housing Authority received \$378,864 from the Secretary of Housing and Urban Development, Washington D.C. evidenced by a Note Payable and secured by the Mountain View Apartments. The maturity date of the Note is November 1, 2033 with an interest rate of 1.0% per annum, to accrue on the original principal balance until maturity. The Authority is required to establish a reserve fund to accumulate funds at a rate of \$425 per month towards the amortization of the principal.

3. Mortgage Restructuring Loan

During the year ended December 31, 2003, the Housing Authority received \$624,011 from the Secretary of Housing and Urban Development, Washington D.C., evidenced by a Note Payable and secured by the Mountain View Apartments. The maturity date of the Note is November 1, 2033 with an interest rate of 1.0% per annum, annually, on the unpaid principal balance until paid.

4. Pitchfork Loan

On December 9, 2001, the County signed an agreement with the Colorado Housing and Finance Authority to provide funds for the purchase of the "Pitchfork" property. The loan is for \$63,174 and requires interest only payments until December 31, 2005.

5. Rock Creek Lease

On August 10, 2001, the County signed an agreement for the purchase of property known as Rock Creek. The agreement financed \$494,900, and requires annual payments of \$38,392, and provides for interest at 4.7%. The agreement maturity date is July 1, 2021.

During the year ended December 31, 2003, the County refinanced this agreement, replacing the property as collateral with three motorgraders. The new terms require semi-annual payments of \$29,532 on February 25 and August 25 at an annual interest rate of 4.0%. Payments began August 25, 2003 with the final payment on February 25, 2013.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

L. Long-term Liabilities - Gunnison County Housing Authority (continued)

6. \$600,000 Revenue Note, Series 2001

In 2001, Gunnison County Housing Authority issued a \$710,000 revenue note, dated November 6, 2001, pledged with a security interest in the revenues and property associated with the Palisades Assisted Living Center (the "Center"). The note has a 5.9% annual coupon rate and a maturity date of November 1, 2020. The note was later amended to reduce the outstanding balance to \$600,000.

During the year ended December 31, 2003, the Authority refinanced the outstanding balance. The new terms provide for a lower interest rate of 4.13%, fixed until November 1, 2005, after which the rate will be adjusted. The loan is payable in 207 regular monthly payments of \$3,041 and one irregular last payment estimated at \$290,153.

The Center was then leased to the Gunnison Home Association (a Colorado non-profit corporation). The lease term shall continue until the above note has been paid in full. Upon full payment, the Center will be deeded to the Gunnison Home Association. The lease can be terminated, extended, or modified with the mutual agreement of both parties.

M. Long-term Liabilities - Compensated Absences

The County has a policy of allowing the accumulation of paid vacation and sick leave, subject to certain maximum limits. In accordance with GAAP, the County's approximate liability for vacation pay earned by employees at December 31, 2004 has been reflected in the proprietary type fund financial statements and in the governmental activities column of the government-wide financial statements.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

N. Long-term Liabilities - Summary

Long-term liability activity for the year ended December 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Internal Service Fund:					
Dozer Lease	\$ 27,899	-	(27,899)	-	-
Compactor Lease	156,879	-	(38,977)	117,902	40,324
GMAC Vehicle Leases	51,796	-	(51,796)	-	-
Motor Grader Lease	-	447,075	-	447,075	84,293
Compensated Absences	54,436	-	(3,632)	50,804	12,701
Other Governmental Debt:					
Blackstock Energy					
Improvements Lease	612,195	-	(77,864)	534,331	80,861
Energy Savings Lease	100,769	-	(13,905)	86,864	14,453
Family Services Center Energy					
Improvements Lease	379,703	-	(58,519)	321,184	60,347
Sheriff's Vehicle Lease	7,093	-	(7,093)	-	-
Open Space Sales Tax Revenue					
Bonds, Series 2002	1,166,696	-	(109,121)	1,057,575	114,334
Colorado SIB Loans	-	644,727	-	644,727	68,900
CHFA Loan payable - Pitchfork	63,174	-	(31,587)	31,587	31,587
Rock Creek Lease	463,012	-	(40,947)	422,065	42,603
Compensated Absences	813,217	18,177	-	831,394	207,849
Total Governmental Activities					
Long-term Liabilities	<u>\$ 3,896,869</u>	<u>1,109,979</u>	<u>(461,340)</u>	<u>4,545,508</u>	<u>758,252</u>
Business-type Activities:					
Sewer Revenue Bonds, Series 1992	\$ 100,000	-	(100,000)	-	-
Impact Assistance Loan Funds - Sewer	12,385	-	(4,690)	7,695	4,928
Impact Assistance Loan Funds - Water	100,000	-	(4,274)	95,726	3,238
DOLA Mineral Impact Loan	-	200,000	-	200,000	10,858
Bond Anticipation Note	2,558,450	-	-	2,558,450	2,558,450
Energy Savings Lease - Airport	66,570	-	(9,186)	57,384	9,548
Accrued Liability for Landfill Closure Costs	1,082,963	-	(131,365)	951,598	-
Compensated Absences	35,467	9,436	-	44,903	-
Gunnison County Housing Authority:					
Mortgage - Primary Mortgage	526,998	-	(7,033)	519,965	7,264
Mortgage - Surplus Cash	612,403	-	(13,118)	599,285	-
Mortgage - Contingent Payable	378,864	-	-	378,864	-
Energy Savings Lease	3,659	-	(505)	3,154	525
Note Payable - Palisades					
Living Center	582,677	-	(14,052)	568,625	13,180
Total Business-type Activities					
Long-term Liabilities	<u>\$ 6,060,436</u>	<u>209,436</u>	<u>(284,223)</u>	<u>5,985,649</u>	<u>2,607,991</u>

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

O. Long-term Liabilities – Activity and Debt Service Schedules

Debt service requirements at December 31, 2004 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental Activities:			
2005	\$ 537,702	143,027	680,729
2006	525,424	123,719	649,143
2007	399,496	110,949	510,445
2008	521,722	83,743	605,465
2009	541,819	83,060	624,879
2010-2013	<u>1,137,147</u>	<u>103,661</u>	<u>1,240,808</u>
Total Governmental Activities	<u><u>\$ 3,663,310</u></u>	<u><u>648,159</u></u>	<u><u>4,311,469</u></u>
Business-type Activities:			
2005	\$ 2,607,991	63,809	2,671,800
2006	47,714	63,409	111,123
2007	47,044	61,366	108,410
2008	49,171	59,431	108,602
2009	51,855	57,282	109,137
2010-2014	248,609	360,471	609,080
2015-2019	292,580	199,453	492,033
2020-2024	425,028	104,500	529,528
2025-2029	128,717	56,194	184,911
2030-2033	<u>1,090,439</u>	<u>14,807</u>	<u>1,105,246</u>
Total Business-type Activities	<u><u>\$ 4,989,148</u></u>	<u><u>1,040,722</u></u>	<u><u>6,029,870</u></u>

P. Long-term Liabilities – Component Unit

- Hospital Revenue Bonds** - Series 1998, annual maturities of \$215,000 to \$580,000 due July 1, 2023, bearing interest rates ranging from 4.7% to 5.625%, payable semiannually.

The Series 1998 Bonds are issued pursuant to and are secured by the Bond Resolution. The Bonds are limited obligations payable solely from the net revenues derived from operations of the Organizations.

- Capital Lease Obligation** - matures between 2005 and 2009 and has imputed interest rate of 4.35%. The lease is collateralized by leased equipment.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

IV. Detailed Notes on All Funds (continued)

P. Long-term Liabilities – Component Unit (continued)

3. Long-term Liabilities – Component Unit – Activity and Debt Service Schedules

The Gunnison Valley Hospital and Health Care Center has the following long-term liability activity for the year ended December 31, 2004:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Hospital revenue bonds	\$ 8,960,000	-	(255,000)	8,705,000	265,000
Capital lease obligations	8,169	572,000	(78,514)	501,655	98,466
Total Long-term Liabilities	\$ 8,968,169	572,000	(333,514)	9,206,655	363,466

Debt service requirements at December 31, 2004 were as follows:

	<u>Bonds</u>		<u>Lease</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>	
2005	\$ 265,000	242,310	116,696	624,006
2006	290,000	468,720	127,206	885,926
2007	300,000	451,360	127,206	878,566
2008	320,000	435,870	127,206	883,076
2009	340,000	419,230	53,002	812,232
2010-2014	1,970,000	1,806,949	-	3,776,949
2015-2019	2,575,000	1,194,553	-	3,769,553
2020-2023	2,645,000	381,981	-	3,026,981
Total Long-term Liabilities	\$ 8,705,000	5,400,973	551,316	14,657,289
		Less Interest	<u>(49,661)</u>	<u>(5,450,634)</u>
			<u>501,655</u>	<u>9,206,655</u>

V. Other Information

A. Pension Plans

The County is a member of the Colorado County Officials and Employees Retirement Association ("COERA") which offers a defined contribution pension plan 401(a), and a Section 457 deferred compensation plan. COERA was organized in 1966 pursuant to state statutes, and includes counties, municipalities and special districts. Required contributions are established by the governing board of the Association.

1. Defined Contribution Pension Plan

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account plus the returns earned on investments of those contributions.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

V. Other Information (continued)

A. Pension Plans (continued)

1. Defined Contribution Pension Plan (continued)

Participation is mandatory for all employees after one year of employment. Eligible employees contribute three percent (3%) of their base pay which is matched by the County. The plan has a five (5) year vesting period and is distributed upon the employee's termination or retirement. Two (2) additional voluntary plans are also offered. One plan provides for contributions up to ten percent (10%) of an employee's base pay while the other plan provides for deferred compensation in which the employee may tax shelter up to nineteen percent (19%) of their base pay.

During the year, the County's required and actual contributions amounted to \$205,149 which was three percent (3%) of its current year covered payroll of \$6,838,300. The County's total payroll for 2004 was \$7,218,710.

No pension provision changes occurred during the year that affected the required contributions to be made by the County or its employees.

2. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries.

The accrual basis of accounting is used for the plan. Revenues are recognized when earned and expenditures are recognized when incurred. Investments are recorded at market value.

The County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The County does not administer the plan and is not the Trustee of the plan.

B. Other Employee Benefits

1. Post Employment Health Care Benefits

All County employees covered by COBRA insurance may continue their health insurance due to a reduction in work hours or termination of employment. Employees who elect continued coverage must pay the County for premiums from the termination date of coverage and monthly thereafter. No cost to the County is recognized as employees reimburse 102% of their premium cost to the County.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

V. Other Information (continued)

B. Other Employee Benefits (continued)

2. Cafeteria Plan

The County offers a cafeteria compensation plan organized under IRS Section 125 that includes the following benefits: medical disability, accident and/or term life insurance, health expense reimbursement and child care benefits. No cost to the County is recognized as the plan is a salary reduction plan.

C. Retirement Plan - Component Unit - Gunnison Valley Hospital and Health Care Center

The Organizations participate in the Colorado County Officials and Employees Retirement Association's defined contribution plan (the "Plan"). The Hospital contributes 5% and the Center contributes 3% for the years ended December 31, 2004 and 2003 on behalf of the employees who participate in the Plan. Employees become eligible for the Plan after working the lesser of one year or 1,040 hours and are vested in the contributions to the Plan over a five-year period. Employer plan contributions for the years ended December 31, 2004 and 2003 were \$249,604 and \$238,225 for the Hospital, respectively, and \$32,459 and \$29,457 for the Center, respectively. Employee contributions range from 5% to 25%. Employee contributions for the years ended December 31, 2004 and 2003 were \$364,791 and \$333,997 for the Hospital, respectively, and \$43,331 and \$44,870 for the Center, respectively.

D. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

The County mitigates risk through the following self-insurance pools and funds:

1. Colorado Counties Casualty and Property Pool

The County is exposed to various risks of loss related to property and casualty losses. The County joined together with other counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool ("CAPP"), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP for its property and casualty insurance coverage. The intergovernmental agreement of formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

V. Other Information (continued)

D. Risk Management

2. Unemployment Insurance

The County has established Internal Service Funds to account for its risk associated with unemployment claims.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include amounts for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The County had no liability for anticipated unemployment claims at December 31, 2004.

3. Self-Insurance Unemployment Pool

In 2003, the County established a self-insurance plan to fund unemployment claims. The self-insurance plan, which is administered by NGS American, covers individual claims up to \$25,000 per individual, subject to an aggregate loss of \$586,324. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include amounts for claims that have been incurred but not reported (IBNRs).

4. Self-Insurance Health Insurance Pool

The County has established a self insurance internal service fund to account for employee health insurance costs. The County accumulates resources to pay health insurance costs but carries a stop loss policy for individuals of \$30,000 and an aggregate stop loss minimum exposure of \$761,401 with BPI combined insurance company.

E. Wastewater Treatment Capacity

In exchange for the waste treatment plant and land of the Gunnison County Sewer District - Dos Rios Division, the County received capacity at the City of Gunnison wastewater treatment facility for the treatment of 200,000 gallons per day of wastewater originating from the Dos Rios Sanitation District. The term of the agreement is indefinite and does not include treatment costs. Book value of property and equipment transferred amounted to \$140,635 and is being amortized over a period of twenty-five (25) years.

F. Seizure Funds

Funds received by the County Sheriff from seizures are accounted for in the General Fund. These funds are to be used only for the specific purpose of law enforcement activities. This account had a balance of \$3,734 at December 31, 2004.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

V. Other Information (continued)

G. Commitments and Contingencies

1. Lawsuits

The County is currently the defendant in several lawsuits. Based upon the opinion of its legal counsel, any material claims would be covered by insurance.

2. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

3. County Industrial Revenue Bonds

In 1981, the County issued \$10,000,000 of Pollution Control Revenue Refunding Bonds AMAX, Inc. Project. The bonds were authorized by the State of Colorado to promote industry and develop trade or other economic activity with the State of Colorado. The bonds are not a debt of the County. The bonds will be payable and secured only by the revenues arising from the pledge and assignment under the indentures of the amounts due under the loan agreement.

4. Loan Guarantee: The Town of Crested Butte and Gunnison County have determined that it would be in the public interest to purchase property owned by the Crested Butte Academy, a Colorado educational facility located within the Town, in the event the Academy defaults upon their loan. The agreement was to provide security for the Academy loan. The total loan principal was \$1,459,000 at the date of origination, September 10, 2004. The term of the loan is for twenty years.

H. Possible Violations of State Statutes - Budgets

The following funds had expenditures over budget; this may be a violation of Colorado state statutes:

Sales Tax Capital Improvement Fund	\$ 78,367
Airport Construction Fund	54,502
Risk Management Fund	962
Water Fund	37,138
Landfill Operations Fund	41,618

I. Deficit Retained Earnings

The Local Marketing District Fund had deficit retained earnings of \$91,822 at December 31, 2004.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2004
(Continued)

V. Other Information (continued)

J. Landfill Closure Costs and Contingent Liability

State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses relating to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs, based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care costs has a balance of \$951,598 as of December 31, 2004. The estimated total amount of the landfill closure and post-closure cost (\$996,433) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2004. Closure and post-closure costs are estimated to be \$565,587 and \$430,846, respectively. However, the actual cost of closure and post-closure may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is required by state and federal laws and regulations to provide adequate financial resources to pay for all closure and post-closure care. At December 31, 2004, the County had reserved \$911,945 for these purposes. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

K. Restatement

The County has restated its financial statements to account for a change in accounting for certain Housing Authority operations from a proprietary fund to a special revenue fund. This resulted in a change in net assets between business-type activities and governmental activities and a change in net assets of \$148,820.

REQUIRED SUPPLEMENTARY INFORMATION

Gunnison County, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			Final Budget Variance Positive (Negative)	<u>2003</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes	4,377,402	4,377,402	4,438,459	61,057	4,002,306
Licenses and fees	166,125	166,125	224,365	58,240	205,666
Intergovernmental	730,474	730,474	729,335	(1,139)	1,254,733
Charges for services	1,035,925	1,035,925	1,226,017	190,092	1,192,456
Interest	75,450	75,450	137,585	62,135	79,955
Contributions	51,000	51,000	66,982	15,982	58,600
Other revenue	328,770	331,570	345,755	14,185	371,151
Total Revenues	<u>6,765,146</u>	<u>6,767,946</u>	<u>7,168,498</u>	<u>400,552</u>	<u>7,164,867</u>
Expenditures:					
General government	4,173,932	4,193,932	4,111,774	82,158	3,959,655
Judicial	189,465	189,465	189,465	-	176,030
Public safety	2,012,313	2,012,313	1,991,674	20,639	2,011,966
Health and welfare	656,358	656,358	666,447	(10,089)	942,490
Auxiliary	210,053	210,053	202,961	7,092	188,824
Culture and recreation	225,709	239,059	237,610	1,449	193,032
Total Expenditures	<u>7,467,830</u>	<u>7,501,180</u>	<u>7,399,931</u>	<u>101,249</u>	<u>7,471,997</u>
(Deficiency) of Revenues Over Expenditures	<u>(702,684)</u>	<u>(733,234)</u>	<u>(231,433)</u>	<u>501,801</u>	<u>(307,130)</u>
Other Financing Sources (Uses):					
Transfer in	789,743	789,743	789,743	-	562,373
Transfer (out)	(47,496)	(47,496)	(47,496)	-	(53,249)
Total Other Financing Sources (Uses)	<u>742,247</u>	<u>742,247</u>	<u>742,247</u>	<u>-</u>	<u>509,124</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>39,563</u>	<u>9,013</u>	<u>510,814</u>	<u>501,801</u>	<u>201,994</u>
Fund Balances - Beginning of Year	<u>1,859,986</u>	<u>1,859,986</u>	<u>2,061,980</u>	<u>201,994</u>	<u>1,859,986</u>
Fund Balances - End of Year	<u>1,899,549</u>	<u>1,868,999</u>	<u>2,572,794</u>	<u>703,795</u>	<u>2,061,980</u>

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

Gunnison County, Colorado
General Fund
Schedule of Revenues and Transfers
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Taxes:					
General property taxes	4,078,702	4,078,702	4,112,030	33,328	3,717,163
Specific ownership taxes	286,700	286,700	306,643	19,943	266,944
Interest on delinquent taxes	12,000	12,000	19,786	7,786	18,199
Total Taxes	<u>4,377,402</u>	<u>4,377,402</u>	<u>4,438,459</u>	<u>61,057</u>	<u>4,002,306</u>
Licenses and Permits:					
Liquor licenses	1,500	1,500	1,766	266	1,443
Building permits	125,000	125,000	152,830	27,830	153,063
Other licenses and permits	39,625	39,625	69,769	30,144	51,160
Total Licenses and Permits	<u>166,125</u>	<u>166,125</u>	<u>224,365</u>	<u>58,240</u>	<u>205,666</u>
Intergovernmental Revenues:					
Federal Sources:					
Cost allocation plan reimbursement	38,350	38,350	43,976	5,626	19,212
EPSDT program	-	-	-	-	1,243
WIC program	40,520	40,520	46,914	6,394	42,803
Family planning	69,268	69,268	72,381	3,113	70,528
Public Health Nurse	27,556	27,556	26,951	(605)	28,592
Emergency management assistance	25,000	25,000	23,627	(1,373)	25,000
Homemaker grant	12,175	12,175	6,275	(5,900)	7,350
Victim assistance	40,795	40,795	40,255	(540)	38,897
PILT	168,000	168,000	164,753	(3,247)	195,195
COPS grant	20,245	20,245	16,619	(3,626)	30,720
Bioterrorism grant	28,615	28,615	25,173	(3,442)	21,306
Other	31,878	31,878	29,733	(2,145)	11,410
State Sources:					
Cancer screening	7,772	7,772	7,708	(64)	9,112
Wildlife Division	2,100	2,100	2,177	77	2,198
Veteran's office	-	-	1,200	1,200	1,090
Juvenile diversion	600	600	4,521	3,921	2,300
Emergency medical services	-	-	-	-	7,070
Weed control and mapping	54,250	54,250	43,245	(11,005)	96,732
Cigarette tax	5,700	5,700	6,964	1,264	5,863
Severance tax	4,500	4,500	7,483	2,983	4,367
Grant- Department of Public Safety	-	-	13,500	13,500	103,944
Grant- OEM	-	-	3,000	3,000	337,432
Grant- State Historic Society	15,500	15,500	-	(15,500)	36,658
CO Local Affairs- SAR Grant	20,000	20,000	9,044	(10,956)	4,331
Criminal Justice Grant	4,835	4,835	-	(4,835)	3,788
Wildfire Containment Reimbursement	5,936	5,936	-	(5,936)	7,824
Wildlife possession	-	-	10,000	10,000	-
Grant- Seniors	6,550	6,550	7,699	1,149	6,419
Tobacco control	23,000	23,000	23,518	518	36,911
Other	12,329	12,329	34,855	22,526	23,412
Local Sources:					
Nursing family partnership	50,000	50,000	47,764	(2,236)	56,099
Victim assistance	15,000	15,000	10,000	(5,000)	16,171
Municipalities	-	-	-	-	756
Total Intergovernmental Revenues	<u>730,474</u>	<u>730,474</u>	<u>729,335</u>	<u>(1,139)</u>	<u>1,254,733</u>

(continued)

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

Gunnison County, Colorado
General Fund
Schedule of Revenues and Transfers
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)
(Continued)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Charges for Services:					
DUI fines	18,000	18,000	8,465	(9,535)	14,474
Sheriff's fees	111,200	111,200	60,706	(50,494)	98,931
Clerk and Recorder fees	360,000	360,000	442,180	82,180	410,876
Treasurer's fees	367,000	367,000	525,149	158,149	395,237
Useful Public Service fees	65,000	65,000	38,661	(26,339)	35,099
Assessor's fees	11,000	11,000	13,404	2,404	13,271
Land use change fees	18,000	18,000	28,023	10,023	25,757
Inspections	250	250	20	(230)	230
Public Health Nurse fees	26,000	26,000	18,423	(7,577)	24,988
Family planning fees	24,000	24,000	29,771	5,771	21,083
Law enforcement assistance	3,100	3,100	2,445	(655)	2,844
Hazmat fees	2,000	2,000	7,305	5,305	4,173
Vital Statistics	10,100	10,100	11,412	1,312	9,874
Other fees	10,275	10,275	7,852	(2,423)	12,505
Elections	10,000	10,000	14,434	4,434	18,418
Reimbursement for service:					
Social Services Fund	-	-	17,767	17,767	104,696
Total Charges for Services	<u>1,035,925</u>	<u>1,035,925</u>	<u>1,226,017</u>	<u>190,092</u>	<u>1,192,456</u>
Other:					
Earnings on investments	75,450	75,450	137,585	62,135	79,955
Donations	51,000	51,000	66,982	15,982	58,600
Rents	70,900	70,900	82,848	11,948	75,090
Public trustee revenue	20,000	20,000	20,000	-	68,652
Refund of expenditures	144,680	144,680	129,307	(15,373)	119,269
Advertising	9,290	9,290	7,082	(2,208)	13,891
Child Health Plan	-	-	-	-	9,929
Other	83,900	86,700	106,518	19,818	84,320
Total Other	<u>455,220</u>	<u>458,020</u>	<u>550,322</u>	<u>92,302</u>	<u>509,706</u>
Total Revenues	<u>6,765,146</u>	<u>6,767,946</u>	<u>7,168,498</u>	<u>400,552</u>	<u>7,164,867</u>
Transfers In:					
Road and Bridge Fund	114,300	114,300	114,300	-	110,700
Conservation Trust Fund	40,000	40,000	40,000	-	39,000
Airport Operating Fund	92,900	92,900	92,900	-	96,600
Sales Tax Fund	337,843	337,843	337,843	-	115,550
Gunnison County Sewer Fund	-	-	-	-	4,000
Lodging Tax Fund	-	-	-	-	3,400
Library Fund	43,500	43,500	43,500	-	38,600
Landfill Fund	18,100	18,100	18,100	-	23,400
Internal Service Fund I	30,750	30,750	30,750	-	43,700
Internal Service Fund II	42,500	42,500	42,500	-	32,500
Mosquito Control Fund	1,250	1,250	1,250	-	1,200
Housing Authority	24,400	24,400	24,400	-	27,725
Marketing District	33,700	33,700	33,700	-	19,298
Gunnison County Sewer Fund	3,000	3,000	3,000	-	-
Gunnison County Water Fund	7,500	7,500	7,500	-	6,700
Total Transfers In	<u>789,743</u>	<u>789,743</u>	<u>789,743</u>	<u>-</u>	<u>562,373</u>
Total Revenues and Transfers	<u>7,554,889</u>	<u>7,557,689</u>	<u>7,958,241</u>	<u>400,552</u>	<u>7,727,240</u>

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

Gunnison County, Colorado
General Fund
Schedule of Expenditures and Transfers
Budget (GAAP Basis and Actual)
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	2004			2003	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
General Government:					
County Commissioners:					
Office of the Board	312,470	312,470	345,552	(33,082)	411,221
Other administrative expenses	275,081	275,081	304,523	(29,442)	245,826
Planning and zoning	566,426	566,426	556,424	10,002	560,625
County Attorney	316,335	316,335	331,272	(14,937)	290,475
County Treasurer	295,964	295,964	282,833	13,131	288,409
County Assessor	642,823	642,823	597,133	45,690	599,216
Facilities Maintenance and Construction	514,999	514,999	479,126	35,873	432,356
County Manager	323,996	323,996	324,973	(977)	365,799
Personnel	69,659	69,659	73,216	(3,557)	-
Clerk and Recorder:					
Operations	369,511	369,511	362,869	6,642	331,334
Elections	76,953	76,953	92,291	(15,338)	54,807
Finance	280,342	280,342	242,542	37,800	249,675
Economic Stimulus	10,000	10,000	-	10,000	23,080
Contributions	119,373	139,373	119,020	20,353	106,832
Total General Government	<u>4,173,932</u>	<u>4,193,932</u>	<u>4,111,774</u>	<u>82,158</u>	<u>3,959,655</u>
Judicial:					
District Attorney	189,465	189,465	189,465	-	176,030
Public Safety:					
County Sheriff	1,080,899	1,080,899	1,085,263	(4,364)	1,027,610
Detention Center	704,722	704,722	716,340	(11,618)	664,923
County Coroner	52,492	52,492	52,263	229	55,324
Juvenile programs	52,615	52,615	49,778	2,837	48,138
Emergency services	80,409	80,409	47,410	32,999	71,612
Search and rescue	25,625	25,625	18,103	7,522	10,537
Wildfire Containment	4,936	4,936	-	4,936	13,406
Hazardous materials	10,615	10,615	22,517	(11,902)	120,416
Total Public Safety	<u>2,012,313</u>	<u>2,012,313</u>	<u>1,991,674</u>	<u>20,639</u>	<u>2,011,966</u>
Health and Welfare:					
Health department	1,629	1,629	1,705	(76)	1,701
Public Health Nurse	276,252	276,252	277,074	(822)	272,497
EMS grant	-	-	-	-	7,070
Victim assistance	59,025	59,025	58,732	293	57,080
Senior citizens	97,102	97,102	93,088	4,014	87,249
Weed programs	112,585	112,585	131,235	(18,650)	114,515
DOJ subsidy grant	-	-	94	(94)	307,388
Family planning	109,765	109,765	104,519	5,246	94,990
Total Health and Welfare	<u>656,358</u>	<u>656,358</u>	<u>666,447</u>	<u>(10,089)</u>	<u>942,490</u>
Auxiliary Services:					
Extension service	128,246	128,246	124,622	3,624	121,533
Veterans office	5,140	5,140	4,121	1,019	4,879
Alternate service services	76,667	76,667	74,218	2,449	62,412
Total Auxiliary Services	<u>210,053</u>	<u>210,053</u>	<u>202,961</u>	<u>7,092</u>	<u>188,824</u>
Culture and Recreation:					
Historical preservation and beautification	7,625	7,625	6,256	1,369	1,325
Multi-Cultural Center	36,955	36,955	40,428	(3,473)	36,116
County fairgrounds	181,129	194,479	190,926	3,553	155,591
Total Culture and Recreation	<u>225,709</u>	<u>239,059</u>	<u>237,610</u>	<u>1,449</u>	<u>193,032</u>
Transfers Out:					
Transfer to Gunnison County Housing Auth.	15,000	15,000	15,000	-	18,000
Transfer to Mosquito Control Fund	12,496	12,496	12,496	-	11,774
Transfer to Risk Management Fund	20,000	20,000	20,000	-	23,475
Total Transfers Out	<u>47,496</u>	<u>47,496</u>	<u>47,496</u>	<u>-</u>	<u>53,249</u>
Total Expenditures and Transfers	<u><u>7,515,326</u></u>	<u><u>7,548,676</u></u>	<u><u>7,447,427</u></u>	<u><u>101,249</u></u>	<u><u>7,525,246</u></u>

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

Gunnison County, Colorado
Special Revenue Funds
Road and Bridge Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	2004			2003
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Specific ownership taxes	143,300	153,302	10,002	136,832
Total Taxes	<u>143,300</u>	<u>153,302</u>	<u>10,002</u>	<u>136,832</u>
Intergovernmental:				
Forest service	310,000	301,192	(8,808)	279,656
Mineral leasing	343,000	724,699	381,699	311,859
Payments in lieu of taxes	150,000	147,000	(3,000)	115,000
Motor vehicle registration	43,500	41,457	(2,043)	39,309
Highway users tax	2,142,000	2,172,388	30,388	2,103,716
Other grants	88,000	1,500	(86,500)	4,711
Total Intergovernmental	<u>3,076,500</u>	<u>3,388,236</u>	<u>311,736</u>	<u>2,854,251</u>
Charges for Services:				
Mt. Crested Butte	45,537	40,415	(5,122)	50,979
Forest service	20,000	-	(20,000)	4,500
Driveway permits	4,000	4,975	975	3,330
Other	10,500	13,660	3,160	15,403
Total Charges for Services	<u>80,037</u>	<u>59,050</u>	<u>(20,987)</u>	<u>74,212</u>
Other:				
Investment earnings	14,342	12,021	(2,321)	11,686
Other revenue	3,150	7,250	4,100	15,287
Total Other	<u>17,492</u>	<u>19,271</u>	<u>1,779</u>	<u>26,973</u>
Total Revenues	<u>3,317,329</u>	<u>3,619,859</u>	<u>302,530</u>	<u>3,092,268</u>
Expenditures:				
Maintenance of condition	2,534,248	2,515,558	18,690	2,689,968
Snow removal	595,070	611,376	(16,306)	581,611
Administration	340,388	331,288	9,100	316,468
Trails	132,636	33,793	98,843	89,521
Municipality services	73,049	58,859	14,190	82,692
Construction projects	459,394	68,180	391,214	101,313
Marble Bank Restoration	2,000	1,838	162	793
Total Expenditures	<u>4,136,785</u>	<u>3,620,892</u>	<u>515,893</u>	<u>3,862,366</u>
(Deficiency) of Revenues Over Expenditures	<u>(819,456)</u>	<u>(1,033)</u>	<u>818,423</u>	<u>(770,098)</u>
Other Financing Sources (Uses):				
Transfers in:				
Sales Tax Capital Improvement Fund	190,200	40,000	(150,200)	267,001
Sewer Fund	2,540	2,540	-	2,300
Water Fund	13,760	13,760	-	11,000
Internal Service Fund I	58,800	58,800	-	63,440
Landfill Operations Fund	25,090	25,090	-	33,400
Transfers out:				
General Fund	(114,300)	(114,300)	-	(110,700)
Total Other Financing Sources (Uses)	<u>176,090</u>	<u>25,890</u>	<u>(150,200)</u>	<u>266,441</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(643,366)</u>	<u>24,857</u>	<u>668,223</u>	<u>(503,657)</u>
Fund Balances - Beginning of Year	<u>1,360,398</u>	<u>1,136,160</u>	<u>(224,238)</u>	<u>1,639,817</u>
Fund Balances - End of Year	<u>717,032</u>	<u>1,161,017</u>	<u>443,985</u>	<u>1,136,160</u>

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

Gunnison County, Colorado
Special Revenue Funds
Human Services Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			Final Budget Variance Positive (Negative)	<u>2003</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Property taxes	221,681	221,681	222,034	353	240,524
Intergovernmental revenue	781,346	781,346	829,256	47,910	737,436
Other	100	100	1,080	980	-
EBT transactions	1,440,156	1,440,156	1,139,390	(300,766)	1,395,278
Total Revenues	2,443,283	2,443,283	2,191,760	(251,523)	2,373,238
Expenditures:					
Administration	680,901	680,901	557,869	123,032	433,588
LEAP Administration	10,399	10,399	17,082	(6,683)	8,340
Administration - IVD	2,500	2,500	2,377	123	8,019
Direct assistance:					
Employment first	18,290	18,290	11,959	6,331	19,396
General assistance	200	200	3,739	(3,539)	1,374
Child care	13,667	13,667	24,507	(10,840)	16,797
Colorado Works - TANF	30,203	30,203	45,104	(14,901)	45,671
Aid to needy disabled	6,400	6,400	2,362	4,038	5,378
Medicaid transportation	2,000	2,000	1,218	782	1,978
Low income energy assistance	4,200	4,200	6,538	(2,338)	4,928
Child welfare - Foster care	71,673	71,673	164,433	(92,760)	208,633
CORE services	67,847	67,847	95,079	(27,232)	3,977
FEMA grant	9,700	9,700	9,031	669	8,551
Community services block grant	22,000	22,000	21,579	421	19,411
Other	27,760	27,760	38,670	(10,910)	116,602
EBT transactions	1,440,156	1,440,156	1,139,390	300,766	1,395,278
Total Expenditures	2,407,896	2,407,896	2,140,937	266,959	2,297,921
Excess of Revenues Over Expenditures	35,387	35,387	50,823	15,436	75,317
Fund Balances - Beginning of Year	28,330	28,330	75,617	47,287	300
Fund Balances - End of Year	63,717	63,717	126,440	62,723	75,617

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

Gunnison County, Colorado
Special Revenue Funds
Sales Tax Capital Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>		<u>Variance Positive (Negative)</u>	<u>2003</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Sales tax	1,107,066	1,209,548	102,482	1,119,324
Earnings on investments	1,491	7,503	6,012	3,621
Grants	120,000	110,749	(9,251)	-
Miscellaneous	-	11,923	11,923	36,077
Donations	-	-	-	51,293
Total Revenues	<u>1,228,557</u>	<u>1,339,723</u>	<u>111,166</u>	<u>1,210,315</u>
Expenditures:				
Buildings and grounds	51,900	105,484	(53,584)	122,658
Jail renovation	239,000	189,206	49,794	31,193
Administrative	21,120	23,482	(2,362)	20,811
Debt service	230,336	230,336	-	261,640
Total Expenditures	<u>542,356</u>	<u>548,508</u>	<u>(6,152)</u>	<u>436,302</u>
Excess of Revenues Over Expenditures	<u>686,201</u>	<u>791,215</u>	<u>105,014</u>	<u>774,013</u>
Other Financing Sources (Uses):				
Sale of assets	-	221,540	221,540	-
Transfers in (out):				
Housing Authority	-	-	-	(19,196)
Road and Bridge Fund	(190,200)	(40,000)	150,200	(267,001)
Water Fund	-	(72,215)	(72,215)	-
Capital Expenditures Fund	(50,000)	-	50,000	-
Housing Authority	-	-	-	81,434
General Fund	(337,843)	(337,843)	-	(115,550)
Airport Operations Fund	-	-	-	(66,145)
Internal Service Fund I	(59,000)	(59,000)	-	(89,975)
Internal Service Fund II	-	-	-	(45,000)
Total Other Financing Sources (Uses)	<u>(637,043)</u>	<u>(287,518)</u>	<u>349,525</u>	<u>(521,433)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>49,158</u>	<u>503,697</u>	<u>454,539</u>	<u>252,580</u>
Fund Balances - Beginning of Year	<u>424,469</u>	<u>515,775</u>	<u>91,306</u>	<u>263,195</u>
Fund Balances - End of Year	<u><u>473,627</u></u>	<u><u>1,019,472</u></u>	<u><u>545,845</u></u>	<u><u>515,775</u></u>

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

SUPPLEMENTARY INFORMATION

Gunnison County, Colorado
Capital Project Funds
Airport Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			Final Budget Variance Positive (Negative)	<u>2003</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
State grants	225,000	225,000	261,385	36,385	154,824
FAA grants	8,904,600	8,939,873	9,532,139	592,266	4,662,316
Passenger facility charges	100,000	100,000	134,952	34,952	142,105
Earnings on investments	5,151	5,151	3,382	(1,769)	3,457
Other revenue	469,726	469,726	-	(469,726)	5,982
Total Revenues	<u>9,704,477</u>	<u>9,739,750</u>	<u>9,931,858</u>	<u>192,108</u>	<u>4,968,684</u>
Expenditures:					
Facilities improvements	744,227	98,000	97,326	674	-
Runway shift	20,800	20,800	400,673	(379,873)	3,294,382
Runway rehab	8,721,950	8,782,950	8,871,965	(89,015)	941,581
Buildings and land - Rescue, firefighting and security	52,573	1,000,673	963,553	37,120	33,256
Land acquisition	-	307,127	11,727	295,400	1,005,540
Wetlands	-	30,000	27,000	3,000	-
Master plan	292,072	292,072	213,880	78,192	19,966
Total Expenditures	<u>9,831,622</u>	<u>10,531,622</u>	<u>10,586,124</u>	<u>(54,502)</u>	<u>5,294,725</u>
(Deficiency) of Revenues Over Expenditures	<u>(127,145)</u>	<u>(791,872)</u>	<u>(654,266)</u>	<u>137,606</u>	<u>(326,041)</u>
Other Financing Sources:					
Loan proceeds	-	644,727	644,727	-	-
Transfer from Airport Operations Fund	-	-	80,000	80,000	80,000
Total Other Financing Sources	<u>-</u>	<u>644,727</u>	<u>724,727</u>	<u>80,000</u>	<u>80,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>(127,145)</u>	<u>(147,145)</u>	<u>70,461</u>	<u>217,606</u>	<u>(246,041)</u>
Fund Balances - Beginning of Year	<u>197,473</u>	<u>197,473</u>	<u>203,080</u>	<u>5,607</u>	<u>449,121</u>
Fund Balances - End of Year	<u><u>70,328</u></u>	<u><u>50,328</u></u>	<u><u>273,541</u></u>	<u><u>223,213</u></u>	<u><u>203,080</u></u>

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

Gunnison County, Colorado
Non-major Governmental Funds
Combining Balance Sheet
December 31, 2004

	Special Revenue							Capital Projects	Total Non-major Governmental Funds	
	Conservation Trust Fund	Gunnison Public Library Fund	Mosquito Control Fund	Land Preservation Fund	Sage Grouse Fund	Risk Management Fund	Gunnison County Housing Auth. Administration	Local Marketing District		Capital Expenditures Fund
Assets:										
Cash	58,492	172,478	14,228	273,954	233,194	10,511	67,110	24,438	36,447	890,852
Accounts receivable	-	3,646	-	-	-	20,000	46,765	676	73,334	144,421
Due from other funds	-	-	-	-	-	11,959	114	-	4,858	16,931
Due from other governments	-	-	-	27,288	-	-	-	209,743	-	237,031
Property taxes receivable	-	489,298	-	-	-	-	-	-	-	489,298
Total Assets	<u>58,492</u>	<u>665,422</u>	<u>14,228</u>	<u>301,242</u>	<u>233,194</u>	<u>42,470</u>	<u>113,989</u>	<u>234,857</u>	<u>114,639</u>	<u>1,778,533</u>
Liabilities:										
Accounts payable	-	5,763	-	-	-	-	13,044	92,783	19,250	130,840
Due to other funds	40,000	7,935	30	-	-	-	1,261	233,896	10,885	294,007
Deferred revenue	-	-	-	-	-	-	18,039	-	20,892	38,931
Deposits	-	35,181	-	-	-	-	-	-	-	35,181
Deferred property taxes not collectible until subsequent year	-	489,298	-	-	-	-	-	-	-	489,298
Total Liabilities	<u>40,000</u>	<u>538,177</u>	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,344</u>	<u>326,679</u>	<u>51,027</u>	<u>988,257</u>
Fund Balances:										
Unreserved	18,492	127,245	14,198	301,242	233,194	42,470	81,645	(91,822)	63,612	790,276
Total Fund Balances	<u>18,492</u>	<u>127,245</u>	<u>14,198</u>	<u>301,242</u>	<u>233,194</u>	<u>42,470</u>	<u>81,645</u>	<u>(91,822)</u>	<u>63,612</u>	<u>790,276</u>
Total Liabilities and Fund Balances	<u>58,492</u>	<u>665,422</u>	<u>14,228</u>	<u>301,242</u>	<u>233,194</u>	<u>42,470</u>	<u>113,989</u>	<u>234,857</u>	<u>114,639</u>	<u>1,778,533</u>

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

Gunnison County, Colorado
Non-major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2004

	<u>Special Revenue</u>							<u>Capital Projects</u>	<u>Total Non-major Governmental Funds</u>	
	<u>Conservation Trust Fund</u>	<u>Gunnison County Public Library Fund</u>	<u>Mosquito Control Fund</u>	<u>Land Preservation Fund</u>	<u>Sage Grouse Fund</u>	<u>Risk Management Fund</u>	<u>Gunnison County Housing Auth. Administration</u>	<u>Local Marketing District</u>		<u>Capital Expenditures Fund</u>
Revenues:										
Taxes	-	458,324	-	251,064	-	-	-	1,152,277	-	1,861,665
Intergovernmental revenue	39,517	41,467	-	-	-	-	178,299	-	1,878,523	2,137,806
Charges for services	-	-	50,242	-	-	-	43,311	-	-	93,553
Earnings on investments	565	3,323	-	4,224	-	353	-	8,215	1,953	18,633
Contributions	-	30,709	12,496	-	-	41,697	-	-	-	84,902
Miscellaneous	-	15,029	742	-	-	-	68,463	-	-	84,234
Total Revenues	<u>40,082</u>	<u>548,852</u>	<u>63,480</u>	<u>255,288</u>	<u>-</u>	<u>42,050</u>	<u>290,073</u>	<u>1,160,492</u>	<u>1,880,476</u>	<u>4,280,793</u>
Expenditures:										
General government	-	-	-	-	4,286	60,962	-	1,214,053	-	1,279,301
Public safety	-	-	-	-	-	-	-	-	141,316	141,316
Health and welfare	-	-	72,835	-	-	-	351,852	-	-	424,687
Culture and recreation	395	492,491	-	-	-	-	-	-	-	492,886
Debt service	-	-	-	165,227	-	-	35,196	-	-	200,423
Capital outlay	-	-	-	540,597	-	-	-	-	1,680,867	2,221,464
Total Expenditures	<u>395</u>	<u>492,491</u>	<u>72,835</u>	<u>705,824</u>	<u>4,286</u>	<u>60,962</u>	<u>387,048</u>	<u>1,214,053</u>	<u>1,822,183</u>	<u>4,760,077</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>39,687</u>	<u>56,361</u>	<u>(9,355)</u>	<u>(450,536)</u>	<u>(4,286)</u>	<u>(18,912)</u>	<u>(96,975)</u>	<u>(53,561)</u>	<u>58,293</u>	<u>(479,284)</u>
Other Financing Sources (Uses):										
Transfers in	-	-	12,496	-	45,594	20,000	15,000	-	-	93,090
Transfers (out)	(40,000)	(43,500)	(1,250)	-	-	-	(24,400)	(33,700)	-	(142,850)
Total Other Financing Sources (Uses)	<u>(40,000)</u>	<u>(43,500)</u>	<u>11,246</u>	<u>-</u>	<u>45,594</u>	<u>20,000</u>	<u>(9,400)</u>	<u>(33,700)</u>	<u>-</u>	<u>(49,760)</u>
Net Change in Fund Balances	<u>(313)</u>	<u>12,861</u>	<u>1,891</u>	<u>(450,536)</u>	<u>41,308</u>	<u>1,088</u>	<u>(106,375)</u>	<u>(87,261)</u>	<u>58,293</u>	<u>(529,044)</u>
Fund Balances (Deficit) - Beginning of Year	<u>18,805</u>	<u>114,384</u>	<u>12,307</u>	<u>751,778</u>	<u>191,886</u>	<u>41,382</u>	<u>188,020</u>	<u>(4,561)</u>	<u>5,319</u>	<u>1,319,320</u>
Fund Balances (Deficit) - End of Year	<u>18,492</u>	<u>127,245</u>	<u>14,198</u>	<u>301,242</u>	<u>233,194</u>	<u>42,470</u>	<u>81,645</u>	<u>(91,822)</u>	<u>63,612</u>	<u>790,276</u>

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

Gunnison County, Colorado
Special Revenue Funds
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			<u>2003</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Lottery proceeds	44,170	39,517	(4,653)	45,171
Earnings on investments	270	565	295	369
Total Revenues	<u>44,440</u>	<u>40,082</u>	<u>(4,358)</u>	<u>45,540</u>
Expenditures:				
Other	-	-	-	657
Treasurer's fees	500	395	105	452
Total Expenditures	<u>500</u>	<u>395</u>	<u>105</u>	<u>1,109</u>
Excess of Revenues Over Expenditures	<u>43,940</u>	<u>39,687</u>	<u>(4,253)</u>	<u>44,431</u>
Other Financing (Uses):				
Transfer (to) General Fund	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>	<u>(39,000)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing (Uses)	3,940	(313)	(4,253)	5,431
Fund Balances - Beginning of Year	<u>3,294</u>	<u>18,805</u>	<u>15,511</u>	<u>13,374</u>
Fund Balances - End of Year	<u><u>7,234</u></u>	<u><u>18,492</u></u>	<u><u>11,258</u></u>	<u><u>18,805</u></u>

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

Gunnison County, Colorado
Special Revenue Funds
Gunnison County Public Library Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			Final Budget Variance Positive (Negative)	<u>2003</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
General property tax	455,056	455,056	456,118	1,062	425,327
Interest and penalties	1,500	1,500	2,206	706	2,205
Municipalities	2,500	2,500	2,500	-	2,500
Earnings on investments	3,410	3,410	3,323	(87)	2,470
Grants	29,500	45,726	38,967	(6,759)	21,175
Contributions	22,000	22,000	30,709	8,709	6,883
Miscellaneous	12,500	12,500	15,029	2,529	34,810
Total Revenues	<u>526,466</u>	<u>542,692</u>	<u>548,852</u>	<u>6,160</u>	<u>495,370</u>
Expenditures:					
Operations	419,864	436,364	433,584	2,780	395,976
Memorial and endowment	6,000	11,926	15,566	(3,640)	12,554
Literacy action	36,511	45,811	43,341	2,470	41,817
Total Expenditures	<u>462,375</u>	<u>494,101</u>	<u>492,491</u>	<u>1,610</u>	<u>450,347</u>
Excess of Revenues Over Expenditures	<u>64,091</u>	<u>48,591</u>	<u>56,361</u>	<u>7,770</u>	<u>45,023</u>
Other Financing (Uses):					
Transfer (to) General Fund	<u>(43,500)</u>	<u>(43,500)</u>	<u>(43,500)</u>	<u>-</u>	<u>(38,600)</u>
Excess of Revenues Over Expenditures and Other Financing (Uses)	20,591	5,091	12,861	7,770	6,423
Fund Balances - Beginning of Year	<u>114,835</u>	<u>114,835</u>	<u>114,384</u>	<u>(451)</u>	<u>107,961</u>
Fund Balances - End of Year	<u>135,426</u>	<u>119,926</u>	<u>127,245</u>	<u>7,319</u>	<u>114,384</u>

The accompanying notes are integral part of these financial statements.

Gunnison County, Colorado
Special Revenue Funds
Mosquito Control Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			<u>2003</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Assessments	49,784	50,242	458	48,789
Contributions	12,496	12,496	-	11,773
Interest and penalties	200	742	542	243
Total Revenues	<u>62,480</u>	<u>63,480</u>	<u>1,000</u>	<u>60,805</u>
Expenditures:				
Operations	73,588	72,835	753	69,141
Total Expenditures	<u>73,588</u>	<u>72,835</u>	<u>753</u>	<u>69,141</u>
(Deficiency) of Revenues Over Expenditures	<u>(11,108)</u>	<u>(9,355)</u>	<u>1,753</u>	<u>(8,336)</u>
Other Financing Sources (Uses):				
Transfer from General Fund	12,496	12,496	-	11,774
Transfer (to) General Fund	(1,250)	(1,250)	-	(1,200)
Total Other Financing Sources (Uses)	<u>11,246</u>	<u>11,246</u>	<u>-</u>	<u>10,574</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	138	1,891	1,753	2,238
Fund Balances - Beginning of Year	<u>200</u>	<u>12,307</u>	<u>12,107</u>	<u>10,069</u>
Fund Balances - End of Year	<u><u>338</u></u>	<u><u>14,198</u></u>	<u><u>13,860</u></u>	<u><u>12,307</u></u>

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

Gunnison County, Colorado
Special Revenue Funds
Land Preservation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Sales tax	256,277	256,277	251,064	(5,213)	264,204
Earnings on investments	3,000	3,000	4,224	1,224	10,751
Total Revenues	259,277	259,277	255,288	(3,989)	274,955
Expenditures:					
Capital outlay	230,053	695,053	540,597	154,456	726,238
Principal payments	109,121	109,121	109,496	(375)	127,304
Interest payments	56,106	56,106	55,731	375	37,923
Total Expenditures	395,280	860,280	705,824	154,456	891,465
(Deficiency) of Revenues Over Expenditures	(136,003)	(601,003)	(450,536)	150,467	(616,510)
Fund Balances - Beginning of Year	478,524	478,524	751,778	273,254	1,368,288
Fund Balances (Deficit) - End of Year	342,521	(122,479)	301,242	423,721	751,778

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

Gunnison County, Colorado
Special Revenue Funds
Sage Grouse Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			<u>2003</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Expenditures:				
Operations	60,275	4,286	55,989	12,996
Total Expenditures	<u>60,275</u>	<u>4,286</u>	<u>55,989</u>	<u>12,996</u>
(Deficiency) of Revenues Over Expenditures	<u>(60,275)</u>	<u>(4,286)</u>	<u>(55,989)</u>	<u>(12,996)</u>
Other Financing Sources:				
Transfer from Solid Waste Fund	41,986	45,594	(3,608)	40,532
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(18,289)	41,308	59,597	27,536
Fund Balances - Beginning of Year	<u>169,975</u>	<u>191,886</u>	<u>21,911</u>	<u>164,350</u>
Fund Balances - End of Year	<u><u>151,686</u></u>	<u><u>233,194</u></u>	<u><u>81,508</u></u>	<u><u>191,886</u></u>

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

Gunnison County, Colorado
Special Revenue Funds
Risk Management Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			Final Budget Variance Positive (Negative)	<u>2003</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
CAPP Insurance contributions		30,000	41,697	11,697	-
Earnings on investments	731	731	353	(378)	674
Total Revenues	<u>731</u>	<u>30,731</u>	<u>42,050</u>	<u>11,319</u>	<u>674</u>
Expenditures:					
Operations	30,000	60,000	60,962	(962)	58,072
Total Expenditures	<u>30,000</u>	<u>60,000</u>	<u>60,962</u>	<u>(962)</u>	<u>58,072</u>
(Deficiency) of Revenues Over Expenditures	<u>(29,269)</u>	<u>(29,269)</u>	<u>(18,912)</u>	<u>10,357</u>	<u>(57,398)</u>
Other Financing Sources:					
Transfer from General Fund	20,000	20,000	20,000	-	23,475
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(9,269)	(9,269)	1,088	10,357	(33,923)
Fund Balances - Beginning of Year	<u>55,411</u>	<u>55,411</u>	<u>41,382</u>	<u>(14,029)</u>	<u>75,305</u>
Fund Balances - End of Year	<u><u>46,142</u></u>	<u><u>46,142</u></u>	<u><u>42,470</u></u>	<u><u>(3,672)</u></u>	<u><u>41,382</u></u>

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

Gunnison County, Colorado
Special Revenue Funds
Gunnison County Housing Authority
Schedule of Revenues, Expenditures and Available Resources
Budget (Non-GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			Final Budget Variance Positive (Negative)	<u>2003</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Available Resources:					
Beginning of Year	<u>157,151</u>	<u>157,151</u>	<u>188,020</u>	<u>30,869</u>	<u>65,041</u>
Revenues:					
Administration:					
Municipalities funding	50,000	50,000	62,997	12,997	45,000
Fees and charges	32,154	32,154	43,311	11,157	41,915
Grants	33,478	183,478	115,302	(68,176)	172,445
Sale of units/project proceeds	-	-	34,141	34,141	184,565
Other revenue	25,800	25,800	34,322	8,522	53,073
Transfers in	15,000	15,000	15,000	-	37,196
Total Revenues	<u>156,432</u>	<u>306,432</u>	<u>305,073</u>	<u>(1,359)</u>	<u>534,194</u>
Expenditures:					
Administration:					
Salaries and benefits	203,998	203,998	215,803	(11,805)	54,773
Operations	54,593	204,593	136,049	68,544	226,066
Debt payments	34,000	34,000	35,196	(1,196)	21,217
Transfers out	24,400	24,400	24,400	-	109,159
Total Administration Expenditures	<u>316,991</u>	<u>466,991</u>	<u>411,448</u>	<u>55,543</u>	<u>411,215</u>
Total Excess (Deficiency) of Revenues Over Expenditures (Non-GAAP Basis)	<u>(160,559)</u>	<u>(160,559)</u>	<u>(106,375)</u>	<u>54,184</u>	<u>122,979</u>
Available Resources:					
End of Year	<u>(3,408)</u>	<u>(3,408)</u>	<u>81,645</u>	<u>85,053</u>	<u>188,020</u>

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

Gunnison County, Colorado
Special Revenue Funds
Local Marketing District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2003</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Marketing and promotion tax	700,000	980,000	876,066	(103,934)	331,388
Admission tax - Mt. Crested Butte	400,000	400,000	276,211	(123,789)	130,841
Grants	200,000	200,000	-	(200,000)	-
Earnings on investments	2,755	2,755	8,215	5,460	2,818
Total Revenues	<u>1,302,755</u>	<u>1,582,755</u>	<u>1,160,492</u>	<u>(422,263)</u>	<u>465,047</u>
Expenditures:					
Contracted services	857,300	1,182,300	1,150,527	31,773	438,131
Other	39,132	68,972	63,526	5,446	18,687
Total Expenditures	<u>896,432</u>	<u>1,251,272</u>	<u>1,214,053</u>	<u>37,219</u>	<u>456,818</u>
Excess (Deficiency) of Revenues Over Expenditures	406,323	331,483	(53,561)	(385,044)	8,229
Other Financing Sources (Uses):					
Transfer from Tourism Panel Fund	-	-	-	-	6,508
Transfer (to) General Fund	(33,700)	(33,700)	(33,700)	-	(19,298)
Total Other Financing Sources (Uses)	<u>(33,700)</u>	<u>(33,700)</u>	<u>(33,700)</u>	<u>-</u>	<u>(12,790)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	372,623	297,783	(87,261)	(385,044)	(4,561)
Fund Balances (Deficit) - Beginning of Year	<u>(42,147)</u>	<u>(4,561)</u>	<u>(4,561)</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit) - End of Year	<u>330,476</u>	<u>293,222</u>	<u>(91,822)</u>	<u>(385,044)</u>	<u>(4,561)</u>

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

Gunnison County, Colorado
Capital Projects Funds
Capital Expenditures Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			Final Budget Variance Positive (Negative)	<u>2003</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Grants	1,966,423	3,440,996	1,878,523	(1,562,473)	-
Earnings on investments	170	170	1,953	1,783	418
Total Revenues	<u>1,966,593</u>	<u>3,441,166</u>	<u>1,880,476</u>	<u>(1,560,690)</u>	<u>418</u>
Expenditures:					
Construction	2,153,948	3,628,521	1,822,183	1,806,338	-
Total Expenditures	<u>2,153,948</u>	<u>3,628,521</u>	<u>1,822,183</u>	<u>1,806,338</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(187,355)	(187,355)	58,293	245,648	418
Other Financing Sources:					
Transfer from Tourism Panel Fund	50,000	50,000	-	(50,000)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(137,355)	(137,355)	58,293	195,648	418
Fund Balances - Beginning of Year	<u>142,596</u>	<u>142,596</u>	<u>5,319</u>	<u>(137,277)</u>	<u>4,901</u>
Fund Balances - End of Year	<u><u>5,241</u></u>	<u><u>5,241</u></u>	<u><u>63,612</u></u>	<u><u>58,371</u></u>	<u><u>5,319</u></u>

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

Gunnison County, Colorado
Enterprise Funds
Airport Operations Fund
Schedule of Revenues, Expenditures and Available Resources
Budget (Non-GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			Final Budget Variance Positive (Negative)	<u>2003</u>
	Original Budget	Final Budget	Actual		Actual
Available Resources - Beginning of Year	362,222	362,222	441,819	79,597	446,225
Revenues:					
Airline fees	120,968	120,968	179,082	58,114	141,884
Terminal, hangar, and property rent	159,108	159,108	196,214	37,106	249,761
Ground transportation fee	194,418	194,418	155,777	(38,641)	190,967
Parking fees/fines	41,600	41,600	65,535	23,935	64,942
FBO rent and fees	88,462	88,462	94,007	5,545	28,455
Aviation fuel tax	14,544	14,544	25,374	10,830	23,857
Grants	-	-	855	855	-
Other revenues	44,582	44,582	60,984	16,402	97,876
Total Revenues	<u>663,682</u>	<u>663,682</u>	<u>777,828</u>	<u>114,146</u>	<u>797,742</u>
Expenditures:					
Administration	189,113	214,113	217,929	(3,816)	183,799
Terminal operations	144,692	169,692	147,956	21,736	127,058
Runway and grounds maintenance	95,828	95,828	100,473	(4,645)	86,166
Snow removal	45,896	45,896	44,557	1,339	33,851
Aircraft rescue	109,981	109,981	79,720	30,261	73,275
Security	68,160	68,160	40,866	27,294	97,135
Capital outlay	-	-	-	-	77,012
Debt payments	-	-	11,693	(11,693)	13,397
Total Expenditures	<u>653,670</u>	<u>703,670</u>	<u>643,194</u>	<u>60,476</u>	<u>691,693</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,012</u>	<u>(39,988)</u>	<u>134,634</u>	<u>174,622</u>	<u>106,049</u>
Other Financing Sources (Uses):					
Transfer from Sales Tax Fund	-	-	-	-	66,145
Transfer (to) General Fund	(92,900)	(92,900)	(92,900)	-	(96,600)
Transfer (to) Airport Construction	-	(80,000)	(80,000)	-	(80,000)
Total Other Financing Sources (Uses)	<u>(92,900)</u>	<u>(172,900)</u>	<u>(172,900)</u>	<u>-</u>	<u>(110,455)</u>
(Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(82,888)</u>	<u>(212,888)</u>	<u>(38,266)</u>	<u>174,622</u>	<u>(4,406)</u>
Available Resources - End of Year	<u>279,334</u>	<u>149,334</u>	<u>403,553</u>	<u>254,219</u>	<u>441,819</u>

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

Gunnison County, Colorado
Enterprise Funds
Gunnison County Sewer Fund
Schedule of Revenues, Expenditures and Available Resources
Budget (Non-GAAP) Basis and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual	Actual	Actual
Available Resources - Beginning of Year	2,908,946	2,908,946	2,767,049	(141,897)	174,371
Revenues:					
Dos Rios Division:					
Contributions from customers - Tap fees	5,000	5,000	16,500	11,500	17,500
User fees	213,600	213,600	204,900	(8,700)	201,994
Late fees and other	1,250	1,250	11,678	10,428	11,901
Total Dos Rios Division	<u>219,850</u>	<u>219,850</u>	<u>233,078</u>	<u>13,228</u>	<u>231,395</u>
Somerset Division:					
User fees	10,420	10,420	10,416	(4)	10,416
Late fees and other	100	100	134	34	955
Total Somerset Division	<u>10,520</u>	<u>10,520</u>	<u>10,550</u>	<u>30</u>	<u>11,371</u>
Antelope Hills Division:					
Contributions from customers - Tap fees	2,500	2,500	-	(2,500)	2,500
User fees	40,550	40,550	40,300	(250)	37,308
Late fees and other	300	300	593	293	3,340
Total Antelope Hills Division	<u>43,350</u>	<u>43,350</u>	<u>40,893</u>	<u>(2,457)</u>	<u>43,148</u>
North Gunnison Division:					
Contributions from customers - Tap fees	-	-	152,831	152,831	7,814
Grants	1,060,738	1,060,738	371,750	(688,988)	-
User fees	6,070	6,070	28,816	22,746	4,288
Debt proceeds	-	-	200,000	200,000	2,558,450
Late fees and other	-	-	1,484	1,484	951
Total North Gunnison Division	<u>1,066,808</u>	<u>1,066,808</u>	<u>754,881</u>	<u>(311,927)</u>	<u>2,571,503</u>
Total Revenues	<u>1,340,528</u>	<u>1,340,528</u>	<u>1,039,402</u>	<u>(301,126)</u>	<u>2,857,417</u>
Expenditures:					
Dos Rios Division:					
Operations	128,167	128,167	86,686	41,481	81,737
Transfers to other funds	13,702	13,702	8,560	5,142	8,642
Capital outlay	-	-	21,270	(21,270)	-
Debt service	37,131	37,131	106,524	(69,393)	39,000
Total Dos Rios Division	<u>179,000</u>	<u>179,000</u>	<u>223,040</u>	<u>(44,040)</u>	<u>129,379</u>
Somerset Division:					
Operations	4,674	4,674	4,225	449	1,977
Transfers to other funds	2,978	2,978	2,108	870	1,863
Debt service	2,409	2,409	2,372	37	2,048
Total Somerset Division	<u>10,061</u>	<u>10,061</u>	<u>8,705</u>	<u>1,356</u>	<u>5,888</u>
Antelope Hills Division:					
Operations	30,055	30,055	16,352	13,703	25,068
Transfers to other funds	3,651	3,651	2,518	1,133	2,551
Debt service	2,904	2,904	2,863	41	2,583
Total Antelope Hills Division	<u>36,610</u>	<u>36,610</u>	<u>21,733</u>	<u>14,877</u>	<u>30,202</u>
North Gunnison Division:					
Operations	5,611	5,611	164,158	(158,547)	3,239
Debt financing costs	-	-	-	-	19,188
Capital outlay	3,600,000	3,600,000	1,774,242	1,825,758	76,370
Transfers to other funds	439	439	285	154	473
Total North Gunnison Division	<u>3,606,050</u>	<u>3,606,050</u>	<u>1,938,685</u>	<u>1,667,365</u>	<u>99,270</u>
Total Expenditures	<u>3,831,721</u>	<u>3,831,721</u>	<u>2,192,163</u>	<u>1,639,558</u>	<u>264,739</u>
Excess (Deficiency) of Revenues Over Expenditures - (Non-GAAP Basis)	<u>(2,491,193)</u>	<u>(2,491,193)</u>	<u>(1,152,761)</u>	<u>1,338,432</u>	<u>2,592,678</u>
Available Resources - End of Year	<u>417,753</u>	<u>417,753</u>	<u>1,614,288</u>	<u>1,196,535</u>	<u>2,767,049</u>

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

Gunnison County, Colorado
Enterprise Funds
Gunnison County Water Fund
Schedule of Revenues, Expenditures and Available Resources
Budget (Non-GAAP) Basis and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			Final Budget Variance Positive (Negative)	<u>2003</u>
	Original Budget	Final Budget	Actual		Actual
Available Resources - Beginning of Year	132,936	132,936	292,502	159,566	121,478
Revenues:					
User fees	175,820	175,820	174,159	(1,661)	175,650
Availability fees	8,360	8,360	7,853	(507)	8,564
Contributions	-	59,525	84,330	24,805	15,000
Engineering fee reimbursements	-	-	-	-	677
Grants	337,500	337,500	337,500	-	37,525
Other	2,900	400	652	252	616
Total Revenues	<u>524,580</u>	<u>581,605</u>	<u>604,494</u>	<u>22,889</u>	<u>238,032</u>
Expenditures:					
Dos Rios Division:					
Operating expenses	138,612	143,312	115,791	27,521	154,348
Capital outlay	11,000	6,300	-	6,300	2,189
Somerset Division:					
Operating expenses	50,000	50,000	-	50,000	-
Capital outlay	287,500	474,026	604,355	(130,329)	-
Debt service	8,024	8,024	9,221	(1,197)	-
Utilities Administration:					
Operating expenses	51,446	51,446	40,879	10,567	-
Total Expenditures	<u>546,582</u>	<u>733,108</u>	<u>770,246</u>	<u>(37,138)</u>	<u>156,537</u>
Excess (Deficiency) of Revenues Over Expenditures	(22,002)	(151,503)	(165,752)	(14,249)	81,495
Other Financing Sources (Uses):					
Debt proceeds	-	-	100,000	100,000	100,000
Transfer from Sewer Fund	14,551	14,551	7,931	(6,620)	7,229
Transfer from Sales Tax Fund	-	-	72,215	72,215	-
Transfer (to) Road and Bridge Fund	(13,760)	(13,760)	(13,760)	-	(11,000)
Transfer (to) General Fund	(7,500)	(7,500)	(7,500)	-	(6,700)
Total Other Financing Sources (Uses)	<u>(6,709)</u>	<u>(6,709)</u>	<u>158,886</u>	<u>165,595</u>	<u>89,529</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(28,711)</u>	<u>(158,212)</u>	<u>(6,866)</u>	<u>151,346</u>	<u>171,024</u>
Available Resources - End of Year	<u>104,225</u>	<u>(25,276)</u>	<u>285,636</u>	<u>310,912</u>	<u>292,502</u>

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

Gunnison County, Colorado
Enterprise Funds
Landfill Operations Fund
Schedule of Revenues, Expenditures and Available Resources
Budget (Non-GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>		<u>Variance Positive (Negative)</u>	<u>2003</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Available Resources - Beginning of Year	1,016,141	1,042,995	26,854	937,869
Revenues:				
Sage Grouse mitigation	34,428	45,594	11,166	40,532
Construction surcharge	59,913	79,364	19,451	70,537
Landfill:				
Disposal fees	216,726	316,302	99,576	292,096
Closure cost surcharge	15,496	20,526	5,030	18,243
Other	1,500	89,884	88,384	2,429
Earnings on investments	11,018	15,510	4,492	11,631
Total Landfill Revenues	<u>339,081</u>	<u>567,180</u>	<u>228,099</u>	<u>435,468</u>
Recycling:				
Recycling surcharge	78,090	103,238	25,148	91,914
Recycled material sales	82,172	81,886	(286)	62,987
Total Recycling Revenues	<u>160,262</u>	<u>185,124</u>	<u>24,862</u>	<u>154,901</u>
Total Revenues	<u>499,343</u>	<u>752,304</u>	<u>252,961</u>	<u>590,369</u>
Expenditures:				
Closure, post closure, construction reserve	-	131,363	(131,363)	3,326
Operations	316,642	258,187	58,455	226,515
Transfer to Sage Grouse Fund	41,986	45,594	(3,608)	40,532
Transfer to General Fund	11,500	11,500	-	16,100
Transfer to Road and Bridge Fund	13,225	13,225	-	21,100
Total Landfill Expenditures	<u>383,353</u>	<u>459,869</u>	<u>(76,516)</u>	<u>307,573</u>
Recycling Expenditures:				
Capital outlay	-	-	-	-
Operations	187,938	153,040	34,898	158,070
Transfer to General Fund	6,600	6,600	-	7,300
Transfer to Road and Bridge Fund	11,865	11,865	-	12,300
Total Recycling Expenditures	<u>206,403</u>	<u>171,505</u>	<u>34,898</u>	<u>177,670</u>
Total Expenditures	<u>589,756</u>	<u>631,374</u>	<u>(41,618)</u>	<u>485,243</u>
Excess (Deficiency) of Revenues Over Expenditures - (Non-GAAP Basis)	<u>(90,413)</u>	<u>120,930</u>	<u>211,343</u>	<u>105,126</u>
Available Resources - End of Year	<u>925,728</u>	<u>1,163,925</u>	<u>238,197</u>	<u>1,042,995</u>

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

Gunnison County, Colorado
Enterprise Funds
Gunnison County Housing Authority - Assisted Living
Schedule of Revenues, Expenditures and Available Resources
Budget (Non-GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			Final Budget Variance Positive (Negative)	<u>2003</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Available Resources:					
Beginning of Year	11	11	10	(1)	11
Revenues:					
Palisade Assisted Living:					
Donations and debt service reimbursements	36,520	36,520	36,488	(32)	40,114
Total Revenues	36,520	36,520	36,488	(32)	40,114
Expenditures:					
Principal payments	11,500	11,500	14,051	(2,551)	-
Interest payments	25,020	25,020	22,437	2,583	40,115
Total Expenditures	36,520	36,520	36,488	32	40,115
(Deficiency) of Revenues Over Expenditures (Non-GAAP Basis)	-	-	-	-	(1)
Available Resources:					
End of Year	11	11	10	(1)	10

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

Gunnison County, Colorado
Enterprise Funds
Gunnison County Housing Authority - Mountain View
Schedule of Revenues, Expenditures and Available Resources
Budget (Non-GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			<u>Final Budget</u>	<u>2003</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>Actual</u>
				<u>(Negative)</u>	
Available Resources:					
Beginning of Year	459,088	459,088	490,383	31,295	439,231
Revenues:					
Mountain View Apartments:					
Tenant payments	79,661	79,661	79,503	(158)	83,828
Assistance payment	97,339	97,339	96,260	(1,079)	171,532
Vacancies	(5,310)	(5,310)	-	5,310	(2,433)
Investment income	2,985	2,985	4,258	1,273	2,780
Debt proceeds	-	-	-	-	1,530,949
Other revenue	78,159	78,159	2,191	(75,968)	1,028
Total Revenues	<u>252,834</u>	<u>252,834</u>	<u>182,212</u>	<u>(70,622)</u>	<u>1,787,684</u>
Expenditures:					
Mountain View Apartments:					
Operations	182,485	182,485	106,056	76,429	123,774
Capital outlay	18,000	18,000	44,447	(26,447)	1,342
Principal on debt	-	-	20,653	(20,653)	416,909
Interest on debt	48,738	48,738	39,963	8,775	1,194,507
Total Expenditures	<u>249,223</u>	<u>249,223</u>	<u>211,119</u>	<u>38,104</u>	<u>1,736,532</u>
Excess (Deficiency) of Revenues Over					
Expenditures (Non-GAAP Basis)	<u>3,611</u>	<u>3,611</u>	<u>(28,907)</u>	<u>(32,518)</u>	<u>51,152</u>
Available Resources:					
End of Year	<u>462,699</u>	<u>462,699</u>	<u>461,476</u>	<u>(1,223)</u>	<u>490,383</u>

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

Gunnison County, Colorado
Internal Service Funds
Combining Statement of Net Assets
December 31, 2004

	<u>Internal Service Fund I</u>	<u>Internal Service Fund II</u>	<u>Internal Service Fund III</u>	<u>Total</u>
Assets:				
Current assets:				
Cash	1,357,204	196,215	739,971	2,293,390
Accounts receivable	1,873	4,148	30,513	36,534
Prepaid expenses	5,775	1,570	-	7,345
Due from other funds	325,232	11,692	33,708	370,632
Inventories, at cost	635,118	10,454	-	645,572
Total current assets	<u>2,325,202</u>	<u>224,079</u>	<u>804,192</u>	<u>3,353,473</u>
Non-current assets:				
Capital assets:				
Land	81,863	-	-	81,863
Buildings	926,576	-	-	926,576
Equipment	7,541,531	774,911	-	8,316,442
Less accumulated depreciation:				
Buildings	(454,012)	-	-	(454,012)
Equipment	(5,104,190)	(741,130)	-	(5,845,320)
Total capital assets	<u>2,991,768</u>	<u>33,781</u>	<u>-</u>	<u>3,025,549</u>
Total Assets	<u>5,316,970</u>	<u>257,860</u>	<u>804,192</u>	<u>6,379,022</u>
Liabilities and Fund Equity:				
Current liabilities:				
Accounts payable	62,550	24,375	1,320	88,245
Due to other funds	20,039	2,857	1,314	24,210
Deferred revenue	-	-	103,035	103,035
Capital lease obligations	124,617	-	-	124,617
Compensated absences	35,538	15,266	-	50,804
Total current liabilities	<u>242,744</u>	<u>42,498</u>	<u>105,669</u>	<u>390,911</u>
Non-current liabilities:				
Capital lease obligations	440,359	-	-	440,359
Total Liabilities	<u>683,103</u>	<u>42,498</u>	<u>105,669</u>	<u>831,270</u>
Net Assets:				
Invested in capital assets	2,426,792	33,781	-	2,460,573
Unrestricted	2,207,075	181,581	698,523	3,087,179
Total Net Assets	<u>4,633,867</u>	<u>215,362</u>	<u>698,523</u>	<u>5,547,752</u>

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

Gunnison County, Colorado
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Year Ended December 31, 2004

	<u>Internal Service Fund I</u>	<u>Internal Service Fund II</u>	<u>Internal Service Fund III</u>	<u>Total</u>
Operating Revenues:				
Charges for services	1,781,863	579,075	1,358,276	3,719,214
Total Operating Revenues	<u>1,781,863</u>	<u>579,075</u>	<u>1,358,276</u>	<u>3,719,214</u>
Operating Expenses:				
Operations and maintenance	1,208,474	495,070	1,068,645	2,772,189
Depreciation and amortization	508,487	61,179	-	569,666
Total Operating Expenses	<u>1,716,961</u>	<u>556,249</u>	<u>1,068,645</u>	<u>3,341,855</u>
Operating Income	<u>64,902</u>	<u>22,826</u>	<u>289,631</u>	<u>377,359</u>
Non-operating (Expenses):				
Interest expense	(5,574)	-	-	(5,574)
Gain (loss) on disposal of assets	(1,911)	-	-	(1,911)
Total Non-operating (Expenses)	<u>(7,485)</u>	<u>-</u>	<u>-</u>	<u>(7,485)</u>
Income (Loss) Before Contributions and Transfers	<u>57,417</u>	<u>22,826</u>	<u>289,631</u>	<u>369,874</u>
Operating transfers (out)	(89,550)	(42,500)	-	(132,050)
Operating transfers in	59,000	-	-	59,000
Change in Net Assets	<u>26,867</u>	<u>(19,674)</u>	<u>289,631</u>	<u>296,824</u>
Net Assets - Beginning of Year	<u>4,607,000</u>	<u>235,036</u>	<u>408,892</u>	<u>5,250,928</u>
Net Assets - End of Year	<u><u>4,633,867</u></u>	<u><u>215,362</u></u>	<u><u>698,523</u></u>	<u><u>5,547,752</u></u>

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

Gunnison County, Colorado
Internal Service Funds
Combing Statement of Cash Flows
For the Year Ended December 31, 2004

	Internal Service Fund I	Internal Service Fund II	Internal Service Fund III	Total
Cash Flows from Operating Activities:				
Cash received from customers and others	1,779,069	578,102	1,335,539	3,692,710
Cash payments to vendors for goods and services	(1,075,306)	(373,320)	(1,067,674)	(2,516,300)
Cash payments to employees for services	(283,691)	(137,672)	-	(421,363)
Net Cash Provided by Operating Activities	<u>420,072</u>	<u>67,110</u>	<u>267,865</u>	<u>755,047</u>
Cash Flows from Non-capital Financing Activities:				
Transfers from (to) other funds, net	(292,717)	(42,173)	(32,352)	(367,242)
Net Cash (Used) by Non-capital Financing Activities	<u>(292,717)</u>	<u>(42,173)</u>	<u>(32,352)</u>	<u>(367,242)</u>
Cash Flows from Capital and Related Financing Activities:				
Sale of assets	11,428	-	-	11,428
Lease proceeds	452,502	-	-	452,502
Acquisition of capital assets	(238,778)	-	-	(238,778)
Principal paid on loans and leases	(124,098)	(10,385)	-	(134,483)
Interest paid on debt	(5,574)	-	-	(5,574)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>95,480</u>	<u>(10,385)</u>	<u>-</u>	<u>85,095</u>
Net Increase in Cash	222,835	14,552	235,513	472,900
Cash - Beginning of Year	<u>1,134,369</u>	<u>181,663</u>	<u>504,458</u>	<u>1,820,490</u>
Cash - End of Year	<u><u>1,357,204</u></u>	<u><u>196,215</u></u>	<u><u>739,971</u></u>	<u><u>2,293,390</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	64,902	22,826	289,631	377,359
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	508,487	61,179	-	569,666
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(2,794)	(973)	(19,939)	(23,706)
(Increase) decrease in prepaid expenses	(5,519)	(16)	-	(5,535)
(Increase) decrease in inventory	(4,345)	(6,264)	-	(10,609)
Increase (decrease) in deferred revenues	-	-	(2,798)	(2,798)
Increase (decrease) in accounts payable	(136,153)	(10,516)	971	(145,698)
Increase (decrease) in compensated absences	(4,506)	874	-	(3,632)
Net Cash Provided by Operating Activities	<u>420,072</u>	<u>67,110</u>	<u>267,865</u>	<u>755,047</u>
Schedule of Non-cash Capital Activities:				
Assets contributed by equipment lease	-	-	-	-
Supplemental Cash Flow Information:				
Cash payments for interest	<u>5,574</u>	<u>-</u>	<u>-</u>	<u>5,574</u>

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

Gunnison County, Colorado
Internal Service Funds
Internal Service Fund I
Schedule of Revenues, Expenditures and Available Resources
Budget (Non-GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>		<u>Variance Positive (Negative)</u>	<u>2003</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Available Resources - Beginning of Year	1,281,769	1,568,756	286,987	1,487,657
Revenues:				
Equipment rent	1,370,131	1,541,942	171,811	1,499,866
Material and gravel sales	404,500	229,754	(174,746)	244,162
Other revenues	4,500	10,167	5,667	5,581
Sale of equipment	30,000	11,428	(18,572)	29,400
Total Revenues	<u>1,809,131</u>	<u>1,793,291</u>	<u>(15,840)</u>	<u>1,779,009</u>
Expenditures:				
Administration	16,385	11,570	4,815	11,532
County shops	1,101,027	929,247	171,780	856,129
Materials	399,200	229,883	169,317	244,162
Pit maintenance	82,592	-	82,592	-
Property and equipment purchases	621,100	276,552	344,548	500,974
Equipment lease payments	100,137	129,818	(29,681)	67,948
Total Expenditures	<u>2,320,441</u>	<u>1,577,070</u>	<u>743,371</u>	<u>1,680,745</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(511,310)</u>	<u>216,221</u>	<u>727,531</u>	<u>98,264</u>
Other Financing Sources (Uses):				
Financing proceeds	-	452,648	452,648	-
Transfer (to) Road and Bridge	(58,800)	(58,800)	-	(63,440)
Transfer (to) General Fund	(30,750)	(30,750)	-	(43,700)
Transfer from Sales Tax Fund	59,000	59,000	-	89,975
Total Other Financing Sources (Uses)	<u>(30,550)</u>	<u>422,098</u>	<u>452,648</u>	<u>(17,165)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(541,860)</u>	<u>638,319</u>	<u>1,180,179</u>	<u>81,099</u>
Available Resources - End of Year	<u><u>739,909</u></u>	<u><u>2,207,075</u></u>	<u><u>1,467,166</u></u>	<u><u>1,568,756</u></u>

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

Gunnison County, Colorado
Internal Service Funds
Internal Service Fund II
Schedule of Revenues, Expenditures and Available Resources
Budget (Non-GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>			<u>2003</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Available Resources - Beginning of Year	138,315	150,461	12,146	128,777
Revenues:				
Data processing	306,440	306,942	502	297,936
Mapping	91,881	91,860	(21)	84,818
Telephone system	98,592	98,556	(36)	92,736
Photocopy and postage	89,970	69,767	(20,203)	59,860
Other	7,100	11,950	4,850	10,795
Grants	-	-	-	5,000
Sale of equipment	-	-	-	-
Total Revenues	<u>593,983</u>	<u>579,075</u>	<u>(14,908)</u>	<u>551,145</u>
Expenditures:				
Data Processing:				
Operations	276,478	247,663	28,815	226,599
Acquisition of property and equipment	36,000	42,457	(6,457)	79,278
Mapping:				
Operations	87,754	87,898	(144)	77,375
Telephone System:				
Operations	77,404	55,902	21,502	76,097
Acquisition of property and equipment	-	-	-	1,360
Photocopy and Postage:				
Operations	86,404	71,535	14,869	81,252
Total Expenditures	<u>564,040</u>	<u>505,455</u>	<u>58,585</u>	<u>541,961</u>
Excess of Revenues Over Expenditures	29,943	73,620	43,677	9,184
Other Financing Sources (Uses):				
Transfer from Sales Tax Fund	-	-	-	45,000
Transfer (to) General Fund	(42,500)	(42,500)	-	(32,500)
Total Other Financing Sources (Uses)	<u>(42,500)</u>	<u>(42,500)</u>	<u>-</u>	<u>12,500</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(12,557)</u>	<u>31,120</u>	<u>43,677</u>	<u>21,684</u>
Available Resources - End of Year	<u>125,758</u>	<u>181,581</u>	<u>55,823</u>	<u>150,461</u>

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

Gunnison County, Colorado
Internal Service Funds
Internal Service Fund III
Schedule of Revenues, Expenditures and Available Resources
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for 2003)

	<u>2004</u>		<u>Variance Positive (Negative)</u>	<u>2003</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Available Resources - Beginning of Year	290,040	408,892	118,852	63,339
Revenues:				
Premium contributions	1,304,835	1,275,030	(29,805)	1,149,013
Miscellaneous	-	73,989	73,989	19,913
Earnings on investments	3,029	9,257	6,228	4,174
Total Revenues	<u>1,307,864</u>	<u>1,358,276</u>	<u>50,412</u>	<u>1,173,100</u>
Expenditures:				
Operations	1,279,966	1,068,645	211,321	827,547
Total Expenditures	<u>1,279,966</u>	<u>1,068,645</u>	<u>211,321</u>	<u>827,547</u>
Excess of Revenues Over Expenditures	<u>27,898</u>	<u>289,631</u>	<u>261,733</u>	<u>345,553</u>
Available Resources - End of Year	<u>317,938</u>	<u>698,523</u>	<u>380,585</u>	<u>408,892</u>

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

Gunnison County, Colorado
Agency Funds
County Treasurer Agency Fund
Schedule of Changes in Assets and Liabilities
For the Year Ended December 31, 2004

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Assets:				
Cash	12,526,586			11,766,146
Less: cash held for County funds	(12,042,533)	92,723,983	(93,473,936)	(11,109,208)
Total Assets	484,053	92,723,983	(93,473,936)	656,938
Liabilities:				
Due to other governments and agencies	484,053	92,723,983	(93,473,936)	656,938
Total Liabilities	484,053	92,723,983	(93,473,936)	656,938

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

Gunnison County, Colorado
Agency Funds
Public Trustee Agency Fund
Schedule of Changes in Assets and Liabilities
For the Year Ended December 31, 2004

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Assets:				
Cash	<u>57,311</u>	<u>1,492,047</u>	<u>(1,488,900)</u>	<u>60,458</u>
Total Assets	<u><u>57,311</u></u>	<u><u>1,492,047</u></u>	<u><u>(1,488,900)</u></u>	<u><u>60,458</u></u>
Liabilities:				
Held by Trustee	<u>57,311</u>	<u>1,492,047</u>	<u>(1,488,900)</u>	<u>60,458</u>
Total Liabilities	<u><u>57,311</u></u>	<u><u>1,492,047</u></u>	<u><u>(1,488,900)</u></u>	<u><u>60,458</u></u>

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

**ANNUAL SCHEDULE OF REVENUES AND EXPENDITURES
FOR ROADS, BRIDGES AND STREETS**

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Gunnison
		YEAR ENDING : December 2004
This Information From The Records Of (example - City of _ or County of County of Gunnison)	Prepared By: Phone:	Linda Nienhueser (970) 641-7622

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 non-highway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+ b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	235,217
4. Miscellaneous local receipts (from page 2)	132,513
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	367,730
B. Private Contributions	5,581
C. Receipts from State government (from page 2)	2,213,845
D. Receipts from Federal Government (from page 2)	1,172,891
E. Total receipts (A.7 + B + C + D)	3,760,047

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	101,974
2. Maintenance:	2,574,417
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	611,376
c. Other	
d. Total (a. through c.)	611,376
4. General administration & miscellaneous	447,427
5. Highway law enforcement and safety	
6. Total (1 through 5)	3,735,193
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
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)	3,735,193

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

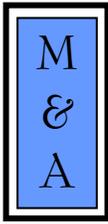
V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,136,160	3,760,047	3,735,193	1,161,014	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2004	
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		a. Interest on investments	12,021
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	40,000	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	18,635
5. Other	195,217	g. Other Misc. Receipts	101,581
6. Total (1. through 5.)	235,217	h. Other	278
c. Total (a. + b.)	235,217	i. Total (a. through h.)	132,513
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,172,388	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	301,192
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle	41,457	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	871,699
f. Total (a. through e.)	41,457	g. Total (a. through f.)	1,172,891
4. Total (1. + 2. + 3.f)	2,213,845	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		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		68,180	68,180
(4). System Enhancement & Operation		33,793	33,793
(5). Total Construction (1) + (2) + (3) + (4)		0	101,974
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	101,974
			(Carry forward to page 1)
Notes and Comments:			

SINGLE AUDIT REPORTS AND SCHEDULES



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of County Commissioners Gunnison County, Colorado

We have audited the financial statements of Gunnison County, Colorado (the "County"), as of and for the year ended December 31, 2004, and have issued our report thereon dated March 31, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, 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.

McMahan and Associates, LLC.

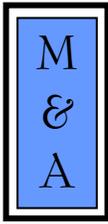
**McMahan and Associates, L.L.C.
March 31, 2005**

Performing services for local governments throughout Colorado

*D. Jerry McMahan, C.P.A.
Paul J. Backes, C.P.A.*

*Daniel R. Cudahy, C.P.A.
Michael N. Jenkins, C.A., C.P.A.*

Members: American Institute of Certified Public Accountants/Colorado Society of Certified Public Accountants
National and Colorado Government Finance Officers Association/Colorado Municipal League



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

**Board of County Commissioners
Gunnison County, Colorado**

Compliance

We have audited the compliance of Gunnison County, Colorado (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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**Board of County Commissioners
Gunnison County, Colorado**

Our 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 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 non-compliance with applicable requirements of laws, regulations, contracts and grants 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, 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.

McMahan and Associates, LLC.

**McMahan and Associates, L.L.C.
March 31, 2005**

Gunnison County, Colorado

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2004**

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	None noted
Reportable condition identified that is not considered to be material weaknesses	None reported
Non-compliance material to financial statements noted	None noted

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Reportable condition identified that is not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	None noted
Major program – USDA Rural development grant	CFDA #10.771
Food Assistance	CFDA #10.551
Administration	CFDA #10.561
Airport Improvement Projects	CFDA #20.106
Law enforcement terrorism prevention	CFDA #97.670
Insured Loan Programs	CFDA #14.135
Dollar threshold used to identify Type A from Type B programs	\$300,000
Identified as low-risk auditee	No

Part II: Findings Related to Financial Statements

Findings related to financial statements as required by Government Auditing Standards	None noted
Auditor-assigned reference number	Not applicable

Part III: Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

Gunnison County, Colorado

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2004**

There were no findings or questioned costs in the prior audit year ended December 31, 2003.

Gunnison County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
Department of Agriculture:			
USDA Section 523 site loan	10.411	No	109,934
USDA Rural development grant	10.771	Yes	379,322
Passed through Colorado Department of Public Health and Environment:			
WIC	10.557	No	50,762
WIC - Non-cash vouchers	10.557	No	127,757
Passed through Colorado Department of Human Services:			
Temporary Emergency Food Assistance Program (TEFAP) Administration	10.568	No	3,682
Food Distribution	10.569	No	7,553
Food Assistance	10.551	Yes	466,174
Administration	10.561	Yes	51,379
Total Department of Agriculture			<u>1,196,563</u>
Department of Health and Human Services:			
Passed through Colorado Department of Human Services:			
CSBG grant	93.667	No	21,580
TANF CO Works	93.558	No	115,318
Title IV-D - Administration	93.563	No	86,861
Low-income Home Energy Assistance	93.568	No	126,383
CCDF	93.596	No	65,972
Child Welfare Services IVB	93.645	No	6,766
Foster Care-Title IV-E	93.658	No	102,129
Adoption	93.659	No	41,626
Social Services Block Grant	93.667	No	47,995
Medicaid Assistance Program	93.778	No	88,743
Immunization and prevention	93.991	No	9,248
Adjustment to Federal Assistance	93	No	22,812
Passed through Colorado Department of Public Health and Environment:			
Maternal and Child Health	93.110	No	807
Family Planning	93.217	No	39,698
Vaccines	93.268	No	31,745
Bio Terrorism	93.283	No	25,174
CDC Investigations	93.283	No	16,551
Cancer Control	93.399	No	3,420
Sexual Transmitted Diseases	93.977	No	3,147
Public Health Nurse - Maternal and Child Health Service	93.994	No	3,032
Tobacco contract	93.991	No	23,518
Healthcare program for children with special needs	93.994	No	1,083
Passed through Region 10:			
Homemaker Grant	93.044	No	6,275
Transportation Grant	93.044	No	6,500
Senior Resources Grant	93.044	No	13,000
Total Department of Health and Human Services			<u>909,383</u>
Federal Aviation Administration:			
Small communities air service pilot program	20.930	No	172,500
Airport Improvement Projects	20.106	Yes	9,532,139
Passenger Facilities Charges	20	No	134,952
Total Federal Aviation Administration			<u>9,839,591</u>
Federal Emergency Management:			
Passed through Colorado Department of Local Affairs:			
FEMA	83.552	No	32,658
Total Federal Emergency Management			<u>32,658</u>

(continued)

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

Gunnison County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004
(Continued)

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
Department of Education:			
Adult Education	84.002	No	11,000
Total Department of Education			<u>11,000</u>
Department of Justice:			
Domestic Preparedness Equipment Support	16.007	No	16,765
Crime Victims Assistance	16.575	No	17,567
COPS grant	16.710	No	16,619
Violence Against Women	16.588	No	12,482
Total Department of Justice			<u>63,433</u>
Department of Homeland Security:			
Passed through Colorado Department of Local Affairs:			
Law Enforcement Terrorism Prevention Program	97.670	Yes	<u>1,867,523</u>
Department of Housing and Urban Development:			
Passed through Colorado Department of Local Affairs - Division of Housing:			
Section 8 Housing Assistance Payment Program	14.195	No	19,153
Passed through Colorado Housing and Finance Authority:			
Insured Loan Program	14.135	Yes	978,149
Lower Income Housing Assistance Program	14.856	No	97,322
Total Department of Housing and Urban Development			<u>1,094,624</u>
Total Federal Financial Assistance			<u><u>15,014,775</u></u>

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2004

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Gunnison County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements.

Note 2. Determining the Name of Non-cash Awards Expended :

Fair market value of assistance at the time of disbursement to the recipient, or the assessed value provided by the state or federal agency.

Note 3. Pass Through Sub recipients:

The County had no sub recipients as of December 31, 2004.