

Gunnison County

Financial Report

December 31, 2008



**Gunnison County, Colorado
Financial Report
December 31, 2008**

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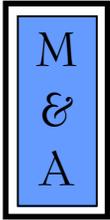
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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners Gunnison County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gunnison County, Colorado (the "County"), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Gunnison Valley Hospital and Health Care Center, the discretely presented component unit of Gunnison County. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Gunnison County, is based on the report of the other auditors.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gunnison County as of December 31, 2008, 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 July 21, 2009, on our consideration of Gunnison County's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grants. That report is an integral part of and audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis in Section B is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Performing services for local governments throughout Colorado

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

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

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

*Board of County Commissioners
Gunnison County, Colorado*

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

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

McMahan and Associates, L.L.C.
July 21, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS



Gunnison County, Colorado

Management's Discussion and Analysis

December 31, 2008

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, 2008.

Financial Highlights

- On a short term view, the County's governmental funds increased \$1,811,454. This was primarily due to increases in the General Fund and Road and Bridge Fund. These increases were both due to higher revenues and lower expenditures than anticipated.
- On a long term view the County's governmental activities increase \$1,725,465. 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 \$297,741. This is primarily due to an increase in the solid waste fund as capital expenditures were not undertaken as budgeted.
- On a long-term view the County's business type activities increased \$173,993. This increase is primarily due to increases in the Water Fund and Landfill Operating Fund relating to user fees.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The County has three component units: 1) The Gunnison Valley Hospital and Health Care Center, 2) the Gunnison County Housing Authority ("Authority") and 3) the Gunnison River Valley Local Marketing District. The latter two entities are treated as a blended component unit, meaning they are treated as funds of the County, because their Boards are the same as the Board of County Commissioners. The Hospital is treated as a discretely presented component unit.

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

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

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

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.

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.

Overview of the Financial Statements (continued)

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. The County added all infrastructure (roads, bridges, etc.), to its accounting records retroactively in 2006.

At the end of the 2008 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 Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets:						
Current and other assets	22,952,437	21,482,071	5,053,582	4,713,386	28,006,019	26,195,457
Capital assets, net	18,168,787	18,054,735	47,078,281	47,209,647	65,247,068	65,264,382
Total Assets	41,121,224	39,536,806	52,131,863	51,923,033	93,253,087	91,459,839
Liabilities:						
Other liabilities	10,748,480	9,663,387	251,234	199,401	10,999,714	9,862,788
Long-term liabilities	3,079,875	4,239,957	4,954,261	4,968,218	8,034,136	9,208,175
Total Liabilities	13,828,355	13,903,344	5,205,495	5,167,619	19,033,850	19,070,963
Net Assets:						
Invested in capital assets, net of related debt	14,982,136	14,831,671	-	43,598,367	14,982,136	58,430,038
Restricted	671,067	516,000	1,584,368	1,398,220	2,255,435	1,914,220
Unrestricted	11,639,666	10,285,791	45,341,997	1,758,827	56,981,663	12,044,618
Total Net Assets	27,292,869	25,633,462	46,926,365	46,755,414	74,219,234	72,388,876

Government-wide Financial Analysis (continued)

Governmental Activities: Governmental activities increased \$1,659,398 while Business-type activities increased \$173,993. Key elements of this increase were as follows:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	2,057,119	2,037,163	2,948,366	2,934,634	5,005,485	4,971,797
Grants and contributions	9,654,015	10,287,067	1,783,954	4,746,235	11,437,969	15,033,302
General revenues:						
Sales taxes	1,762,357	2,059,331	28,446	21,491	1,790,803	2,080,822
Property taxes	6,400,457	5,873,152	-	-	6,400,457	5,873,152
Other taxes	1,746,886	1,919,721	-	-	1,746,886	1,919,721
Interest and other revenue	496,426	684,640	106,509	132,968	602,935	817,608
Total Revenues	22,117,260	22,861,074	4,867,275	7,835,328	26,984,535	30,696,402
Expenses:						
General government	7,026,126	6,400,787	-	-	7,026,126	6,400,787
Judicial	233,120	215,903	-	-	233,120	215,903
Public safety	3,430,493	3,545,019	-	-	3,430,493	3,545,019
Health and welfare	3,350,482	3,770,169	-	-	3,350,482	3,770,169
Auxiliary services	252,552	227,609	-	-	252,552	227,609
Culture and recreation	1,198,620	1,359,920	-	-	1,198,620	1,359,920
Public works	4,469,139	3,967,866	-	-	4,469,139	3,967,866
Interest on long-term debt	127,826	155,533	-	-	127,826	155,533
Airport operations	-	-	2,711,658	2,595,012	2,711,658	2,595,012
Sewer	-	-	327,756	373,498	327,756	373,498
Water	-	-	454,588	427,585	454,588	427,585
Landfill	-	-	702,220	571,653	702,220	571,653
Housing	-	-	332,503	320,296	332,503	320,296
Total Expenses	20,088,358	19,642,806	4,528,725	4,288,044	24,617,083	23,930,850
Change in Net Assets						
before Transfers	2,028,902	3,218,268	338,550	3,547,284	2,367,452	6,765,552
Transfers	167,596	(197,288)	(167,597)	197,288	(1)	-
Loss on disposals	(66,067)	-	-	-	(66,067)	-
Extraordinary items	(471,032)	-	-	-	(471,032)	-
	(369,503)	(197,288)	(167,597)	197,288	(537,100)	-
Change in Net Assets	1,659,399	3,020,980	170,953	3,744,572	1,830,352	6,765,552
Net Assets - Beginning	25,633,470	22,612,482	46,755,412	43,010,842	72,388,882	65,623,324
Net Assets - Ending	27,292,869	25,633,462	46,926,365	46,755,414	74,219,234	72,388,876

Significant events impacting 2008 were:

- Net assets as a result of governmental activities increased \$1,659,398 because total governmental revenues exceeded total governmental expenses. This is at least partially due to the delaying construction and not incurring maintenance of roads as anticipated in the Road and Bridge Fund.
- Business type user fees increased over prior year, allowing for an overall increase to the funds.

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 2008 is charted below:

	<u>Beginning Available Resources</u>	<u>Increase (Decrease)</u>	<u>Ending Available Resources</u>	<u>2008 Expenditures</u>	<u>% of EAV to Expenditures</u>
Governmental Major Funds:					
General Fund	4,062,875	449,079	4,511,954	10,241,528	44%
Road & Bridge	1,304,093	1,530,698	2,834,790	4,249,574	67%
Human Services Fund	244,645	10,588	255,234	2,771,658	9%
Sales Tax Fund	957,084	(3,345)	953,739	1,581,910	60%
Airport Construction Fund	284,701	(118,410)	166,291	1,476,290	11%
Capital Expenditures Fund	37,688	1,348	39,036	1,257,354	3%
Non-Major Funds	1,348,792	(58,501)	1,290,291	3,072,529	42%
Business Type Funds:					
Airport Operations Fund	695,822	9,562	705,384	1,159,120	61%
Sewer Fund	533,426	13,099	546,525	396,097	138%
Water Fund	425,494	2,485	427,979	205,082	209%
Solid Waste Fund	1,975,999	318,438	2,294,437	786,440	292%
Assisted Living Fund	10	-	10	36,488	0%
Mountain View Fund	400,165	(55,461)	344,704	256,417	134%
Internal Service Funds:					
ISF I Fund	2,008,528	(33,269)	1,975,259	2,697,472	73%
ISF II Fund	237,268	(45,329)	191,939	781,814	25%
ISF III Fund	1,283,708	(86,283)	1,197,425	2,478,099	48%
	<u>15,800,299</u>	<u>1,934,699</u>	<u>17,734,998</u>	<u>33,447,873</u>	53%

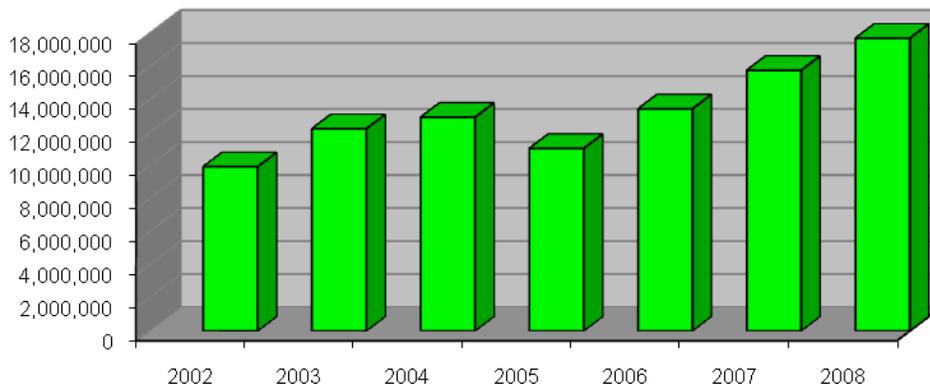
Governmental Funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balances may serve as a useful measure 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 increased \$1,811,454. This was primarily due to an increase in the General Fund and an increase in the Road and Bridge Fund.

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 \$173,993.

Budget Variances in the General Fund: No budget amendments were made to the General Fund during the year. Actual Expenditures were \$461,569 less than the budget, largely due to general government expenditure, which were \$377,051 less than budgeted.

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

Long-term Debt: As of the end of the current fiscal year, the County's long-term liabilities totaled \$9,265,486. The County did not have significant changes in long-term debt other than the acquiring heavy equipment through the execution of a capital lease. 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 2008 totaled \$4,511,954. The 2009 budget anticipates decreasing this balance by \$241,850.

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, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Hospital
Assets:				
Cash and investments	12,350,251	4,374,589	16,724,840	7,429,975
Due from other governments	2,775,056	-	2,775,056	-
Accounts, taxes, and other receivables	6,729,206	335,372	7,064,578	4,473,070
Prepaid expenses	51,067	19,726	70,793	213,591
Inventory	1,023,335	-	1,023,335	1,223,809
Internal balances	23,522	(23,522)	-	-
Other Assets:				
Deferred charges	-	347,417	347,417	127,237
Capital Assets:				
Capital assets, not depreciated	2,642,321	11,365,601	14,007,922	-
Capital assets, net	15,526,466	35,712,680	51,239,146	13,712,679
Total Assets	41,121,224	52,131,863	93,253,087	27,180,361
Liabilities:				
Accounts payable	1,520,945	140,845	1,661,790	383,206
Accrued expenses	397,872	10,392	408,264	1,278,395
Unearned revenue	6,739,544	100,000	6,839,544	-
Deposits	818,995	-	818,995	-
Accrued interest	-	39,772	39,772	-
Non-current Liabilities:				
Due within one year:				
Accrued compensated absences	465,739	38,447	504,186	-
Leases	454,604	11,756	466,360	40,086
Bonds	137,445	21,154	158,599	340,000
Loans	213,336	39,785	253,121	-
Due in more than one year:				
Accrued compensated absences	698,609	57,671	756,280	-
Leases	845,136	6,050	851,186	-
Bonds	428,379	1,739,525	2,167,904	7,190,000
Landfill closure and postclosure costs	-	938,679	938,679	-
Loans	1,107,751	2,061,422	3,169,173	647,572
Total Liabilities	13,828,355	5,205,498	19,033,853	9,879,259
Net Assets:				
Invested in capital assets, net of related debt	14,982,136	43,198,589	58,180,725	6,364,834
Restricted for:				
Emergencies	620,000	-	620,000	-
Other purposes	51,067	1,604,094	1,655,161	26,122
Unrestricted	11,639,666	2,123,682	13,763,348	10,910,146
Total Net Assets	27,292,869	46,926,365	74,219,234	17,301,102

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

Gunnison County, Colorado
Statement of Activities
For the Year Ended December 31, 2008

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>			<u>Component Unit</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governments</u>			
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Functions/Programs:								
Primary Government:								
Governmental Activities:								
General government	7,026,127	1,521,732	222,948	124,088	(5,157,359)		(5,157,359)	
Judicial	233,120	794	-	-	(232,326)		(232,326)	
Public safety	3,430,493	160,423	176,190	398,522	(2,695,358)		(2,695,358)	
Health and welfare	3,350,482	189,221	2,409,392	202,407	(549,462)		(549,462)	
Auxiliary services	252,552	-	-	-	(252,552)		(252,552)	
Culture and recreation	1,198,620	70,814	219,168	-	(908,638)		(908,638)	
Public works	4,469,139	114,135	3,593,343	369,523	(392,138)		(392,138)	
Interest on long-term debt	127,826	-	-	-	(127,826)		(127,826)	
Total Governmental Activities	20,088,359	2,057,119	6,621,041	1,094,540	(10,315,659)		(10,315,659)	
Business-type Activities:								
Airport	2,711,658	1,115,832	-	1,354,603		(241,223)	(241,223)	
Sewer	327,756	403,380	-	406,836		482,460	482,460	
Water	454,588	188,603	4,769	-		(261,216)	(261,216)	
Landfill	702,220	1,013,839	17,746	-		329,365	329,365	
Housing	332,503	226,712	-	-		(105,791)	(105,791)	
Total Business-type Activities	4,528,725	2,948,366	22,515	1,761,439		203,595	203,595	
Total Primary Government	24,617,084	5,005,485	6,643,556	2,855,979	(10,315,659)	203,595	(10,112,064)	
Component Unit:								
Hospital	24,110,260	23,674,522	-	-				(435,738)

General Revenues and Transfers:

Taxes:								
Property taxes				6,400,457	-	6,400,457	503,717	
Specific ownership taxes				443,905	-	443,905	-	
Sales taxes				1,762,357	28,446	1,790,803	-	
Lodging taxes				1,280,504	-	1,280,504	-	
Other taxes				22,477	-	22,477	-	
Investment earnings				496,426	106,509	602,935	259,879	
Grants and contributions not restricted to specific programs				1,938,434	-	1,938,434	93,584	
Transfers				167,597	(167,597)	-	-	
Loss on asset disposals				(66,067)	-	(66,067)	-	
Special and extraordinary items				(471,032)	-	(471,032)	-	
Total General Revenues and Transfers				11,975,058	(32,642)	11,942,416	857,180	
Change in Net Assets				1,659,399	170,953	1,830,352	421,442	
Net Assets - Beginning of Year				25,633,470	46,755,412	72,388,882	16,879,660	
Net Assets - End of Year				27,292,869	46,926,365	74,219,234	17,301,102	

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

FUND FINANCIAL STATEMENTS



**Gunnison County, Colorado
Governmental Funds
Balance Sheet
December 31, 2008**

	<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>
Assets:								
Cash and investments	4,680,370	1,772,168	218,182	937,545	5,739	240,661	1,796,721	9,651,386
Accounts receivable	6,130,369	1,569	370,696	15,000	137,402	-	3,888	6,658,924
Prepaid expenses	-	-	-	-	-	-	47,784	47,784
Due from other governments	212,170	1,617,581	26,817	408,702	168,409	198,523	142,854	2,775,056
Due from other funds	<u>270,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,106</u>	<u>107</u>	<u>357,085</u>
Total Assets	<u><u>11,293,781</u></u>	<u><u>3,391,318</u></u>	<u><u>615,695</u></u>	<u><u>1,361,247</u></u>	<u><u>311,550</u></u>	<u><u>525,290</u></u>	<u><u>1,991,354</u></u>	<u><u>19,490,235</u></u>
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable	167,458	7,391	5,720	234,903	-	282,060	475,979	1,173,511
Accrued liabilities	218,029	-	310	-	145,235	24,230	-	387,804
Deposits	299,646	519,349	-	-	-	-	-	818,995
Due to other funds	-	29,787	24,651	172,605	24	-	218,153	445,220
Deferred revenue	<u>6,096,694</u>	<u>-</u>	<u>329,780</u>	<u>-</u>	<u>-</u>	<u>179,964</u>	<u>6,931</u>	<u>6,613,369</u>
Total Liabilities	<u><u>6,781,827</u></u>	<u><u>556,527</u></u>	<u><u>360,461</u></u>	<u><u>407,508</u></u>	<u><u>145,259</u></u>	<u><u>486,254</u></u>	<u><u>701,063</u></u>	<u><u>9,438,899</u></u>
Fund Balances:								
Reserved for emergencies	620,000	-	-	-	-	-	-	620,000
Reserved for prepaids	-	-	-	-	-	-	47,784	47,784
Unreserved:								
General Fund	3,891,954	-	-	-	-	-	-	3,891,954
Special revenue funds	-	2,834,791	255,234	953,739	-	-	1,242,507	5,286,271
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,291</u>	<u>39,036</u>	<u>-</u>	<u>205,327</u>
Total Fund Balances	<u><u>4,511,954</u></u>	<u><u>2,834,791</u></u>	<u><u>255,234</u></u>	<u><u>953,739</u></u>	<u><u>166,291</u></u>	<u><u>39,036</u></u>	<u><u>1,290,291</u></u>	<u><u>10,051,336</u></u>
Total Liabilities and Fund Balances	<u><u>11,293,781</u></u>	<u><u>3,391,318</u></u>	<u><u>615,695</u></u>	<u><u>1,361,247</u></u>	<u><u>311,550</u></u>	<u><u>525,290</u></u>	<u><u>1,991,354</u></u>	<u><u>19,490,235</u></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, 2008

Total Governmental Fund Balances 10,051,336

**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	39,044,027	
Less accumulated depreciation	<u>(20,875,240)</u>	18,168,787

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 which are included above. 2,668,967

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. These amounts exclude internal service fund long-term liabilities, which are included in the above amount.

Accrued compensated absences	(1,105,230)	
Leases	(604,080)	
Bonds	(565,824)	
Loans	<u>(1,321,087)</u>	<u>(3,596,221)</u>

Net Assets of Governmental Activities 27,292,869

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, 2008

	General Fund	Road and Bridge Fund	Human Services Fund	Sales Tax Capital Improvement Fund	Airport Construction Fund	Capital Expenditure Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	5,827,487	147,954	255,340	1,432,993	-	-	2,245,927	9,909,701
Licenses and permits	225,770	-	-	-	-	-	-	225,770
Intergovernmental	1,056,321	5,283,576	2,520,790	100,300	1,219,305	1,172,522	193,296	11,546,110
Charges for services	1,504,598	146,441	-	-	133,845	-	347,254	2,132,138
Fines and forfeitures	-	264	-	-	-	-	-	264
Investment income	354,310	54,408	-	24,884	4,730	3,234	50,299	491,865
Contributions	401,898	402	482	20,387	-	-	126,918	550,087
Miscellaneous	213,973	8,668	5,635	-	-	36,266	56,014	320,556
Total Revenues	9,584,357	5,641,713	2,782,247	1,578,564	1,357,880	1,212,022	3,019,708	25,176,491
Expenditures:								
General government	5,293,005	-	-	427,157	-	-	1,418,180	7,138,342
Judicial	231,813	-	-	-	-	-	-	231,813
Public safety	2,456,410	-	-	57,637	-	794,687	-	3,308,734
Health and welfare	1,448,842	-	2,771,658	-	-	-	503,306	4,723,806
Auxiliary services	255,634	-	-	-	-	-	-	255,634
Culture and recreation	244,599	-	-	-	-	91,077	982,562	1,318,238
Public works	158,299	4,206,636	-	-	1,312,917	360,738	-	6,038,590
Debt service	16,974	-	-	220,053	163,374	-	168,481	568,882
Total Expenditures	10,105,576	4,206,636	2,771,658	704,847	1,476,291	1,246,502	3,072,529	23,584,039
Excess (Deficiency) of Revenues Over Expenditures	(521,219)	1,435,077	10,589	873,717	(118,411)	(34,480)	(52,821)	1,592,452
Other Financing Sources (Uses):								
Transfers in	1,105,250	138,560	-	-	-	46,680	227,116	1,517,606
Transfers (out)	(135,952)	(42,940)	-	(877,063)	-	(10,853)	(232,796)	(1,299,604)
Sale of capital assets	1,000	-	-	-	-	-	-	1,000
Total Other Financing Sources (Uses)	970,298	95,620	-	(877,063)	-	35,827	(5,680)	219,002
Net Change in Fund Balances	449,079	1,530,697	10,589	(3,346)	(118,411)	1,347	(58,501)	1,811,454
Fund Balances - Beginning of Year	4,062,875	1,304,093	244,645	957,084	284,701	37,688	1,348,792	8,239,878
Fund Balances - End of Year	4,511,954	2,834,790	255,234	953,738	166,290	39,035	1,290,291	10,051,332

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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, 2008

Net Changes In Fund Balances - Total Governmental Funds 1,811,454

**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	(1,107,752)	
(Gain) Loss on disposals, net	(66,067)	
Capital outlay contributions to other entities	(471,032)	
Capital outlay	1,186,671	(458,180)

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. (101,650)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 545,415

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, 2008	(1,105,230)	
Liability @ December 31, 2007	967,586	(137,644)

Change in Net Assets of Governmental Activities 1,659,399

Gunnison County, Colorado
Proprietary Funds
Statement of Net Assets
December 31, 2008

	Business-type Activities - Enterprise Funds						Totals	Governmental Activities - Internal Service Funds
	Airport Operations Fund	Gunnison County Sewer Fund	Gunnison County Water Fund	Landfill Operations Fund	Gunnison County Housing Auth. Assisted Lvg.	Gunnison County Housing Auth. Mtn. View		
Assets:								
Current Assets:								
Cash - Unrestricted	662,971	724,137	353,774	666,842	10	30,039	2,437,773	2,698,865
Cash - Restricted	-	-	-	1,576,884	-	359,932	1,936,816	-
Accounts receivable, net of allowance for uncollectible accounts where applicable	127,200	(33,106)	54,069	96,527	3,041	-	247,731	70,282
Due from other governments	5,872	-	81,770	-	-	-	87,642	-
Prepaid expenses	18,217	-	731	598	-	180	19,726	3,283
Due from other funds	-	10,980	-	-	-	-	10,980	111,949
Inventory, at cost	-	-	-	-	-	-	-	1,023,335
Total Current Assets	814,260	702,011	490,344	2,340,851	3,051	390,151	4,740,668	3,907,714
Non-current Assets:								
Deferred financing costs, net	-	-	-	-	-	347,417	347,417	-
Construction-in-progress	-	35,721	-	-	-	-	35,721	-
Land, property and equipment	55,160,951	6,198,347	8,436,948	174,848	2,037,513	1,599,070	73,607,677	11,534,549
Less accumulated depreciation	(19,503,741)	(1,784,652)	(3,915,041)	(111,831)	(275,955)	(973,899)	(26,565,119)	(7,574,364)
Total Non-current Assets	35,657,210	4,449,416	4,521,907	63,017	1,761,558	972,588	47,425,696	3,960,185
Total Assets	36,471,470	5,151,427	5,012,251	2,403,868	1,764,609	1,362,739	52,166,364	7,867,899
Liabilities:								
Current Liabilities:								
Accounts payable	47,969	42,230	37,097	9,362	-	4,185	140,843	347,435
Accrued liabilities	-	13,256	1,355	-	-	35,553	50,164	10,068
Due to other funds	8,110	-	7,363	10,281	3,041	5,707	34,502	293
Deferred revenue	-	100,000	-	-	-	-	100,000	126,176
Debt obligations, due within one year	11,143	32,326	3,936	-	15,540	9,750	72,695	237,270
Total Current Liabilities	67,222	187,812	49,751	19,643	18,581	55,195	398,204	721,242
Non-current Liabilities:								
Accrued compensated absences	52,797	-	16,549	26,772	-	-	96,118	59,118
Loans	-	147,546	77,834	-	498,214	1,337,828	2,061,422	-
Leases	5,735	-	-	-	-	315	6,050	458,390
Revenues bonds	-	1,739,525	-	-	-	-	1,739,525	-
Landfill closure and postclosure costs	-	-	-	938,679	-	-	938,679	-
Total Non-current Liabilities	58,532	1,887,071	94,383	965,451	498,214	1,338,143	4,841,794	517,508
Total Liabilities	125,754	2,074,883	144,134	985,094	516,795	1,393,338	5,239,998	1,238,750
Net Assets:								
Invested in capital assets, net of related debt	35,640,332	2,530,019	4,440,137	63,017	1,247,804	(722,722)	43,198,587	3,264,525
Restricted	18,217	-	731	1,584,966	-	180	1,604,094	3,283
Unrestricted	687,167	546,525	427,249	(229,209)	10	691,943	2,123,685	3,361,341
Total Net Assets	36,345,716	3,076,544	4,868,117	1,418,774	1,247,814	(30,599)	46,926,366	6,629,149

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, 2008

	Business-type Activities - Enterprise Funds						Totals	Governmental Activities - Internal Service Funds
	Airport Operations Fund	Gunnison County Sewer Fund	Gunnison County Water Fund	Landfill Operations Fund	Gunnison County Housing Auth. Assisted Lvg.	Gunnison County Housing Auth. Mtn. View		
Operating Revenues:								
Rent, net	754,786	-	-	-	36,488	188,167	979,441	1,555,220
Other	11,503	-	4,769	2,698	-	2,057	21,027	879,068
Charges and fees	349,543	403,380	188,603	1,028,887	-	-	1,970,413	2,254,289
Total Operating Revenues	<u>1,115,832</u>	<u>403,380</u>	<u>193,372</u>	<u>1,031,585</u>	<u>36,488</u>	<u>190,224</u>	<u>2,970,881</u>	<u>4,688,577</u>
Operating Expenses:								
Operations and maintenance	684,197	157,256	110,820	656,623	-	172,221	1,781,117	4,442,811
Administration	317,630	5,852	30,278	37,096	-	-	390,856	19,432
Depreciation and amortization	1,708,858	80,989	309,288	8,501	38,063	63,267	2,208,966	633,815
Total Operating Expenses	<u>2,710,685</u>	<u>244,097</u>	<u>450,386</u>	<u>702,220</u>	<u>38,063</u>	<u>235,488</u>	<u>4,380,939</u>	<u>5,096,058</u>
Operating Income (Loss)	<u>(1,594,853)</u>	<u>159,283</u>	<u>(257,014)</u>	<u>329,365</u>	<u>(1,575)</u>	<u>(45,264)</u>	<u>(1,410,058)</u>	<u>(407,481)</u>
Non-operating Revenues (Expenses):								
Grant revenue	-	-	-	-	-	-	-	262,072
Sales tax	28,446	-	-	-	-	-	28,446	-
Investment revenue	24,404	3,472	-	73,292	-	5,341	106,509	47,441
Interest expense	(973)	(83,659)	(4,202)	-	(21,956)	(36,996)	(147,786)	(21,797)
Total Non-operating Revenues (Expenses)	<u>51,877</u>	<u>(80,187)</u>	<u>(4,202)</u>	<u>73,292</u>	<u>(21,956)</u>	<u>(31,655)</u>	<u>(12,831)</u>	<u>287,716</u>
Income (Loss) Before Contributions and Transfers	<u>(1,542,976)</u>	<u>79,096</u>	<u>(261,216)</u>	<u>402,657</u>	<u>(23,531)</u>	<u>(76,919)</u>	<u>(1,422,889)</u>	<u>(119,765)</u>
Capital Contributions	1,312,916	2,344	514,700	-	-	-	1,829,960	-
Transfers In	-	-	14,194	-	-	-	14,194	134,665
Transfers (Out)	<u>(82,970)</u>	<u>(46,634)</u>	<u>(14,940)</u>	<u>(105,768)</u>	<u>-</u>	<u>-</u>	<u>(250,312)</u>	<u>(116,550)</u>
Change in Net Assets	(313,030)	34,806	252,738	296,889	(23,531)	(76,919)	170,953	(101,650)
Total Net Assets - Beginning of Year	<u>36,658,747</u>	<u>3,041,738</u>	<u>4,615,379</u>	<u>1,121,885</u>	<u>1,271,345</u>	<u>46,319</u>	<u>46,755,413</u>	<u>6,730,799</u>
Total Net Assets - End of Year	<u>36,345,717</u>	<u>3,076,544</u>	<u>4,868,117</u>	<u>1,418,774</u>	<u>1,247,814</u>	<u>(30,600)</u>	<u>46,926,366</u>	<u>6,629,149</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, 2008

	Business-type Activities - Enterprise Funds						Totals	Governmental Activities - Internal Service Funds
	Airport Operations Fund	Gunnison County Sewer Fund	Gunnison County Water Fund	Landfill Operations Fund	Gunnison County Housing Auth. Assisted Lvg.	Gunnison County Housing Auth. Mtn. View		
Cash Flows from Operating Activities:								
Cash received from charges for services	1,110,728	452,644	141,381	1,032,917	33,447	188,167	2,959,284	3,918,543
Cash received from other sources	11,503	-	4,769	2,698	-	2,057	21,027	879,068
Cash payments to vendors for goods and services	(548,151)	(111,614)	(50,744)	(426,228)	-	(129,047)	(1,265,784)	(3,816,042)
Cash payments to employees for services	(435,120)	(26,408)	(52,907)	(210,278)	-	(44,988)	(769,701)	(609,868)
Net Cash Provided (Used) by Operating Activities	138,960	314,622	42,499	399,109	33,447	16,189	944,826	371,701
Cash Flows from Non-capital Financing Activities:								
Taxes	28,446	-	-	-	-	-	28,446	-
Transfers from (to) other funds, net	(68,611)	(118,487)	64,606	(134,709)	3,041	107	(254,053)	105,571
Net Cash Provided (Used) by Non-capital Financing Activities	(40,165)	(118,487)	64,606	(134,709)	3,041	107	(225,607)	105,571
Cash Flows from Capital and Related Financing Activities:								
Capital grants	-	-	-	-	-	-	-	262,072
Capital contributions	-	2,344	-	-	-	-	2,344	-
Interest paid on debt	(973)	(83,659)	(4,202)	-	(21,956)	(36,996)	(147,786)	(21,797)
Principal paid on loans and leases	(10,720)	(31,305)	(3,748)	-	(14,532)	(32,597)	(92,902)	508,997
Proceeds from debt	-	-	-	-	-	-	-	-
Purchase of capital assets	(62,629)	(71,391)	(41,093)	(51,760)	-	(9,211)	(236,084)	(1,206,042)
Net Cash Provided (Used) by Capital and Related Financing Activities	(74,322)	(184,011)	(49,043)	(51,760)	(36,488)	(78,804)	(474,428)	(456,770)
Cash Flows from Investing Activities:								
Cash from investment income	24,404	3,472	-	73,292	-	5,341	106,509	47,441
Net Cash Provided (Used) by Investing Activities	24,404	3,472	-	73,292	-	5,341	106,509	47,441
Net Increase (Decrease) in Cash	48,877	15,596	58,062	285,932	-	(57,167)	351,300	67,943
Cash - Beginning of Year	614,094	708,541	295,712	1,957,794	10	447,138	4,023,289	2,630,922
Cash - End of Year	662,971	724,137	353,774	2,243,726	10	389,971	4,374,589	2,698,865
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:								
Operating income (loss)	(1,594,853)	159,283	(257,014)	329,365	(1,575)	(45,264)	(1,410,058)	(407,481)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization	1,708,858	80,989	309,288	8,501	38,063	63,267	2,208,966	633,815
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable	6,399	49,264	(47,222)	4,030	(3,041)	-	9,430	102,777
(Increase) decrease in prepaid expenses	6,482	123	(316)	(399)	-	(180)	5,710	(1,632)
(Increase) decrease in inventory	-	-	-	-	-	-	-	(174,715)
Increase (decrease) in accounts payable	3,665	25,261	31,594	(3,542)	-	(5,197)	51,781	192,810
Increase (decrease) in accrued liabilities	-	(298)	(74)	64,813	-	3,563	68,004	10,068
Increase (decrease) in deferred revenues	-	-	-	-	-	-	-	6,253
Increase (decrease) in compensated absences	8,409	-	6,243	(3,659)	-	-	10,993	9,806
Net Cash Provided (Used) by Operating Activities	138,960	314,622	42,499	399,109	33,447	16,189	944,826	371,701
Non-Cash Investing, Capital, and Financing Activities:								
Contribution of fixed assets	1,312,916	-	514,700	-	-	-	1,827,616	-

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

**Gunnison County, Colorado
Agency Funds
Statement of Fiduciary Net Assets
December 31, 2008**

	<u>County Treasurer Agency Fund</u>	<u>Public Trustee Agency Fund</u>
Assets:		
Cash	17,138,245	57,877
Less: cash held for County funds	<u>(16,035,512)</u>	<u>-</u>
Total Assets	<u><u>1,102,733</u></u>	<u><u>57,877</u></u>
 Liabilities:		
Due to other governments and agencies	1,102,733	-
Held by Trustee	<u>-</u>	<u>57,877</u>
Total Liabilities	<u><u>1,102,733</u></u>	<u><u>57,877</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, 2008

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, 2008
(Continued)

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

2. Discretely Presented Component Unit

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

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

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

3. Intergovernmental Agreements

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

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

B. Government-wide and Fund Financial Statements

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

1. Government-wide Financial Statements

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

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Government-wide Financial Statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the County's 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, 2008
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

The County reports the following major proprietary funds:

The *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, 2008
(Continued)

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, 2008
(Continued)

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.

4. Property Taxes

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

5. Interfund Receivables and Payables

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

6. Inventories

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

7. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2008 are recorded as prepaid expenses.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

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 \$5,000 or more and an estimated useful life in excess of two years for all assets other than equipment. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

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

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

9. Deferred Property Taxes

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

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

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. Fund Equity

Governments report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. At December 31, 2008, the County reported net assets invested in capital assets, restricted for landfill closure and emergencies as required by Colorado law.

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

13. Interfund Transactions

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

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

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Significant Accounting Policies

1. Use of Estimates

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

2. Proprietary Funds

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

3. Legal Provisions and Authorization of Deposits

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

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

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 \$2,668,964 increase in comprised of the \$6,629,149 net equity of the fund less \$3,960,185 of on-current assets.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

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 2007 were collected in 2008 and taxes certified in 2008 will be collected in 2009. 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.

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 2008 budget, prior to August 25, 2007, the County Assessor sent to the County Finance Director a certified assessed valuation of all taxable property within the County.
- (2) Based on this assessed valuation, the County Finance Director computed a rate of levy which when levied would raise the amounts, along with other revenues, necessary to fund the County operating requirements. The levy rate and proposed budget was submitted to the County Commissioners before December 22.
- (3) Notice was published within ten (10) days which contained: availability of proposed budget for public inspection, date and time of budget adoption meeting, and that any County taxpayer may file objection prior to adoption of the budget.
- (4) The final budget and appropriating resolution was adopted prior to December 31.
- (5) After adoption of the budget resolution, the County may make by resolution the following changes: (i) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (ii) emergency appropriations; and (iii) reduction of appropriations for which originally estimated revenues are insufficient. At any time during the year, the County may, by resolution, transfer part of all of any unexpended funds from one department or fund to another.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

III. Stewardship, Compliance, and Accountability

C. Budget Amendments

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

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Final Budget</u>
Human Services	\$ 2,311,251	290,000	2,601,251
Library	867,727	274,000	1,141,727
Risk Management	104,697	30,000	134,697
Airport Construction	1,376,578	250,000	1,626,578
Capital Expenditures	1,663,566	637,675	2,301,241
Airport Operations	1,143,057	30,000	1,173,057
Local Marketing District	1,127,204	204,000	1,331,204
Mountain View	-	242,813	242,813
ISF-I	2,253,036	800,000	3,053,036
ISF-III	1,455,245	1,050,000	2,505,245
	<u>\$ 35,346,017</u>	<u>3,808,488</u>	<u>39,154,505</u>

D. TABOR Amendment – Revenue and Spending Limitation Amendment

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

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

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

D. TABOR Amendment – Revenue and Spending Limitation Amendment (continued)

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The County has reserved year-end fund balance in the General Fund for emergencies as required under Tabor in the amount of \$620,000.

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

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

The County' 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 \$100,000 of the County's deposits at each financial institution. Deposit balances over \$100,000 are collateralized as required by PDPA. The County had the following investments and maturities:

	Standard & Poors Rating	Carrying Amounts	Less than one year	Less than five years
<i>Deposits:</i>				
Cash on hand	<i>Not Rated</i>	170,810	170,810	-
Checking	<i>Not Rated</i>	1,255,800	1,255,800	-
Savings	<i>Not Rated</i>	5,075,094	5,075,094	-
CDS	<i>Not Rated</i>	8,967,020	8,967,020	-
<i>Investments:</i>				
Pools	<i>AAAm</i>	1,435,293	1,435,293	-
Repurchase agreement	<i>Not Rated</i>	-		-
Agencies	<i>AAA</i>	981,434	981,434	-
Total		<u>\$ 17,885,451</u>	<u>17,885,451</u>	<u>-</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.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. As of December 31, 2008, \$2,037,585 of the Gunnison Valley Hospital and Gunnison Health Care Center's bank balances of \$3,591,452 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 \$2,861,496 at December 31, 2008.
2. As of December 31, 2008, the amount of the Gunnison Valley Hospital and Gunnison Health Care Center's carrying amount of investments was \$4,563,445. The investments consisted of mutual funds and money markets.

C. Receivables

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

	<u>General</u>	<u>Road & 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:								
Taxes	6,056,970	-	274,039	-	-	-	-	6,331,00
Accounts	73,399	1,569	96,657	15,000	137,402	-	3,888	327,91
Intergovernmental	212,170	1,617,581	26,817	408,702	168,409	198,523	142,854	2,775,05
Total receivables	<u>6,342,539</u>	<u>1,619,150</u>	<u>397,513</u>	<u>423,702</u>	<u>305,811</u>	<u>198,523</u>	<u>146,742</u>	<u>9,433,98</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	127,200	(33,106)	54,069	96,527	3,041	-	70,282	318,01
Intergovernmental	5,872	-	81,770	-	-	-	-	87,64
Total receivables	<u>133,072</u>	<u>(33,106)</u>	<u>135,839</u>	<u>96,527</u>	<u>3,041</u>	<u>-</u>	<u>70,282</u>	<u>405,65</u>

Management considers all receivables to be collectible. No allowances for uncollectible accounts were established at December 31, 2008. 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 2008 but not available until 2009. 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, 2008
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2008 was as follows:

ASSET	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,519,818	-	(61,802)	1,458,016
Construction in progress	252,848	1,017,901	(86,444)	1,184,305
Total capital assets, not being depreciated	<u>1,772,666</u>	<u>1,017,901</u>	<u>(148,246)</u>	<u>2,642,321</u>
Capital assets, being depreciated:				
Infrastructure	10,924,499	-	-	10,924,499
Improvements	418,893	12,515	(19,886)	411,522
Buildings	13,444,896	7,552	(588,452)	12,863,996
Equipment	11,180,938	1,449,609	(428,857)	12,201,690
Total capital assets being depreciated	<u>35,969,226</u>	<u>1,469,676</u>	<u>(1,037,195)</u>	<u>36,401,707</u>
Less accumulated depreciation for:				
Infrastructure	(7,499,608)	(554,939)	-	(8,054,547)
Improvements	(188,251)	(24,413)	19,886	(192,778)
Buildings	(4,617,713)	(346,560)	115,520	(4,848,753)
Equipment	(7,381,581)	(815,655)	418,073	(7,779,163)
Total accumulated depreciation	<u>(19,687,153)</u>	<u>(1,741,567)</u>	<u>553,479</u>	<u>(20,875,241)</u>
Total capital assets being depreciated, net	<u>16,282,073</u>	<u>(271,891)</u>	<u>(483,716)</u>	<u>15,526,466</u>
Governmental activities capital assets, net	<u>\$ 18,054,739</u>	<u>746,010</u>	<u>(631,962)</u>	<u>18,168,787</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 11,329,880	0	0	11,329,880
Construction in progress	3,592,643	35,721	(3,592,643)	35,721
Total capital assets not being depreciated	<u>14,922,523</u>	<u>35,721</u>	<u>(3,592,643)</u>	<u>11,365,601</u>
Capital assets, being depreciated:				
Improvements	34,271,930	1,379,916	-	35,651,846
Buildings	9,424,089	39,950	(6,714)	9,457,325
Utility treatment transmission systems	10,227,781	4,076,014	-	14,303,795
Equipment	2,734,697	130,135	-	2,864,832
Total capital assets being depreciated	<u>56,658,497</u>	<u>5,626,015</u>	<u>(6,714)</u>	<u>62,277,798</u>
Less accumulated depreciation for:				
Improvements	(14,605,823)	(1,393,737)	-	(15,999,560)
Buildings	(1,925,969)	(265,793)	1,323	(2,190,439)
Utility treatment transmission systems	(5,174,432)	(366,813)	-	(5,541,245)
Equipment	(2,665,146)	(168,727)	-	(2,833,873)
Total accumulated depreciation	<u>(24,371,370)</u>	<u>(2,195,070)</u>	<u>1,323</u>	<u>(26,565,117)</u>
Total capital assets being depreciated, net	<u>32,287,127</u>	<u>3,430,945</u>	<u>(5,391)</u>	<u>35,712,681</u>
Business-type activities capital assets, net	<u>\$ 47,209,650</u>	<u>3,466,666</u>	<u>(3,598,034)</u>	<u>47,078,282</u>

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

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

Governmental Activities:	
General government	\$ 373,178
Judicial	1,307
Public safety	171,858
Health and welfare	71,137
Auxiliary services	1,131
Culture and recreation	79,859
Public works	<u>1,043,097</u>
Total Governmental Activities	<u>\$ 1,741,567</u>
Business-type Activities:	
Airport	\$ 1,708,859
Sewer	80,989
Water	309,288
Landfill	8,501
Housing	<u>87,433</u>
Total Business-type Activities	<u>\$ 2,195,070</u>

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

Capital assets consist of the following at December 31, 2008:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and improvements	\$ 521,803	-	-	521,803
Building leasehold improvements	16,609,488	226,493	-	16,835,981
Equipment	7,130,995	859,565	(386,392)	7,604,168
Construction in progress	<u>79,511</u>	<u>163,773</u>	<u>(211,518)</u>	<u>31,766</u>
Total property and equipment	24,341,797	1,249,831	(597,910)	24,993,718
Less: accumulated depreciation	<u>(10,432,889)</u>	<u>(1,234,542)</u>	<u>386,392</u>	<u>(11,281,039)</u>
Capital assets, net	<u>\$ 13,908,908</u>	<u>15,289</u>	<u>(211,518)</u>	<u>13,712,679</u>

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, 2008
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Interfund balances at December 31, 2008, 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, 2008. 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	270,872	-	1,105,250	(135,952)
Road and Bridge Fund	-	29,787	138,560	(42,940)
Human Services Fund	-	24,651	-	-
Capital improvements Fund	-	172,605	-	(877,063)
Airport Construction	-	24	-	-
Capital Expenditures	86,106	-	46,680	(10,853)
Non-major Governmental Funds	107	218,153	227,116	(232,796)
Airport Operations	-	8,110	-	(82,970)
Sewer Fund	10,980	-	-	(46,634)
Water Fund	-	7,363	14,194	(14,940)
Landfill operations	-	10,281	-	(105,768)
Mountain View	-	5,707	-	-
Internal Service Funds	111,950	293	134,666	(116,550)
	<u>480,015</u>	<u>480,015</u>	<u>1,666,466</u>	<u>(1,666,466)</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, 2008
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Long-term Liabilities – Governmental Activities

1. Motor Grader Lease

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

3. 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.

3. Blackstock Energy Improvements Lease

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

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

4. Energy Savings Lease

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

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

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on All Funds (continued)

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

5. Family Services Energy Improvements Lease

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

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

6. Open Space Sales Tax Revenue Bonds

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

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

7. Colorado SIB Loans

In 2004, the County signed two promissory notes totaling \$572,064 with the Colorado State Investment Bank for use in transportation projects. Principal and interest for the first note in the amount of \$60,995 is due annually through January 12, 2014, while principal and interest for the second note which totals \$33,694 is payable on July 23, annually through 2009. Both notes have a stated interest rate of 4%. In 2006, the County signed an additional loan for \$557,095 with similar terms.

8. 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.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on All Funds (continued)

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

8. 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.

9. 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.

10. 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 November 30, 2009.

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 with a 5% interest rate.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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, 1992, bearing interest at 4.25%. Payments of \$39,669 are required semi-annually 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.

4. Mortgage Payable

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.

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

5. Mortgage Restructuring Loan – Contingent Loan

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

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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

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

The Center was then leased to the 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 can be terminated, extended, or modified with the mutual agreement of both parties.

7. 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 one year left on its currently developed cell. Additional cells will be opened as needed. The landfill liability recorded at year end is \$938,679. 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, 2008. 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, 2008, the County had reserved \$1,584,368 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, 2008 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, 2008
(Continued)

IV. Detailed Notes on All Funds (continued)

K. Long-term Liabilities – Summary

Long-term liability activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Internal Service Fund:					
Motor Grader Lease	186,662	-	(91,975)	94,687	94,687
Heavy Equipment Lease	-	659,750	(58,778)	600,972	142,581
Compensated Absences	49,312	9,805	-	59,117	-
Other Governmental Debt:					
Blackstock Energy					
Improvements Lease	282,288	-	(90,565)	191,723	94,052
Energy Savings Lease	42,331	-	(16,277)	26,054	17,143
Family Services Center Energy Improvements Lease	134,429	-	(66,181)	68,248	68,248
Open Space Sales Tax Revenue					
Bonds, Series 2002	697,085	-	(131,262)	565,823	137,445
Colorado SIB Loans - 2003	429,647	-	(77,503)	352,144	80,604
Colorado SIB Loans - 2006	510,694	-	(48,257)	462,437	50,187
Rock Creek Lease	289,023	-	(47,978)	241,045	49,916
West Gunnison Property Loan	296,506	-	(31,045)	265,461	32,629
Advocacy Center	325,063	-	(34,965)	290,098	36,451
Pitchfork Loan	29,336	-	(1,378)	27,958	1,439
Compensated Absences	967,586	137,644	-	1,105,230	-
Total Governmental Activities	4,239,962	807,199	(696,164)	4,350,997	805,382
Business-type Activities:					
Impact Assistance Loan Funds - Water					
DOLA Mineral Impact Loan	85,518	-	(3,748)	81,770	3,936
North Gunnison Sewer Revenue Bond - 2005	169,358	-	(10,640)	158,718	11,172
North Gunnison Sewer Revenue Bond - 2006	1,462,575	-	(15,380)	1,447,195	17,639
Energy Savings Lease - Airport	318,768	-	(5,284)	313,484	3,515
Accrued Liability for Landfill Closure Costs	27,598	-	(10,721)	16,877	11,143
Compensated Absences	873,872	64,807	-	938,679	-
Gunnison County Housing Authority:	85,126	10,992	-	96,118	-
Mortgage - Primary Mortgage	496,674	-	(8,628)	488,046	9,137
Mortgage - Surplus Cash	503,434	-	(23,380)	480,054	-
Mortgage - Contingent Payable	378,864	-	-	378,864	-
Energy Savings Lease	1,518	-	(589)	929	613
Note Payable - Palisades Living Center	528,286	-	(14,531)	513,755	15,540
Total Business-type Activities	4,931,591	75,799	(92,901)	4,914,489	72,695

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Debt service requirements at December 31, 2008 were as follows:

<u>Dates</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	568,115	105,709	47,405	87,558	237,270	23,827	25,290	48,823	878,080	265,91
2010	478,514	82,632	43,661	86,454	147,572	16,044	26,186	47,606	695,933	232,73
2011	388,282	62,287	39,667	83,601	152,737	10,879	27,124	46,346	607,810	203,11
2012	381,304	68,256	41,487	81,781	158,082	5,533	28,385	45,085	609,258	200,65
2013	228,422	27,388	43,393	79,875	-	-	29,818	43,652	301,633	150,91
2014 2018	435,698	32,126	248,767	367,572	-	-	172,298	195,053	856,763	594,75
2019 2023	10,654	1,034	225,969	310,780	-	-	415,761	12,209	652,384	324,02
2024 2028	-	-	216,577	264,102	-	-	121,541	63,370	338,118	327,47
2029 2033	-	-	267,260	213,419	-	-	1,015,242	29,390	1,282,502	242,80
2034 2038	-	-	329,802	150,876	-	-	-	-	329,802	150,87
2039 2043	-	-	406,981	73,698	-	-	-	-	406,981	73,65
2044 2046	-	-	107,075	12,392	-	-	-	-	-	-
	<u>2,490,989</u>	<u>379,432</u>	<u>2,018,044</u>	<u>1,812,108</u>	<u>695,661</u>	<u>56,283</u>	<u>1,861,645</u>	<u>531,534</u>	<u>6,959,264</u>	<u>2,766,96</u>

M. Long-term Liabilities – Component Unit

- Hospital Revenue Bonds** - Series 1998, remaining annual maturities of \$320,000 to \$715,000, through July 1, 2023, bearing interest at rates ranging from 5.150% 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.

- Note Payable, Bank** - At December 31, 2007, the Hospital had a promissory note due December 31, 2008; payable in full on due date; monthly interest payments are required at 3.8%; secured by a certificate of deposit held by the lender. At December 26, 2008, the promissory note was refinanced to a long-term note due January 10, 2015, with interest payable monthly until February 10, 2010, at which date principal and interest at 2.72% are due monthly through December 10, 2014. The note is secured by a certificate of deposit held by the lender.
- Capital Lease Obligations** - mature between 2005 and 2009 and have imputed interest rate of 4.35%. The leases are collateralized by leased equipment.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

IV. Detailed Notes on All Funds (continued)

M. Long-term Liabilities – Component Unit

The Gunnison Valley Hospital and Health Care Center have the following long-term liability activity for the year ended December 31, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Hospital revenue bonds	\$ 7,850,000	-	(320,000)	7,530,000	340,000
Note payable	-	647,572	-	647,572	-
Capital lease obligations	162,560	-	(122,474)	40,086	40,086
Total Long-term Liabilities	\$ 8,012,560	647,572	(442,474)	8,217,658	380,086

Debt service requirements at December 31, 2008 were as follows:

	<u>Bonds</u>		<u>Note Payable</u>		<u>Lease</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2009	\$ 340,000	419,230	-	17,614	40,658
2010	350,000	401,780	114,266	14,857	-
2011	375,000	382,870	127,943	12,919	-
2012	395,000	362,768	131,467	9,395	-
2013	415,000	341,438	135,088	5,774	-
2014-2018	2,435,000	1,331,518	138,808	2,054	-
2019-2023	3,220,000	563,111			-
2023	-	-			-
Total Long-term Liabilities	\$ 7,530,000	3,802,715	647,572	62,613	40,658
		Less Interest			(572)
					<u>40,086</u>

V. Other Information

A. Pension Plans

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

1. Defined Contribution Pension Plan

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

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

V. Other Information

A. Pension Plans

1. Defined Contribution Pension Plan

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

During the year, the County's required and actual contributions amounted to \$265,045 which was three percent (3%) of its current year covered payroll of \$8,834,651. The County's total payroll for 2008 was \$9,403,475. The County's employees contributed \$250,995

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

2. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. 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 termination, retirement, death, or unforeseeable emergency. The County matches up to the first 2% of employee contributions.

For 2008, the County contributed \$140,886 to the Deferred Compensation Plan on behalf of participating employees, which represents the required 2% contribution based on 2008 covered payroll of \$7,083,989.

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

B. Other Employee Benefits

1. Post Employment Health Care Benefits

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

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

V. Other Information (continued)

B. Other Employee Benefits

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, 2008 and 2007 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, 2008 and 2007 were \$376,168 and \$305,910 for the Hospital, respectively, and \$39,474 and \$36,355 for the Center, respectively. Employee contributions range from 5% to 25%.

D. Risk Management

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

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

1. Colorado Counties Casualty and Property Pool

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

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

V. Other Information (continued)

D. Risk Management (continued)

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, 2008.

3. Self-Insurance Unemployment Pool

In 2008, the County established a self-insurance plan to fund unemployment claims. The self-insurance plan covers individual claims up to \$25,000 per individual, subject to an aggregate loss of approximately \$600,000. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include amounts for claims that have been incurred but not reported (IBNRs).

4. Self-Insurance Health Insurance Pool

The County has established a self insurance internal service fund to account for employee health insurance costs. The County accumulates resources to pay health insurance costs but carries a stop loss policy for individuals of \$30,000 and an aggregate stop loss minimum exposure of \$800,000 with BPI combined insurance company.

E. Wastewater Treatment Capacity

In exchange for the waste treatment plant and land of the Gunnison County Sewer District - Dos Rios Division, the County received capacity at the City of Gunnison wastewater treatment facility for the treatment of 200,000 gallons per day of wastewater originating from the Dos Rios Sanitation District. The term of the agreement is indefinite and does not include treatment costs. Book value of property and equipment transferred amounted to \$42,191 and is being amortized over a period of twenty-five (25) years.

F. 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.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2008
(Continued)

V. Other Information (continued)

F. Commitments and Contingencies

2. Grants

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

3. County Industrial Revenue Bonds

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

G. Possible Violations of State Statutes - Budgets

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

	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Human Services	2,601,251	2,771,658	(170,407)

G. Special and Extraordinary Items

During 2008, the County contributed to the Gunnison Art Foundation their investment in the Gunnison Art Center. This transfer was recorded at the historical cost to the County, \$470,032.

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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>			<u>2007</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Taxes	5,876,574	5,827,487	(49,087)	5,419,713
Licenses and permits	310,525	225,770	(84,755)	300,326
Intergovernmental	954,546	1,056,321	101,775	892,335
Charges for services	1,453,370	1,504,598	51,228	1,530,880
Fines and forfeitures	-	-	-	-
Investment income	415,000	354,310	(60,690)	506,408
Contributions	358,531	401,898	43,367	358,201
Miscellaneous	171,042	213,973	42,931	179,762
Total Revenues	<u>9,539,588</u>	<u>9,584,357</u>	<u>44,769</u>	<u>9,187,625</u>
Expenditures:				
General government	5,670,056	5,293,005	377,051	5,003,395
Judicial	231,813	231,813	-	214,596
Public Safety	2,569,962	2,456,410	113,552	2,358,355
Health and welfare	1,331,510	1,448,842	(117,332)	1,155,289
Auxiliary services	251,354	255,634	(4,280)	231,673
Culture and recreation	286,330	244,599	41,731	288,634
Public works	209,146	158,299	50,847	132,195
Debt service	16,974	16,974	-	16,974
Total Expenditures	<u>10,567,145</u>	<u>10,105,576</u>	<u>461,569</u>	<u>9,401,111</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,027,557)</u>	<u>(521,219)</u>	<u>506,338</u>	<u>(213,486)</u>
Other Financing Sources (Uses):				
Transfers in	1,112,841	1,105,250	(7,591)	994,886
Transfers (out)	(90,041)	(135,952)	(45,911)	(77,164)
Sale of capital assets	100	1,000	900	-
Total Other Financing Sources (Uses)	<u>1,022,900</u>	<u>970,298</u>	<u>(52,602)</u>	<u>917,722</u>
Net Change in Fund Balances	<u>(4,657)</u>	449,079	<u>453,736</u>	704,236
Fund Balances - Beginning of Year		<u>4,062,875</u>		<u>3,358,639</u>
Fund Balances - End of Year		<u>4,511,954</u>		<u>4,062,875</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>		<u>Variance Positive (Negative)</u>	<u>2007</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Taxes:				
General property taxes	5,488,809	5,509,834	21,025	5,060,340
Specific ownership tax	369,765	295,951	(73,814)	365,303
Delinquent tax and interest	18,000	21,702	3,702	(5,930)
Total Taxes	<u>5,876,574</u>	<u>5,827,487</u>	<u>(49,087)</u>	<u>5,419,713</u>
Licenses and Permits:				
Liquor licenses	1,500	1,468	(32)	1,391
Building permits	260,000	194,288	(65,712)	248,966
Other licenses and permits	49,025	30,016	(19,009)	49,968
Total Licenses and Permits	<u>310,525</u>	<u>225,772</u>	<u>(84,753)</u>	<u>300,325</u>
Intergovernmental:				
Federal Grants	97,010	102,737	5,727	100,547
State Grants	796,839	870,791	73,952	715,135
Local Grants	60,697	82,793	22,096	65,541
Mineral Leasing	-	-	-	11,111
Total Intergovernmental	<u>954,546</u>	<u>1,056,321</u>	<u>101,775</u>	<u>892,334</u>
Charges for Services:				
Clerk and recorder	450,000	318,378	(131,622)	471,682
Sheriff's fees	85,000	59,805	(25,195)	77,719
Treasurer's fees	581,200	727,980	146,780	588,814
Other Fees	53,370	97,564	44,194	73,164
Assessor's Fees	14,300	13,513	(787)	13,422
Public Health Fees	149,000	162,191	13,191	158,490
Land Use Fees	45,000	14,650	(30,350)	54,553
Useful Public Service	50,000	53,309	3,309	42,873
Court Fines & Fees	19,500	22,206	2,706	20,163
Public Trustee	6,000	35,000	29,000	30,000
Total Charges for Services	<u>1,453,370</u>	<u>1,504,596</u>	<u>51,226</u>	<u>1,530,880</u>
Other Revenue:				
Investment income	415,000	354,310	(60,690)	506,408
Contributions	358,531	401,898	43,367	358,201
Miscellaneous	171,042	213,973	42,931	179,762
Total Other Revenue	<u>944,573</u>	<u>970,181</u>	<u>25,608</u>	<u>1,044,371</u>
Total Revenues	<u>9,539,588</u>	<u>9,584,357</u>	<u>44,769</u>	<u>9,187,623</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>			<u>2007</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
General Government:				
Board of county commissioners	469,127	419,459	49,668	400,798
Attorney	518,047	490,371	27,676	439,184
Planning	900,922	748,102	152,820	690,523
Manager	512,674	473,916	38,758	505,005
Sage grouse	24,983	18,274	6,709	15,242
Personnel	117,927	113,245	4,682	90,032
Compensated absences	42,522	55,986	(13,464)	49,978
Other administration	339,594	337,788	1,806	296,609
Clerk operations	444,195	422,313	21,882	431,752
Elections	120,862	215,422	(94,560)	94,609
Treasurer	287,990	291,716	(3,726)	278,074
Assessor operations	737,452	743,666	(6,214)	724,938
Buildings & grounds	697,554	541,527	156,027	584,398
Finance	429,586	395,628	33,958	354,724
Contributions	26,610	25,591	1,019	47,529
Total General Government	<u>5,670,056</u>	<u>5,293,004</u>	<u>377,052</u>	<u>5,003,395</u>
Judicial:				
District attorney	231,813	231,813	-	214,596
Public Safety:				
Wildfire containment	5,531	45	5,486	708
Search & rescue	13,875	14,620	(745)	12,477
Sheriff's operations	1,435,115	1,382,816	52,299	1,352,950
Detention center	870,560	795,620	74,940	769,522
Coroner	82,841	80,127	2,714	77,173
Emergency management	98,281	100,512	(2,231)	86,428
Hazardous materials	8,486	8,212	274	6,801
Juvenile diversion	55,273	74,458	(19,185)	52,297
Total Public Safety	<u>2,569,962</u>	<u>2,456,410</u>	<u>113,552</u>	<u>2,358,356</u>
Health and Welfare:				
Health	2,146	1,620	526	2,250
Substance abuse	100,000	152,228	(52,228)	72,281
Early childhood	133,496	171,015	(37,519)	30,605
Senior services coordinator	141,758	139,099	2,659	71,750
Multi-cultural center	82,856	94,463	(11,607)	95,563
Public health	500,300	504,467	(4,167)	518,438
Family planning program	134,006	156,215	(22,209)	138,358
Victims assistance program	79,674	78,264	1,410	73,977
Senior citizens	64,524	60,220	4,304	57,675
Contributions	92,750	91,250	1,500	94,392
Total Health and Welfare	<u>1,331,510</u>	<u>1,448,841</u>	<u>(117,331)</u>	<u>1,155,289</u>
Auxiliary Services:				
Alternate service services	95,602	97,158	(1,556)	88,541
Extension service	150,357	154,168	(3,811)	138,917
Veterans office	5,395	4,308	1,087	4,215
Total Auxiliary Services	<u>251,354</u>	<u>255,634</u>	<u>(4,280)</u>	<u>231,673</u>
Culture and Recreation:				
Beautification Committee	10,000	8,056	1,944	10,101
Historic Preservation	5,661	2,518	3,143	3,048
County Fairgrounds	233,462	196,820	36,642	211,058
Contribution	37,207	37,207	-	64,427
Total Culture and Recreation	<u>286,330</u>	<u>244,601</u>	<u>41,729</u>	<u>288,634</u>
Public Works:				
Weed program	209,146	158,299	50,847	132,195
Debt Service:				
Principal	-	15,868	(15,868)	14,822
Interest	16,974	1,106	15,868	2,152
Total Debt Service	<u>16,974</u>	<u>16,974</u>	<u>-</u>	<u>16,974</u>
Total Expenditures	<u>10,567,145</u>	<u>10,105,576</u>	<u>461,569</u>	<u>9,401,112</u>

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

Gunnison County, Colorado
Special Revenue Funds
Road and Bridge Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>		<u>Variance Positive (Negative)</u>	<u>2007</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes:				
Specific ownership tax	184,855	147,954	(36,901)	182,484
Total Taxes	<u>184,855</u>	<u>147,954</u>	<u>(36,901)</u>	<u>182,484</u>
Intergovernmental:				
Payment in lieu of taxes	330,000	525,175	195,175	329,003
State grants	1,370,300	751,897	(618,403)	155,076
Highway users trust fund	2,135,751	2,203,813	68,062	2,260,172
Forest service	266,500	1,240,769	974,269	259,477
Mineral leasing	500,000	561,921	61,921	550,047
Total Intergovernmental	<u>4,602,551</u>	<u>5,283,575</u>	<u>681,024</u>	<u>3,553,775</u>
Charges for Services:				
Municipalities	45,000	99,120	54,120	23,307
Permits	8,500	13,660	5,160	13,202
Other	-	33,661	33,661	-
Total Charges for Services	<u>53,500</u>	<u>146,441</u>	<u>92,941</u>	<u>36,509</u>
Other:				
Fines and forfeitures	-	264	264	-
Investment income	41,163	54,408	13,245	65,904
Contributions	-	402	402	10,000
Miscellaneous	18,150	8,668	(9,482)	132,913
Total Other Revenue	<u>59,313</u>	<u>63,742</u>	<u>4,429</u>	<u>208,817</u>
Total Revenues	<u>4,900,219</u>	<u>5,641,712</u>	<u>741,493</u>	<u>3,981,585</u>
Expenditures:				
Marble bank building	4,200	7,077	(2,877)	1,498
Construction	1,464,434	725,466	738,968	149,123
Maintenance of condition	2,614,936	1,849,578	765,358	2,275,801
Snow removal	816,547	1,084,864	(268,317)	630,027
Administration	400,490	384,665	15,825	361,004
Trails	320,762	43,837	276,925	14,636
Municipalities	96,027	111,148	(15,121)	101,827
Total Expenditures	<u>5,717,396</u>	<u>4,206,635</u>	<u>1,510,761</u>	<u>3,533,916</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(817,177)</u>	<u>1,435,077</u>	<u>2,252,254</u>	<u>447,669</u>
Other Financing Sources (Uses):				
Transfers in	368,560	138,560	(230,000)	146,120
Transfers (out)	(42,940)	(42,940)	-	(91,940)
Total Other Financing Sources (Uses)	<u>325,620</u>	<u>95,620</u>	<u>(230,000)</u>	<u>54,180</u>
Net Change in Fund Balances	<u>(491,557)</u>	<u>1,530,697</u>	<u>2,022,254</u>	<u>501,849</u>
Fund Balances - Beginning of Year		<u>1,304,093</u>		<u>802,244</u>
Fund Balances - End of Year		<u>2,834,790</u>		<u>1,304,093</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	2008			Final Budget Variance Positive (Negative)	2007
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Property tax revenue	253,506	253,506	254,332	826	253,916
Delinquent tax and interest	350	350	1,008	658	(336)
Intergovernmental:					
EBT reimbursements	835,238	835,238	1,196,388	361,150	832,657
Other	1,220,642	1,220,642	1,324,401	103,759	1,040,629
Other:					
Contributions	2,000	2,000	482	(1,518)	1,320
Miscellaneous	20	20	5,635	5,615	16,375
Total Revenues	<u>2,311,756</u>	<u>2,311,756</u>	<u>2,782,246</u>	<u>470,490</u>	<u>2,144,561</u>
Expenditures:					
Administration	356,656	376,656	296,532	80,124	734,776
Administration - IVD	-	-	(377)	377	4,755
Employment first	23,285	23,285	36,520	(13,235)	10,650
General assistance	2,000	2,000	3,245	(1,245)	3,193
Child care	25,311	25,311	46,752	(21,441)	10,505
Colorado works - TANF	125,611	125,611	147,257	(21,646)	69,237
AID to needy disabled	-	-	-	-	-
Medicaid transportation	20,000	20,000	25,436	(5,436)	10,116
Low income energy assistance	17,811	17,811	16,204	1,607	21,316
Child welfare / foster care	608,825	608,825	680,086	(71,261)	222,297
CORE services	132,330	132,330	133,197	(867)	70,587
FEMA grant	-	-	-	-	-
Community services block grant	20,995	20,995	25,661	(4,666)	25,023
Other	52,665	52,665	64,067	(11,402)	23,056
EBT transactions	919,762	1,189,762	1,286,706	(96,944)	946,232
Old Age Pension	6,000	6,000	10,371	(4,371)	7,965
Total Expenditures	<u>2,311,251</u>	<u>2,601,251</u>	<u>2,771,657</u>	<u>(170,406)</u>	<u>2,159,708</u>
Net Change in Fund Balances	<u>505</u>	<u>(289,495)</u>	10,589	<u>300,084</u>	(15,147)
Fund Balances - Beginning of Year			<u>244,645</u>		<u>259,792</u>
Fund Balances - End of Year			<u>255,234</u>		<u>244,645</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>		Variance Positive (Negative)	<u>2007</u>
	Final Budget	Actual		Actual
Revenues:				
Taxes:				
Sales tax	1,496,000	1,432,993	(63,007)	1,732,511
Intergovernmental:			-	
Federal grants	182,695	124,088	(58,607)	44,923
State grants	429,397	(23,788)	(453,185)	210,713
Investment Income	3,176	24,884	21,708	13,177
Contributions	-	20,387	20,387	38,431
Miscellaneous	60,000	-	(60,000)	-
Total Revenues	<u>2,171,268</u>	<u>1,578,564</u>	<u>(592,704)</u>	<u>2,039,755</u>
Expenditures:				
General Government:				
General administration	27,716	25,961	1,755	31,208
Buildings and grounds	930,120	401,196	528,924	356,981
Public Safety:				
Jail renovation	85,000	57,637	27,363	20,000
Culture and Recreation:				
Buildings and grounds	-	-	-	200,000
Debt Service:				
Principal	191,712	191,711	1	186,349
Interest	28,342	28,342	-	33,704
Total Expenditures	<u>1,262,890</u>	<u>704,847</u>	<u>558,043</u>	<u>828,242</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>908,378</u>	<u>873,717</u>	<u>(34,661)</u>	<u>1,211,513</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	10,000
Transfers (out)	(1,030,383)	(877,063)	153,320	(1,026,108)
Total Other Financing Sources (Uses)	<u>(1,030,383)</u>	<u>(877,063)</u>	<u>153,320</u>	<u>(1,016,108)</u>
Net Change in Fund Balances	<u>(122,005)</u>	<u>(3,346)</u>	<u>118,659</u>	195,405
Fund Balances - Beginning of Year		<u>957,084</u>		<u>761,679</u>
Fund Balances - End of Year		<u>953,738</u>		<u>957,084</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>			Final Budget Variance Positive (Negative)	<u>2007</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Intergovernmental:					
Federal grants	1,000,000	1,000,000	880,626	(119,374)	3,417,719
State grants	100,000	100,000	338,679	238,679	1,076,656
Charges for Services:					
Passenger facility charges	130,000	130,000	133,845	3,845	152,123
Investment Income	11,999	11,999	4,730	(7,269)	15,101
Total Revenues	<u>1,241,999</u>	<u>1,241,999</u>	<u>1,357,880</u>	<u>115,881</u>	<u>4,661,599</u>
Expenditures:					
Public Works	1,213,203	1,463,203	1,312,916	150,287	4,446,558
Debt Service:					
Principal	125,761	125,761	125,761	-	120,924
Interest	37,614	37,614	37,614	-	42,451
Total Expenditures	<u>1,376,578</u>	<u>1,626,578</u>	<u>1,476,291</u>	<u>150,287</u>	<u>4,609,933</u>
Net Change in Fund Balances	<u>(134,579)</u>	<u>(384,579)</u>	(118,411)	<u>266,168</u>	51,666
Fund Balances - Beginning of Year			284,701		233,035
Fund Balances - End of Year			<u>166,290</u>		<u>284,701</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>			<u>Final Budget</u>	<u>2007</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>	
Revenues:					
Intergovernmental:					
Federal grants	1,105,427	1,105,427	1,127,720	22,293	1,561,975
State grants	558,139	558,139	44,802	(513,337)	858,483
Charges for Services	-	-	-	-	658,125
Investment Income	1,000	1,000	3,234	2,234	23,947
Contributions	-	-	-	-	17,053
Miscellaneous	-	-	36,266	36,266	-
	<u>1,664,566</u>	<u>1,664,566</u>	<u>1,212,022</u>	<u>(452,544)</u>	<u>3,119,583</u>
Total Revenues					
Expenditures:					
Public Safety:					
DOJ grant pass-through	1,448,288	1,474,479	767,741	706,738	1,692,747
Community Emergency Response Team	-	-	26,946	(26,946)	759,920
Culture and Recreation:					
Special projects	-	-	-	-	256,481
West Elk byway	-	111,484	91,077	20,407	10,127
Public Works:					
Rios water system	215,278	715,278	360,738	354,540	496,925
	<u>1,663,566</u>	<u>2,301,241</u>	<u>1,246,502</u>	<u>1,054,739</u>	<u>3,216,200</u>
Total Expenditures					
Excess (Deficiency) of Revenues					
Over Expenditures	<u>1,000</u>	<u>(636,675)</u>	<u>(34,480)</u>	<u>602,195</u>	<u>(96,617)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	46,680	46,680	141,350
Transfers (out)	-	-	(10,853)	(10,853)	(29,900)
	<u>-</u>	<u>-</u>	<u>35,827</u>	<u>35,827</u>	<u>111,450</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	<u>1,000</u>	<u>(636,675)</u>	<u>1,347</u>	<u>638,022</u>	<u>14,833</u>
Fund Balances - Beginning of Year			<u>37,688</u>		<u>22,855</u>
Fund Balances - End of Year			<u>39,035</u>		<u>37,688</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, 2008

	Special Revenue							Total	
	Conservation Trust Fund	Gunnison Public Library Fund	Mosquito Control Fund	Land Preservation Fund	Sage Grouse Fund	Risk Management Fund	Gunnison County Housing Auth. Administration	Local Marketing District	Non-major Governmental Funds
Assets:									
Cash and investments	104,967	280,179	21,329	319,243	243,915	104,766	266,331	455,991	1,796,721
Accounts receivable	-	(112)	-	-	-	-	3,333	667	3,888
Prepaid expenses	-	-	-	-	-	47,784	-	-	47,784
Due from other governments	-	-	-	35,796	-	-	13,173	93,885	142,854
Total Assets	104,967	280,067	21,329	355,039	243,915	152,657	282,837	550,543	1,991,354
Liabilities and Fund Balances:									
Liabilities:									
Accounts payable	-	274,369	-	-	8	19,219	2,911	179,472	475,979
Deposits	-	-	-	-	-	-	-	-	-
Due to other funds	59,825	5,698	-	37	7,484	-	145,046	63	218,153
Deferred revenue	-	-	-	-	2,500	-	4,431	-	6,931
Total Liabilities	59,825	280,067	-	37	9,992	19,219	152,388	179,535	701,063
Fund Balances:									
Reserved for prepaid expenses	-	-	-	-	-	47,784	-	-	47,784
Unreserved:									
Special revenue funds	45,142	-	21,329	355,002	233,923	85,654	130,449	371,008	1,242,507
Total Fund Balances	45,142	-	21,329	355,002	233,923	133,438	130,449	371,008	1,290,291
Total Liabilities and Fund Balances	104,967	280,067	21,329	355,039	243,915	152,657	282,837	550,543	1,991,354

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, 2008

	Special Revenue								
	Conservation Trust Fund	Gunnison County Public Library Fund	Mosquito Control Fund	Land Preservation Fund	Sage Grouse Fund	Risk Management Fund	Gunnison County Housing Auth. Administration	Local Marketing District	Total Non-major Governmental Funds
Revenues:									
Taxes	-	636,059	-	329,364	-	-	-	1,280,504	2,245,927
Intergovernmental	50,980	69,644	13,049	-	-	-	59,623	-	193,296
Charges for services	-	20,804	52,887	-	-	-	273,563	-	347,254
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Investment income	2,535	11,187	-	4,705	-	4,560	12,607	14,705	50,299
Contributions	-	13,147	-	-	-	113,771	-	-	126,918
Miscellaneous	-	41,209	298	-	-	1,591	12,916	-	56,014
Total Revenues	53,515	792,050	66,234	334,069	-	119,922	358,709	1,295,209	3,019,708
Expenditures:									
General government	-	-	-	-	778	110,077	-	1,307,325	1,418,180
Health and welfare	-	-	74,916	-	-	-	428,390	-	503,306
Culture and recreation	277	882,927	-	99,359	-	-	-	-	982,563
Debt service	-	727	-	165,227	-	-	2,527	-	168,481
Total Expenditures	277	883,654	74,916	264,586	778	110,077	430,917	1,307,325	3,072,530
Excess (Deficiency) of Revenues Over Expenditures	53,238	(91,604)	(8,682)	69,483	(778)	9,845	(72,208)	(12,116)	-
Other Financing Sources (Uses):									
Transfers in	-	-	13,049	-	61,338	36,527	116,202	-	227,116
Transfers (out)	(59,801)	(66,645)	(1,120)	-	(25,000)	-	(62,040)	(18,190)	(232,796)
Total Other Financing Sources (Uses)	(59,801)	(66,645)	11,929	-	36,338	36,527	54,162	(18,190)	(5,680)
Net Change in Fund Balances	(6,563)	(158,249)	3,247	69,483	35,560	46,372	(18,046)	(30,306)	(58,502)
Fund Balances - Beginning of Year	51,705	158,249	18,082	285,519	198,362	87,066	148,496	401,313	1,348,792
Fund Balances - End of Year	45,142	-	21,329	355,002	233,922	133,438	130,450	371,007	1,290,290

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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>		<u>Final Budget Variance Positive (Negative)</u>	<u>2007</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Lottery proceeds	36,000	50,980	14,980	49,910
Earnings on investments	2,090	2,535	445	3,333
Total Revenues	<u>38,090</u>	<u>53,515</u>	<u>15,425</u>	<u>53,243</u>
Expenditures:				
Treasurer's fees	610	277	333	499
Total Expenditures	<u>610</u>	<u>277</u>	<u>333</u>	<u>499</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>37,480</u>	<u>53,238</u>	<u>15,758</u>	<u>52,744</u>
Other Financing Sources (Uses):				
Transfers (out)	(60,000)	(59,801)	199	(38,138)
Total Other Financing Sources (Uses)	<u>(60,000)</u>	<u>(59,801)</u>	<u>199</u>	<u>(38,138)</u>
Net Change in Fund Balances	<u>(22,520)</u>	<u>(6,563)</u>	<u>15,957</u>	14,606
Fund Balances - Beginning of Year		<u>51,705</u>		<u>37,099</u>
Fund Balances - End of Year		<u>45,142</u>		<u>51,705</u>

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

Gunnison County, Colorado
Special Revenue Funds
Gunnison County Public Library Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>			Final Budget Variance Positive (Negative)	<u>2007</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Taxes:					
General property tax	632,130	632,130	636,043	3,913	582,152
Interest and penalties	1,750	1,750	16	(1,734)	1,998
Intergovernmental:					
State grants	68,100	68,100	65,644	(2,456)	86,747
Local grants	19,000	19,000	4,000	(15,000)	4,000
Charges for Services	25,000	25,000	20,804	(4,196)	24,758
Investment Income	9,950	9,950	11,187	1,237	13,979
Contributions	21,750	21,750	13,147	(8,603)	13,402
Miscellaneous	17,811	17,811	41,209	23,398	19,406
Total Revenues	<u>795,491</u>	<u>795,491</u>	<u>792,050</u>	<u>(3,441)</u>	<u>746,442</u>
Expenditures:					
Culture and Recreation:					
Operating expenditures	356,060	586,060	330,573	255,487	351,967
Crested Butte branch	203,639	203,639	149,834	53,805	176,022
Memorial and endowment expense	12,500	12,500	4,121	8,379	12,478
Capital improvement	107,663	151,663	109,572	42,091	10
Literacy	120,493	120,493	104,637	15,856	130,741
Contribution to Library District	-	-	184,190	(184,190)	-
Debt Service:					
Principal	-	-	668	(668)	634
Interest	727	727	59	668	93
Total Expenditures	<u>801,082</u>	<u>1,075,082</u>	<u>883,654</u>	<u>191,428</u>	<u>671,945</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,591)</u>	<u>(279,591)</u>	<u>(91,604)</u>	<u>187,987</u>	<u>74,497</u>
Other Financing Sources (Uses):					
Transfers in	50,000	50,000	-	(50,000)	-
Transfers (out)	(66,645)	(66,645)	(66,645)	-	(55,610)
Total Other Financing Sources (Uses)	<u>(16,645)</u>	<u>(16,645)</u>	<u>(66,645)</u>	<u>(50,000)</u>	<u>(55,610)</u>
Net Change in Fund Balances	<u>(22,236)</u>	<u>(296,236)</u>	<u>(158,249)</u>	<u>137,987</u>	<u>18,887</u>
Fund Balances - Beginning of Year			<u>158,249</u>		<u>139,362</u>
Fund Balances - End of Year			<u>-</u>		<u>158,249</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	2008		Variance Positive (Negative)	2007
	Original and Final Budget	Actual		Actual
Revenues:				
Charges for Services	51,895	52,887	992	51,185
Intergovernmental:			-	
Local grants	13,049	13,049	-	12,732
Miscellaneous	300	298	(2)	251
Total Revenues	65,244	66,234	990	64,168
Expenditures:				
Operations	77,173	74,916	2,257	74,699
Total Expenditures	77,173	74,916	2,257	74,699
Excess (Deficiency) of Revenues Over Expenditures	(11,929)	(8,682)	3,247	(10,531)
Other Financing Sources (Uses):				
Transfers in	13,049	13,049	-	12,732
Transfers (out)	(1,120)	(1,120)	-	(1,500)
Total Other Financing Sources (Uses)	11,929	11,929	-	11,232
Net Change in Fund Balances	-	3,247	3,247	701
Fund Balances - Beginning of Year		18,082		17,381
Fund Balances - End of Year		21,329		18,082

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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	2008		Variance Positive (Negative)	2007
	Original and Final Budget	Actual		Actual
Revenues:				
Taxes:				
Sales tax	327,435	329,364	1,929	326,820
Investment Income	<u>2,086</u>	<u>4,705</u>	<u>2,619</u>	<u>3,503</u>
Total Revenues	<u>329,521</u>	<u>334,069</u>	<u>4,548</u>	<u>330,323</u>
Expenditures:				
Culture and Recreation:				
Land preservation	173,000	99,359	73,641	114,345
Debt Service:				
Principal payments	131,262	131,262	-	125,921
Interest payments	<u>33,965</u>	<u>33,965</u>	<u>-</u>	<u>39,307</u>
Total Expenditures	<u>338,227</u>	<u>264,586</u>	<u>73,641</u>	<u>279,573</u>
Excess (Deficiency) of Revenues Over Expenditures	(8,706)	69,483	78,189	50,750
Other Financing Sources (Uses):				
Transfers (out)	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(38,706)</u>	69,483	<u>108,189</u>	50,750
Fund Balances - Beginning of Year		<u>285,519</u>		<u>234,769</u>
Fund Balances - End of Year		<u>355,002</u>		<u>285,519</u>

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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>		<u>Variance Positive (Negative)</u>	<u>2007</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
General government	<u>59,825</u>	<u>778</u>	<u>59,047</u>	<u>6,347</u>
Total Expenditures	<u>59,825</u>	<u>778</u>	<u>59,047</u>	<u>6,347</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(59,825)</u>	<u>(778)</u>	<u>59,047</u>	<u>(6,347)</u>
Other Financing Sources (Uses):				
Transfers in	<u>47,980</u>	<u>61,338</u>	<u>13,358</u>	<u>62,451</u>
Transfers (out)	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>
Total Other Financing Sources (Uses)	<u>22,980</u>	<u>36,338</u>	<u>13,358</u>	<u>37,451</u>
Net Change in Fund Balances	<u><u>(36,845)</u></u>	<u>35,560</u>	<u><u>72,405</u></u>	<u>31,104</u>
Fund Balances - Beginning of Year		<u>198,362</u>		<u>167,258</u>
Fund Balances - End of Year		<u><u>233,922</u></u>		<u><u>198,362</u></u>

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

Gunnison County, Colorado
Special Revenue Funds
Risk Management Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	2008			Final Budget Variance Positive (Negative)	2007
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Investment Income	3,136	3,136	4,560	1,424	4,038
Contributions	112,502	112,502	113,771	1,269	34,241
Miscellaneous	-	-	1,591	1,591	3,882
Total Revenues	<u>115,638</u>	<u>115,638</u>	<u>119,922</u>	<u>4,284</u>	<u>42,161</u>
Expenditures:					
General Government:					
CAPP Insurance Claims	54,297	64,297	45,823	18,474	37,339
Other expenses	50,400	70,400	64,254	6,146	71,307
Total Expenditures	<u>104,697</u>	<u>134,697</u>	<u>110,077</u>	<u>24,620</u>	<u>108,646</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,941</u>	<u>(19,059)</u>	<u>9,845</u>	<u>28,904</u>	<u>(66,485)</u>
Other Financing Sources (Uses):					
Transfers in	36,527	36,527	36,527	-	39,432
Total Other Financing Sources (Uses)	<u>36,527</u>	<u>36,527</u>	<u>36,527</u>	<u>-</u>	<u>39,432</u>
Net Change in Fund Balances	<u>47,468</u>	<u>17,468</u>	46,372	<u>28,904</u>	(27,053)
Fund Balances - Beginning of Year			<u>87,066</u>		<u>114,119</u>
Fund Balances - End of Year			<u>133,438</u>		<u>87,066</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>		<u>Variance Positive (Negative)</u>	<u>2007</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Intergovernmental:				
Federal grants	135,000	1,710	(133,290)	134,672
State grants	11,000	12,913	1,913	22,520
Local grants	45,000	45,000	-	45,000
Charges for Services:				
Fees	327,732	273,563	(54,169)	312,944
Investment Income	8,400	12,607	4,207	17,536
Miscellaneous	384,000	12,916	(371,084)	164,674
Total Revenues	<u>911,132</u>	<u>358,709</u>	<u>(552,423)</u>	<u>697,346</u>
Expenditures:				
Health and Welfare	1,227,475	428,390	799,085	687,351
Debt Service:				
Principal	-	1,383	(1,383)	1,437
Interest	2,527	1,144	1,383	1,090
Total Expenditures	<u>1,230,002</u>	<u>430,917</u>	<u>799,085</u>	<u>689,878</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(318,870)</u>	<u>(72,208)</u>	<u>246,662</u>	<u>7,468</u>
Other Financing Sources (Uses):				
Transfers in	70,291	116,202	45,911	70,291
Transfers (out)	(62,040)	(62,040)	-	(31,200)
Sale of capital assets	270,000	-	(270,000)	18,257
Total Other Financing Sources (Uses)	<u>278,251</u>	<u>54,162</u>	<u>(224,089)</u>	<u>57,348</u>
Net Change in Fund Balances	<u>(40,619)</u>	<u>(18,046)</u>	<u>22,573</u>	<u>64,816</u>
Fund Balances - Beginning of Year		<u>148,496</u>		<u>83,680</u>
Fund Balances - End of Year		<u>130,450</u>		<u>148,496</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>			Final Budget Variance Positive (Negative)	<u>2007</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Marketing and promotion tax	1,000,000	1,000,000	1,030,504	30,504	1,077,945
Admission tax - Mt. Crested Butte	250,000	250,000	250,000	-	275,000
Earnings on investments	11,586	11,586	14,705	3,119	17,714
Total Revenues	<u>1,261,586</u>	<u>1,261,586</u>	<u>1,295,209</u>	<u>33,623</u>	<u>1,370,659</u>
Expenditures:					
General Government:					
Contracted services	1,075,000	1,272,000	1,271,756	244	1,075,000
Other	34,014	41,014	35,569	5,445	35,627
Total Expenditures	<u>1,109,014</u>	<u>1,313,014</u>	<u>1,307,325</u>	<u>5,689</u>	<u>1,110,627</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>152,572</u>	<u>(51,428)</u>	<u>(12,116)</u>	<u>39,312</u>	<u>260,032</u>
Other Financing Sources (Uses):					
Transfers (out)	(18,190)	(18,190)	(18,190)	-	(7,670)
Total Other Financing Sources (Uses)	<u>(18,190)</u>	<u>(18,190)</u>	<u>(18,190)</u>	<u>-</u>	<u>(7,670)</u>
Net Change in Fund Balances	<u>134,382</u>	<u>(69,618)</u>	<u>(30,306)</u>	<u>39,312</u>	<u>252,362</u>
Fund Balances - Beginning of Year			<u>401,313</u>		<u>148,951</u>
Fund Balances - End of Year			<u>371,007</u>		<u>401,313</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>			Final Budget Variance Positive (Negative)	<u>2007</u>
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Airport fees	236,081	236,081	332,430	96,349	393,709
Terminal & hanger rent	293,839	293,839	344,169	50,330	312,806
Ground transportation	215,351	215,351	237,016	21,665	241,111
Parking fees & fines	54,705	54,705	80,712	26,007	87,134
FBO rent and fees	27,000	27,000	26,770	(230)	25,712
Aviation fuel tax	22,999	22,999	41,116	18,117	38,694
Other	44,675	44,675	82,820	38,145	91,803
Total Operating Revenues	<u>894,650</u>	<u>894,650</u>	<u>1,145,033</u>	<u>250,383</u>	<u>1,190,969</u>
Operating Expenditures:					
Administration	369,525	369,525	317,630	51,895	323,134
Terminal operations	176,999	184,999	212,988	(27,989)	171,841
Runway & grounds maintenance.	190,605	190,605	192,457	(1,852)	208,858
Snow removal	68,942	68,942	106,319	(37,377)	50,992
Aircraft rescue	120,056	120,056	115,425	4,631	128,532
Security	84,267	84,267	48,543	35,724	52,830
Capital outlay	38,000	60,000	71,094	(11,094)	224,451
Debt payments	11,693	11,693	10,721	972	10,314
Total Operating Expenditures	<u>1,060,087</u>	<u>1,090,087</u>	<u>1,075,177</u>	<u>14,910</u>	<u>1,170,952</u>
Operating Income (Loss)	<u>(165,437)</u>	<u>(195,437)</u>	<u>69,856</u>	<u>265,293</u>	<u>20,017</u>
Non-operating Revenues (Expenditures):					
Proceeds from sale of assets	-	-	-	-	1,001
Transfers (out)	(82,970)	(82,970)	(82,970)	-	(64,490)
Investment revenue	21,550	21,550	23,650	2,100	30,424
Interest expense	-	-	(973)	(973)	(1,379)
Total Non-operating Revenues (Expenditures)	<u>(61,420)</u>	<u>(61,420)</u>	<u>(60,293)</u>	<u>1,127</u>	<u>(34,444)</u>
Change in Net Assets - Budget Basis	<u>(226,857)</u>	<u>(256,857)</u>	<u>9,563</u>	<u>266,420</u>	<u>(14,427)</u>
Available Resources - Beginning of Year			<u>695,822</u>		<u>710,249</u>
Available Resources - End of Year			<u>705,385</u>		<u>695,822</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	2008			2007
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Dos Rios Division:				
Tap fees	16,500	-	(16,500)	11,000
User fees	156,110	154,968	(1,142)	156,429
Late fees	1,200	1,724	524	1,297
Total Dos Rios Division	173,810	156,692	(17,118)	168,726
Somerset Division:				
Tap fees	-	-	-	-
User fees	7,910	7,941	31	7,501
Late fees	100	136	36	120
Total Somerset Division	8,010	8,077	67	7,621
Antelope Hills Division:				
Tap fees	-	-	-	-
User fees	42,590	42,962	372	42,595
Late fees	400	489	89	359
Total Antelope Hills Division	42,990	43,451	461	42,954
North Gunnison Division:				
Tap fees	18,000	2,344	(15,656)	39,844
User fees	196,840	197,509	669	189,063
Late fees	300	1,124	824	357
Total North Gunnison Division	215,140	200,977	(14,163)	229,264
Total Revenues	439,950	409,197	(30,753)	448,565
Expenditures:				
Dos Rios Division:				
Operations	130,715	83,508	47,207	85,049
Transfers to other funds	27,620	26,350	1,270	15,095
Capital outlay	25,000	30,400	(5,400)	38,359
Total Dos Rios Division	183,335	140,258	43,077	138,503
Somerset Division:				
Operations	5,339	1,787	3,552	5,694
Transfers to other funds	893	910	(17)	1,972
Debt service	-	-	-	31,836
Total Somerset Division	6,232	2,697	3,535	39,502
Antelope Hills Division:				
Operations	27,928	20,878	7,050	21,651
Transfers to other funds	5,818	5,616	202	7,213
Capital outlay	4,000	-	4,000	-
Total Antelope Hills Division	37,746	26,494	11,252	28,864
North Gunnison Division:				
Operations	79,253	97,020	(17,767)	218,409
Transfers to other funds	14,374	13,757	617	32,721
Capital outlay	-	905	(905)	-
Debt service	115,244	114,964	280	85,030
Total North Gunnison Division	208,871	226,646	(17,775)	336,160
Total Expenditures	436,184	396,095	40,089	543,029
Change in Net Assets - Budget Basis	3,766	13,102	9,336	(94,464)
Available Resources - Beginning of Year		533,426		627,890
Available Resources - End of Year		546,528		533,426

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

Gunnison County, Colorado
Enterprise Funds
Gunnison County Water Fund
Schedule of Revenues, Expenditures and Available Resources
Budget (Non-GAAP) Basis and Actual
For the Year Ended December 31, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>			<u>2007</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Operating Revenues:				
User fees	194,900	184,187	(10,713)	202,334
Availability fees	4,720	4,416	(304)	5,092
Contributions	13,024	4,276	(8,748)	4,454
Grants	40,000	-	(40,000)	-
Other	400	493	93	1,848
Total Operating Revenues	<u>253,044</u>	<u>193,372</u>	<u>(59,672)</u>	<u>213,728</u>
Operating Expenditures:				
Dos Rios Division:				
Operating expenses	132,302	110,248	22,054	88,855
Capital outlay	4,500	-	4,500	-
Allocations	14,940	14,940		24,620
Somerset Division:				
Debt service	8,024	7,950	74	7,965
Utilities Administration:				
Operating expenses	113,336	71,943	41,393	101,389
Total Operating Expenditures	<u>273,102</u>	<u>205,081</u>	<u>68,021</u>	<u>222,829</u>
Operating Income (Loss)	<u>(20,058)</u>	<u>(11,709)</u>	<u>8,349</u>	<u>(9,101)</u>
Non-operating Revenues (Expenditures):				
Transfers in	16,265	14,195	(2,070)	13,381
Total Non-operating Revenues (Expenditures)	<u>16,265</u>	<u>14,195</u>	<u>(2,070)</u>	<u>13,381</u>
Change in Net Assets - Budget Basis	<u>(3,793)</u>	2,486	<u>6,279</u>	4,280
Available Resources - Beginning of Year		<u>425,494</u>		<u>421,214</u>
Available Resources - End of Year		<u>427,980</u>		<u>425,494</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>			<u>2007</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Operating Revenues:				
Sage Grouse mitigation	47,980	63,070	15,090	62,451
Construction surcharge	83,494	106,748	23,254	108,675
Landfill:				
Disposal fees	328,760	521,194	192,434	423,194
Closure cost surcharge	21,596	27,610	6,014	28,109
Other fees	14,136	17,307	3,171	5,702
Other	1,500	4,698	3,198	1,489
Total Landfill Revenues	<u>497,466</u>	<u>740,627</u>	<u>243,161</u>	<u>629,620</u>
Recycling:				
Recycling surcharge	108,838	139,058	30,220	141,666
Recycled material sales	90,000	151,900	61,900	173,809
Total Recycling Revenues	<u>198,838</u>	<u>290,958</u>	<u>92,120</u>	<u>315,475</u>
Total Operating Revenues	<u>696,304</u>	<u>1,031,585</u>	<u>335,281</u>	<u>945,095</u>
Operating Expenditures:				
Closure, post closure, construction reserve	-	20,134	(20,134)	29,344
Operations	386,828	397,042	(10,214)	347,886
Capital outlay	2,500	2	2,498	-
Total Landfill Expenditures	<u>389,328</u>	<u>417,178</u>	<u>(27,850)</u>	<u>377,230</u>
Recycling Expenditures:				
Operations	162,424	184,257	(21,833)	157,019
Capital outlay	181,600	42,141	139,459	7,895
Total Recycling Expenditures	<u>344,024</u>	<u>226,398</u>	<u>117,626</u>	<u>164,914</u>
Total Operating Expenditures	<u>733,352</u>	<u>643,576</u>	<u>89,776</u>	<u>542,144</u>
Operating Income (Loss)	<u>(37,048)</u>	<u>388,009</u>	<u>425,057</u>	<u>402,951</u>
Non-operating Revenues (Expenditures):				
Transfers (out)	(126,893)	(142,864)	(15,971)	(128,883)
Investment revenue	75,055	73,292	(1,763)	90,417
Total Non-operating Revenues (Expenditures)	<u>(51,838)</u>	<u>(69,572)</u>	<u>(17,734)</u>	<u>(38,466)</u>
Change in Net Assets - Budget Basis	<u>(88,886)</u>	<u>318,437</u>	<u>407,323</u>	<u>364,485</u>
Available Resources - Beginning of Year		<u>1,975,999</u>		<u>1,611,514</u>
Available Resources - End of Year		<u>2,294,436</u>		<u>1,975,999</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>			<u>2007</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Operating Revenues:				
Palisade Assisted Living:				
Donations and debt service reimbursements	36,488	36,488	-	36,488
Total Operating Revenues	<u>36,488</u>	<u>36,488</u>	<u>-</u>	<u>36,488</u>
Operating Expenditures:				
Principal payments	14,854	14,531	323	13,995
Interest payments	21,634	21,956	(322)	22,493
Total Operating Expenditures	<u>36,488</u>	<u>36,487</u>	<u>1</u>	<u>36,488</u>
Change in Net Assets - Budget Basis	<u>-</u>	1	<u>1</u>	-
Available Resources - Beginning of Year		<u>10</u>		<u>10</u>
Available Resources - End of Year		<u>11</u>		<u>10</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>			<u>2007</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Operating Revenues:				
Mountain View Apartments:				
Tenant payments	90,668	95,388	4,720	93,685
Assistance payment	103,686	107,192	3,506	103,951
Vacancies	(11,440)	(14,412)	(2,972)	(12,357)
Other revenue	51,500	2,057	(49,443)	2,018
Total Operating Revenues	<u>234,414</u>	<u>190,225</u>	<u>(44,189)</u>	<u>187,297</u>
Operating Expenditures:				
Mountain View Apartments:				
Operations	196,320	186,825	9,495	166,188
Principal on debt	8,640	32,597	(23,957)	22,064
Interest on debt	37,853	36,996	857	37,852
Total Operating Expenditures	<u>242,813</u>	<u>256,418</u>	<u>(13,605)</u>	<u>226,104</u>
Operating Income (Loss)	<u>(8,399)</u>	<u>(66,193)</u>	<u>(57,794)</u>	<u>(38,807)</u>
Non-operating Revenues (Expenditures):				
Sale of capital assets	-	5,391	5,391	-
Investment revenue	9,446	5,341	(4,105)	9,214
Total Non-operating Revenues (Expenditures)	<u>9,446</u>	<u>10,732</u>	<u>1,286</u>	<u>9,214</u>
Change in Net Assets - Budget Basis	<u>1,047</u>	<u>(55,461)</u>	<u>(56,508)</u>	<u>(29,593)</u>
Available Resources - Beginning of Year		<u>400,165</u>		<u>429,758</u>
Available Resources - End of Year		<u>344,704</u>		<u>400,165</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, 2008

	<u>Internal Service Fund I</u>	<u>Internal Service Fund II</u>	<u>Internal Service Fund III</u>	<u>Total</u>
Current Assets:				
Cash	1,190,416	240,364	1,268,085	2,698,865
Accounts receivable, net of allowance for uncollectible accounts, where applicable	5,583	3,804	60,895	70,282
Due from other governments	-	-	-	-
Prepaid expenses	168	3,115	-	3,283
Due from other funds	110,283	1,666	-	111,949
Inventory, at cost	999,586	23,749	-	1,023,335
Total Current Assets	<u>2,306,036</u>	<u>272,698</u>	<u>1,328,980</u>	<u>3,907,714</u>
Non-current Assets:				
Land, property and equipment	10,453,746	1,080,803	-	11,534,549
Less: Accumulated depreciation	<u>(6,831,608)</u>	<u>(742,756)</u>	<u>-</u>	<u>(7,574,364)</u>
Total Non-current Assets	<u>3,622,138</u>	<u>338,047</u>	<u>-</u>	<u>3,960,185</u>
Total Assets	<u>5,928,174</u>	<u>610,745</u>	<u>1,328,980</u>	<u>7,867,899</u>
Liabilities:				
Current Liabilities:				
Accounts payable	276,421	70,609	406	347,436
Due to other funds	-	-	293	293
Deferred revenue	-	-	126,176	126,176
Leases, due within one year	237,270	-	-	237,270
Total Current Liabilities	<u>523,759</u>	<u>70,609</u>	<u>126,875</u>	<u>721,243</u>
Non-current Liabilities:				
Accrued compensated absences	44,288	10,150	4,680	59,118
Leases, due in more than one year	458,390	-	-	458,390
Total Non-current Liabilities	<u>502,678</u>	<u>10,150</u>	<u>4,680</u>	<u>517,508</u>
Total Liabilities	<u>1,026,437</u>	<u>80,759</u>	<u>131,555</u>	<u>1,238,751</u>
Net Assets:				
Invested in capital assets, net of related debt	2,926,478	338,047	-	3,264,525
Unrestricted	<u>1,975,259</u>	<u>191,939</u>	<u>1,197,425</u>	<u>3,364,623</u>
Total Net Assets	<u>4,901,737</u>	<u>529,986</u>	<u>1,197,425</u>	<u>6,629,148</u>

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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, 2008

	Internal Service Fund I	Internal Service Fund II	Internal Service Fund III	Total
Operating Revenues:				
Rent, net	1,555,220	-	-	1,555,220
Charges and fees	1,684	-	877,384	879,068
Other	115,415	667,320	1,471,554	2,254,289
Total Operating Revenues	<u>1,672,319</u>	<u>667,320</u>	<u>2,348,938</u>	<u>4,688,577</u>
Operating Expenses:				
Operations and maintenance	1,466,363	498,349	2,478,099	4,442,811
Administration	19,432	-	-	19,432
Depreciation and amortization	574,272	59,543	-	633,815
Total Operating Expenses	<u>2,060,067</u>	<u>557,892</u>	<u>2,478,099</u>	<u>5,096,058</u>
Operating Income (Loss)	<u>(387,748)</u>	<u>109,428</u>	<u>(129,161)</u>	<u>(407,481)</u>
Non-operating Revenues (Expenses):				
Grant revenue	262,072	-	-	262,072
Investment revenue	4,562	-	42,879	47,441
Interest expense	(21,797)	-	-	(21,797)
Total Non-operating Revenues (Expenses)	<u>244,837</u>	<u>-</u>	<u>42,879</u>	<u>287,716</u>
Income (Loss) Before Transfers	<u>(142,911)</u>	<u>109,428</u>	<u>(86,282)</u>	<u>(119,765)</u>
Capital Contributions	-	-	-	-
Transfers In	65,500	69,165	-	134,665
Transfers (Out)	<u>(66,240)</u>	<u>(50,310)</u>	<u>-</u>	<u>(116,550)</u>
Change in Net Assets	(143,651)	128,283	(86,282)	(101,650)
Total Net Assets - Beginning of Year	<u>5,045,387</u>	<u>401,704</u>	<u>1,283,708</u>	<u>6,730,799</u>
Total Net Assets - End of Year	<u><u>4,901,736</u></u>	<u><u>529,987</u></u>	<u><u>1,197,426</u></u>	<u><u>6,629,149</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, 2008

	Internal Service Fund I	Internal Service Fund II	Internal Service Fund III	Total
Cash Flows from Operating Activities:				
Cash received from charges for services	1,685,181	667,524	1,565,838	3,918,543
Cash received from other sources	1,684	-	877,384	879,068
Cash payments to vendors for goods and services	(1,093,518)	(239,611)	(2,482,913)	(3,816,042)
Cash payments to employees for services	(385,859)	(212,507)	(11,502)	(609,868)
Net Cash Provided (Used) by Operating Activities	<u>207,488</u>	<u>215,406</u>	<u>(51,193)</u>	<u>371,701</u>
Cash Flows from Non-capital Financing Activities:				
Transfers from (to) other funds, net	88,829	17,157	(415)	105,571
Net Cash Provided (Used) by Non-capital Financing Activities	<u>88,829</u>	<u>17,157</u>	<u>(415)</u>	<u>105,571</u>
Cash Flows from Capital and Related Financing Activities:				
Capital grants	262,072	-	-	262,072
Interest paid on debt	(21,797)	-	-	(21,797)
Principal paid on loans and leases	508,997	-	-	508,997
Purchase of capital assets	(972,888)	(233,154)	-	(1,206,042)
Cash from sale of assets	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(223,616)</u>	<u>(233,154)</u>	<u>-</u>	<u>(456,770)</u>
Cash Flows from Investing Activities:				
Cash from investment income	4,562	-	42,879	47,441
Net Cash Provided (Used) by Investing Activities	<u>4,562</u>	<u>-</u>	<u>42,879</u>	<u>47,441</u>
Net Increase (Decrease) in Cash	77,263	(591)	(8,729)	67,943
Cash - Beginning of Year	1,113,153	240,955	1,276,814	2,630,922
Cash - End of Year	<u>1,190,416</u>	<u>240,364</u>	<u>1,268,085</u>	<u>2,698,865</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	(387,748)	109,428	(129,161)	(407,481)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization	574,272	59,543	-	633,815
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	14,545	204	88,028	102,777
(Increase) decrease in prepaid expenses	(18)	(1,614)	-	(1,632)
(Increase) decrease in inventory	(165,986)	(8,729)	-	(174,715)
Increase (decrease) in accounts payable	156,013	53,554	(16,757)	192,810
Increase (decrease) in deferred revenues	-	-	6,253	6,253
Increase (decrease) in compensated absences	6,342	3,020	444	9,806
Net Cash Provided (Used) by Operating Activities	<u>207,488</u>	<u>215,406</u>	<u>(51,193)</u>	<u>371,701</u>

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

Gunnison County, Colorado
Internal Service Funds
Internal Service Fund I
Schedule of Revenues, Expenditures and Available Resources
Budget (Non-GAAP Basis) and Actual
For the Year Ended December 31, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>			Final Budget Variance Positive (Negative)	<u>2007</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Operating Revenues:					
Equipment rent	1,340,288	1,340,288	1,555,220	214,932	1,541,814
Material and gravel sales	341,400	341,400	111,791	(229,609)	120,274
Other revenues	5,600	5,600	5,308	(292)	4,845
Total Operating Revenues	<u>1,687,288</u>	<u>1,687,288</u>	<u>1,672,319</u>	<u>(14,969)</u>	<u>1,666,933</u>
Operating Expenditures:					
Administration	21,542	21,542	22,708	(1,166)	13,805
County shops	1,294,828	1,354,828	1,335,068	19,760	1,090,647
Materials	328,400	328,400	110,873	217,527	120,274
Pit maintenance	45,444	45,444	-	45,444	60
Property and equipment purchases	399,100	1,139,100	990,034	149,066	391,533
Equipment lease payments	97,482	97,482	172,550	(75,068)	133,905
Total Operating Expenditures	<u>2,186,796</u>	<u>2,986,796</u>	<u>2,631,233</u>	<u>355,563</u>	<u>1,750,224</u>
Operating Income (Loss)	<u>(499,508)</u>	<u>(1,299,508)</u>	<u>(958,914)</u>	<u>340,594</u>	<u>(83,291)</u>
Non-operating Revenues (Expenditures):					
Sale of capital assets	45,000	45,000	-	(45,000)	20,000
Lease proceeds	-	-	659,750	659,750	-
Grant revenue	132,000	132,000	262,072	130,072	18,131
Investment income	-	-	4,562	4,562	-
Transfers in	65,500	65,500	65,500	-	239,700
Transfers (out)	(66,240)	(66,240)	(66,240)	-	(100,280)
Total Non-operating Revenues (Expenditures)	<u>176,260</u>	<u>176,260</u>	<u>925,644</u>	<u>749,384</u>	<u>177,551</u>
Change in Net Assets - Budget Basis	<u>(323,248)</u>	<u>(1,123,248)</u>	<u>(33,270)</u>	<u>1,089,978</u>	<u>94,260</u>
Available Resources - Beginning of Year			<u>2,008,528</u>		<u>1,914,268</u>
Available Resources - End of Year			<u>1,975,258</u>		<u>2,008,528</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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	2008		Final Budget Variance Positive (Negative)	2007
	Original and Final Budget	Actual		Actual
Operating Revenues:				
Data processing	333,260	329,778	(3,482)	353,464
Mapping	192,714	192,714	-	190,315
Telephone system	52,440	51,764	(676)	64,119
Photocopy and postage	82,120	90,433	8,313	77,799
Other	3,000	2,632	(368)	3,504
Total Operating Revenues	663,534	667,321	3,787	689,201
Operating Expenditures:				
Data Processing:				
Operations	433,217	212,529	220,688	251,677
Acquisition of property and equipment	57,911	238,564	(180,653)	11,090
Mapping:				
Operations	172,917	146,863	26,054	147,297
Acquisition of property and equipment	-	5,010	(5,010)	2,275
Telephone System:				
Operations	27,889	32,109	(4,220)	34,633
Acquisition of property and equipment	15,660	14,096	1,564	146,389
Photocopy and Postage:				
Operations	84,941	82,333	2,608	84,753
Total Operating Expenditures	792,535	731,504	61,031	678,114
Operating Income (Loss)	(129,001)	(64,183)	64,818	11,087
Non-operating Revenues (Expenditures):				
Transfers in	69,165	69,165	-	62,769
Transfers (out)	(50,310)	(50,310)	-	(66,200)
Total Non-operating Revenues (Expenditures)	18,855	18,855	-	(3,431)
Change in Net Assets - Budget Basis	(110,146)	(45,328)	64,818	7,656
Available Resources - Beginning of Year		237,268		229,612
Available Resources - End of Year		191,940		237,268

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, 2008
(With Comparative Actual Amounts for the Year Ended December 31, 2007)

	<u>2008</u>			Final Budget Variance Positive (Negative)	<u>2007</u>
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Premium contributions	1,432,583	1,432,583	1,471,554	38,971	1,402,207
Miscellaneous	30,000	30,000	877,384	847,384	152,526
Total Operating Revenues	<u>1,462,583</u>	<u>1,462,583</u>	<u>2,348,938</u>	<u>886,355</u>	<u>1,554,733</u>
Operating Expenditures:					
Operations	1,455,245	2,505,245	2,478,099	27,146	1,476,977
Total Operating Expenditures	<u>1,455,245</u>	<u>2,505,245</u>	<u>2,478,099</u>	<u>27,146</u>	<u>1,476,977</u>
Operating Income (Loss)	<u>7,338</u>	<u>(1,042,662)</u>	<u>(129,161)</u>	<u>913,501</u>	<u>77,756</u>
Non-operating Revenues (Expenditures):					
Investment revenue	50,000	50,000	42,879	(7,121)	67,963
Total Non-operating Revenues (Expenditures)	<u>50,000</u>	<u>50,000</u>	<u>42,879</u>	<u>(7,121)</u>	<u>67,963</u>
Change in Net Assets - Budget Basis	<u>57,338</u>	<u>(992,662)</u>	<u>(86,282)</u>	<u>906,380</u>	<u>145,719</u>
Available Resources - Beginning of Year			<u>1,283,708</u>		<u>1,137,989</u>
Available Resources - End of Year			<u>1,197,426</u>		<u>1,283,708</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, 2008

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Assets:				
Cash	16,623,557			17,138,245
Less: Cash held for County funds	(14,762,000)	96,242,084	(97,000,908)	(16,035,512)
	}	}	{	
Total Assets	1,861,557	96,242,084	(97,000,908)	1,102,733
Liabilities:				
Due to other governments and agencies	1,861,557	96,242,084	(97,000,908)	1,102,733
Total Liabilities	1,861,557	96,242,084	(97,000,908)	1,102,733

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, 2008

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Assets:				
Cash	<u>39,543</u>	<u>59,489</u>	<u>(41,155)</u>	<u>57,877</u>
Total Assets	<u><u>39,543</u></u>	<u><u>59,489</u></u>	<u><u>(41,155)</u></u>	<u><u>57,877</u></u>
Liabilities:				
Held by Trustee	<u>39,543</u>	<u>59,489</u>	<u>(41,155)</u>	<u>57,877</u>
Total Liabilities	<u><u>39,543</u></u>	<u><u>59,489</u></u>	<u><u>(41,155)</u></u>	<u><u>57,877</u></u>

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

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



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

LOCAL HIGHWAY FINANCE REPORT	City or County: GUNNISON COUNTY
	YEAR ENDING : December 2008
This Information From The Records Of (example - City of _ or County of County of Gunnison	Prepared By: Linda Nienhueser Phone: (970) 641-7622

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	769,303
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,960,725
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	1,084,864
3. Other local imposts (from page 2)	247,074	c. Other	
4. Miscellaneous local receipts (from page 2)	222,284	d. Total (a. through c.)	1,084,864
5. Transfers from toll facilities		4. General administration & miscellaneous	434,682
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	4,249,574
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	469,358	b. Redemption	
B. Private Contributions	3,677	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,945,710	2. Notes:	
D. Receipts from Federal Government (from page 2)	2,361,527	a. Interest	
E. Total receipts (A.7 + B + C + D)	5,780,272	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	4,249,574

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

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,304,093	5,780,272	4,249,574	2,834,791	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2008

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	54,408
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	34,260
5. Specific Ownership &/or Other	247,074	g. Other Misc. Receipts	132,047
6. Total (1. through 5.)	247,074	h. Other	1,569
c. Total (a. + b.)	247,074	i. Total (a. through h.)	222,284
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,203,813	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	1,274,431
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	46,469	d. Federal Transit Admin	
d. Other (Specify)	695,428	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	1,087,096
f. Total (a. through e.)	741,897	g. Total (a. through f.)	2,361,527
4. Total (1. + 2. + 3.f)	2,945,710	3. Total (1. + 2.g)	
			(Carry forward to page 1)

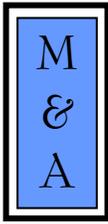
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		15,125	15,125
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		710,341	710,341
(4). System Enhancement & Operation		43,837	43,837
(5). Total Construction (1) + (2) + (3) + (4)	0	754,179	754,179
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	769,303	769,303
			(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, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 21, 2009. 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*.

Performing services for local governments throughout Colorado

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

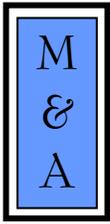
Daniel R. Cudahy, C.P.A.
Michael N. Jenkins, C.A., C.P.A.

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

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

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.
July 21, 2009**



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

**County Commissioners
Gunnison County, Colorado**

Compliance

We have audited the compliance of the Gunnison County (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the 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, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Performing services for local governments throughout Colorado

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

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program 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 administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be 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 management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**McMahan and Associates, L.L.C.
July 21, 2009**

Gunnison County, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2008

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:	
State Homeland Security Grant	CFDA# 97.067
Insured Loan Program	CFDA# 14.135
Lower Income Housing Assistance Program	CFDA# 14.857
Environmental Cleanup and Acceleration	CFDA# 81.104
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, 2008
(Continued)

Note: There were no findings for the fiscal year ended December 31, 2007.

Gunnison County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

Program Title	Federal CFDA Number	Major Program	Expenditures
Department of Agriculture:			
Passed through Colorado Department of Public Health and Environment:			
Women, Infant, Children	10.557	No	45,468
Women, Infant, Children (non-cash vouchers)	10.557	No	117,033
Passed through Colorado Department of Human Services:			
Food Assistance-EBT	10.551	No	470,068
Food Assistance-Administration	10.561	No	75,373
Total Department of Agriculture:			<u>707,942</u>
Department of Health and Human Services:			
Passed through Colorado Department of Human Services:			
Substance abuse	93.243	No	153,498
TANF CO Works	93.558	No	155,501
Title IV-D - Administration	93.563	No	81,641
Low-income Home Energy Assistance	93.568	No	168,681
CCDF Discretionary	93.596	No	76,441
CCDF	93.575	No	83,529
Promoting Safe and Stable Families	93.556	No	-
Child Welfare Services IVB	93.645	No	11,061
Foster Care-Title IV-E	93.658	No	172,404
Adoption	93.659	No	38,414
Social Services Block Grant	93.667	No	80,804
Medicaid Assistance Program	93.778	No	71,128
Adjustments to Costs	93.000	No	12,491
Passed through Colorado Department of Public Health and Environment:			
Bioterrorism	93.069	No	16,881
BT Pandemic Influenza	93.069	No	15,217
Maternal and Child Health	93.110	No	-
Family Planning	93.217	No	58,966
Family Planning - non-cash materials inc. manuals/IUDs	93.217	No	1,631
Immunizations	93.268	No	3,628
CWCCI/WWC	93.283	No	12,232
Nurturing parent	93.590	No	11,615
Sexually Transmitted Diseases	93.977	No	6,148
Public Health Nurse - Maternal and Child Health Service	93.994	No	2,120
Immunizations - non-cash vaccinations	94.268	No	106,185
Passed through Colorado Department of Public Health and Environment through Region 10 Area for Aging:			
Special Program for the Aging	93.044	No	10,619
Passed through Colorado Department of Local Affairs through Delta County:			
Medicaid Assistance Program	93.778	No	34,900
Total Department of Health and Human Services:			<u>1,385,735</u>
Department of Transportation:			
Federal Aviation Administration:			
Airport Improvement Projects (total)	20.106	No	880,626
Department of Transportation:			<u>880,626</u>

Gunnison County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008
(continued)

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
Department of Homeland Security:			
Emergency Food and Shelter National Board Program	97.024	No	5,380
Passed through Colorado Department of Local Affairs			
State Homeland Security Grant Program	97.067	Yes	742,667
Total Department of Homeland Security:			<u>748,047</u>
Department of Justice:			
Violence Against Women	16.588	No	25,826
Victims of Crime Act, Crime Victim Assistance Program	16.575	No	23,014
Juvenile Accountability	16.523	No	16,634
Total Department of Justice:			<u>65,474</u>
Department of Housing and Urban Development:			
Passed through Colorado Department of Local Affairs - Division of Housing:			
Emergency Shelter Grants	14.231	No	3,195
Section 8 Housing Assistance Payment Program	14.195	No	19,053
Passed through Colorado Department Housing and Finance Authority:			
Insured Loan Program	14.135	Yes	859,867
Lower Income Housing Assistance Program	14.857	Yes	107,192
Total Department of Housing and Urban Development:			<u>989,307</u>
Department of Education:			
Passed through Colorado Department of Education through Montrose School District RE-1J:			
Adult Education	84.002	No	57,241
Total Department of Energy:			<u>57,241</u>
Department of Energy:			
Environmental Cleanup and Acceleration	81.104	Yes	488,965
Total Department of Energy:			<u>488,965</u>
Total Federal Assistance:			<u><u>5,323,337</u></u>

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2008

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, 2008.

Gunnison County, Colorado
Schedule of Passenger Facility Charges Collected and Expended
For the Year Ended December 31, 2008

<u>Program Title</u>	<u>Amounts for Current Year</u>	<u>Unliquidated Balance</u>
Unliquidated PFC revenues, beginning of year		\$ -
Revenues:		
Revenues collected from air carriers	133,845	
Interest Earned	-	
Total PFC Revenues	<u>133,845</u>	133,845
Project Expenditures:		
Construction	<u>(133,845)</u>	
Total PFC project expenditures	<u>(133,845)</u>	<u>(133,845)</u>
Unliquidated PFC revenues, end of year		<u>\$ -</u>

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