

**Gunnison County**

**Financial Report**

**December 31, 2011**



**Gunnison County, Colorado  
Financial Report  
December 31, 2011**

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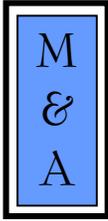
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## INDEPENDENT AUDITOR'S REPORT

### **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 the Gunnison County, Colorado (the "County"), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Gunnison County as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Member: American Institute of Certified Public Accountants*

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

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary fund information in section E is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The budgetary fund 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 combining fund financial statements, individual non-major fund budgetary comparisons, the Schedule of Passenger Facility Charges Collected and Expended, and the Local Highway Finance Report listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the County's basic financial statements. The combining and individual non-major fund financial statements and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. Additionally, the Schedule of Passenger Facility Charges Collected and Expended and the Schedule of Expenditures of Federal Awards included in the Single Audit section are presented for the purpose of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration and are not a required part of the County's basic financial statements. Such information 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, L.L.C.  
September 28, 2012**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



# Gunnison County, Colorado

## Management's Discussion and Analysis

December 31, 2011

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, 2011.

### Financial Highlights

- On a short term view, the County's governmental funds decreased \$10,084,316. This was primarily due to decreases in the Capital Expenditure Fund related to capital outlays on the jailhouse and public works centers.
- On a long term view the County's governmental activities increased net assets by \$2,807,138. This occurred because a portion of the County's fund expenditures were invested in capital assets that had a useful life of longer than one year.
- On a short term view the County's business type funds available resources increased \$229,953. This is due to increases in the Airport Operations and Solid Waste Funds, offset by decreases in the Water Fund.
- On a long-term view the County's business type activities decreased net assets by \$1,017,864. This decrease is primarily due to increases in the Airport Operations Fund offset by decreases in the Water Fund.

### 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. Refer to the Hospitals separately issued financial statements.

**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).

### **Overview of the Financial Statements (continued)**

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 public works. 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.

**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, Airport Construction, and Capital Expenditures 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 all its Funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with this budget.

The basic major governmental fund financial statements can be found on pages C3 through C6.

**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 C7 through C9 of this report.

## Overview of the Financial Statements (continued)

**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 C10 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

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.

At the end of the 2011 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.

	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010 (Restated)	2011	2010 (Restated)
<b>Assets:</b>						
Current and other assets	32,562,909	44,002,947	5,846,946	5,444,298	38,409,855	49,447,245
Capital assets, net	37,431,688	24,489,624	45,603,290	44,960,960	83,034,978	69,450,584
<b>Total Assets</b>	<b>69,994,597</b>	<b>68,492,571</b>	<b>51,450,236</b>	<b>50,405,258</b>	<b>121,444,833</b>	<b>118,897,829</b>
<b>Liabilities:</b>						
Other liabilities	11,920,553	13,020,728	229,010	152,542	12,149,563	13,173,270
Long-term liabilities	20,609,695	20,814,632	4,822,247	4,871,601	25,431,942	25,686,233
<b>Total Liabilities</b>	<b>32,530,248</b>	<b>33,835,360</b>	<b>5,051,257</b>	<b>5,024,143</b>	<b>37,581,505</b>	<b>38,859,503</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	34,020,869	21,558,128	41,967,023	41,225,375	75,987,892	62,783,503
Restricted	2,492,683	1,978,780	29,163	950,347	2,521,846	2,929,127
Unrestricted	950,797	11,120,303	4,402,793	3,205,393	5,353,590	14,325,696
<b>Total Net Assets</b>	<b>37,464,349</b>	<b>34,657,211</b>	<b>46,398,979</b>	<b>45,381,115</b>	<b>83,863,328</b>	<b>80,038,326</b>

## Government-wide Financial Analysis (continued)

**Governmental Activities:** Governmental activities increased \$2,807,138 while Business-type activities decreased \$915,797. Key elements of this increase were as follows:

Significant events impacting 2011 were:

- Net assets as a result of governmental activities increased \$2,807,138 because total governmental revenues exceeded total governmental expenses.
- Net assets as a result of business type activities decreased \$915,797 because total business type expenditures exceeded total business type revenues.

	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010 (Restated)	2011	2010 (Restated)
<b>Revenues:</b>						
Program revenues:						
Charges for services	3,673,658	2,151,932	3,043,143 <sup>▼</sup>	2,960,185	6,716,801	5,112,117
Grants and contributions	13,319,416	11,759,846 <sup>▼</sup>	249,557	1,169,078	13,568,973	12,928,924
General revenues:						
Sales taxes	1,686,927	1,798,480	26,875	27,492	1,713,802	1,825,972
Property taxes	7,883,886	7,335,584	-	-	7,883,886	7,335,584
Other taxes	1,402,126	1,380,142	-	-	1,402,126	1,380,142
Interest and other revenue	260,141	281,062 <sup>▼</sup>	53,379	54,555	313,520	335,617
<b>Total Revenues</b>	<b>28,226,154</b>	<b>24,707,046</b>	<b>3,372,954</b>	<b>4,211,310</b>	<b>31,599,108</b>	<b>28,918,356</b>
<b>Expenses:</b>						
General government	7,624,020	8,252,235	-	-	7,624,020	8,252,235
Judicial	252,849	249,689	-	-	252,849	249,689
Public safety	2,715,499	805,756	-	-	2,715,499	805,756
Health and welfare	4,867,706	2,504,088	-	-	4,867,706	2,504,088
Auxiliary services	274,322	287,192	-	-	274,322	287,192
Culture and recreation	309,426	1,032,054	-	-	309,426	1,032,054
Public works	6,174,063	7,586,473	-	-	6,174,063	7,586,473
Interest on long-term debt	918,259	75,525	-	-	918,259	75,525
Airport operations	-	-	2,727,211	2,873,833	2,727,211	2,873,833
Sewer	-	-	586,233	654,637	586,233	654,637
Water	-	-	507,134	533,989	507,134	533,989
Landfill	-	-	583,091	620,602	583,091	620,602
Housing	-	-	335,403	301,031	335,403	301,031
<b>Total Expenses</b>	<b>23,136,144</b>	<b>20,793,012</b>	<b>4,739,072</b>	<b>4,984,092</b>	<b>27,875,216</b>	<b>25,777,104</b>
<b>Change in Net Assets</b>						
<b>before Transfers</b>	<b>5,090,010</b>	<b>3,914,034</b>	<b>(1,366,118)</b>	<b>(772,782)</b>	<b>3,723,892</b>	<b>3,141,252</b>
Transfers	(2,282,345) <sup>▼</sup>	(62,156)	2,282,345	62,156	-	-
Loss on disposals	(527)	(72) <sup>▼</sup>	(430)	-	(957)	(72)
	<b>(2,282,872)</b>	<b>(62,228)</b>	<b>2,281,915</b>	<b>62,156</b>	<b>(957)</b>	<b>(72)</b>
<b>Change in Net Assets</b>	<b>2,807,138</b>	<b>3,851,806</b>	<b>915,797</b>	<b>(710,626)</b>	<b>3,722,935</b>	<b>3,141,180</b>
<b>Net Assets - Beginning</b>	<b>34,657,211<sup>▼</sup></b>	<b>30,805,405<sup>▼</sup></b>	<b>45,381,115<sup>▼</sup></b>	<b>46,091,741<sup>▼</sup></b>	<b>80,038,326</b>	<b>76,897,146</b>
<b>Prior Period Adjustment - Note V.f</b>	-	-	102,067	-	102,067	-
<b>Net Assets - Beginning (Restated)</b>	<b>34,657,211</b>	<b>30,805,405</b>	<b>45,483,182</b>	<b>46,091,741</b>	<b>80,140,393</b>	<b>76,897,146</b>
<b>Net Assets - Ending</b>	<b>37,464,349</b>	<b>34,657,211</b>	<b>46,398,979</b>	<b>45,381,115</b>	<b>83,863,328</b>	<b>80,038,326</b>

## Government-wide Financial Analysis (continued)

### 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 resources for 2011 is charted below:

	<u>Beginning Available Resources</u> (Restated)	<u>Increase (Decrease)</u>	<u>Ending Available Resources</u>	<u>2011 Expenditures</u>	<u>% of EAV to Expenditures</u>
<b>Governmental Major Funds:</b>					
General Fund	6,466,712	1,171,389 ▼	7,638,100	12,141,459	63%
Road & Bridge	4,135,870	1,053,075	5,188,944	4,571,255	114%
Human Services Fund	380,183	87,557	467,740	3,505,885	13%
Sales Tax Fund	1,262,028	(246,684) ▼	1,015,344	2,235,102	45%
Airport Construction Fund	109,637	550,252	659,889	2,624,074	25%
Capital Expenditures Fund	15,253,453	(12,551,616)	2,701,837	13,600,860	20%
Non-Major Funds	1,900,096	(148,287)	1,751,809	2,124,240	82%
<b>Business Type Funds:</b>					
Airport Operations Fund	886,995	146,333	1,033,328	1,141,188	91%
Sewer Fund	731,830	92,265 ▼	824,095	592,872	139%
Water Fund	466,642	(178,503) ▼	288,139	478,168	60%
Solid Waste Fund	2,621,546	210,015 ▼	2,831,561	628,374	451%
Assisted Living Fund	3,051 ▼	(4)	3,047	36,817	8%
Mountain View Fund	220,521	(40,153) ▼	180,368	261,095	69%
<b>Internal Service Funds:</b>					
ISF I Fund	1,088,096 ▼	278,623 ▼	1,366,719	2,181,355	63%
ISF II Fund	466,575 ▼	97,397 ▼	563,972	765,854	74%
ISF III Fund	1,217,249 ▼	(231,770)	985,479	2,691,514	37%
	<u>37,210,483</u>	<u>(9,710,112)</u>	<u>27,500,371</u>	<u>49,580,111</u>	55%

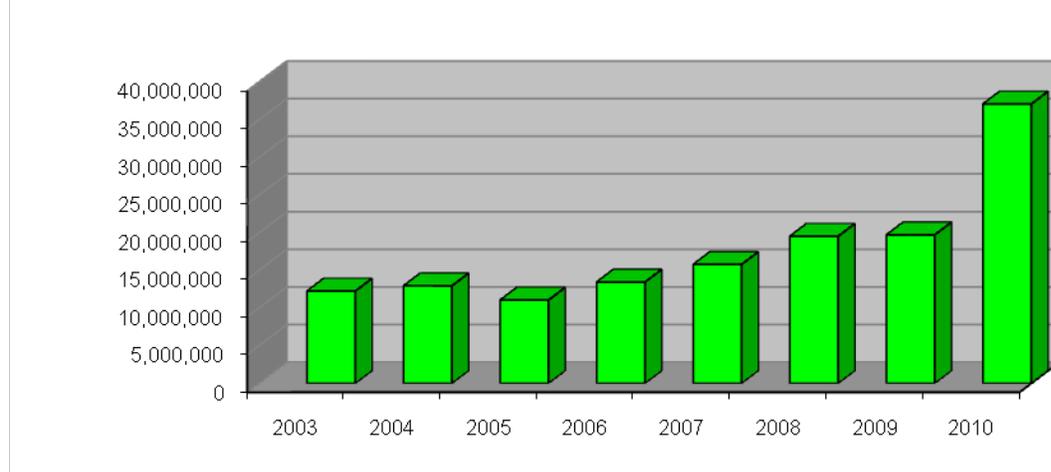
**Governmental Funds:** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balances may serve as a useful 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 governmental funds decreased \$10,084,315. This was primarily due to a decrease in the Capital Expenditure Fund related to capital outlays on the jailhouse and public works center.

## Government-wide Financial Analysis (continued)

### Financial Analysis of the County's Funds

The following chart represents the County's fund balances for the past several years.



**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 increased net assets by \$915,797.

**Budget Variances in the General Fund:** The General Fund budget was amended during the year by \$260,000. Actual Expenditures were \$39,030 less than the amended budget.

**Capital Assets:** The County's capitalization policy pertains to assets with a purchase value of \$4,000 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 in Section D of this report.

**Long-term Debt:** As of the end of the current fiscal year, the County's long-term liabilities totaled \$27,279,297. 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 in section D of this report.

**Next Year's Budget and Rates:** The County's General Fund balance at the end of fiscal year 2011 totaled \$7,638,099. The 2012 budget anticipates decreasing this balance by \$782,645.

### 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**  
**Statement of Net Assets**  
**December 31, 2011**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Hospital</b>
<b>Assets:</b>				
Cash and investments	22,199,515	5,099,759	27,299,274	10,733,744
Due from other governments	11,896	-	11,896	-
Accounts, taxes, and other receivables	9,218,397	470,469	9,688,866	5,281,297
Prepaid expenses	65,901	29,163	95,064	375,990
Inventory	893,966	-	893,966	1,770,654
Internal balances	58,170	(58,170)	-	-
Other Assets:				
Deferred charges	115,064	305,726	420,790	197,721
Capital Assets:				
Capital assets, not depreciated	13,785,031	14,066,148	27,851,179	-
Capital assets, net	23,646,657	31,537,142	55,183,799	20,694,786
<b>Total Assets</b>	<b>69,994,597</b>	<b>51,450,237</b>	<b>121,444,834</b>	<b>39,054,192</b>
<b>Liabilities:</b>				
Accounts payable	1,457,104	214,230	1,671,334	624,087
Accrued expenses	527,022	14,780	541,802	1,677,986
Unearned revenue	7,273,987	-	7,273,987	-
Deposits	765,395	-	765,395	-
Accrued interest	-	49,691	49,691	-
Non-current Liabilities:				
Due within one year:				
Accrued compensated absences	572,368	40,792	613,160	-
Leases	302,870	-	302,870	-
Bonds	133,762	23,998	157,760	1,122,337
Certificates of participation	395,000	-	395,000	-
Loans	493,045	45,874	538,919	-
Due in more than one year:				
Accrued compensated absences	858,553	61,188	919,741	-
Leases	1,125,519	-	1,125,519	-
Bonds	-	1,669,207	1,669,207	14,810,222
Certificates of participation	17,270,000	-	17,270,000	-
Landfill closure and postclosure costs	-	1,034,310	1,034,310	-
Loans	1,355,623	1,897,188	3,252,811	-
<b>Total Liabilities</b>	<b>32,530,248</b>	<b>5,051,258</b>	<b>37,581,506</b>	<b>18,234,632</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	34,020,869	41,967,023	75,987,892	5,712,166
Restricted for:				
Emergencies	1,084,000	-	1,084,000	-
Debt service	1,342,782	-	1,342,782	-
Other purposes	65,901	1,018,914	1,084,815	167,019
Unrestricted	950,797	3,413,042	4,363,839	14,940,375
<b>Total Net Assets</b>	<b>37,464,349</b>	<b>46,398,979</b>	<b>83,863,328</b>	<b>20,819,560</b>

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

**Gunnison County, Colorado**  
**Statement of Activities**  
**For the Year Ended December 31, 2011**

	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	Hospital
<b>Functions/Programs:</b>								
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General government	7,624,020	2,330,200	1,452,368	164	(3,841,288)		(3,841,288)	
Judicial	252,849	-	-	-	(252,849)		(252,849)	
Public safety	2,715,499	226,419	468,159	-	(2,020,921)		(2,020,921)	
Health and welfare	4,867,706	765,722	3,920,593	57,664	(123,727)		(123,727)	
Auxiliary services	274,322	43,338	-	-	(230,984)		(230,984)	
Culture and recreation	309,426	20,202	(274,806)	-	(564,030)		(564,030)	
Public works	6,174,063	287,777	3,876,076	452,607	(1,557,603)		(1,557,603)	
Interest on long-term debt	918,259	-	-	-	(918,259)		(918,259)	
<b>Total Governmental Activities</b>	<b>23,136,144</b>	<b>3,673,658</b>	<b>9,442,390</b>	<b>510,435</b>	<b>(9,509,661)</b>		<b>(9,509,661)</b>	
<b>Business-type Activities:</b>								
Airport	2,727,211	1,249,831	-	26,454		(1,450,926)	(1,450,926)	
Sewer	586,233	504,960	-	171,518		90,245	90,245	
Water	507,134	223,772	-	51,384		(231,978)	(231,978)	
Landfill	583,091	807,372	201	-		224,482	224,482	
Housing	335,403	257,208	-	-		(78,195)	(78,195)	
<b>Total Business-type Activities</b>	<b>4,739,072</b>	<b>3,043,143</b>	<b>201</b>	<b>249,356</b>		<b>(1,446,372)</b>	<b>(1,446,372)</b>	
<b>Total Primary Government</b>	<b>27,875,216</b>	<b>6,716,801</b>	<b>9,442,591</b>	<b>759,791</b>	<b>(9,509,661)</b>	<b>(1,446,372)</b>	<b>(10,956,033)</b>	
<b>Component Unit:</b>								
Hospital	28,641,925	28,274,628	-	-				(367,297)

**General Revenues and Transfers:**

<b>Taxes:</b>								
Property taxes					7,883,886	-	7,883,886	616,968
Specific ownership taxes					345,140	-	345,140	-
Sales taxes					1,686,927	26,875	1,713,802	-
Lodging taxes					1,009,984	-	1,009,984	-
Other taxes					47,002	-	47,002	-
Investment earnings					260,141	53,379	313,520	147,700
Grants and contributions not restricted to specific programs					3,366,591	-	3,366,591	338,603
Transfers					(2,282,345)	2,282,345	-	-
Loss on asset disposals					(527)	(430)	(957)	-
<b>Total General Revenues and Transfers</b>					<b>12,316,799</b>	<b>2,362,169</b>	<b>14,678,968</b>	<b>1,103,271</b>
<b>Change in Net Assets</b>					<b>2,807,138</b>	<b>915,797</b>	<b>3,722,935</b>	<b>735,974</b>
<b>Net Assets - Beginning of Year</b>					<b>34,657,211</b>	<b>45,381,115</b>	<b>80,038,326</b>	<b>20,083,586</b>
<b>Prior Period Adjustment - See Note V.I.</b>					<b>-</b>	<b>102,067</b>	<b>102,067</b>	<b>-</b>
<b>Net Assets - Beginning of Year (Restated)</b>					<b>34,657,211</b>	<b>45,483,182</b>	<b>80,140,393</b>	<b>20,083,586</b>
<b>Net Assets - End of Year</b>					<b>37,464,349</b>	<b>46,398,979</b>	<b>83,863,328</b>	<b>20,819,560</b>

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

FUND FINANCIAL STATEMENTS



**Gunnison County, Colorado  
Governmental Funds  
Balance Sheet  
December 31, 2011**

	<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>Capital Expenditures Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>								
Cash and investments - Unrestricted	5,483,147	5,054,196	562,446	872,413	844,822	272,348	1,691,414	14,780,786
Cash and investments - Restricted	2,625,545	-	-	-	-	2,583,652	-	5,209,197
Accounts receivable	6,503,741	792,683	412,258	445,194	79,535	591,383	283,050	9,107,844
Prepaid expenses	-	-	-	-	-	-	28,984	28,984
Due from other governments	11,696	-	-	-	-	-	-	11,696
Due from other funds	480,462	-	-	24,611	-	-	5,992	511,065
<b>Total Assets</b>	<u>15,104,591</u>	<u>5,846,879</u>	<u>974,704</u>	<u>1,342,218</u>	<u>924,357</u>	<u>3,447,383</u>	<u>2,009,440</u>	<u>29,649,572</u>
<b>Liabilities and Fund Balances:</b>								
<b>Liabilities:</b>								
Accounts payable	461,018	13,575	16,106	162,906	57,203	435,768	34,643	1,181,219
Accrued liabilities	251,735	-	-	163,967	207,265	62,076	-	685,043
Deposits	297,999	467,396	-	-	-	-	-	765,395
Due to other funds	-	176,964	13,094	-	-	240,600	196,645	627,303
Deferred revenue	6,455,740	-	477,764	-	-	7,102	26,343	6,966,949
<b>Total Liabilities</b>	<u>7,466,492</u>	<u>657,935</u>	<u>506,964</u>	<u>326,873</u>	<u>264,468</u>	<u>745,546</u>	<u>257,631</u>	<u>10,225,909</u>
<b>Fund Balances:</b>								
Non-spendable	-	-	-	-	-	-	28,984	28,984
Spendable:								
Restricted	1,084,000	5,188,944	467,740	1,015,345	-	2,583,652	1,055,941	11,395,622
Committed	2,625,545	-	-	-	-	-	262,466	2,888,011
Assigned	-	-	-	-	659,889	118,185	404,418	1,182,492
Unassigned	3,928,554	-	-	-	-	-	-	3,928,554
<b>Total Fund Balances</b>	<u>7,638,099</u>	<u>5,188,944</u>	<u>467,740</u>	<u>1,015,345</u>	<u>659,889</u>	<u>2,701,837</u>	<u>1,751,809</u>	<u>19,423,663</u>
<b>Total Liabilities and Fund Balances</b>	<u>15,104,591</u>	<u>5,846,879</u>	<u>974,704</u>	<u>1,342,218</u>	<u>924,357</u>	<u>3,447,383</u>	<u>2,009,440</u>	<u>29,649,572</u>

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

**Gunnison County, Colorado**  
**Reconciliation of Governmental Fund Balances to**  
**Statement of Net Assets**  
**December 31, 2011**

**Total Governmental Fund Balances** 19,423,663

**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. However, in the Statement of Net Assets, the cost of those assets are capitalized and expensed over their estimated lives through annual depreciation expense.

Cost of capital assets	63,138,995	
Less accumulated depreciation	<u>(25,707,307)</u>	37,431,688

Internal service funds are used by management to charge the costs of the motor pool, equipment costs and health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. This represents the net equity of the internal service funds less the fixed assets and long-term liabilities which are included in this reconciliation. 3,000,674

Debt issuance costs are not financial resources and therefore not reported in the funds. However, in the Statement of Net Assets the cost of these items are capitalized and expensed over their estimated lives through amortization:  
Bond issuance costs, net 115,064

Long-term liabilities, including leases payable, bonds payable, compensated absences, and interest payable are not due and payable in the current period and, therefore, are not reported in the funds. The following liabilities are reported in the government-wide Statement of Net Assets.

Accrued compensated absences	(1,430,921)	
COPS	(17,665,000)	
Leases	(1,428,389)	
Bonds	(133,762)	
Loans	<u>(1,848,668)</u>	<u>(22,506,740)</u>

**Net Assets of Governmental Activities** 37,464,349

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

**Gunnison County, Colorado**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**December 31, 2011**

	<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>Capital Expenditure Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>								
Taxes	7,792,287	122,158	293,979	1,382,079	-	-	1,382,102	10,972,605
Licenses and permits	388,066	-	-	-	-	-	-	388,066
Intergovernmental	1,686,634	5,074,504	3,285,591	342,785	2,046,700	1,035,514	494,053	13,965,781
Charges for services	1,448,264	76,498	-	-	125,301	-	66,361	1,716,424
Fines and forfeitures	-	1,671	-	-	-	-	-	1,671
Investment income	172,743	55,826	-	6,956	2,325	7,630	14,661	260,141
Contributions	626,122	16,750	5,151	-	-	6,100	(162,623)	491,500
Miscellaneous	251,112	73,610	8,721	-	-	-	74,367	407,810
<b>Total Revenues</b>	<u>12,365,228</u>	<u>5,421,017</u>	<u>3,593,442</u>	<u>1,731,820</u>	<u>2,174,326</u>	<u>1,049,244</u>	<u>1,868,921</u>	<u>28,203,998</u>
<b>Expenditures:</b>								
General government	7,161,876	-	-	228,645	-	768	1,106,545	8,497,834
Judicial	251,665	-	-	-	-	-	-	251,665
Public safety	2,766,106	-	-	-	-	8,677,366	-	11,443,472
Health and welfare	914,683	-	3,340,004	-	-	-	743,442	4,998,129
Auxiliary services	273,621	-	-	-	-	-	-	273,621
Culture and recreation	243,546	-	-	-	-	312,159	2,145	557,850
Public works	127,869	4,433,565	-	-	2,539,450	4,513,342	-	11,614,226
Debt service	33,376	-	-	1,327,404	84,624	-	272,108	1,717,512
<b>Total Expenditures</b>	<u>11,772,742</u>	<u>4,433,565</u>	<u>3,340,004</u>	<u>1,556,049</u>	<u>2,624,074</u>	<u>13,503,635</u>	<u>2,124,240</u>	<u>39,354,309</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>592,486</u>	<u>987,452</u>	<u>253,438</u>	<u>175,771</u>	<u>(449,748)</u>	<u>(12,454,391)</u>	<u>(255,319)</u>	<u>(11,150,311)</u>
<b>Other Financing Sources (Uses):</b>								
Transfers in	862,619	203,313	-	256,600	-	(97,225)	360,694	1,586,001
Transfers (out)	(368,718)	(137,691)	(165,881)	(679,054)	-	-	(253,662)	(1,605,006)
Debt proceeds	85,000	-	-	-	1,000,000	-	-	1,085,000
<b>Total Other Financing Sources (Uses)</b>	<u>578,901</u>	<u>65,622</u>	<u>(165,881)</u>	<u>(422,454)</u>	<u>1,000,000</u>	<u>(97,225)</u>	<u>107,032</u>	<u>1,065,995</u>
<b>Net Change in Fund Balances</b>	1,171,387	1,053,074	87,557	(246,683)	550,252	(12,551,616)	(148,287)	(10,084,316)
<b>Fund Balances - Beginning of Year</b>	<u>6,466,712</u>	<u>4,135,870</u>	<u>380,183</u>	<u>1,262,028</u>	<u>109,637</u>	<u>15,253,453</u>	<u>1,900,096</u>	<u>29,507,979</u>
<b>Fund Balances - End of Year</b>	<u>7,638,099</u>	<u>5,188,944</u>	<u>467,740</u>	<u>1,015,345</u>	<u>659,889</u>	<u>2,701,837</u>	<u>1,751,809</u>	<u>19,423,663</u>

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

**Gunnison County**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and**  
**Changes in Fund Balances to the Statement of Activities**  
**For the Year Ended December 31, 2011**

**Net Changes In Fund Balances - Total Governmental Funds** (10,084,316)

**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 allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period for all governmental activities excluding internal service funds which is shown separately below:

Depreciation expense	(1,237,508)	
(Gain) Loss on disposals, net	(527)	
Capital outlay	10,056,063	8,818,028

The internal service funds are used by management to charge the costs of the motor pool, equipment costs and health insurance to individuals funds. The net revenue of these funds is reported with governmental activities in the Statement of Activities. 4,421,027

The issuance of debt increases the current available resources but does result in increased net assets. This is the amount of debt issued during the year and related accrued interest not expended. (1,085,000)

Capitalization and amortization of bond issuance costs is an expenditure in the governmental funds but is charged over time in the Statement of Net Assets:  
Amortization expense (3,968)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 787,938

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This represents the change in compensated balances during the past year for governmental funds.

Liability @ December 31, 2011	1,346,416	
Liability @ December 31, 2010	1,299,845	(46,571)

**Change in Net Assets of Governmental Activities** 2,807,138

**Gunnison County, Colorado**  
**Proprietary Funds**  
**Statement of Net Assets**  
**December 31, 2011**

	<b>Business-type Activities - Enterprise Funds</b>						<b>Totals</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Airport Operations Fund</b>	<b>Gunnison County Sewer Fund</b>	<b>Gunnison County Water Fund</b>	<b>Landfill Operations Fund</b>	<b>Gunnison County Housing Auth. Assisted Lvg.</b>	<b>Gunnison County Housing Auth. Mtn. View</b>		
<b>Assets:</b>								
<b>Current Assets:</b>								
Cash - Unrestricted	988,128	867,716	176,838	772,503	3,051	73,199	2,881,435	2,209,532
Cash - Restricted	-	-	-	2,050,068	-	168,256	2,218,324	-
Accounts receivable, net of allowance for uncollectible accounts where applicable	135,933	154,456	129,730	49,199	-	1,151	470,469	110,553
Due from other governments	-	-	-	-	-	-	-	200
Prepaid expenses	25,744	-	262	3,157	-	-	29,163	36,917
Due from other funds	-	-	490	-	-	-	490	174,408
Inventory, at cost	-	-	-	-	-	-	-	893,966
<b>Total Current Assets</b>	<b>1,149,805</b>	<b>1,022,172</b>	<b>307,320</b>	<b>2,874,927</b>	<b>3,051</b>	<b>242,606</b>	<b>5,599,881</b>	<b>3,425,576</b>
<b>Non-current Assets:</b>								
Deferred financing costs, net	-	-	-	-	-	305,726	305,726	-
Construction-in-progress	2,533,085	102,666	126,548	-	-	-	2,762,299	-
Land, property and equipment	56,860,904	7,021,268	8,796,136	247,131	2,037,513	1,759,369	76,722,321	19,105,458
Less accumulated depreciation	(24,810,334)	(2,484,591)	(4,942,140)	(145,689)	(390,143)	(1,108,433)	(33,881,330)	(9,064,399)
<b>Total Non-current Assets</b>	<b>34,583,655</b>	<b>4,639,343</b>	<b>3,980,544</b>	<b>101,442</b>	<b>1,647,370</b>	<b>956,662</b>	<b>45,909,016</b>	<b>10,041,059</b>
<b>Total Assets</b>	<b>35,733,460</b>	<b>5,661,515</b>	<b>4,287,864</b>	<b>2,976,369</b>	<b>1,650,421</b>	<b>1,199,268</b>	<b>51,508,897</b>	<b>13,466,635</b>
<b>Liabilities:</b>								
<b>Current Liabilities:</b>								
Accounts payable	31,612	157,760	3,907	12,334	-	8,616	214,229	275,885
Accrued liabilities	-	16,384	1,147	-	-	46,940	64,471	2,555
Due to other funds	17,296	23,931	-	10,750	-	6,683	58,660	-
Deferred revenue	-	-	-	-	-	-	-	146,462
Debt obligations, due within one year	-	36,931	4,556	-	17,532	10,853	69,872	158,082
<b>Total Current Liabilities</b>	<b>48,908</b>	<b>235,006</b>	<b>9,610</b>	<b>23,084</b>	<b>17,532</b>	<b>73,092</b>	<b>407,232</b>	<b>582,984</b>
<b>Non-current Liabilities:</b>								
Accrued compensated absences	67,569	-	14,128	20,283	-	-	101,980	84,505
Loans	-	110,565	64,806	-	448,593	1,273,224	1,897,188	-
Revenues bonds	-	1,669,207	-	-	-	-	1,669,207	-
Landfill closure and postclosure costs	-	-	-	1,034,310	-	-	1,034,310	-
<b>Total Non-current Liabilities</b>	<b>67,569</b>	<b>1,779,772</b>	<b>78,934</b>	<b>1,054,593</b>	<b>448,593</b>	<b>1,273,224</b>	<b>4,702,685</b>	<b>84,505</b>
<b>Total Liabilities</b>	<b>116,477</b>	<b>2,014,778</b>	<b>88,544</b>	<b>1,077,677</b>	<b>466,125</b>	<b>1,346,316</b>	<b>5,109,917</b>	<b>667,489</b>
<b>Net Assets:</b>								
Invested in capital assets, net of related debt	34,583,655	2,822,640	3,911,182	101,442	1,181,245	(633,141)	41,967,023	9,882,977
Restricted	-	-	-	1,018,914	-	-	1,018,914	-
Unrestricted	1,033,328	824,097	288,138	778,336	3,051	486,093	3,413,043	2,916,169
<b>Total Net Assets</b>	<b>35,616,983</b>	<b>3,646,737</b>	<b>4,199,320</b>	<b>1,898,692</b>	<b>1,184,296</b>	<b>(147,048)</b>	<b>46,398,980</b>	<b>12,799,146</b>

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, 2011**

	<b>Business-type Activities - Enterprise Funds</b>						<b>Totals</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Airport Operations Fund</b>	<b>Gunnison County Sewer Fund</b>	<b>Gunnison County Water Fund</b>	<b>Landfill Operations Fund</b>	<b>Gunnison County Housing Auth. Assisted Lvg.</b>	<b>Gunnison County Housing Auth. Mtn. View</b>		
<b>Operating Revenues:</b>								
Rent, net	861,432	-	-	-	36,488	215,509	1,113,429	1,839,420
Other	11,321	9,126	4,071	2,260	-	5,211	31,989	558,602
Charges and fees	372,844	495,834	219,701	805,313	-	-	1,893,692	2,884,306
<b>Total Operating Revenues</b>	<u>1,245,597</u>	<u>504,960</u>	<u>223,772</u>	<u>807,573</u>	<u>36,488</u>	<u>220,720</u>	<u>3,039,110</u>	<u>5,282,328</u>
<b>Operating Expenses:</b>								
Operations and maintenance	795,431	255,302	105,917	570,986	-	169,403	1,897,039	4,701,284
Administration	224,465	-	48,704	-	-	-	273,169	170,946
Depreciation and amortization	1,707,315	251,771	348,903	12,105	38,063	72,476	2,430,633	803,826
<b>Total Operating Expenses</b>	<u>2,727,211</u>	<u>507,073</u>	<u>503,524</u>	<u>583,091</u>	<u>38,063</u>	<u>241,879</u>	<u>4,600,841</u>	<u>5,676,056</u>
<b>Operating Income (Loss)</b>	<u>(1,481,614)</u>	<u>(2,113)</u>	<u>(279,752)</u>	<u>224,482</u>	<u>(1,575)</u>	<u>(21,159)</u>	<u>(1,561,731)</u>	<u>(393,728)</u>
<b>Non-operating Revenues (Expenses):</b>								
Gain (loss) on disposal of capital assets	170	-	-	-	-	(600)	(430)	(12,746)
Grant revenue	4,233	171,518	51,385	-	-	-	227,136	28,204
Sales tax	26,875	-	-	-	-	-	26,875	-
Investment revenue	10,542	9,092	2,790	30,710	-	246	53,380	12,249
Interest expense	-	(79,159)	(3,610)	-	(19,941)	(35,519)	(138,229)	(8,396)
<b>Total Non-operating Revenues (Expenses)</b>	<u>41,820</u>	<u>101,451</u>	<u>50,565</u>	<u>30,710</u>	<u>(19,941)</u>	<u>(35,873)</u>	<u>168,732</u>	<u>19,311</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>(1,439,794)</u>	<u>99,338</u>	<u>(229,187)</u>	<u>255,192</u>	<u>(21,516)</u>	<u>(57,032)</u>	<u>(1,392,999)</u>	<u>(374,417)</u>
<b>Capital Contributions</b>	2,565,904	-	-	-	-	-	2,565,904	4,519,332
<b>Transfers In</b>	-	-	21,717	-	-	-	21,717	449,950
<b>Transfers (Out)</b>	<u>(97,000)</u>	<u>(72,349)</u>	<u>(25,283)</u>	<u>(84,192)</u>	<u>-</u>	<u>-</u>	<u>(278,824)</u>	<u>(173,838)</u>
<b>Change in Net Assets</b>	1,029,110	26,989	(232,753)	171,000	(21,516)	(57,032)	915,798	4,421,027
<b>Total Net Assets - Beginning of Year</b>	<u>34,587,873</u>	<u>3,619,748</u>	<u>4,330,006</u>	<u>1,727,692</u>	<u>1,205,812</u>	<u>(90,016)</u>	<u>45,381,115</u>	<u>8,378,119</u>
<b>Prior Period Adjustment - See Note V.H.</b>	-	-	102,067	-	-	-	102,067	-
<b>Total Net Assets - Beginning of Year (Restated)</b>	<u>34,587,873</u>	<u>3,619,748</u>	<u>4,432,073</u>	<u>1,727,692</u>	<u>1,205,812</u>	<u>(90,016)</u>	<u>45,483,182</u>	<u>8,378,119</u>
<b>Total Net Assets - End of Year</b>	<u>35,616,983</u>	<u>3,646,737</u>	<u>4,199,320</u>	<u>1,898,692</u>	<u>1,184,296</u>	<u>(147,048)</u>	<u>46,398,980</u>	<u>12,799,146</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, 2011**

	<b>Business-type Activities - Enterprise Funds</b>						<b>Totals</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Airport Operations Fund</b>	<b>Gunnison County Sewer Fund</b>	<b>Gunnison County Water Fund</b>	<b>Landfill Operations Fund</b>	<b>Gunnison County Housing Auth. Assisted Lvg.</b>	<b>Gunnison County Housing Auth. Mtn. View</b>		
<b>Cash Flows from Operating Activities:</b>								
Cash received from charges for services	1,234,417	629,582	231,130	828,326	36,488	214,606	3,174,549	4,752,086
Cash received from other sources	11,321	9,126	4,071	2,260	-	5,211	31,989	558,602
Cash payments to vendors for goods and services	(565,928)	(121,565)	(96,008)	(526,919)	-	(121,559)	(1,431,979)	(4,065,855)
Cash payments to employees for services	(464,157)	(41,034)	(64,081)	2,773	-	(39,449)	(605,948)	(710,855)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>215,653</b>	<b>476,109</b>	<b>75,112</b>	<b>306,440</b>	<b>36,488</b>	<b>58,809</b>	<b>1,168,611</b>	<b>533,978</b>
<b>Cash Flows from Non-capital Financing Activities:</b>								
Taxes	26,875	-	-	-	-	-	26,875	-
Transfers from (to) other funds, net	(90,349)	(9,209)	(1,486)	(82,492)	-	(56)	(183,592)	181,814
<b>Net Cash Provided (Used) by Non-capital Financing Activities</b>	<b>(63,474)</b>	<b>(9,209)</b>	<b>(1,486)</b>	<b>(82,492)</b>	<b>-</b>	<b>(56)</b>	<b>(156,717)</b>	<b>181,814</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>								
Capital grants	4,233	171,518	51,384	-	-	-	227,135	28,204
Capital contributions	-	-	-	-	-	-	-	4,519,332
Interest paid on debt	-	(79,159)	(3,610)	-	(19,941)	(35,519)	(138,229)	(8,396)
Principal paid on loans and leases	-	(35,761)	(4,339)	-	(16,546)	(42,674)	(99,320)	(152,737)
Proceeds from debt	-	-	-	-	-	-	-	-
Purchase of capital assets	(24,188)	(150,732)	(188,248)	(15,000)	(1)	(13,524)	(391,693)	(4,950,853)
Cash from sale of assets	170	-	-	-	-	-	170	10,243
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(19,785)</b>	<b>(94,134)</b>	<b>(144,813)</b>	<b>(15,000)</b>	<b>(36,488)</b>	<b>(91,717)</b>	<b>(401,937)</b>	<b>(554,207)</b>
<b>Cash Flows from Investing Activities:</b>								
Cash from investment income	10,540	9,092	2,790	30,710	-	247	53,379	12,248
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>10,540</b>	<b>9,092</b>	<b>2,790</b>	<b>30,710</b>	<b>-</b>	<b>247</b>	<b>53,379</b>	<b>12,248</b>
<b>Net Increase (Decrease) in Cash</b>	<b>142,934</b>	<b>381,858</b>	<b>(68,397)</b>	<b>239,658</b>	<b>-</b>	<b>(32,717)</b>	<b>663,336</b>	<b>173,833</b>
<b>Cash - Beginning of Year</b>	<b>845,194</b>	<b>485,858</b>	<b>245,235</b>	<b>2,582,913</b>	<b>3,051</b>	<b>274,172</b>	<b>4,436,423</b>	<b>2,035,699</b>
<b>Cash - End of Year</b>	<b>988,128</b>	<b>867,716</b>	<b>176,838</b>	<b>2,822,571</b>	<b>3,051</b>	<b>241,455</b>	<b>5,099,759</b>	<b>2,209,532</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>								
Operating income (loss)	(1,481,614)	(2,113)	(279,752)	224,482	(1,575)	(21,159)	(1,561,731)	(393,728)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>								
Depreciation and amortization	1,707,315	251,771	348,904	12,105	38,063	72,475	2,430,633	803,826
<b>Changes in assets and liabilities:</b>								
(Increase) decrease in accounts receivable	141	133,747	11,429	23,013	-	(903)	167,427	8,967
(Increase) decrease in prepaid expenses	578	-	(237)	5,509	-	-	5,850	(23,427)
(Increase) decrease in inventory	-	-	-	-	-	-	-	(42,125)
Increase (decrease) in accounts payable	(9,872)	89,887	(4,355)	(3,351)	-	4,300	76,609	151,973
Increase (decrease) in accrued liabilities	(3,815)	2,817	(75)	41,909	-	4,096	44,932	(2,482)
Increase (decrease) in deferred revenues	-	-	-	-	-	-	-	19,393
Increase (decrease) in compensated absences	2,920	-	(802)	2,773	-	-	4,891	11,581
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>215,653</b>	<b>476,109</b>	<b>75,112</b>	<b>306,440</b>	<b>36,488</b>	<b>58,809</b>	<b>1,168,611</b>	<b>533,978</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>								
Contribution of fixed assets	2,565,904	-	-	-	-	-	2,565,904	-

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

**Gunnison County, Colorado**  
**Agency Funds**  
**Statement of Fiduciary Net Assets**  
**December 31, 2011**

	<u>County Treasurer Agency Fund</u>	<u>Public Trustee Agency Fund</u>
<b>Assets:</b>		
Cash	24,261,324	125,834
Less: cash held for County funds	<u>(23,404,670)</u>	<u>-</u>
<b>Total Assets</b>	<u><u>856,654</u></u>	<u><u>125,834</u></u>
 <b>Liabilities:</b>		
Due to other governments and agencies	856,654	-
Due to governmental funds	-	25,322
Held by Trustee	<u>-</u>	<u>100,512</u>
<b>Total Liabilities</b>	<u><u>856,654</u></u>	<u><u>125,834</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, 2011**

**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 sheriff 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, 2011**

**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, 2011**

**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 non-fiduciary 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 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 *Capital Expenditures Fund* accounts for the accumulation of resources for future capital expenditures.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

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

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 health insurance and 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.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**I. Summary of Significant Accounting Policies (continued)**

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

**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.

**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.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**I. Summary of Significant Accounting Policies (continued)**

**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.

**3. Receivables**

Receivables are reported net of an allowance for uncollectible accounts, whenever applicable.

**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 cost. 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, 2011 are recorded as prepaid expenses.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**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 \$4,000 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:

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

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.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**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. Bond Premiums, Discounts and Issuance Costs**

On the government-wide Statement of Net Assets and the proprietary fund type Statement of Net Assets, bond premiums and discounts are netted with bond issuance costs and reported as issuance costs. On the government-wide and proprietary fund type Statement of Activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method. At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

**13. Fund Equity**

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

**Fund Balance** – Generally, fund balance represents the difference between the current assets and current liabilities. Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note IV.O.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**13. Fund Equity (continued)**

**Net Assets** - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount also is adjusted by any bond issuance deferred amounts. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**14. 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.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**I. Summary of Significant Accounting Policies (continued)**

**E. Significant Accounting Policies (continued)**

**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.

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.

**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 “Internal Service Funds are used by management to charge the costs of the motor pool, equipment costs and health insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Assets. This represents the net equity of the internal service funds less the fixed assets.” This \$ 3,000,674 increase comprised of the \$ 12,799,146 net equity of the fund less \$ 9,798,472 of non-current assets.

**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 2010 were collected in 2011 and taxes certified in 2011 will be collected in 2012. 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, 2011**

**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 2011 budget, prior to August 25, 2010, 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.

**C. Budget Amendments**

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Final Budget</u>
General Fund	\$ 12,195,951	260,000	12,455,951
Sales Tax	2,107,839	210,000	2,317,839
Capital Expenditures	14,319,907	400,000	14,719,907
Conservation Trust	79,433	300	79,733
Land Preservation	466,948	266,000	732,948
Sage Grouse	7,688	3,000	10,688
Risk Management	115,700	75,000	190,700
Gunnison Valley Local Marketing District	945,856	8,000	953,856
Sewer	497,061	300,000	797,061
Mountain View	230,325	18,200	248,525
ISF-III	2,123,593	840,000	2,963,593
	<u>\$ 55,415,350</u>	<u>2,380,500</u>	<u>57,795,850</u>

Amendments made to the original budget for each fund.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**III. Stewardship, Compliance, and Accountability (continued)**

**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.

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 year-end fund balance in the General Fund for emergencies as required under Tabor in the amount of \$1,084,000.

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

**E. Deficit Net Assets**

The Gunnison County Housing Authority Mountain View Fund had a deficit of net assets at December 31, 2011 of \$147,048.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The County's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the County's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The County had the following investments and maturities:

	<b>Standard &amp; Poors Rating</b>	<b>Carrying Amounts</b>	<b>Less than one year</b>	<b>Less than five years</b>
<i>Deposits:</i>				
Cash on hand	<i>Not Rated</i>	156,487	156,487	-
Checking	<i>Not Rated</i>	2,391,982	2,391,982	-
Savings	<i>Not Rated</i>	1,153,296	1,153,296	-
CDS	<i>Not Rated</i>	8,150,904	3,722,618	4,428,286
<i>Investments:</i>				
Pools	<i>AAAm</i>	7,717,319	7,717,319	-
Agencies - FHLB	<i>AAA</i>	5,010,694	-	5,010,694
Deposits held by Trustee	<i>Not Rated</i>	3,701,080	3,701,080	-
Total		<u>\$ 28,281,762</u>	<u>18,842,782</u>	<u>9,438,980</u>
<i>Reconciliation to Statement of Net Assets:</i>				
Cash and cash equivalents		27,299,274		
Fiduciary Funds		982,488		
Total		<u>\$ 28,281,762</u>		

The Investment Pool represents investments in COLOTRUST and CSAFE which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The County has no regulatory oversight for the pool.

*Interest Rate Risk.* As a means of limiting its exposure to interest rate risk, the County diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The County coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the County has limited its interest rate risk.

*Credit Risk.* State law and County policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The County's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

*Concentration of Credit Risk.* The County diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured or issued by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding County funds must provide the County a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. Investments in the federally guaranteed Federal Home Loan Bank and Federal National Mortgage Association securities represent \$5,010,694 of the County's total investments.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**IV. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

*Restricted Cash and Investments.* The County has restricted \$1,343,383 for debt service which exceeds the requirements of the 2010 Certificates of Participation. The County has restricted \$1,240,269 of unspent proceeds from the 2010 Certificates of Participation for capital projects. The County has restricted \$85,834 for water resource protection, \$543,651 related to workforce impact fees, and \$1,996,060 for building construction.

**B. Component Unit - Gunnison Valley Hospital and Gunnison Health Care Center**

1. As of December 31, 2011, \$2,212,866 of the Gunnison Valley Hospital and Gunnison Health Care Center's bank balances of \$3,419,071 was exposed to custodial risk and was collateralized by securities held by the pledging financial institution in other than the entity's name. The carrying value of these deposits was \$176,066 at December 31, 2011.
1. As of December 31, 2011, the amount of the Gunnison Valley Hospital and Gunnison Health Care Center's carrying amount of investments was \$9,763,504. The investments consisted of mutual funds, money markets, and real estate.

**C. Receivables**

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

	<u>General</u>	<u>Road &amp; Bridge</u>	<u>Human Services</u>	<u>Sales Tax Capital Improvement</u>	<u>Airport Construction</u>	<u>Capital Expenditures</u>	<u>Non-major Governmental</u>	<u>Total</u>
Receivables:								
Accounts	6,503,741	792,683	412,258	445,194	79,535	591,383	283,050	9,107,84
Intergovernmental	11,696	-	-	-	-	-	-	11,69
<b>Total receivables</b>	<u>6,515,437</u>	<u>792,683</u>	<u>412,258</u>	<u>445,194</u>	<u>79,535</u>	<u>591,383</u>	<u>283,050</u>	<u>9,119,54</u>
	<u>Airport Operations</u>	<u>Sewer</u>	<u>Water</u>	<u>Landfill Operations</u>	<u>Assisted Living</u>	<u>Mountain View</u>	<u>Internal Service Funds</u>	<u>Total</u>
Receivables:								
Accounts	135,933	130,104	60,367	49,199	-	1,151	110,553	487,30
Other	-	24,352	69,363	-	-	-	-	93,71
Intergovernmental	-	-	-	-	-	-	200	20
<b>Total receivables</b>	<u>135,933</u>	<u>154,456</u>	<u>129,730</u>	<u>49,199</u>	<u>-</u>	<u>1,151</u>	<u>110,753</u>	<u>581,22</u>

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. Deferred revenue includes property taxes levied in 2011 but not available until 2012. Governments also defer revenue recognition in connection with funds that have been received, but not yet earned.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**IV. Detailed Notes on All Funds (continued)**

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,650,034	35,300	-	1,685,334
Construction in progress	<u>5,813,463</u>	<u>13,957,527</u>	<u>(7,671,293)</u>	<u>12,099,697</u>
Total capital assets, not being depreciated	<u>7,463,497</u>	<u>13,992,827</u>	<u>(7,671,293)</u>	<u>13,785,031</u>
Capital assets, being depreciated:				
Infrastructure	13,042,674	-	-	13,042,674
Improvements	1,075,201	58,086	-	1,133,287
Buildings	13,485,509	8,060,733	-	21,546,242
Equipment	<u>13,140,561</u>	<u>566,562</u>	<u>(75,362)</u>	<u>13,631,761</u>
Total capital assets being depreciated	<u>40,743,945</u>	<u>8,685,381</u>	<u>(75,362)</u>	<u>49,353,964</u>
Less accumulated depreciation for:				
Infrastructure	(9,138,564)	(617,100)	-	(9,755,664)
Improvements	(274,728)	(67,520)	-	(342,248)
Buildings	(5,531,431)	(376,477)	-	(5,907,908)
Equipment	<u>(8,773,095)</u>	<u>(980,239)</u>	<u>51,847</u>	<u>(9,701,487)</u>
Total accumulated depreciation	<u>(23,717,818)</u>	<u>(2,041,336)</u>	<u>51,847</u>	<u>(25,707,307)</u>
Total capital assets being depreciated, net	<u>17,026,127</u>	<u>6,644,045</u>	<u>(23,515)</u>	<u>23,646,657</u>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 24,489,624</u></u>	<u><u>20,636,872</u></u>	<u><u>(7,694,808)</u></u>	<u><u>37,431,688</u></u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 11,303,849	-	-	11,303,849
Construction in progress	<u>776,299</u>	<u>2,958,885</u>	<u>(972,885)</u>	<u>2,762,299</u>
Total capital assets not being depreciated	<u>12,080,148</u>	<u>2,958,885</u>	<u>(972,885)</u>	<u>14,066,148</u>
Capital assets, being depreciated:				
Improvements	36,735,744	208,008	-	36,943,752
Buildings	9,705,525	411,979	(3,219)	10,114,285
Utility treatment transmission systems	14,809,127	431,466	-	15,240,593
Equipment	<u>3,104,174</u>	<u>22,210</u>	<u>(6,544)</u>	<u>3,119,840</u>
Total capital assets being depreciated	<u>64,354,570</u>	<u>1,073,663</u>	<u>(9,763)</u>	<u>65,418,470</u>
Less accumulated depreciation for:				
Improvements	(18,995,623)	(1,427,893)	-	(20,423,516)
Buildings	(3,603,972)	(283,057)	2,619	(3,884,410)
Utility treatment transmission systems	(6,607,061)	(566,975)	-	(7,174,036)
Equipment	<u>(2,267,102)</u>	<u>(138,808)</u>	<u>6,544</u>	<u>(2,399,366)</u>
Total accumulated depreciation	<u>(31,473,758)</u>	<u>(2,416,733)</u>	<u>9,163</u>	<u>(33,881,328)</u>
Total capital assets being depreciated, net	<u>32,880,812</u>	<u>(1,343,070)</u>	<u>(600)</u>	<u>31,537,142</u>
<b>Business-type activities capital assets, net</b>	<u><u>\$ 44,960,960</u></u>	<u><u>1,615,815</u></u>	<u><u>(973,485)</u></u>	<u><u>45,603,290</u></u>

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**IV. Detailed Notes on All Funds (continued)**

**D. Capital Assets (continued)**

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

<b>Governmental Activities:</b>	
General government	\$ 488,937
Judicial	1,184
Public safety	204,887
Health and welfare	104,700
Auxiliary services	4,621
Culture and recreation	80,798
Public works	1,156,209
<b>Total Governmental Activities</b>	<b>\$ 2,041,336</b>
<b>Business-type Activities:</b>	
Airport	\$ 1,707,315
Sewer	251,771
Water	348,903
Landfill	12,105
Housing	96,642
<b>Total Business-type Activities</b>	<b>\$ 2,416,736</b>

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

Capital assets consist of the following at December 31, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land and improvements	\$ 539,298	58,484	-	597,782
Building leasehold improvements	16,990,547	5,885,778	-	22,876,325
Equipment	9,014,876	2,830,122	-	11,844,998
Construction in progress	2,724,317	3,476,912	(6,020,860)	180,369
Total property and equipment	29,269,038	12,251,296	(6,020,860)	35,499,474
Less: accumulated depreciation	(13,419,348)	(1,385,340)	-	(14,804,688)
<b>Capital assets, net</b>	<b>\$ 15,849,690</b>	<b>10,865,956</b>	<b>(6,020,860)</b>	<b>20,694,786</b>

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, 2011**

**IV. Detailed Notes on All Funds (continued)**

**F. Interfund Transfers, Receivables, and Payables (continued)**

Interfund balances at December 31, 2011, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and, 3) provide additional resources for current operations or debt service.

The following represents interfund balances and transfers at December 31, 2011. All amounts presented below are owed to / received from or transferred through the County Treasurer Agency Fund.

	<u>Due from County</u>	<u>Due to County</u>	<u>Transfer in</u>	<u>Transfer (out)</u>
General Fund	505,784	-	862,619	(368,718)
Road and Bridge Fund	-	176,964	203,313	(137,691)
Human Services Fund	-	13,094	-	(165,881)
Capital improvements Fund	24,611	-	256,600	(679,054)
Capital Expenditures	-	240,600	(97,225)	-
Non-major Governmental Funds	5,992	196,645	360,694	(253,662)
Airport Operations	-	17,296	-	(97,000)
Sewer Fund	-	23,931	-	(72,349)
Water Fund	490	-	21,717	(25,283)
Landfill operations	-	10,750	-	(84,192)
Mountain View	-	6,683	-	-
Internal Service Funds	174,408	-	449,950	(173,838)
Public Trustee Agency Fund	-	25,322	-	-
	<u>711,285</u>	<u>711,285</u>	<u>2,057,668</u>	<u>(2,057,668)</u>

**G. 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.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**IV. Detailed Notes on All Funds (continued)**

**H. Long-term Liabilities – Governmental Activities**

**1. Heavy Equipment Lease**

On April 1, 2008, the County signed a lease purchase agreement with Wells Fargo Brokerage Services for the purchase of heavy equipment. The debt was recorded on the County's Internal Service Fund I. The terms require annual payments of \$163,615 through July 15, 2012 at a stated interest rate of 3.5% per annum. The lease purchase agreement was paid off in July 2012.

**2. 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 bond was paid off in January 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.

**3. Colorado SIB Loans - 2004**

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 the second note was repaid during 2009. Both notes have a stated interest rate of 4%.

**4. 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 motor graders. 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.

**5. West Gunnison Property Loan**

In 2006 the County signed a loan for West Gunnison Property. The loan totaled \$351,502 and requires payments each January and July for \$22,645. The loan carries an interest rate of 4.85% and matures in 2015.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**IV. Detailed Notes on All Funds (continued)**

**H. Long-term Liabilities – Governmental Activities (continued)**

**6. Advocacy Center Lease**

On December 19, 2005, the County signed an agreement for the purchase of property to be used for a Community Advocacy Center. The agreement financed \$390,775, and requires annual payments of \$48,780, and provides for interest at 4.250%. The agreement maturity date is December 19, 2015.

**7. Pitchfork Property Loan**

On December 28, 2001 the County signed an agreement with Colorado Housing Authority for the purchase of land to be resold to local families to provide affordable housing. The original agreement financed \$63,173, with repayment to occur by December 31, 2005. On December 1, 2005, there was a modification to this agreement which refinanced \$30,665. New terms require monthly payments of \$211, and provides for interest at 4.00%. The agreement maturity date is July 30, 2023.

**8. Airport Construction Loan**

On October 20, 2009 the County signed a loan agreement for a Broom Truck. The loan totaled \$188,238 and requires annual payments each July of \$23,627. The loan carries and interest rate of 4.60% and matures on July 15, 2019.

**9. 2010 Tax-Exempt Certificates of Participation (Series A)**

On September 2, 2010 the County issued \$730,000 in Certificates of Participation with interest ranging from 2.00% to 3.00%. The net proceeds of \$731,508 (after payment of \$10,463 in underwriting fees and other issuance costs, and a premium of \$11,972) were deposited with a Trustee to provide for construction of a public safety center and public works facility. The Certificates of Participation are paid through a lease purchase agreement with the County. The lease is subject to annual appropriation. The issue requires semi-annual payment on January 1<sup>st</sup> and July 1<sup>st</sup> from \$167,500 to \$197,500 until December 1, 2012.

These certificates are secured by a Reserve Fund. In accordance with certificates indentures, the County has restricted cash and net assets equal to \$54,481.

These 2010A certificates are not subject to redemption prior to maturity.

**10. 2010 Taxable Certificates of Participation (Series B)**

On September 2, 2010 the County issued \$17,270,000 in Certificates of Participation with interest ranging from 2.25% to 6.125%. The net proceeds of \$17,022,464 (after payment of \$247,536 in underwriting fees and other issuance costs) were deposited with a Trustee to provide for construction of a public safety center and public works facility. The Certificates of Participation are paid through a lease purchase agreement with the County. The lease is subject to annual appropriation. The issue requires semi-annual payment on January 1<sup>st</sup> and July 1<sup>st</sup> from \$202,500 to \$487,500 until December 1, 2040.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**IV. Detailed Notes on All Funds (continued)**

**H. Long-term Liabilities – Governmental Activities (continued)**

**10. 2010 Taxable Certificates of Participation (Series B) (Continued)**

These certificates are Qualified Build America Bonds, which indicates the certificates are not tax-exempt. Under the Build America Program, the County may apply for interest cost subsidies from the federal government. Such subsidies will be used by the County to pay debt service on these certificates. During the fiscal year ended December 31, 2011, the County recognized revenue of \$0 related to this subsidy.

These certificates are secured by a Reserve Fund. In accordance with certificates indentures, the County has restricted cash and net assets equal to \$1,288,902.

These 2010B certificates are subject to redemption prior to maturity at the option of the County at par plus accrued interest without a redemption premium.

**11. 2010 Energy Improvement Lease**

On August 1, 2010, the County entered into lease purchase agreements for the purchase and construction of various building improvements throughout the County. The purchased assets included heating, lighting, and air-conditioning controls at a cost of \$1,168,919. 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 column. The lease purchase has a ten year term. Semi-annual payments are required on February 1 and August 1 of each year through August 1, 2020.

**12. 1416 Rock Creek Loan**

In 2010 the County signed a loan for the 1416 Rock Creek Property. The loan totaled \$104,000 and requires monthly payments of \$612 and a final estimated payment of \$92,819. The loan carries an interest rate of 5.00% and matures on October 1, 2015.

**13. 1420 Rock Creek Loan**

In 2011 the County signed a loan for the 1420 Rock Creek Property. The loan totaled \$85,000 and requires monthly payments of \$552 and a final estimated payment of \$76,843. The loan carries an interest rate of 5.99% and matures on April 15, 2016.

**14. Stallion Park Loan**

In 2010 the County signed a loan for the Stallion Park Property. The loan totaled \$94,400 and requires monthly payments of \$607 and a final estimated payment of \$85,517. The loan carries an interest rate of 5.90% and matures on January 15, 2015.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**IV. Detailed Notes on All Funds (continued)**

**H. Long-term Liabilities – Governmental Activities (continued)**

**15. Colorado SIB Loan - 2011**

In 2011, the County signed a promissory note totaling \$1,000,000 with the Colorado State Investment Bank for use in transportation projects. Principal and interest for the note in the amount of \$355,231 is due beginning July 25, 2012 annually through July 25, 2014. The note has a stated interest rate of 3.25%.

**I. Long-term Liabilities – Business-type Activities**

**1. Impact Assistance Loan Funds - Somerset**

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 loan as well as for operational and maintenance costs of the wastewater treatment facilities.

**2. 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 thru 2019 with a 5% interest rate.

**3. Sewer Refunding and Improvement Revenue Bonds**

The County issued \$1,519,270 of Gunnison County Sewer Fund, North Gunnison Sewer Project Refunding Bonds, on October 15, 2005, bearing interest at 4.25%. The bonds require semi-annual payments of \$39,669 each June 1 and December 1. The bonds are subject to optional redemption without any additional premium. The bonds mature in 2044.

In 2006 the County issued an additional revenue bond totaling \$322,000 with an interest rate of 4.25%. The Bonds require payments of \$8,408 and mature in 2046.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**IV. Detailed Notes on All Funds (continued)**

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

**4. Gunnison County Housing Authority**

*Primary Mortgage.* In 2003 the Housing Authority, a blended component unit of the County, 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 Mountain View 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.

*Surplus Cash.* 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 for the replacement and major maintenance costs. Additionally, there are certain mortgage issuance costs relating to the refunding under HUD's Mark-to-Market (M2M) program being amortized over the course of the new mortgage which total \$ 305,726 ,net of accumulated amortization, at December 31, 2011.

*Contingent Payable.* 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.

**5. \$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 to 4.14%. The loan is payable in 207 regular monthly payments of \$3,041 and one irregular last payment estimated at \$290,153.

The Center (which includes the Willows Assisted Living Facility) was then leased to the Board of Trustees of the Gunnison Valley Hospital. The lease term is for a period of four years, commencing on February 20, 2008. The lease was extended for another two years in a similar agreement on February 21, 2012. The lease can be terminated, extended, or modified with the mutual agreement of both parties.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**IV. Detailed Notes on All Funds (continued)**

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

**6. Landfill Closure and Postclosure Liability**

In accordance with EPA requirements the County has conducted a study to estimate its liability to close the landfill and monitor it for thirty years thereafter. These costs are reflected as the landfill accepts waste. The County's landfill has used 74% to date of the currently developed cell's capacity and has five years left on its currently developed cell. Additional cells will be opened as needed. The landfill liability recorded at year end is \$1,034,310. The estimated total current cost of closure and post-closure care remaining to be recognized is \$354,339. The estimated total amount of the landfill closure and post-closure cost 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, 2011. 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, 2011, the County had reserved \$1,015,757 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.

**J. 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, 2011 has been reflected in the proprietary type fund financial statements and in the governmental activities column of the government-wide financial statements. Compensated absences for governmental activities are generally liquidated by the General Fund.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**IV. Detailed Notes on All Funds (continued)**

**K. Long-term Liabilities – Summary**

Long-term liability activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Internal Service Fund:					
Heavy Equipment Lease	310,819	-	(152,737)	158,082	158,082
Compensated Absences	72,923	11,582	-	84,505	33,802
<u>Other Governmental Debt:</u>					
Open Space Sales Tax Revenue					
Bonds, Series 2002	284,460	-	(150,697)	133,763	133,762
Colorado SIB Loan - 2004	221,406	-	(52,139)	169,267	54,225
Rock Creek Lease	139,196	-	(54,031)	85,165	56,213
West Gunnison Property Loan	198,579	-	(35,958)	162,621	37,728
Advocacy Center	215,645	-	(39,616)	176,029	41,299
Pitchfork Loan	25,021	-	(1,559)	23,462	1,623
Airport Construction	170,985	-	(15,872)	155,113	16,393
Certificates of Participation - 2010	18,000,000	-	(335,000)	17,665,000	395,000
Energy Improvement Lease - 2010	1,168,919	-	(98,103)	1,070,816	101,866
Rock Creek Loan 1416	103,642	-	(2,145)	101,497	2,241
Rock Creek Loan 1420	-	85,000	(1,037)	83,963	1,636
Stallion Park Loan	92,824	-	(1,783)	91,041	1,877
Colorado SIB Loan - 2011	-	1,000,000	-	1,000,000	322,731
Compensated Absences	1,299,846	46,570	-	1,346,416	538,566
<b>Total Governmental Activities</b>					
<b>Long-term Liabilities</b>	<u>22,304,265</u>	<u>1,143,152</u>	<u>(940,677)</u>	<u>22,506,740</u>	<u>1,897,045</u>
<b>Business-type Activities:</b>					
Impact Assistance Loan Funds - Water	73,700	-	(4,337)	69,363	4,556
DOLA Mineral Impact Loan	135,815	-	(12,317)	123,498	12,933
North Gunnison Sewer Revenue Bond - 2005	1,411,884	-	(20,034)	1,391,850	20,010
North Gunnison Sewer Revenue Bond - 2006	304,765	-	(3,410)	301,355	3,988
Gunnison County Housing Authority:					
Mortgage - Primary Mortgage	469,166	-	(10,273)	458,893	10,853
Mortgage - Surplus Cash	478,722	-	(32,402)	446,320	-
Mortgage - Contingent Payable	378,864	-	-	378,864	-
Note Payable - Palisades					
Living Center	482,671	-	(16,547)	466,124	17,532
Accrued Liability for Landfill Closure Costs	992,401	99,062	(57,153)	1,034,310	-
Compensated Absences	97,089	4,891	-	101,980	40,792
<b>Total Business-type Activities</b>					
<b>Long-term Liabilities</b>	<u>4,825,077</u>	<u>103,953</u>	<u>(156,473)</u>	<u>4,772,557</u>	<u>110,664</u>

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**IV. Detailed Notes on All Funds (continued)**

**L. Long-term Liabilities – Activity and Debt Service Schedules**

Debt service requirements at December 31, 2011 were as follows:

Dates	Governmental Funds		Business-Type		Internal Service Funds		Housing Authority		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	1,166,595	1,063,352	41,487	81,781	158,082	5,533	28,385	45,085	1,394,550	1,195,751
2013	1,037,000	1,011,785	43,393	79,875	-	-	29,818	43,652	1,110,211	1,135,313
2014	1,035,203	990,765	45,386	77,882	-	-	31,268	42,202	1,111,857	1,110,847
2015	821,535	963,125	47,471	75,797	-	-	32,790	40,680	901,796	1,079,608
2016	642,051	935,231	49,652	73,616	-	-	34,344	39,126	-	-
2017	2,856,380	4,353,841	245,514	332,609	-	-	449,997	161,649	3,551,891	4,848,099
2022	2,643,973	3,727,031	211,161	282,407	-	-	108,367	76,544	2,963,501	4,085,989
2027	3,180,000	2,895,497	245,700	234,979	-	-	144,373	40,538	3,570,073	3,171,011
2032	3,860,000	1,853,119	303,197	177,481	-	-	890,858	9,984	5,054,055	2,040,588
2037	3,675,000	573,913	653,104	138,067	-	-	-	-	-	-
	<u>20,917,737</u>	<u>18,367,658</u>	<u>1,886,066</u>	<u>1,554,494</u>	<u>158,082</u>	<u>5,533</u>	<u>1,750,201</u>	<u>499,459</u>	<u>19,657,934</u>	<u>18,667,156</u>

**M. Long-term Liabilities – Component Unit**

- Hospital Revenue Bonds** - Series 1998, remaining annual maturities of \$350,000 to \$715,000, through July 1, 2023, bearing interest at rates ranging from 5.300% 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 Hospital and Health Care Center.

Series 2010, remaining annual maturities of \$300,000 to \$480,000, through September 1, 2023, bearing interest at 65% of monthly Libor plus 1.95%, payable semiannually.

The Series 2010 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 Hospital and Health Care Center.

- Capital Lease Obligations** – The Hospital is obligated under a lease for equipment that is account for as a capital lease. The assets under capital leases at December 31, 2011 and 2010, totaled \$2,345,081 and \$261,318 respectively, net of accumulated depreciation of \$234,508 and \$26,132, respectively. The future minimum lease payments including interest at rate of 2.59% total \$2,057,505.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**IV. Detailed Notes on All Funds (continued)**

**M. Long-term Liabilities – Component Unit (continued)**

The Gunnison Valley Hospital and Health Care Center have the following long-term liability activity for the year ended December 31, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Hospital revenue bonds	\$ 10,939,403	3,435,651	(500,000)	13,875,054	670,000
Capital lease obligations	252,593	2,083,763	(278,851)	2,057,505	452,337
<b>Total Long-term Liabilities</b>	<u>\$ 11,191,996</u>	<u>5,519,414</u>	<u>(778,851)</u>	<u>15,932,559</u>	<u>1,122,337</u>

Debt service requirements at December 31, 2011 were as follows:

	<u>Bonds</u>		<u>Capital Lease</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
2012	\$ 670,000	517,402	500,834
2013	740,000	489,626	500,834
2014	795,000	458,901	500,834
2015	20,000	426,844	491,490
2016	845,000	393,301	185,320
2017-2021	4,995,000	1,397,562	-
2022-2023	5,010,054	237,912	-
<b>Total Long-term Liabilities</b>	<u>\$ 13,075,054</u>	<u>3,921,548</u>	<u>2,179,312</u>

**O. Fund Balance Disclosures**

The County classifies governmental fund balances as follows:

*Non-spendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

*Spendable Fund Balance:*

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of County Commissioners. The County's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Board's platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to the Board via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after Board approval, must be presented via a public process and again approval by the Board.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**IV. Detailed Notes on All Funds (continued)**

**O. Fund Balance Disclosures (continued)**

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The County uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The County does not have a formal minimum fund balance policy. However, the County's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to the Board.

As of December 31, 2011, fund balances are composed of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Description</u>
<b>Non-spendable:</b>				
Prepaid expenses	\$ -	\$ 28,984	\$ 28,984	
<b>Restricted:</b>				
Emergency reserve	1,084,000		1,084,000	Legislative Restriction
Road and Bridge	-	5,188,944	5,188,944	Legislative Restriction
Human Services	-	467,740	467,740	Legislative Restriction
Sales Tax Capital Improvement	-	1,015,345	1,015,345	Ballot Restriction
Capital Expenditure	-	2,583,652	2,583,652	Debt Restriction
Conservation Trust	-	50,715	50,715	Legislative Restriction
Land Preservation	-	450,223	450,223	Ballot Restriction
Local Marketing District	-	555,003	555,003	Ballot Restriction
<b>Committed:</b>				
Water Resource Protection	85,834	-	85,834	BOCC Resolution
Workforce Impact Fees	543,651	-	543,651	BOCC Resolution
Jailhouse Construction	1,996,060	-	1,996,060	BOCC Resolution
Public Health	-	24,307	24,307	BOCC Resolution
Mosquito Control	-	19,416	19,416	BOCC Resolution
Sage Grouse	-	218,743	218,743	BOCC Resolution
<b>Assigned:</b>				
Airport Construction	-	659,889	659,889	General Designation
Capital Expenditure	-	118,185	118,185	General Designation
Risk Management	-	362,942	362,942	General Designation
Housing Authority Administration	-	41,476	41,476	General Designation
<b>Unassigned</b>				
Unassigned	3,928,554	-	3,928,554	
<b>Total Fund Balances</b>	<u>\$ 7,638,099</u>	<u>\$ 11,785,564</u>	<u>\$ 19,423,663</u>	

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**V. Other Information**

**A. Pension Plans**

The County is a member of the Colorado County Officials and Employees Retirement Association ("CCOERA") which offers a defined contribution pension plan 401(a), and a Section 457 deferred compensation plan. CCOERA was organized in 1966 pursuant to state statutes, and includes counties, municipalities and special districts. The 401(a) plan requires mandatory pre-tax contributions, which are established by the employer, up to a maximum of 6%.

**1. Defined Contribution Pension Plan**

Under a defined contribution pension plan, the benefits a participant will receive depend upon separation from employment; include the total of all employee contributions, the returns earned on investments of those contributions, and the vested percentage of the employer match.

Participation is mandatory for all regular employees who work 1040 or more hours per year and contributions begin the first day of the month after the date 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 separation from employment. Participants may also voluntarily contribute up to ten percent (10%) of an employee's base pay as an after-tax contribution in the plan.

During the year, the County's required and actual contributions amounted to \$271,457 which was three percent (3%) of its current year covered payroll of \$9,048,567. The County's total payroll for 2011 was \$9,645,775. The County's employees contributed \$271,457.

No pension provision changes occurred during the year that affected the required contributions 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 provides for salary deferral, in which the County will match up to the first two percent (2%) of base pay for all employees who work 1040 or more hours per year. All employees can voluntarily contribute tax sheltered or after-tax base pay to the 457 plan up to the current year maximum amount which is determined annually by the IRS.

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. Amounts contributed to the Deferred Compensation Plan are not available to employees until separation from employment or unforeseeable emergency. CCOERA also now offers loans on account balances above \$5,000.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**V. Other Information (continued)**

**A. Pension Plans (continued)**

**2. Deferred Compensation Plan (continued)**

For 2011, the County contributed \$143,262 to the Deferred Compensation Plan on behalf of participating employees, which represents the required 2% contribution based on 2011 covered payroll of \$7,163,100.

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.

**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, 2011 and 2010 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, 2011 and 2010 were \$357,664 and \$395,997 for the Hospital, respectively, and \$144,844 and \$42,058 for the Center, respectively. Employee contributions range from 5% to 25%.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**V. Other Information (continued)**

**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.

The County participates in CAPP's Partially Self-Funded Program whereby the County self funds a portion of its anticipated property and casualty claims.

**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, 2011.

**3. Self-Insurance Unemployment Pool**

The County is designated as a Reimbursable Employer for unemployment claims. A reserve has been established to reimburse the State for unemployment claims as they arise, instead of paying unemployment tax on a quarterly basis.

**4. Self-Insurance Health Insurance Pool**

The County has established an internal service fund to account for partially self-funded employee health insurance costs. The County accumulates resources to pay health insurance costs, but carries a stop loss policy for individuals of \$40,000 and an aggregate stop loss minimum exposure of \$1,218,520 with IOA Re-Insurance company.

**Gunnison County, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2011**

**V. Other Information (continued)**

**E. 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.

**F. Possible Violations of State Statutes - Budgets**

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

	Final Budget	Actual	(Over) Budget
Sage Grouse	10,688	77,763	(67,075)
Assisted Living	36,488	36,817	(329)
Mountain View	248,525	261,095	(12,570)

**G. Subsequent Events**

In 2012, the County anticipates entering into a combined grant and loan agreement with the USDA to fund the Antelope Hills water extension rural development project. The County will finance approximately \$1,288,000 with the USDA in conjunction with the project.

Management has evaluated all other subsequent events through September 28, 2012, the date these financial statements were available to be issued, and determined that no others required disclosure.

**H. Prior Period Adjustment**

During 2011, the County decided to capitalize certain expenses totaling \$102,067 that it had previously expensed in 2009 and 2010 related to the Antelope Hills Water Project in the Water Fund.

**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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2010</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>					
Taxes	7,748,321	7,748,321	7,792,287	43,966	7,308,945
Licenses and permits	281,470	281,470	388,066	106,596	469,108
Intergovernmental	1,178,012	1,349,860	1,686,634	336,774	1,280,651
Charges for services	1,261,437	1,310,052	1,448,264	138,212	1,348,104
Investment income	114,245	114,245	172,743	58,498	183,982
Contributions	157,890	167,890	626,122	458,232	219,358
Miscellaneous	201,587	201,587	251,112	49,525	349,804
<b>Total Revenues</b>	<u>10,942,962</u>	<u>11,173,425</u>	<u>12,365,228</u>	<u>1,191,803</u>	<u>11,159,952</u>
<b>Expenditures:</b>					
General government	6,821,318	6,963,083	7,161,876	(198,793)	6,768,117
Judicial	251,665	251,665	251,665	-	248,393
Public Safety	2,856,244	2,917,417	2,766,106	151,311	2,533,544
Health and welfare	893,764	946,588	914,683	31,905	912,977
Auxiliary services	296,053	296,053	273,621	22,432	280,932
Culture and recreation	243,692	247,930	243,546	4,384	216,758
Public works	160,132	160,132	127,869	32,263	127,472
Debt service	28,904	28,904	33,376	(4,472)	16,757
<b>Total Expenditures</b>	<u>11,551,772</u>	<u>11,811,772</u>	<u>11,772,742</u>	<u>39,030</u>	<u>11,104,950</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(608,810)</u>	<u>(638,347)</u>	<u>592,486</u>	<u>1,230,833</u>	<u>55,002</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	818,838	830,838	862,619	31,781	1,328,103
Transfers (out)	(644,179)	(644,179)	(368,718)	275,461	(1,106,608)
Debt proceeds	-	-	85,000	85,000	198,400
<b>Total Other Financing Sources (Uses)</b>	<u>174,659</u>	<u>186,659</u>	<u>578,901</u>	<u>392,242</u>	<u>419,895</u>
<b>Net Change in Fund Balances</b>	<u>(434,151)</u>	<u>(451,688)</u>	<u>1,171,387</u>	<u>1,623,075</u>	<u>474,897</u>
<b>Fund Balances - Beginning of Year</b>			<u>6,466,712</u>		<u>5,991,815</u>
<b>Fund Balances - End of Year</b>			<u>7,638,099</u>		<u>6,466,712</u>

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

**Gunnison County, Colorado**  
**General Fund**  
**Schedule of Revenues - Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
<b>Taxes:</b>					
General property taxes	7,518,007	7,518,007	7,535,743	17,736	7,038,020
Specific ownership tax	210,114	210,114	222,982	12,868	230,938
Delinquent tax and interest	20,200	20,200	33,562	13,362	39,987
<b>Total Taxes</b>	<u>7,748,321</u>	<u>7,748,321</u>	<u>7,792,287</u>	<u>43,966</u>	<u>7,308,945</u>
<b>Licenses and Permits:</b>					
Liquor licenses	1,500	1,500	8,195	6,695	1,421
Building permits	140,000	140,000	121,698	(18,302)	198,744
Other licenses and permits	139,970	139,970	258,172	118,202	268,943
<b>Total Licenses and Permits</b>	<u>281,470</u>	<u>281,470</u>	<u>388,065</u>	<u>106,595</u>	<u>469,108</u>
<b>Intergovernmental:</b>					
Federal Grants	324,802	349,001	345,143	(3,858)	284,653
State Grants	776,131	885,780	1,236,709	350,929	976,232
Local Grants	77,079	115,079	104,783	(10,296)	19,767
<b>Total Intergovernmental</b>	<u>1,178,012</u>	<u>1,349,860</u>	<u>1,686,635</u>	<u>336,775</u>	<u>1,280,652</u>
<b>Charges for Services:</b>					
Clerk and recorder	270,100	270,100	329,477	59,377	295,657
Sheriff's fees	69,000	69,000	69,576	576	96,767
Treasurer's fees	750,000	750,000	828,236	78,236	793,630
Other Fees	32,637	89,552	81,117	(8,435)	26,256
Assessor's Fees	12,000	12,000	13,685	1,685	10,384
Public Health Fees	63,300	55,000	46,829	(8,171)	59,362
Useful Public Service	40,900	40,900	43,028	2,128	42,994
Court Fines & Fees	23,500	23,500	36,316	12,816	23,054
<b>Total Charges for Services</b>	<u>1,261,437</u>	<u>1,310,052</u>	<u>1,448,264</u>	<u>138,212</u>	<u>1,348,104</u>
<b>Other Revenue:</b>					
Investment income	114,245	114,245	172,743	58,498	183,982
Contributions	157,890	167,890	626,122	458,232	219,358
Miscellaneous	201,587	201,587	251,112	49,525	349,804
<b>Total Other Revenue</b>	<u>473,722</u>	<u>483,722</u>	<u>1,049,977</u>	<u>566,255</u>	<u>753,144</u>
<b>Total Revenues</b>	<u>10,942,962</u>	<u>11,173,425</u>	<u>12,365,228</u>	<u>1,191,803</u>	<u>11,159,953</u>

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

**Gunnison County, Colorado**  
**General Fund**  
**Schedule of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	2011			Final Budget	2010
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>General Government:</b>					
Commissioners	439,174	439,174	394,879	44,295	420,878
Board Support	102,721	102,721	102,834	(113)	-
Executive Management	289,383	289,383	222,847	66,536	355,655
Public Information	42,860	42,860	40,802	2,058	-
Clerk	45,956	45,956	43,079	2,877	-
Motor Vehicle	183,631	183,631	185,442	(1,811)	-
Recording	146,932	146,932	143,375	3,557	386,928
Elections	207,380	207,380	200,833	6,547	222,595
Revenue (Treasurer)	264,574	304,124	291,334	12,790	306,170
Investments (Treasurer)	24,736	24,736	20,905	3,831	2,628
Human Resources	106,809	106,809	107,614	(805)	152,066
Wildlife Conservation	112,109	118,459	106,189	12,270	108,985
County Attorney	566,602	588,988	586,864	2,124	540,149
Facilities & Grounds	641,373	641,373	545,202	96,171	548,887
Project Services	113,848	113,848	96,144	17,704	104,173
Assessment Administration	282,660	282,660	258,168	24,492	770,445
Appraisal	352,802	352,802	335,006	17,796	-
Appeals	136,056	136,056	121,156	14,900	-
Personal Property	65,222	65,222	72,107	(6,885)	-
Permitting & Plan Review	286,234	389,713	404,864	(15,151)	714,653
Inspections	83,384	83,384	82,686	698	-
Response & Resolution	84,873	84,873	81,110	3,763	-
Data Collection	192,704	192,704	191,670	1,034	-
Codes & Regulations	75,600	75,600	73,089	2,511	-
Accounting & Auditing	292,344	292,344	281,939	10,405	445,589
Planning & Analysis	178,194	178,194	172,478	5,716	-
Compensated Absences	56,963	56,963	57,766	(803)	32,239
Weather Modification	93,799	93,799	76,637	17,162	95,192
Other General Fund Expenditures	1,185,845	1,155,845	1,713,614	(557,769)	1,341,028
Community Based Organizations	154,050	154,050	147,125	6,925	158,267
Energy Efficiency Initiatives	12,500	12,500	4,118	8,382	2,950
<b>Total General Government</b>	<b>6,821,318</b>	<b>6,963,083</b>	<b>7,161,876</b>	<b>(198,793)</b>	<b>6,768,118</b>
<b>Judicial:</b>					
District Attorney	251,665	251,665	251,665	-	248,393
<b>Total Judicial</b>	<b>251,665</b>	<b>251,665</b>	<b>251,665</b>	<b>-</b>	<b>248,393</b>
<b>Public Safety:</b>					
Detention Services	782,674	782,674	732,744	49,930	777,325
Enforcement	674,261	674,261	568,035	106,226	73,312
Operational Support	769,520	769,520	846,209	(76,689)	1,390,689
Courtroom Security	4,910	45,089	39,989	5,100	-
Investigations	152,383	152,383	114,773	37,610	-
Major Incident Response	16,567	16,567	31,206	(14,639)	-
Operational Support-Detention	130,868	130,868	134,500	(3,632)	-
Emergency Management	143,559	143,559	130,561	12,998	136,675
Coroner	80,324	80,324	67,775	12,549	64,726
Youth Intervention Services	101,178	122,172	100,314	21,858	90,816
<b>Total Public Safety</b>	<b>2,856,244</b>	<b>2,917,417</b>	<b>2,766,106</b>	<b>151,311</b>	<b>2,533,543</b>
<b>Health and Welfare:</b>					
Victim Services	91,899	105,023	102,017	3,006	78,814
Substance Abuse Prevention	140,050	140,050	148,517	(8,467)	156,390
Program Support	35,756	35,756	33,955	1,801	-
Senior Resources	186,330	186,330	179,893	6,437	223,997
Multicultural Client Services	97,409	117,109	103,047	14,062	102,955
Child & Family Health	159,883	179,883	181,075	(1,192)	184,716
Community Health Services	-	-	50	(50)	-
Family Planning	182,437	182,437	166,129	16,308	166,106
<b>Total Health and Welfare</b>	<b>893,764</b>	<b>946,588</b>	<b>914,683</b>	<b>31,905</b>	<b>912,978</b>
<b>Auxiliary Services:</b>					
Alternative Services	107,089	107,089	105,768	1,321	102,878
Adult Programming	83,619	83,619	73,719	9,900	-
Youth Development	100,031	100,031	89,850	10,181	173,763
Veterans	5,314	5,314	4,284	1,030	4,291
<b>Total Auxiliary Services</b>	<b>296,053</b>	<b>296,053</b>	<b>273,621</b>	<b>22,432</b>	<b>280,932</b>
<b>Culture and Recreation:</b>					
Fairgrounds Management	229,219	233,457	231,069	2,388	207,227
Trails - Parks	-	-	125	(125)	-
Landfill	7,484	7,484	7,510	(26)	3,263
Historic Preservation	6,989	6,989	4,842	2,147	6,268
<b>Total Culture and Recreation</b>	<b>243,692</b>	<b>247,930</b>	<b>243,546</b>	<b>4,384</b>	<b>216,758</b>
<b>Public Works:</b>					
Weed Management	160,132	160,132	127,869	32,263	127,472
<b>Total Public Works</b>	<b>160,132</b>	<b>160,132</b>	<b>127,869</b>	<b>32,263</b>	<b>127,472</b>
<b>Debt Service:</b>					
Principal	1,269	1,269	4,965	(3,696)	1,935
Interest	27,635	27,635	28,411	(776)	14,823
<b>Total Debt Service</b>	<b>28,904</b>	<b>28,904</b>	<b>33,376</b>	<b>(4,472)</b>	<b>16,758</b>
<b>Total Expenditures</b>	<b>11,551,772</b>	<b>11,811,772</b>	<b>11,772,742</b>	<b>39,030</b>	<b>11,104,952</b>

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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<u>Final Budget</u>	<u>2010</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>					
<b>Taxes:</b>					
Specific ownership tax	113,138	113,138	122,158	9,020	124,350
<b>Total Taxes</b>	<u>113,138</u>	<u>113,138</u>	<u>122,158</u>	<u>9,020</u>	<u>124,350</u>
<b>Intergovernmental:</b>					
Payment in lieu of taxes	500,000	500,000	541,744	41,744	541,778
Local grants	-	-	6,223	6,223	-
Federal grants	316,000	316,000	8,160	(307,840)	112,996
State grants	1,065,736	1,065,736	144,770	(920,966)	1,066,042
Highway users trust fund	2,356,062	2,356,062	2,560,572	204,510	2,541,993
Forest service	523,908	523,908	554,012	30,104	680,889
Mineral leasing	600,000	600,000	1,259,023	659,023	988,302
<b>Total Intergovernmental</b>	<u>5,361,706</u>	<u>5,361,706</u>	<u>5,074,504</u>	<u>(287,202)</u>	<u>5,932,000</u>
<b>Charges for Services:</b>					
Municipalities	60,000	60,000	50,611	(9,389)	68,133
Permits	3,200	3,200	10,573	7,373	6,473
Other	1,000	1,000	15,314	14,314	23,781
<b>Total Charges for Services</b>	<u>64,200</u>	<u>64,200</u>	<u>76,498</u>	<u>12,298</u>	<u>98,387</u>
<b>Other:</b>					
Fines and forfeitures	50	50	1,671	1,621	-
Investment income	29,392	29,392	55,826	26,434	51,749
Contributions	50	50	16,750	16,700	-
Miscellaneous	68,720	68,720	73,610	4,890	4,592
<b>Total Other Revenue</b>	<u>98,212</u>	<u>98,212</u>	<u>147,857</u>	<u>49,645</u>	<u>56,341</u>
<b>Total Revenues</b>	<u>5,637,256</u>	<u>5,637,256</u>	<u>5,421,017</u>	<u>(216,239)</u>	<u>6,211,078</u>
<b>Expenditures:</b>					
Road construction	945,906	945,906	357,108	588,798	815,608
Bridges	445,311	445,311	114	445,197	0
Winter maintenance	886,037	886,037	715,024	171,013	739,209
Operational support	439,047	439,047	405,585	33,462	421,869
Trails and park	420,140	420,140	11,493	408,647	441,727
Municipalities	95,336	95,336	84,556	10,780	86,380
Road maintenance	2,766,824	2,766,824	2,852,172	(85,348)	2,431,456
Capital outlay	-	-	7,513	(7,513)	-
<b>Total Expenditures</b>	<u>5,998,601</u>	<u>5,998,601</u>	<u>4,433,565</u>	<u>1,565,036</u>	<u>4,936,250</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(361,345)</u>	<u>(361,345)</u>	<u>987,452</u>	<u>1,348,797</u>	<u>1,274,828</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	203,313	203,313	203,313	-	129,972
Transfers (out)	(120,941)	(120,941)	(137,691)	(16,750)	(439,748)
<b>Total Other Financing Sources (Uses)</b>	<u>82,372</u>	<u>82,372</u>	<u>65,622</u>	<u>(16,750)</u>	<u>(309,776)</u>
<b>Net Change in Fund Balances</b>	<u>(278,973)</u>	<u>(278,973)</u>	<u>1,053,074</u>	<u>1,332,047</u>	<u>965,052</u>
<b>Fund Balances - Beginning of Year</b>			<u>4,135,870</u>		<u>3,170,818</u>
<b>Fund Balances - End of Year</b>			<u>5,188,944</u>		<u>4,135,870</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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2010</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>					
<b>Taxes:</b>					
Property tax revenue	293,000	293,000	292,559	(441)	291,187
Delinquent tax and interest	660	660	1,420	760	1,849
<b>Intergovernmental:</b>					
EBT reimbursements	3,492,263	3,492,263	3,254,198	(238,065)	3,095,296
Other	35,000	35,000	31,393	(3,607)	34,307
<b>Other:</b>					
Contributions	1,000	1,000	5,151	4,151	9,145
Miscellaneous	-	-	8,721	8,721	-
<b>Total Revenues</b>	<u>3,821,923</u>	<u>3,821,923</u>	<u>3,593,442</u>	<u>(228,481)</u>	<u>3,431,784</u>
<b>Expenditures:</b>					
Youth and family prevention services	99,840	99,840	86,055	13,785	81,685
Self-sufficiency development	198,446	198,446	191,675	6,771	161,410
Program support	454,501	447,501	404,989	42,512	399,819
Children and family services	821,611	821,611	871,785	(50,174)	962,458
Child support enforcement	75,375	75,375	74,254	1,121	90,520
Public assistance	2,013,647	2,013,647	1,711,246	302,401	1,635,405
<b>Total Expenditures</b>	<u>3,663,420</u>	<u>3,656,420</u>	<u>3,340,004</u>	<u>316,416</u>	<u>3,331,297</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	158,503	165,503	253,438	87,935	100,487
<b>Other Financing Sources (Uses):</b>					
Transfers (out)	(122,320)	(129,320)	(165,881)	(36,561)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(122,320)</u>	<u>(129,320)</u>	<u>(165,881)</u>	<u>(36,561)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>36,183</u>	<u>36,183</u>	87,557	<u>51,374</u>	100,487
<b>Fund Balances - Beginning of Year</b>			<u>380,183</u>		<u>279,696</u>
<b>Fund Balances - End of Year</b>			<u>467,740</u>		<u>380,183</u>

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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<b>2011</b>			<b>Final Budget</b>	<b>2010</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
	<b>Budget</b>	<b>Budget</b>		<b>Positive</b>	
				<b>(Negative)</b>	
<b>Revenues:</b>					
<b>Taxes:</b>					
Sales tax	1,323,011	1,323,011	1,382,079	59,068	1,490,212
<b>Intergovernmental:</b>					
Federal grants	285,121	285,121	285,121	-	-
State grants	-	50,283	57,664	7,381	32,776
<b>Investment Income</b>	5,510	5,510	6,956	1,446	11,238
<b>Miscellaneous</b>	-	-	-	-	950
<b>Total Revenues</b>	<u>1,613,642</u>	<u>1,663,925</u>	<u>1,731,820</u>	<u>67,895</u>	<u>1,535,176</u>
<b>Expenditures:</b>					
<b>General Government:</b>					
Sales tax	50,752	260,752	228,195	32,557	1,106,691
Energy efficiency initiatives	2,700	2,700	450	2,250	-
<b>Debt Service:</b>					
Principal	481,883	481,883	497,167	(15,284)	150,214
Interest	845,521	845,521	830,237	15,284	-
<b>Total Expenditures</b>	<u>1,380,856</u>	<u>1,590,856</u>	<u>1,556,049</u>	<u>34,807</u>	<u>1,256,905</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>232,786</u>	<u>73,069</u>	<u>175,771</u>	<u>102,702</u>	<u>278,271</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	423,335	423,335	256,600	(166,735)	-
Transfers (out)	(726,983)	(726,983)	(679,054)	47,929	(1,213,910)
Debt proceeds	-	159,717	-	(159,717)	1,168,919
<b>Total Other Financing Sources (Uses)</b>	<u>(303,648)</u>	<u>(143,931)</u>	<u>(422,454)</u>	<u>(278,523)</u>	<u>(44,991)</u>
<b>Net Change in Fund Balances</b>	<u>(70,862)</u>	<u>(70,862)</u>	<u>(246,683)</u>	<u>(175,821)</u>	<u>233,280</u>
<b>Fund Balances - Beginning of Year</b>			<u>1,262,028</u>		<u>1,028,748</u>
<b>Fund Balances - End of Year</b>			<u>1,015,345</u>		<u>1,262,028</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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<u>Final Budget</u>	<u>2010</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>	
<b>Revenues:</b>					
<b>Intergovernmental:</b>					
Federal grants	1,825,939	1,825,939	1,681,792	(144,147)	157,817
State grants	410,863	410,863	364,908	(45,955)	4,194
<b>Charges for Services:</b>					
Passenger facility charges	130,000	130,000	125,301	(4,699)	141,622
<b>Investment Income</b>	1,156	1,156	2,325	1,169	1,722
<b>Total Revenues</b>	<u>2,367,958</u>	<u>2,367,958</u>	<u>2,174,326</u>	<u>(193,632)</u>	<u>305,355</u>
<b>Expenditures:</b>					
<b>Public Works</b>	3,398,272	3,398,272	2,539,450	858,822	440,096
<b>Debt Service:</b>					
Principal	68,010	68,010	68,010	-	67,387
Interest	16,612	16,612	16,614	(2)	17,237
<b>Total Expenditures</b>	<u>3,482,894</u>	<u>3,482,894</u>	<u>2,624,074</u>	<u>858,820</u>	<u>524,720</u>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	<u>(1,114,936)</u>	<u>(1,114,936)</u>	<u>(449,748)</u>	<u>665,188</u>	<u>(219,365)</u>
<b>Other Financing Sources (Uses):</b>					
Debt proceeds	1,000,000	1,000,000	1,000,000	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(114,936)</u>	<u>(114,936)</u>	550,252	<u>665,188</u>	(219,365)
<b>Fund Balances - Beginning of Year</b>			109,637		329,002
<b>Fund Balances - End of Year</b>			<u>659,889</u>		<u>109,637</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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2010</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>					
<b>Intergovernmental:</b>					
Federal grants	-	-	366,696	366,696	2,759
State grants	200,000	200,000	668,818	468,818	25,332
Local grants	700	700	-	(700)	-
<b>Investment Income</b>	2,982	2,982	7,630	4,648	15,588
<b>Contributions</b>	7,500	7,500	6,100	(1,400)	3,230
<b>Miscellaneous</b>	-	-	-	-	458,841
<b>Total Revenues</b>	<u>211,182</u>	<u>211,182</u>	<u>1,049,244</u>	<u>838,062</u>	<u>505,750</u>
<b>Expenditures:</b>					
<b>General Government:</b>					
Ohio City town hall	-	-	323	(323)	-
Dos Rios institutional construction	-	-	-	-	3,066
Other capital expenditures	-	-	446	(446)	613,723
<b>Public Safety:</b>					
Jail construction	9,554,606	9,554,606	8,677,365	877,241	2,179,904
<b>Culture and Recreation:</b>					
Fairgrounds restroom	362,188	362,188	312,159	50,029	4,970
<b>Public Works:</b>					
Public works facility construction	4,390,366	4,790,366	4,513,342	277,024	1,750,580
<b>Total Expenditures</b>	<u>14,307,160</u>	<u>14,707,160</u>	<u>13,503,635</u>	<u>1,203,525</u>	<u>4,552,243</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(14,095,978)</u>	<u>(14,495,978)</u>	<u>(12,454,391)</u>	<u>2,041,587</u>	<u>(4,046,493)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	153,988	153,988	(97,225)	(251,213)	1,047,345
Transfers (out)	(166,735)	(166,735)	-	166,735	-
Debt proceeds	-	400,000	-	(400,000)	18,011,972
<b>Total Other Financing Sources (Uses)</b>	<u>(12,747)</u>	<u>387,253</u>	<u>(97,225)</u>	<u>(484,478)</u>	<u>19,059,317</u>
<b>Net Change in Fund Balances</b>	<u>(14,108,725)</u>	<u>(14,108,725)</u>	<u>(12,551,616)</u>	<u>1,557,109</u>	<u>15,012,824</u>
<b>Fund Balances - Beginning of Year</b>			<u>15,253,453</u>		<u>240,629</u>
<b>Fund Balances - End of Year</b>			<u>2,701,837</u>		<u>15,253,453</u>

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

**Gunnison County, Colorado**  
**Non-major Governmental Funds**  
**Combining Balance Sheet**  
**For the Year Ended December 31, 2011**

	<b>Special Revenue</b>							<b>Total</b>	
	<b>Conservation Trust Fund</b>	<b>Public Health Fund</b>	<b>Mosquito Control Fund</b>	<b>Land Preservation Fund</b>	<b>Sage Grouse Fund</b>	<b>Risk Management Fund</b>	<b>Gunnison County Housing Auth. Administration</b>	<b>Local Marketing District</b>	<b>Non-major Governmental Funds</b>
<b>Assets:</b>									
Cash and investments	130,283	4,744	19,585	516,677	221,243	383,867	46,201	368,814	1,691,414
Accounts receivable	-	50,709	-	33,131	-	2,561	2,235	194,414	283,050
Prepaid expenses	-	-	-	-	-	28,984	-	-	28,984
Due from other funds	-	-	-	-	-	43	5,949	-	5,992
<b>Total Assets</b>	<b>130,283</b>	<b>55,453</b>	<b>19,585</b>	<b>549,808</b>	<b>221,243</b>	<b>415,455</b>	<b>54,385</b>	<b>563,228</b>	<b>2,009,440</b>
<b>Liabilities and Fund Balances:</b>									
<b>Liabilities:</b>									
Accounts payable	51	4,895	-	-	-	23,529	6,168	-	34,643
Due to other funds	79,517	9,149	169	99,585	-	-	-	8,225	196,645
Deferred revenue	-	17,102	-	-	2,500	-	6,741	-	26,343
<b>Total Liabilities</b>	<b>79,568</b>	<b>31,146</b>	<b>169</b>	<b>99,585</b>	<b>2,500</b>	<b>23,529</b>	<b>12,909</b>	<b>8,225</b>	<b>257,631</b>
<b>Fund Balances:</b>									
Non-spendable	-	-	-	-	-	28,984	-	-	28,984
Spendable:									
Restricted	50,715	-	-	450,223	-	-	-	555,003	1,055,941
Committed	-	24,307	19,416	-	218,743	-	-	-	262,466
Assigned	-	-	-	-	-	362,942	41,476	-	404,418
<b>Total Fund Balances</b>	<b>50,715</b>	<b>24,307</b>	<b>19,416</b>	<b>450,223</b>	<b>218,743</b>	<b>391,926</b>	<b>41,476</b>	<b>555,003</b>	<b>1,751,809</b>
<b>Total Liabilities and Fund Balances</b>	<b>130,283</b>	<b>55,453</b>	<b>19,585</b>	<b>549,808</b>	<b>221,243</b>	<b>415,455</b>	<b>54,385</b>	<b>563,228</b>	<b>2,009,440</b>

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, 2011**

	<b>Special Revenue</b>								
	<b>Conservation Trust Fund</b>	<b>Public Health Fund</b>	<b>Mosquito Control Fund</b>	<b>Land Preservation Fund</b>	<b>Sage Grouse Fund</b>	<b>Risk Management Fund</b>	<b>Gunnison County Housing Auth. Administration</b>	<b>Local Marketing District</b>	<b>Total Non-major Governmental Funds</b>
<b>Revenues:</b>									
Taxes	-	14,102	53,168	304,848	-	-	-	1,009,984	1,382,102
Intergovernmental	48,444	333,363	13,538	-	-	-	98,708	-	494,053
Charges for services	-	43,393	-	-	-	-	22,968	-	66,361
Investment income	1,278	-	-	2,758	-	5,715	462	4,448	14,661
Contributions	-	600	-	(323,250)	-	159,527	500	-	(162,623)
Miscellaneous	-	-	335	-	54,768	1,028	18,236	-	74,367
<b>Total Revenues</b>	<b>49,722</b>	<b>391,458</b>	<b>67,041</b>	<b>(15,644)</b>	<b>54,768</b>	<b>166,270</b>	<b>140,874</b>	<b>1,014,432</b>	<b>1,868,921</b>
<b>Expenditures:</b>									
General government	-	-	-	-	2,544	169,433	-	934,568	1,106,545
Health and welfare	-	486,141	80,161	-	-	-	177,140	-	743,442
Culture and recreation	485	-	-	1,660	-	-	-	-	2,145
Debt service	-	-	-	165,227	-	-	106,881	-	272,108
<b>Total Expenditures</b>	<b>485</b>	<b>486,141</b>	<b>80,161</b>	<b>166,887</b>	<b>2,544</b>	<b>169,433</b>	<b>284,021</b>	<b>934,568</b>	<b>2,124,240</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>49,237</b>	<b>(94,683)</b>	<b>(13,120)</b>	<b>(182,531)</b>	<b>52,224</b>	<b>(3,163)</b>	<b>(143,147)</b>	<b>79,864</b>	<b>(255,319)</b>
<b>Other Financing Sources (Uses):</b>									
Transfers in	-	93,749	13,538	-	-	-	253,407	-	360,694
Transfers (out)	(79,030)	-	(1,056)	-	(75,219)	-	(79,141)	(19,216)	(253,662)
<b>Total Other Financing Sources (Uses)</b>	<b>(79,030)</b>	<b>93,749</b>	<b>12,482</b>	<b>-</b>	<b>(75,219)</b>	<b>-</b>	<b>174,266</b>	<b>(19,216)</b>	<b>107,032</b>
<b>Net Change in Fund Balances</b>	<b>(29,793)</b>	<b>(934)</b>	<b>(638)</b>	<b>(182,531)</b>	<b>(22,995)</b>	<b>(3,163)</b>	<b>31,119</b>	<b>60,648</b>	<b>(148,287)</b>
<b>Fund Balances - Beginning of Year</b>	<b>80,508</b>	<b>25,241</b>	<b>20,054</b>	<b>632,754</b>	<b>241,738</b>	<b>395,089</b>	<b>10,357</b>	<b>494,355</b>	<b>1,900,096</b>
<b>Fund Balances - End of Year</b>	<b>50,715</b>	<b>24,307</b>	<b>19,416</b>	<b>450,223</b>	<b>218,743</b>	<b>391,926</b>	<b>41,476</b>	<b>555,003</b>	<b>1,751,809</b>

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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2010</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>					
Lottery proceeds	40,000	40,000	48,444	8,444	46,852
Earnings on investments	528	528	1,278	750	1,038
<b>Total Revenues</b>	<u>40,528</u>	<u>40,528</u>	<u>49,722</u>	<u>9,194</u>	<u>47,890</u>
<b>Expenditures:</b>					
Other	78	78	-	78	-
Treasurer's fees	325	625	485	140	315
<b>Total Expenditures</b>	<u>403</u>	<u>703</u>	<u>485</u>	<u>218</u>	<u>315</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>40,125</u>	<u>39,825</u>	<u>49,237</u>	<u>9,412</u>	<u>47,575</u>
<b>Other Financing Sources (Uses):</b>					
Transfers (out)	(79,030)	(79,030)	(79,030)	-	(30,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(79,030)</u>	<u>(79,030)</u>	<u>(79,030)</u>	<u>-</u>	<u>(30,000)</u>
<b>Net Change in Fund Balances</b>	<u>(38,905)</u>	<u>(39,205)</u>	<u>(29,793)</u>	<u>9,412</u>	17,575
<b>Fund Balances - Beginning of Year</b>			80,508		62,933
<b>Fund Balances - End of Year</b>			<u>50,715</u>		<u>80,508</u>

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

**Gunnison County, Colorado**  
**Special Revenue Funds**  
**Public Health Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
<b>Taxes:</b>					
Other taxes	4,000	4,000	14,102	10,102	6,341
<b>Intergovernmental:</b>					
Federal grants	44,000	44,000	30,366	(13,634)	-
State grants	230,550	230,550	237,157	6,607	357,239
Local grants	54,339	54,339	65,840	11,501	67,193
<b>Charges for Services</b>	36,084	36,084	43,393	7,309	54,088
<b>Contributions</b>	-	-	600	600	-
<b>Miscellaneous</b>	-	-	-	-	1,355
<b>Total Revenues</b>	<u>368,973</u>	<u>368,973</u>	<u>391,458</u>	<u>22,485</u>	<u>486,216</u>
<b>Expenditures:</b>					
<b>Health and welfare:</b>					
Program support	157,583	157,583	142,655	14,928	22,898
Multicultural client services	9,223	9,223	14,186	(4,963)	7,488
Child and family health	99,945	99,949	106,574	(6,625)	56,333
Community health services	245,687	245,683	222,726	22,957	544,472
<b>Total Expenditures</b>	<u>512,438</u>	<u>512,438</u>	<u>486,141</u>	<u>26,297</u>	<u>631,191</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(143,465)</u>	<u>(143,465)</u>	<u>(94,683)</u>	<u>48,782</u>	<u>(144,975)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	155,369	155,369	93,749	(61,620)	155,369
<b>Total Other Financing Sources (Uses)</b>	<u>155,369</u>	<u>155,369</u>	<u>93,749</u>	<u>(61,620)</u>	<u>155,369</u>
<b>Net Change in Fund Balances</b>	<u>11,904</u>	<u>11,904</u>	(934)	<u>(12,838)</u>	10,394
<b>Fund Balances - Beginning of Year</b>			<u>25,241</u>		<u>14,847</u>
<b>Fund Balances - End of Year</b>			<u>24,307</u>		<u>25,241</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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<u>Final Budget</u>	<u>2010</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>	
				<u>(Negative)</u>	
<b>Revenues:</b>					
<b>Taxes:</b>					
Property tax revenue	53,871	53,871	53,204	(667)	53,984
Delinquent tax and interest	-	-	(36)	(36)	-
<b>Intergovernmental:</b>					
Local grants	13,538	13,538	13,538	-	13,599
<b>Miscellaneous</b>	280	280	335	55	302
<b>Total Revenues</b>	<u>67,689</u>	<u>67,689</u>	<u>67,041</u>	<u>(648)</u>	<u>67,885</u>
<b>Expenditures:</b>					
Operations	80,170	80,170	80,161	9	80,133
<b>Total Expenditures</b>	<u>80,170</u>	<u>80,170</u>	<u>80,161</u>	<u>9</u>	<u>80,133</u>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	<u>(12,481)</u>	<u>(12,481)</u>	<u>(13,120)</u>	<u>(639)</u>	<u>(12,248)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	13,538	13,538	13,538	-	13,599
Transfers (out)	(1,056)	(1,056)	(1,056)	-	(1,044)
<b>Total Other Financing</b>					
<b>Sources (Uses)</b>	<u>12,482</u>	<u>12,482</u>	<u>12,482</u>	<u>-</u>	<u>12,555</u>
<b>Net Change in Fund Balances</b>	<u>1</u>	<u>1</u>	<u>(638)</u>	<u>(639)</u>	<u>307</u>
<b>Fund Balances - Beginning of Year</b>			20,054		19,747
<b>Fund Balances - End of Year</b>			<u>19,416</u>		<u>20,054</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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
<b>Taxes:</b>					
Sales tax	299,712	299,712	304,848	5,136	308,268
<b>Intergovernmental:</b>					
<b>Investment Income</b>	2,635	2,635	2,758	123	4,769
<b>Contributions</b>	(300,000)	(566,000)	(323,250)	242,750	-
<b>Total Revenues</b>	2,347	(263,653)	(15,644)	248,009	313,037
<b>Expenditures:</b>					
<b>Culture and Recreation:</b>					
Land preservation	1,721	1,721	1,660	61	1,863
<b>Debt Service:</b>					
Principal payments	150,697	150,697	150,697	-	144,787
Interest payments	14,530	14,530	14,530	-	20,440
<b>Total Expenditures</b>	166,948	166,948	166,887	61	167,090
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(164,601)	(430,601)	(182,531)	248,070	145,947
<b>Net Change in Fund Balances</b>	(164,601)	(430,601)	(182,531)	248,070	145,947
<b>Fund Balances - Beginning of Year</b>			632,754		486,807
<b>Fund Balances - End of Year</b>			450,223		632,754

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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Miscellaneous	-	-	54,768	54,768	-
<b>Total Revenues</b>	-	-	54,768	54,768	-
<b>Expenditures:</b>					
General government	-	-	2,544	(2,544)	11,058
<b>Total Expenditures</b>	-	-	2,544	(2,544)	11,058
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	-	52,224	52,224	(11,058)
<b>Other Financing Sources (Uses):</b>					
Transfers in	67,312	67,312	-	(67,312)	62,533
Transfers (out)	(75,000)	(78,000)	(75,219)	2,781	(75,000)
<b>Total Other Financing Sources (Uses)</b>	(7,688)	(10,688)	(75,219)	(64,531)	(12,467)
<b>Net Change in Fund Balances</b>	(7,688)	(10,688)	(22,995)	(12,307)	(23,525)
<b>Fund Balances - Beginning of Year</b>			241,738		265,263
<b>Fund Balances - End of Year</b>			218,743		241,738

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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<u>Final Budget</u>	<u>2010</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>	
				<u>(Negative)</u>	
<b>Revenues:</b>					
Investment Income	3,049	3,049	5,715	2,666	5,285
Contributions	162,000	162,000	159,527	(2,473)	121,552
Miscellaneous	-	-	1,028	1,028	2,856
<b>Total Revenues</b>	<u>165,049</u>	<u>165,049</u>	<u>166,270</u>	<u>1,221</u>	<u>129,693</u>
<b>Expenditures:</b>					
<b>General Government:</b>					
CAPP Insurance Claims	50,000	75,000	61,585	13,415	9,897
Other expenses	65,700	115,700	107,848	7,852	21,208
<b>Total Expenditures</b>	<u>115,700</u>	<u>190,700</u>	<u>169,433</u>	<u>21,267</u>	<u>31,105</u>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	<u>49,349</u>	<u>(25,651)</u>	<u>(3,163)</u>	<u>22,488</u>	<u>98,588</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	-	-	55,460
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,460</u>
<b>Net Change in Fund Balances</b>	<u>49,349</u>	<u>(25,651)</u>	<u>(3,163)</u>	<u>22,488</u>	<u>154,048</u>
<b>Fund Balances - Beginning of Year</b>			<u>395,089</u>		<u>241,041</u>
<b>Fund Balances - End of Year</b>			<u>391,926</u>		<u>395,089</u>

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

Gunnison County, Colorado  
Special Revenue Funds  
Gunnison County Housing Authority Administration  
Schedule of Revenues, Expenditures and Available Resources  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
<b>Intergovernmental:</b>					
Federal grants	152,613	152,613	18,706	(133,907)	105,731
Local grants	79,251	79,251	80,002	751	78,960
<b>Charges for Services:</b>					
Fees	30,591	30,591	22,968	(7,623)	28,416
<b>Investment Income</b>	249	249	462	213	293
<b>Contributions</b>	-	-	500	500	-
<b>Miscellaneous</b>	500	500	18,236	17,736	5,598
<b>Total Revenues</b>	<u>263,204</u>	<u>263,204</u>	<u>140,874</u>	<u>(122,330)</u>	<u>218,998</u>
<b>Expenditures:</b>					
<b>Health and Welfare</b>	318,010	318,010	177,140	140,870	278,458
<b>Debt Service:</b>					
Principal	91,760	91,760	91,547	213	87,271
Interest	15,122	15,122	15,334	(212)	19,399
<b>Total Expenditures</b>	<u>424,892</u>	<u>424,892</u>	<u>284,021</u>	<u>140,871</u>	<u>385,128</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(161,688)</u>	<u>(161,688)</u>	<u>(143,147)</u>	<u>18,541</u>	<u>(166,130)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	239,203	239,203	253,407	14,204	233,896
Transfers (out)	(79,141)	(79,141)	(79,141)	-	(67,656)
<b>Total Other Financing Sources (Uses)</b>	<u>160,062</u>	<u>160,062</u>	<u>174,266</u>	<u>14,204</u>	<u>166,240</u>
<b>Net Change in Fund Balances</b>	<u>(1,626)</u>	<u>(1,626)</u>	31,119	<u>32,745</u>	110
<b>Fund Balances - Beginning of Year</b>			<u>10,357</u>		<u>10,247</u>
<b>Fund Balances - End of Year</b>			<u>41,476</u>		<u>10,357</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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2010</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>					
Marketing and promotion tax	952,475	960,475	1,009,984	49,509	983,054
Earnings on investments	2,158	2,158	4,448	2,290	5,419
<b>Total Revenues</b>	<u>954,633</u>	<u>962,633</u>	<u>1,014,432</u>	<u>51,799</u>	<u>988,473</u>
<b>Expenditures:</b>					
<b>General Government:</b>					
Contracted services	900,000	908,000	908,000	-	964,500
Other	26,640	26,640	26,568	72	27,333
<b>Total Expenditures</b>	<u>926,640</u>	<u>934,640</u>	<u>934,568</u>	<u>72</u>	<u>991,833</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>27,993</u>	<u>27,993</u>	<u>79,864</u>	<u>51,871</u>	<u>(3,360)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers (out)	(19,216)	(19,216)	(19,216)	-	(21,600)
<b>Total Other Financing Sources (Uses)</b>	<u>(19,216)</u>	<u>(19,216)</u>	<u>(19,216)</u>	<u>-</u>	<u>(21,600)</u>
<b>Net Change in Fund Balances</b>	<u>8,777</u>	<u>8,777</u>	60,648	<u>51,871</u>	(24,960)
<b>Fund Balances - Beginning of Year</b>			<u>494,355</u>		<u>519,315</u>
<b>Fund Balances - End of Year</b>			<u>555,003</u>		<u>494,355</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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
<b>Operating Revenues:</b>					
Airport fees	292,068	292,068	384,740	92,672	329,521
Terminal & hanger rent	388,105	388,105	428,956	40,851	440,037
Ground transportation	-	-	-	-	195,509
Parking fees & fines	68,000	68,000	76,148	8,148	77,193
FBO rent and fees	-	-	-	-	27,123
Aviation fuel tax	-	-	-	-	39,325
Grants	19,984	19,984	43,503	23,519	3,049
Other	306,669	306,669	343,527	36,858	67,110
<b>Total Operating Revenues</b>	<u>1,074,826</u>	<u>1,074,826</u>	<u>1,276,874</u>	<u>202,048</u>	<u>1,178,867</u>
<b>Operating Expenditures:</b>					
Administration	254,028	254,028	224,566	29,462	365,252
Terminal operations	233,319	233,319	196,190	37,129	159,949
Runway & grounds maintenance.	236,930	236,930	168,158	68,772	238,221
Snow removal	132,600	132,600	75,945	56,655	114,251
Aircraft rescue	140,509	140,509	152,340	(11,831)	105,256
Security	84,285	84,285	97,408	(13,123)	61,136
Wildlife	33,044	33,044	39,069	(6,025)	-
Capital outlay	107,000	107,000	90,510	16,490	33,629
Debt payments	-	-	-	-	5,735
<b>Total Operating Expenditures</b>	<u>1,221,715</u>	<u>1,221,715</u>	<u>1,044,186</u>	<u>177,529</u>	<u>1,083,429</u>
<b>Operating Income (Loss)</b>	<u>(146,889)</u>	<u>(146,889)</u>	<u>232,688</u>	<u>379,577</u>	<u>95,438</u>
<b>Non-operating Revenues (Expenditures):</b>					
Proceeds from sale of assets	-	-	-	-	(971)
Transfers (out)	(96,998)	(96,998)	(97,000)	(2)	(101,676)
Investment revenue	12,000	12,000	10,645	(1,355)	12,880
Interest expense	-	-	-	-	(112)
<b>Total Non-operating Revenues (Expenditures)</b>	<u>(84,998)</u>	<u>(84,998)</u>	<u>(86,355)</u>	<u>(1,357)</u>	<u>(89,879)</u>
<b>Change in Net Assets - Budget Basis</b>	<u>(231,887)</u>	<u>(231,887)</u>	<u>146,333</u>	<u>378,220</u>	<u>5,559</u>
<b>Available Resources - Beginning of Year</b>			<u>886,995</u>		<u>881,436</u>
<b>Available Resources - End of Year</b>			<u>1,033,328</u>		<u>886,995</u>
<b>Available resources at year-end is computed as follows:</b>					
Current assets			1,149,805		1,007,590
Current liabilities			(48,908)		(55,946)
Accrued compensated absences			(67,569)		(64,649)
			<u>1,033,328</u>		<u>886,995</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, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	2011			2010	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<b>Revenues:</b>					
<b>Dos Rios Division:</b>					
Tap fees	-	-	5,500	5,500	5,500
User fees	157,820	157,820	156,759	(1,061)	156,626
Late fees	1,200	1,200	3,094	1,894	2,415
Other revenue	-	-	9,092	9,092	-
<b>Total Dos Rios Division</b>	<u>159,020</u>	<u>159,020</u>	<u>174,445</u>	<u>15,425</u>	<u>164,541</u>
<b>Somerset Division:</b>					
User fees	8,350	8,350	8,341	(9)	8,139
Late fees	100	100	175	75	171
<b>Total Somerset Division</b>	<u>8,450</u>	<u>8,450</u>	<u>8,516</u>	<u>66</u>	<u>8,310</u>
<b>Antelope Hills Division:</b>					
User fees	44,430	44,430	44,435	5	43,569
Late fees	400	400	649	249	566
<b>Total Antelope Hills Division</b>	<u>44,830</u>	<u>44,830</u>	<u>45,084</u>	<u>254</u>	<u>44,135</u>
<b>North Gunnison Division:</b>					
Tap fees	9,000	9,000	30,000	21,000	176,000
User fees	223,170	223,170	214,867	(8,303)	208,158
Late fees	600	600	3,893	3,293	2,914
Other revenue	-	300,000	172,518	(127,482)	647,706
<b>Total North Gunnison Division</b>	<u>232,770</u>	<u>532,770</u>	<u>421,278</u>	<u>(111,492)</u>	<u>1,034,778</u>
<b>Tomichi Division:</b>					
Tap fees	-	-	35,500	35,500	-
Other revenue	-	-	316	316	-
<b>Total Tomichi Division</b>	<u>-</u>	<u>-</u>	<u>35,816</u>	<u>35,816</u>	<u>-</u>
<b>Total Revenues</b>	<u>445,070</u>	<u>745,070</u>	<u>685,139</u>	<u>(59,931)</u>	<u>1,251,764</u>
<b>Expenditures:</b>					
<b>Dos Rios Division:</b>					
Operations	116,718	116,718	85,750	30,968	106,916
Transfers to other funds	37,120	37,120	40,702	(3,582)	31,362
Capital outlay	85,000	85,000	102,666	(17,666)	39,000
<b>Total Dos Rios Division</b>	<u>238,838</u>	<u>238,838</u>	<u>229,118</u>	<u>9,720</u>	<u>177,278</u>
<b>Somerset Division:</b>					
Operations	4,270	4,270	2,850	1,420	4,025
Transfers to other funds	1,289	1,289	1,406	(117)	1,116
<b>Total Somerset Division</b>	<u>5,559</u>	<u>5,559</u>	<u>4,256</u>	<u>1,303</u>	<u>5,141</u>
<b>Antelope Hills Division:</b>					
Operations	29,199	29,199	23,136	6,063	20,334
Transfers to other funds	7,545	7,545	8,203	(658)	6,905
Capital outlay	-	-	6,762	(6,762)	-
<b>Total Antelope Hills Division</b>	<u>36,744</u>	<u>36,744</u>	<u>38,101</u>	<u>(1,357)</u>	<u>27,239</u>
<b>North Gunnison Division:</b>					
Operations	80,473	112,573	104,271	8,302	177,914
Transfers to other funds	20,203	20,203	22,038	(1,835)	16,130
Capital outlay	-	267,900	57,393	210,507	-
Debt service	115,244	115,244	114,487	757	114,519
<b>Total North Gunnison Division</b>	<u>215,920</u>	<u>515,920</u>	<u>298,189</u>	<u>217,731</u>	<u>308,563</u>
<b>North Valley Division:</b>					
Transfers to other funds	-	-	-	-	33,307
Debt service	-	-	-	-	352,383
<b>Total North Valley Division</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,690</u>
<b>Tomichi Division:</b>					
Operations	-	-	23,208	(23,208)	-
<b>Total Tomichi Division</b>	<u>-</u>	<u>-</u>	<u>23,208</u>	<u>(23,208)</u>	<u>-</u>
<b>Total Expenditures</b>	<u>497,061</u>	<u>797,061</u>	<u>592,872</u>	<u>204,189</u>	<u>903,911</u>
<b>Change in Net Assets - Budget Basis</b>	<u>(51,991)</u>	<u>(51,991)</u>	<u>92,267</u>	<u>144,258</u>	<u>347,853</u>
<b>Available Resources - Beginning of Year</b>			<u>731,830</u>		<u>383,977</u>
<b>Available Resources - End of Year</b>			<u>824,097</u>		<u>731,830</u>
<b>Available resources at year-end is computed as follows:</b>					
Current assets			1,022,172		813,270
Current liabilities			(235,006)		(116,768)
Current portion of long-term obligations			36,931		35,328
			<u>824,097</u>		<u>731,830</u>

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

**Gunnison County, Colorado**  
**Enterprise Funds**  
**Water Fund**  
**Schedule of Revenues, Expenditures and Available Resources**  
**Budget (Non-GAAP) Basis and Actual**  
**For the Year Ended December 31, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2010</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Operating Revenues:</b>					
User fees	197,210	197,210	198,601	1,391	197,755
Availability fees	8,120	8,120	7,600	(520)	7,558
Contributions	13,500	13,500	13,500	-	8,892
Grants	-	-	51,384	51,384	4,161
Earnings on investments	-	-	2,790	2,790	-
Other	8,024	8,024	4,071	(3,953)	829
<b>Total Operating Revenues</b>	<u>226,854</u>	<u>226,854</u>	<u>277,946</u>	<u>51,092</u>	<u>219,195</u>
<b>Operating Expenditures:</b>					
<b>Dos Rios Division:</b>					
Operating expenses	128,135	128,135	105,685	22,450	136,360
Allocations	-	-	-		14,508
<b>Somerset Division:</b>					
Debt service	8,024	8,024	7,949	75	7,957
<b>Antelope Hills Division:</b>					
Operating expenses	80,500	80,500	231	80,269	-
Capital outlay	1,814,461	1,814,461	126,548	1,687,913	-
<b>Utilities Administration:</b>					
Operating expenses	45,601	45,601	48,704	(3,103)	60,720
Capital outlay	-	-	163,767	(163,767)	-
<b>Total Operating Expenditures</b>	<u>2,076,721</u>	<u>2,076,721</u>	<u>452,884</u>	<u>1,623,837</u>	<u>219,545</u>
<b>Operating Income (Loss)</b>	<u>(1,849,867)</u>	<u>(1,849,867)</u>	<u>(174,938)</u>	<u>1,674,929</u>	<u>(350)</u>
<b>Non-operating Revenues (Expenditures):</b>					
Transfers in	15,525	15,525	21,717	6,192	25,753
Transfers (out)	(25,283)	(25,283)	(25,283)	-	-
Debt proceeds	1,986,500	1,986,500	-	(1,986,500)	-
<b>Total Non-operating Revenues (Expenditures)</b>	<u>1,976,742</u>	<u>1,976,742</u>	<u>(3,566)</u>	<u>(1,980,308)</u>	<u>25,753</u>
<b>Change in Net Assets - Budget Basis</b>	<u>126,875</u>	<u>126,875</u>	<u>(178,504)</u>	<u>(305,379)</u>	<u>25,403</u>
<b>Available Resources - Beginning of Year</b>			<u>364,575</u>		<u>339,172</u>
<b>Prior Period Adjustment - See Note V.H.</b>			102,067		-
<b>Available Resources - Beginning of Year (Restated)</b>			<u>466,642</u>		<u>339,172</u>
<b>Available Resources - End of Year</b>			<u>288,138</u>		<u>364,575</u>
<b>Available resources at year-end is computed as follows:</b>					
Current assets			307,320		388,989
Current liabilities			(9,610)		(13,823)
Current portion of long-term obligations			4,556		4,339
Accrued compensated absences			(14,128)		(14,930)
			<u>288,138</u>		<u>364,575</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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<u>Final Budget</u>	<u>2010</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>	
				<u>(Negative)</u>	
<b>Operating Revenues:</b>					
Sage Grouse mitigation	67,312	67,312	54,768	(12,544)	62,533
Construction surcharge	-	-	-	-	109,765
<b>Landfill:</b>					
Disposal fees	645,820	645,820	548,653	(97,167)	427,068
Closure cost surcharge	-	-	-	-	28,390
Other fees	-	-	-	-	16,472
Other	27,346	27,346	28,764	1,418	20,417
<b>Total Landfill Revenues</b>	<u>740,478</u>	<u>740,478</u>	<u>632,185</u>	<u>(108,293)</u>	<u>664,645</u>
<b>Recycling:</b>					
Recycling surcharge	-	-	-	-	142,701
Recycled material sales	144,000	144,000	175,388	31,388	148,804
<b>Total Recycling Revenues</b>	<u>144,000</u>	<u>144,000</u>	<u>175,388</u>	<u>31,388</u>	<u>291,505</u>
<b>Total Operating Revenues</b>	<u>884,478</u>	<u>884,478</u>	<u>807,573</u>	<u>(76,905)</u>	<u>956,150</u>
<b>Operating Expenditures:</b>					
Closure and postclosure	6,237	6,237	-	6,237	1,728
Operations and maintenance	658,875	658,875	525,961	132,914	380,576
Capital outlay	45,000	45,000	3,221	41,779	-
<b>Total Landfill Expenditures</b>	<u>710,112</u>	<u>710,112</u>	<u>529,182</u>	<u>180,930</u>	<u>382,304</u>
<b>Recycling Expenditures:</b>					
Operations	-	-	-	-	201,043
Capital outlay	-	-	15,000	(15,000)	27,226
<b>Total Recycling Expenditures</b>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>(15,000)</u>	<u>228,269</u>
<b>Total Operating Expenditures</b>	<u>710,112</u>	<u>710,112</u>	<u>544,182</u>	<u>165,930</u>	<u>610,573</u>
<b>Operating Income (Loss)</b>	<u>174,366</u>	<u>174,366</u>	<u>263,391</u>	<u>89,025</u>	<u>345,577</u>
<b>Non-operating Revenues (Expenditures):</b>					
Transfers (out)	(151,504)	(151,504)	(84,192)	67,312	(121,621)
Investment revenue	30,000	30,000	30,815	815	33,424
<b>Total Non-operating Revenues (Expenditures)</b>	<u>(121,504)</u>	<u>(121,504)</u>	<u>(53,377)</u>	<u>68,127</u>	<u>(88,197)</u>
<b>Change in Net Assets - Budget Basis</b>	<u>52,862</u>	<u>52,862</u>	<u>210,014</u>	<u>157,152</u>	<u>257,380</u>
<b>Available Resources - Beginning of Year</b>			<u>2,621,546</u>		<u>2,364,166</u>
<b>Available Resources - End of Year</b>			<u>2,831,560</u>		<u>2,621,546</u>
<b>Available resources at year-end is computed as follows:</b>					
Current assets			2,874,927		2,663,791
Current liabilities			(23,084)		(24,735)
Accrued compensated absences			(20,283)		(17,510)
			<u>2,831,560</u>		<u>2,621,546</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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<u>Final Budget</u>	<u>2010</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>	
				<u>(Negative)</u>	
<b>Operating Revenues:</b>					
<b>Palisade Assisted Living:</b>					
Donations and debt service reimbursements	36,488	36,488	36,817	329	36,813
<b>Total Operating Revenues</b>	<u>36,488</u>	<u>36,488</u>	<u>36,817</u>	<u>329</u>	<u>36,813</u>
<b>Operating Expenditures:</b>					
Principal payments	16,875	16,875	16,876	(1)	16,194
Interest payments	19,613	19,613	19,941	(328)	20,619
<b>Total Operating Expenditures</b>	<u>36,488</u>	<u>36,488</u>	<u>36,817</u>	<u>(329)</u>	<u>36,813</u>
<b>Change in Net Assets - Budget Basis</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Available Resources - Beginning of Year</b>			<u>3,051</u>		<u>3,051</u>
<b>Available Resources - End of Year</b>			<u>3,051</u>		<u>3,051</u>
<b>Available resources at year-end is computed as follows:</b>					
Current assets			3,051		3,051
Current liabilities			(17,532)		(16,876)
Current portion of long-term obligations			<u>17,532</u>		<u>16,876</u>
			<u>3,051</u>		<u>3,051</u>

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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2010</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Operating Revenues:</b>					
<b>Mountain View Apartments:</b>					
Tenant payments	85,017	85,017	92,526	7,509	88,184
Assistance payment	128,525	128,525	127,458	(1,067)	124,479
Vacancies	(2,500)	(2,500)	(3,901)	(1,401)	(2,769)
Other revenue	6,500	6,500	5,211	(1,289)	6,936
<b>Total Operating Revenues</b>	<u>217,542</u>	<u>217,542</u>	<u>221,294</u>	<u>3,752</u>	<u>216,830</u>
<b>Operating Expenditures:</b>					
<b>Mountain View Apartments:</b>					
Operations	165,668	183,868	169,404	14,464	163,209
Capital outlay	27,600	27,600	13,523	14,077	-
Principal on debt	10,175	10,175	42,649	(32,474)	10,013
Interest on debt	26,882	26,882	35,519	(8,637)	40,643
<b>Total Operating Expenditures</b>	<u>230,325</u>	<u>248,525</u>	<u>261,095</u>	<u>(12,570)</u>	<u>213,865</u>
<b>Operating Income (Loss)</b>	<u>(12,783)</u>	<u>(30,983)</u>	<u>(39,801)</u>	<u>(8,818)</u>	<u>2,965</u>
<b>Non-operating Revenues (Expenditures):</b>					
Sale of capital assets	-	-	(600)	(600)	803
Investment revenue	575	575	247	(328)	464
<b>Total Non-operating Revenues (Expenditures)</b>	<u>575</u>	<u>575</u>	<u>(353)</u>	<u>(928)</u>	<u>1,267</u>
<b>Change in Net Assets - Budget Basis</b>	<u>(12,208)</u>	<u>(30,408)</u>	<u>(40,154)</u>	<u>(9,746)</u>	<u>4,232</u>
<b>Available Resources - Beginning of Year</b>			<u>220,521</u>		<u>216,289</u>
<b>Available Resources - End of Year</b>			<u>180,367</u>		<u>220,521</u>
<b>Available resources at year-end is computed as follows:</b>					
Current assets			242,606		274,420
Current liabilities			(73,092)		(64,147)
Current portion of long-term obligations			10,853		10,248
			<u>180,367</u>		<u>220,521</u>

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

**Gunnison County, Colorado**  
**Internal Service Funds**  
**Combining Statement of Net Assets**  
**For the Year Ended December 31, 2011**

	<u>Internal Service Fund I</u>	<u>Internal Service Fund II</u>	<u>Internal Service Fund III</u>	<u>Total</u>
<b>Current Assets:</b>				
Cash	468,660	563,852	1,177,020	2,209,532
Accounts receivable, net of allowance for uncollectible accounts, where applicable	2,548	2,387	105,618	110,553
Due from other governments	-	-	200	200
Prepaid expenses	445	36,472	-	36,917
Due from other funds	167,395	6,687	326	174,408
Inventory, at cost	879,045	14,921	-	893,966
<b>Total Current Assets</b>	<u>1,518,093</u>	<u>624,319</u>	<u>1,283,164</u>	<u>3,425,576</u>
<b>Non-current Assets:</b>				
Land, property and equipment	17,490,335	1,615,123	-	19,105,458
Less: Accumulated depreciation	<u>(8,119,625)</u>	<u>(944,774)</u>	<u>-</u>	<u>(9,064,399)</u>
<b>Total Non-current Assets</b>	<u>9,370,710</u>	<u>670,349</u>	<u>-</u>	<u>10,041,059</u>
<b>Total Assets</b>	<u>10,888,803</u>	<u>1,294,668</u>	<u>1,283,164</u>	<u>13,466,635</u>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts payable	94,614	35,593	145,678	275,885
Accrued liabilities	2,555	-	-	2,555
Deferred revenue	-	-	146,462	146,462
Leases, due within one year	158,082	-	-	158,082
<b>Total Current Liabilities</b>	<u>255,251</u>	<u>35,593</u>	<u>292,140</u>	<u>582,984</u>
<b>Non-current Liabilities:</b>				
Accrued compensated absences	54,201	24,757	5,547	84,505
<b>Total Non-current Liabilities</b>	<u>54,201</u>	<u>24,757</u>	<u>5,547</u>	<u>84,505</u>
<b>Total Liabilities</b>	<u>309,452</u>	<u>60,350</u>	<u>297,687</u>	<u>667,489</u>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	9,212,628	670,349	-	9,882,977
Restricted	445	36,472	-	36,917
Unrestricted	1,366,278	527,497	985,477	2,879,252
<b>Total Net Assets</b>	<u>10,579,351</u>	<u>1,234,318</u>	<u>985,477</u>	<u>12,799,146</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**  
**For the Year Ended December 31, 2011**

	<b>Internal Service Fund I</b>	<b>Internal Service Fund II</b>	<b>Internal Service Fund III</b>	<b>Total</b>
<b>Operating Revenues:</b>				
Rent, net	1,839,420	-	-	1,839,420
Charges and fees	1,921	1,525	555,156	558,602
Other	263,442	728,525	1,892,339	2,884,306
<b>Total Operating Revenues</b>	<u>2,104,783</u>	<u>730,050</u>	<u>2,447,495</u>	<u>5,282,328</u>
<b>Operating Expenses:</b>				
Operations and maintenance	1,587,918	447,873	2,665,493	4,701,284
Administration	75,806	95,140	-	170,946
Depreciation and amortization	560,621	243,205	-	803,826
<b>Total Operating Expenses</b>	<u>2,224,345</u>	<u>786,218</u>	<u>2,665,493</u>	<u>5,676,056</u>
<b>Operating Income (Loss)</b>	<u>(119,562)</u>	<u>(56,168)</u>	<u>(217,998)</u>	<u>(393,728)</u>
<b>Non-operating Revenues (Expenses):</b>				
Gain (loss) on disposal of capital assets	(12,746)	-	-	(12,746)
Grant revenue	28,204	-	-	28,204
Investment revenue	-	-	12,249	12,249
Interest expense	(8,396)	-	-	(8,396)
<b>Total Non-operating Revenues (Expenses)</b>	<u>7,062</u>	<u>-</u>	<u>12,249</u>	<u>19,311</u>
<b>Income (Loss) Before Transfers</b>	<u>(112,500)</u>	<u>(56,168)</u>	<u>(205,749)</u>	<u>(374,417)</u>
<b>Capital Contributions</b>	4,519,332	-	-	4,519,332
<b>Transfers In</b>	316,750	133,200	-	449,950
<b>Transfers (Out)</b>	<u>(84,893)</u>	<u>(62,924)</u>	<u>(26,021)</u>	<u>(173,838)</u>
<b>Change in Net Assets</b>	4,638,689	14,108	(231,770)	4,421,027
<b>Total Net Assets - Beginning of Year</b>	<u>5,940,662</u>	<u>1,220,210</u>	<u>1,217,247</u>	<u>8,378,119</u>
<b>Total Net Assets - End of Year</b>	<u><u>10,579,351</u></u>	<u><u>1,234,318</u></u>	<u><u>985,477</u></u>	<u><u>12,799,146</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, 2011**

	<b>Internal Service Fund I</b>	<b>Internal Service Fund II</b>	<b>Internal Service Fund III</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from charges for services	2,100,755	732,369	1,918,962	4,752,086
Cash received from other sources	1,921	1,525	555,156	558,602
Cash payments to vendors for goods and services	(1,239,734)	(313,097)	(2,513,024)	(4,065,855)
Cash payments to employees for services	(461,522)	(236,723)	(12,610)	(710,855)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>401,420</b>	<b>184,074</b>	<b>(51,516)</b>	<b>533,978</b>
<b>Cash Flows from Non-capital Financing Activities:</b>				
Transfers from (to) other funds, net	205,710	(13,500)	(10,396)	181,814
<b>Net Cash Provided (Used) by Non-capital Financing Activities</b>	<b>205,710</b>	<b>(13,500)</b>	<b>(10,396)</b>	<b>181,814</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Capital grants	28,204	-	-	28,204
Capital contributions	4,519,332	-	-	4,519,332
Interest paid on debt	(8,396)	-	-	(8,396)
Principal paid on loans and leases	(152,737)	-	-	(152,737)
Purchase of capital assets	(4,790,937)	(159,916)	-	(4,950,853)
Cash from sale of assets	10,243	-	-	10,243
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(394,291)</b>	<b>(159,916)</b>	<b>-</b>	<b>(554,207)</b>
<b>Cash Flows from Investing Activities:</b>				
Cash from investment income	-	-	12,248	12,248
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>-</b>	<b>-</b>	<b>12,248</b>	<b>12,248</b>
<b>Net Increase (Decrease) in Cash</b>	<b>212,839</b>	<b>10,658</b>	<b>(49,664)</b>	<b>173,833</b>
<b>Cash - Beginning of Year</b>	<b>255,821</b>	<b>553,194</b>	<b>1,226,684</b>	<b>2,035,699</b>
<b>Cash - End of Year</b>	<b>468,660</b>	<b>563,852</b>	<b>1,177,020</b>	<b>2,209,532</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	(119,562)	(56,168)	(217,998)	(393,728)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Depreciation and amortization	560,621	243,205	-	803,826
<b>Changes in Assets and Liabilities:</b>				
(Increase) decrease in accounts receivable	(2,107)	3,844	7,230	8,967
(Increase) decrease in prepaid expenses	(445)	(22,982)	-	(23,427)
(Increase) decrease in inventory	(44,632)	2,507	-	(42,125)
Increase (decrease) in accounts payable	4,566	8,151	139,256	151,973
Increase (decrease) in accrued liabilities	(2,482)	-	-	(2,482)
Increase (decrease) in deferred revenues	-	-	19,393	19,393
Increase (decrease) in compensated absences	5,461	5,517	603	11,581
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>401,420</b>	<b>184,074</b>	<b>(51,516)</b>	<b>533,978</b>

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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2010</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Operating Revenues:</b>					
Equipment rent	1,579,606	1,579,606	1,839,420	259,814	1,673,257
Material and gravel sales	443,400	443,400	258,030	(185,370)	176,494
Other revenues	4,000	4,000	7,333	3,333	28,922
<b>Total Operating Revenues</b>	<u>2,027,006</u>	<u>2,027,006</u>	<u>2,104,783</u>	<u>77,777</u>	<u>1,878,673</u>
<b>Operating Expenditures:</b>					
Administration	217,829	217,829	234,625	(16,796)	16,916
Fleet maintenance	1,125,902	1,125,902	1,127,943	(2,041)	1,308,338
Materials	443,400	443,400	290,321	153,079	176,494
Property and equipment purchases	486,900	486,900	279,325	207,575	277,761
Equipment lease payments	166,728	166,728	164,246	2,482	161,224
<b>Total Operating Expenditures</b>	<u>2,440,759</u>	<u>2,440,759</u>	<u>2,096,460</u>	<u>344,299</u>	<u>1,940,733</u>
<b>Operating Income (Loss)</b>	<u>(413,753)</u>	<u>(413,753)</u>	<u>8,323</u>	<u>422,076</u>	<u>(62,060)</u>
<b>Non-operating Revenues (Expenditures):</b>					
Sale of capital assets	7,500	7,500	10,243	2,743	1,000
Grant revenue	-	-	28,204	28,204	-
Transfers in	300,000	300,000	316,750	16,750	105,817
Transfers (out)	(84,893)	(84,893)	(84,893)	-	(58,824)
<b>Total Non-operating Revenues (Expenditures)</b>	<u>222,607</u>	<u>222,607</u>	<u>270,304</u>	<u>47,697</u>	<u>47,993</u>
<b>Change in Net Assets - Budget Basis</b>	<u>(191,146)</u>	<u>(191,146)</u>	<u>278,627</u>	<u>469,773</u>	<u>(14,067)</u>
<b>Available Resources - Beginning of Year</b>			<u>1,088,096</u>		<u>1,102,163</u>
<b>Available Resources - End of Year</b>			<u>1,366,723</u>		<u>1,088,096</u>
<b>Available resources at year-end is computed as follows:</b>					
Current assets			1,518,093		1,231,921
Current liabilities			(255,251)		(247,822)
Current portion of long-term obligations			158,082		152,737
Accrued compensated absences			(54,201)		(48,740)
			<u>1,366,723</u>		<u>1,088,096</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, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
<b>Operating Revenues:</b>					
Data processing	388,094	388,094	391,102	3,008	385,592
Mapping	195,796	195,796	195,795	(1)	206,098
Telephone system	70,848	70,848	74,040	3,192	73,467
Photocopy and postage	86,024	86,024	66,572	(19,452)	82,733
Other	2,000	2,000	2,541	541	3,366
Grants	-	-	-	-	62,630
<b>Total Operating Revenues</b>	<u>742,762</u>	<u>742,762</u>	<u>730,050</u>	<u>(12,712)</u>	<u>813,886</u>
<b>Operating Expenditures:</b>					
<b>Data Processing:</b>					
Operations	481,143	481,143	197,278	283,865	537,998
Capital outlay	53,000	53,000	350	52,650	58,879
<b>GIS Mapping:</b>					
Operations	184,071	184,071	154,150	29,921	163,376
Capital outlay	-	-	4,546	(4,546)	5,613
<b>Telephone System:</b>					
Operations	42,135	42,135	41,393	742	23,276
Capital outlay	-	-	93,671	(93,671)	163,696
<b>Photocopy and Postage:</b>					
Operations	80,920	80,920	62,319	18,601	74,386
<b>Help Desk:</b>					
Operations	66,027	66,027	113,870	(47,843)	-
<b>IT Infrastructure:</b>					
Operations	-	-	11,598	(11,598)	-
<b>Systems Development:</b>					
Operations	7,782	7,782	7,454	328	-
<b>IT Training:</b>					
Operations	17,001	17,001	16,303	698	-
<b>Total Operating Expenditures</b>	<u>932,079</u>	<u>932,079</u>	<u>702,932</u>	<u>229,147</u>	<u>1,027,224</u>
<b>Operating Income (Loss)</b>	<u>(189,317)</u>	<u>(189,317)</u>	<u>27,118</u>	<u>216,435</u>	<u>(213,338)</u>
<b>Non-operating Revenues (Expenditures):</b>					
Sale of capital assets	-	-	-	-	200
Transfers in	133,200	133,200	133,200	-	380,652
Transfers (out)	(62,924)	(62,924)	(62,924)	-	(70,164)
<b>Total Non-operating Revenues (Expenditures)</b>	<u>70,276</u>	<u>70,276</u>	<u>70,276</u>	<u>-</u>	<u>310,688</u>
<b>Change in Net Assets - Budget Basis</b>	<u>(119,041)</u>	<u>(119,041)</u>	<u>97,394</u>	<u>216,435</u>	<u>97,350</u>
<b>Available Resources - Beginning of Year</b>			<u>466,575</u>		<u>369,225</u>
<b>Available Resources - End of Year</b>			<u>563,969</u>		<u>466,575</u>
<b>Available resources at year-end is computed as follows:</b>					
Current assets			624,319		590,346
Current liabilities			(35,593)		(104,531)
Accrued compensated absences			(24,757)		(19,240)
			<u>563,969</u>		<u>466,575</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 (Non-GAAP Basis) and Actual**  
**For the Year Ended December 31, 2011**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2010)**

	<u>2011</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2010</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Operating Revenues:</b>					
Premium contributions	2,082,617	2,677,895	2,437,509	(240,386)	1,526,716
Miscellaneous	-	-	9,987	9,987	416,623
<b>Total Operating Revenues</b>	<u>2,082,617</u>	<u>2,677,895</u>	<u>2,447,496</u>	<u>(230,399)</u>	<u>1,943,339</u>
<b>Operating Expenditures:</b>					
Operations	2,097,572	2,937,572	2,665,496	272,076	1,970,170
<b>Total Operating Expenditures</b>	<u>2,097,572</u>	<u>2,937,572</u>	<u>2,665,496</u>	<u>272,076</u>	<u>1,970,170</u>
<b>Operating Income (Loss)</b>	<u>(14,955)</u>	<u>(259,677)</u>	<u>(218,000)</u>	<u>41,677</u>	<u>(26,831)</u>
<b>Non-operating Revenues (Expenditures):</b>					
Transfers (out)	(26,021)	(26,021)	(26,021)	-	-
Investment revenue	11,186	11,186	12,249	1,063	19,016
<b>Total Non-operating Revenues (Expenditures)</b>	<u>(14,835)</u>	<u>(14,835)</u>	<u>(13,772)</u>	<u>1,063</u>	<u>19,016</u>
<b>Change in Net Assets - Budget Basis</b>	<u>(29,790)</u>	<u>(274,512)</u>	<u>(231,772)</u>	<u>42,740</u>	<u>(7,815)</u>
<b>Available Resources - Beginning of Year</b>			<u>1,217,249</u>		<u>1,225,064</u>
<b>Available Resources - End of Year</b>			<u>985,477</u>		<u>1,217,249</u>
<b>Available resources at year-end is computed as follows:</b>					
Current assets			1,283,164		1,355,684
Current liabilities			(292,140)		(133,491)
Accrued compensated absences			(5,547)		(4,944)
			<u>985,477</u>		<u>1,217,249</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, 2011**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>Assets:</b>				
Cash	21,620,356			24,261,324
Less: Cash held for County funds	(20,913,470)	128,573,372	(128,423,604)	(23,404,670)
<b>Total Assets</b>	<u>706,886</u>	<u>128,573,372</u>	<u>(128,423,604)</u>	<u>856,654</u>
<b>Liabilities:</b>				
Due to other governments and agencies	706,886	128,573,372	(128,423,604)	856,654
<b>Total Liabilities</b>	<u>706,886</u>	<u>128,573,372</u>	<u>(128,423,604)</u>	<u>856,654</u>

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, 2011**

	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance End of Year</b>
<b>Assets:</b>				
Cash	105,855	158,549	(138,570)	125,834
<b>Total Assets</b>	<b>105,855</b>	<b>158,549</b>	<b>(138,570)</b>	<b>125,834</b>
<b>Liabilities:</b>				
Due to governmental funds Held by Trustee	-	25,322	-	25,322
	105,855	133,227	(138,570)	100,512
<b>Total Liabilities</b>	<b>105,855</b>	<b>158,549</b>	<b>(138,570)</b>	<b>125,834</b>

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.

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: <b>Gunnison County</b>
	YEAR ENDING : December 2011
This Information From The Records Of (example - City of _ or County of _)	Prepared By: <b>Linda Nienhueser</b> Phone: <b>(970) 641-7622</b>

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

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

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	369,024
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,896,425
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	701,363
3. Other local imposts (from page 2)	178,992	c. Other	
4. Miscellaneous local receipts (from page 2)	356,786	d. Total (a. through c.)	701,363
5. Transfers from toll facilities		4. General administration & miscellaneous	550,479
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	4,517,291
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	535,779	b. Redemption	
<b>B. Private Contributions</b>	16,750	c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	2,705,342	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	2,391,142	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	5,649,013	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	4,517,291

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	4,135,870	5,649,013	4,517,291	5,267,592	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

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

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	55,826
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	27,219
5. Specific Ownership &/or Other	178,992	g. Other Misc. Receipts	273,742
6. Total (1. through 5.)	178,992	h. Other	
c. Total (a. + b.)	178,992	i. Total (a. through h.)	356,786
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	2,560,572	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	582,216
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	46,436	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	98,334	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	1,808,927
f. Total (a. through e.)	144,770	g. Total (a. through f.)	2,391,142
4. Total (1. + 2. + 3.f)	2,705,342	3. Total (1. + 2.g)	
			(Carry forward to page 1)

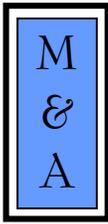
**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs		12,288	12,288
b. Engineering Costs		2,271	2,271
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		47,989	47,989
(3). System Preservation		74,431	74,431
(4). System Enhancement & Operation		232,046	232,046
(5). Total Construction (1) + (2) + (3) + (4)	0	354,465	354,465
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	369,024	369,024
			(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 INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

### Board of County Commissioners Gunnison County, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gunnison County (the "County") as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with general accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A *material weakness* is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

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

*Member: American Institute of Certified Public Accountants*

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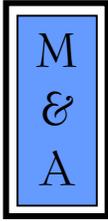
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*Board of County Commissioners  
Gunnison County, Colorado*

This report is intended solely for the information and use of management, others within the entity, 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, L.L.C.  
September 28, 2012**



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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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 with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2011. Gunnison 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 Gunnison County's management. Our responsibility is to express an opinion on Gunnison County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gunnison 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 of Gunnison County's compliance with those requirements.

In our opinion, Gunnison 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, 2011.

### Internal Control Over Compliance

Management of Gunnison County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Gunnison County's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gunnison County's internal control over compliance.

*Member: American Institute of Certified Public Accountants*

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*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of County Commissioners, others within the entity, 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, L.L.C.**  
**September 28, 2012**

**Gunnison County, Colorado**  
**SCHEDULE AUDIT FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2011**

**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
Noncompliance material to financial statements noted	None noted

*Federal Awards*

Internal control over major programs:	
Material weakness identified	None noted
Reportable conditions 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 programs:	
Airport Improvement Projects (total)	CFDA# 20.106
Emergency Operations Center	CFDA# 97.052
Insured Loan Program	CFDA# 14.135
Lower Income Housing Assistance Program	CFDA# 14.857
Dollar threshold used to identify Type A from Type B programs	\$300,000
Identified as low-risk auditee	Yes

**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**  
**For the Year Ended December 31, 2011**  
**(Continued)**

**Note:** There were no findings for the fiscal year ended December 31, 2010.

**Gunnison County, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2011**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
<b>Department of Agriculture:</b>			
<b>Passed through Colorado Department of Public Health and Environment:</b>			
Women, Infant, Children	10.557	No	77,424
Women, Infant, Children Breast Feeding Peer Counselor	10.557	No	4,353
Women, Infant, Children (non-cash vouchers)	10.557	No	129,121
<b>Passed through Colorado Department of Human Services:</b>			
Food Assistance-Administration	10.561	No	89,118
<b>Total Department of Agriculture:</b>			<u>300,016</u>
<b>Department of Health and Human Services:</b>			
Drug-Free Communities Support Program	93.276	No	135,925
<b>Passed through Colorado Department of Human Services:</b>			
TANF CO Works	93.558	No	193,966
Title IV-D - Administration	93.563	No	123,467
Low-income Home Energy Assistance	93.568	No	164,495
CCDF Discretionary	93.596	No	5,249
CCDF	93.575	No	67,107
Child Welfare Services IVB	93.645	No	5,999
Foster Care-Title IV-E	93.658	No	95,357
Adoption	93.659	No	37,304
Social Services Block Grant	93.667	No	70,456
Promoting Safe and Stable Families (PSSF)	93.556	No	50,000
Medicaid Assistance Program	93.778	No	54,929
Adjustments to Costs	93.000	No	(1,456)
<b>Passed through Colorado Department of Public Health and Environment:</b>			
CORE (BT)	93.069	No	19,593
EPR ILL Surveillance	93.069	No	9,855
Family Planning	93.217	No	59,931
Immunizations	93.268	No	7,859
CWCCI/WWC	93.283	No	1,192
Nurturing parent	93.590	No	4,447
Sexually Transmitted Diseases	93.977	No	3,689
Public Health Nurse - Maternal and Child Health Service	93.994	No	1,466
Health Assmt & Plan (OPP)	93.991	No	14,000
<b>Passed through Colorado Department of Public Health and Environment through Region 10 Area for Aging:</b>			
Special Program for the Aging	93.044	No	17,953
<b>Passed through Colorado Department of Local Affairs through Delta County:</b>			
Medicaid Assistance Program	93.778	No	43,608
<b>Total Department of Health and Human Services:</b>			<u>1,186,391</u>
<b>Department of Transportation:</b>			
<b>Federal Aviation Administration:</b>			
Airport Improvement Projects (total)	20.106	Yes	1,681,792
<b>Federal Transit Administration:</b>			
Formula Grants for Other Than Urbanized Areas	20.509	No	2,322
			<u>1,684,114</u>
<b>Subtotal</b>			<u>3,170,521</u>

**Gunnison County, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2011**  
**(continued)**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
<b>Department of Homeland Security:</b>			
<b>Passed through Colorado Department of Local Affairs</b>			
Emergency Management Performance Grant	97.042	No	57,600
Emergency Operations Center	97.052	Yes	366,696
<b>Total Department of Homeland Security:</b>			<u>424,296</u>
<b>Department of Justice:</b>			
Victims of Crime Act, Crime Victim Assistance Program	16.575	No	50,779
Juvenile Accountability	16.523	No	27,350
Edward Byrne Memorial Justice Assistance Grant Program	16.738	No	7,214
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	No	12,618
State Criminal Alien Assistance Program	16.606	No	10,147
<b>Total Department of Justice:</b>			<u>108,108</u>
<b>Department of Housing and Urban Development:</b>			
<b>Passed through Colorado Department of Local Affairs - Division of Housing:</b>			
Section 8 Housing Assistance Payment Program	14.195	No	255,101
<b>Passed through Colorado Department Housing and Finance Authority:</b>			
Insured Loan Program	14.135	Yes	825,184
Lower Income Housing Assistance Program	14.857	Yes	127,458
<b>Total Department of Housing and Urban Development:</b>			<u>1,207,743</u>
<b>Total Federal Assistance:</b>			<u><u>4,910,668</u></u>

**Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2011**

**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, 2011.

**Gunnison County, Colorado**  
**Schedule of Passenger Facility Charges Collected and Expended**  
**For the Year Ended December 31, 2011**

<u>Program Title</u>	<u>Amounts for Current Year</u>	<u>Unliquidated Balance</u>
Unliquidated PFC revenues, beginning of year		\$ -
<b>Revenues:</b>		
Revenues collected from air carriers	125,301	
Interest Earned	-	
Total PFC Revenues	<u>125,301</u>	125,301
<b>Project Expenditures:</b>		
Construction	<u>(125,301)</u>	
Total PFC project expenditures	<u>(125,301)</u>	<u>(125,301)</u>
Unliquidated PFC revenues, end of year		<u>\$ -</u>

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