

**Gunnison County
Gunnison, Colorado**

**Financial Statements
December 31, 2005**



Gunnison County
Colorado

**Gunnison County, Colorado
Financial Report
December 31, 2005**

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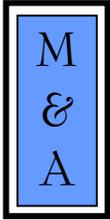
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MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

SUITE 222/AVON CENTER
100 WEST BEAVER CREEK BLVD.
P.O. Box 5850 AVON, CO 81620

WEB SITE: WWW.MCMAHANCFA.COM
TELEPHONE: (970) 845-8800
FACSIMILE: (970) 845-0851
E-MAIL: MCMAHAN@MCMAHANCFA.COM

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, 2005, 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, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2006, on our consideration of Gunnison County's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grants. That report is an integral part of and audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Performing services for local governments throughout Colorado

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

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

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

*Board of County Commissioners
Gunnison County, Colorado*

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

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

McMahan and Associates, LLC.

McMahan and Associates, L.L.C.
March 31, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS



Gunnison County, Colorado

Management's Discussion and Analysis

December 31, 2005

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, 2005.

Financial Highlights

- On a short term view, the County's governmental funds decreased (\$322,705). This was primarily due to a decline of \$476,213 in the Road and Bridge Fund. This decrease occurred due to higher snow removal costs and lower highway user and mineral leasing revenues than anticipated.
- On a long term view the County's governmental activities increased \$921,639. 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 decreased (\$1,272,663). This is primarily due to a decrease in the sewer fund of \$1,596,176. This is largely due to capital expenditures and repayment of debt relating to the North Gunnison Service Area.
- On a long-term view the County's business type funds increased \$1,948,548. This increase is primarily due to increases in the Airport Operations and Sewer Funds relating to grants and contributions which were used for the purchase and construction of capital assets.

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

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets:						
Current and other assets	17,245,739	16,102,541	3,796,221	5,331,141	21,041,960	21,433,682
Capital assets, net	15,403,839	13,916,560	44,229,988	42,090,405	59,633,827	56,006,965
Total Assets	32,649,578	30,019,101	48,026,209	47,421,546	80,675,787	77,440,647
Liabilities:						
Other liabilities	8,771,663	7,021,017	681,691	829,426	9,453,354	7,850,443
Long-term liabilities	4,503,707	4,545,508	4,789,505	5,985,649	9,293,212	10,531,157
Total Liabilities	13,275,370	11,566,525	5,471,196	6,815,075	18,746,566	18,381,600
Net Assets:						
Invested in capital assets, net of related debt	11,887,406	11,659,147	39,509,679	37,841,518	51,397,085	49,500,665
Restricted	785,000	1,385,533	1,041,992	951,598	1,826,992	2,337,131
Unrestricted	6,701,801	5,407,896	2,003,342	1,813,355	8,705,143	7,221,251
Total Net Assets	\$ 19,374,207	18,452,576	\$ 42,555,013	40,606,471	61,929,220	59,059,047

Traditionally, the largest portion of any County's investments is in its capital assets. Land, buildings, equipment, machinery, and specialized tools are necessary in order to deliver and/or provide services to the County's residents and visitors. The County has not yet added all infrastructure (roads, bridges, etc.), to its accounting records, but anticipates adding infrastructure as required within the next four years. At the end of the 2005 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.

Government-wide Financial Analysis (continued)

Governmental Activities: Governmental activities increased \$921,639 while Business-type activities increased \$1,948,548. Key elements of this increase were as follows:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 1,939,019	\$ 1,712,915	2,250,605	2,042,449	4,189,624	3,755,364
Grants and contributions	7,878,244	8,224,628	3,506,867	11,146,114	11,385,111	19,370,742
General revenues:						
Sales taxes	1,556,912	1,460,612	25,841	-	1,582,753	1,460,612
Property taxes	5,087,126	4,812,174	-	-	5,087,126	4,812,174
Other taxes	1,657,818	1,612,222	-	-	1,657,818	1,612,222
Interest and other revenue	272,493	705,513	46,932	27,422	319,425	732,935
Total Revenues	18,391,612	18,528,064	5,830,245	13,215,985	24,221,857	31,744,049
Expenses:						
General government	5,591,665	5,479,368	-	-	5,591,665	5,479,368
Judicial	202,609	189,588	-	-	202,609	189,588
Public safety	4,015,680	3,773,067	-	-	4,015,680	3,773,067
Health and welfare	2,096,836	3,241,910	-	-	2,096,836	3,241,910
Auxiliary services	193,750	195,686	-	-	193,750	195,686
Culture and recreation	1,323,918	737,345	-	-	1,323,918	737,345
Public works	3,879,950	3,460,062	-	-	3,879,950	3,460,062
Interest on long-term debt	111,152	112,720	-	-	111,152	112,720
Airport operations	-	-	2,251,433	1,717,404	2,251,433	1,717,404
Sewer	-	-	909,487	361,192	909,487	361,192
Water	-	-	153,972	1,027,487	153,972	1,027,487
Landfill	-	-	396,135	421,270	396,135	421,270
Housing	-	-	225,083	267,465	225,083	267,465
Total Expenses	17,415,560	17,189,746	3,936,110	3,794,818	21,351,670	20,984,564
Change in Net Assets						
before Transfers	976,052	1,338,318	1,894,135	9,421,167	2,870,187	10,759,485
Transfers	(54,413)	(429,653)	54,413	429,653	-	-
Change in Net Assets	921,639	908,665	1,948,548	9,850,820	2,870,187	10,759,485
Net Assets - Beginning	18,452,568	17,543,911	40,606,465	30,755,651	59,059,033	48,299,562
Net Assets - Ending	\$ 19,374,207	\$ 18,452,576	42,555,013	40,606,471	61,929,220	59,059,047

Significant events impacting 2005 were:

- Net assets as a result of governmental activities increased \$921,639 because total governmental revenues exceeded total governmental expenses. This is at least partially due to the significant increase in grants and contributions including public safety (terrorism) grants and transportation (airport construction).
- In 2004 the County contributed water infrastructure to the Somerset property owners association. This resulted in a large water expense in 2004.

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 resource for 2001 through 2005 is charted below:

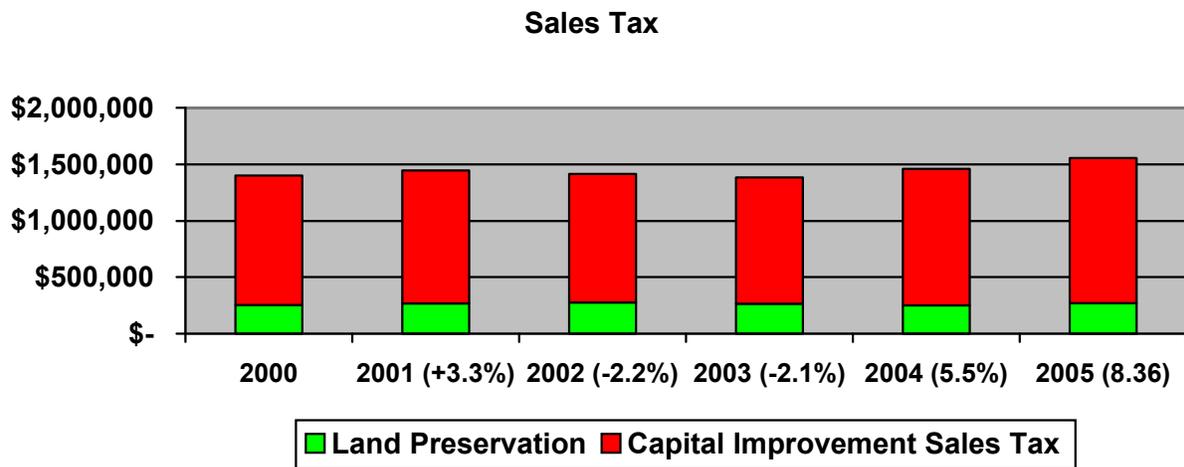
	<u>Beginning Available Resources</u>	<u>Increase (Decrease)</u>	<u>Ending Available Resources</u>	<u>2005 Expenditures</u>	<u>% of EAV to Expenditures</u>
Governmental Major Funds:					
General Fund	\$ 2,572,794	\$ 398,330	\$ 2,971,124	\$ 8,078,007	37%
Road & Bridge	1,161,014	(476,214)	684,800	4,430,287	15%
Human Services Fund	126,440	56,256	182,696	2,281,298	8%
Sales Tax Fund	1,019,472	(3,950)	1,015,522	1,759,956	58%
Airport Construction Fund	273,540	(254,609)	18,931	2,892,286	1%
Capital Expenditures Fund	63,612	(50,507)	13,105	2,447,716	1%
Non-Major Funds	726,664	7,988	734,652	2,736,224	27%
Business Type Funds:					
Airport Operations Fund	403,551	178,153	581,704	765,604	76%
Sewer Fund	1,614,287	(1,596,176)	18,111	4,442,590	0%
Water Fund	285,634	54,846	340,480	174,560	195%
Solid Waste Fund	1,163,926	108,324	1,272,250	530,682	240%
Assisted Living Fund	10	-	10	36,488	0%
Mountain View Fund	461,476	(17,810)	443,666	201,268	220%
Internal Service Funds:					
ISF I Fund	2,207,075	(487,736)	1,719,339	2,485,527	69%
ISF II Fund	181,581	(1,951)	179,630	594,887	30%
ISF III Fund	698,522	192,619	891,141	1,149,907	77%
	<u>\$ 12,959,598</u>	<u>\$ (1,892,437)</u>	<u>\$ 11,067,161</u>	<u>\$ 35,007,287</u>	<u>32%</u>

Financial Analysis of the County's Funds (continued)

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

As of the end of the current fiscal year, the County's governmental funds decreased (\$322,705). This was primarily due to a decline of \$476,213 in the Road and Bridge Fund. This decrease occurred due to higher snow removal costs and lower highway user and mineral leasing revenues than anticipated.

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



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

The County's proprietary funds increased net assets by \$1,948,548.

Budget Variances in the General Fund: The County amended the General Fund budget during the year increasing appropriations by \$128,544, Actual Expenditures were \$182,571 less than the amended budget. No significant expenditures variances were noted in the General Fund.

Capital Assets: The County has decided to utilize the Governmental Accounting Standards Board option to capitalize infrastructure assets within four years of implementing Governmental Accounting Standards Board Statement 34. Therefore, capital assets included in the County's financial statement only include infrastructure purchased since January 1, 2003. The adjustment to retroactively include infrastructure is anticipated to be completed by 2007. 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 \$9,293,212. The County did not have significant changes in long-term debt other than the issuance of sewer bonds to replace interim financing. 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 2005 totaled \$2,971,124. The original 2006 budget anticipates using \$288,641 of this balance.

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, 2005**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Hospital
Assets:				
Current Assets:				
Cash and investments	9,297,599	3,199,775	12,497,374	7,069,123
Due from other governments	195,772	-	195,772	-
Accounts, taxes, and other receivables	6,843,577	418,199	7,261,776	3,092,744
Prepaid expenses	15,891	15,765	31,656	255,616
Inventory	666,267	-	666,267	1,012,591
Internal balances	226,633	(226,633)	-	-
Other Assets:				
Deferred charges	-	389,115	389,115	154,987
Capital Assets:				
Capital assets, cost	26,056,421	64,548,004	90,604,425	23,001,981
Accumulated depreciation, net	(10,652,582)	(20,318,016)	(30,970,598)	(8,855,322)
Total Assets	32,649,578	48,026,209	80,675,787	25,731,720
Liabilities:				
Current Liabilities:				
Accounts payable	847,347	487,630	1,334,977	45,513
Accrued expenses	479,055	94,061	573,116	1,182,352
Unearned revenue	5,960,759	100,000	6,060,759	-
Deposits	1,484,502	-	1,484,502	-
Non-current Liabilities:				
Due within one year:				
Leases	321,549	9,697	331,246	104,548
Bonds	119,719	36,293	156,012	290,000
Loans	115,981	-	115,981	-
Accrued Interest	-	24,571	24,571	-
Due longer than one year:				
Accrued Compensated Absences	987,274	44,625	1,031,899	-
Leases	1,296,354	38,139	1,334,493	287,499
Bonds	823,522	3,745,492	4,569,014	8,150,000
Landfill Closure	-	890,688	890,688	-
Loans	839,308	-	839,308	-
Total Liabilities	13,275,370	5,471,196	18,746,566	10,059,912
Net Assets:				
Invested in capital assets, net of related debt	11,887,406	39,509,679	51,397,085	6,235,101
Restricted for:				
Emergencies	785,000	-	785,000	-
Other Purposes	-	1,041,992	1,041,992	36,913
Unrestricted	6,701,801	2,003,342	8,705,143	9,399,794
Total Net Assets	19,374,207	42,555,013	61,929,220	15,671,808

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

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

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>			<u>Component Unit</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating</u>	<u>Capital</u>	<u>Primary Governments</u>			
			<u>Grants and Contributions</u>	<u>Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Functions/Programs:								
Primary Government:								
Governmental Activities:								
General government	5,591,665	1,498,582	137,653	-	(3,955,430)		(3,955,430)	
Judicial	202,609	2,473	-	-	(200,136)		(200,136)	
Public safety	4,015,680	165,033	371,790	1,438,405	(2,040,452)		(2,040,452)	
Health and welfare	2,096,836	176,874	1,565,006	64,906	(290,050)		(290,050)	
Auxiliary services	193,750	-	-	-	(193,750)		(193,750)	
Culture and recreation	1,323,918	28,063	107,127	82,915	(1,105,813)		(1,105,813)	
Public works	3,879,950	67,994	2,434,276	356,071	(1,021,609)		(1,021,609)	
Interest on long-term debt	111,152	-	-	-	(111,152)		(111,152)	
Total Governmental Activities	<u>17,415,560</u>	<u>1,939,019</u>	<u>4,615,852</u>	<u>1,942,297</u>	<u>(8,918,392)</u>		<u>(8,918,392)</u>	
Business-type Activities:								
Airport	2,251,433	905,626	-	2,478,962		1,133,155	1,133,155	
Sewer	909,487	332,052	-	995,092		417,657	417,657	
Water	153,972	193,353	217	27,500		67,098	67,098	
Landfill	396,135	604,775	5,096	-		213,736	213,736	
Housing	225,083	214,799	-	-		(10,284)	(10,284)	
Total Business-type Activities	<u>3,936,110</u>	<u>2,250,605</u>	<u>5,313</u>	<u>3,501,554</u>		<u>1,821,362</u>	<u>1,821,362</u>	
Total Primary Government	<u>21,351,670</u>	<u>4,189,624</u>	<u>4,621,165</u>	<u>5,443,851</u>	<u>(8,918,392)</u>	<u>1,821,362</u>	<u>(7,097,030)</u>	
Component Unit:								
Hospital	<u>17,329,395</u>	<u>17,034,169</u>	<u>-</u>	<u>4,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(290,844)</u>
General Revenues and Transfers:								
Taxes:								
Property taxes					5,087,126	-	5,087,126	399,823
Specific ownership taxes					468,592	-	468,592	-
Sales tax					1,556,912	25,841	1,582,753	-
Lodging taxes					1,172,547	-	1,172,547	-
Other taxes					16,679	-	16,679	-
Investment earnings					272,493	46,932	319,425	198,996
Grants and contributions not restricted to specific programs					1,320,095	-	1,320,095	-
Transfers					(54,413)	54,413	-	-
Total General Revenues and Transfers					<u>9,840,031</u>	<u>127,186</u>	<u>9,967,217</u>	<u>598,819</u>
Change in Net Assets					921,639	1,948,548	2,870,187	307,975
Net Assets - Beginning of Year					<u>18,452,568</u>	<u>40,606,465</u>	<u>59,059,033</u>	<u>15,363,833</u>
Net Assets - End of Year					<u>19,374,207</u>	<u>42,555,013</u>	<u>61,929,220</u>	<u>15,671,808</u>

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

FUND FINANCIAL STATEMENTS



**Gunnison County, Colorado
Governmental Funds
Balance Sheet
December 31, 2005**

	<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	4,435,711	837,740	195,145	833,574	72,202	106,807	911,584	7,392,763
Accounts receivable	4,759,260	369,304	336,334	398,641	91,621	209,646	712,255	6,877,061
Prepaid expenses	-	-	-	-	-	-	13,847	13,847
Due from other governments	145,321	-	11,576	-	-	-	-	156,897
Due from other funds	293,256	-	-	-	-	-	5,154	298,410
Inventories	-	-	1,264	-	-	-	-	1,264
Total Assets	<u>9,633,548</u>	<u>1,207,044</u>	<u>544,319</u>	<u>1,232,215</u>	<u>163,823</u>	<u>316,453</u>	<u>1,642,840</u>	<u>14,740,242</u>
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable	167,031	38,593	1,271	185,645	127,959	122,780	36,496	679,775
Accrued liabilities	299,591	-	41,859	-	2,725	176,739	-	520,914
Deposits	1,395,082	89,420	-	-	-	-	52,584	1,537,086
Due to other funds	-	291,497	8,630	14,457	-	3,829	257,297	575,710
Deferred revenue	4,800,720	102,733	309,863	16,591	14,208	-	561,811	5,805,926
Total Liabilities	<u>6,662,424</u>	<u>522,243</u>	<u>361,623</u>	<u>216,693</u>	<u>144,892</u>	<u>303,348</u>	<u>908,188</u>	<u>9,119,411</u>
Fund Balances:								
Reserved for emergencies	750,000	-	-	-	-	-	35,000	785,000
Reserved for prepaids	-	-	-	-	-	-	13,847	13,847
Reserved for inventory	-	-	1,264	-	-	-	-	1,264
Unreserved:								
General	2,221,124	-	-	-	-	-	-	2,221,124
Special revenue	-	684,801	181,432	1,015,522	-	-	685,805	2,567,560
Capital projects	-	-	-	-	18,931	13,105	-	32,036
Total Fund Balances	<u>2,971,124</u>	<u>684,801</u>	<u>182,696</u>	<u>1,015,522</u>	<u>18,931</u>	<u>13,105</u>	<u>734,652</u>	<u>5,620,831</u>
Total Liabilities and Fund Balances	<u>9,633,548</u>	<u>1,207,044</u>	<u>544,319</u>	<u>1,232,215</u>	<u>163,823</u>	<u>316,453</u>	<u>1,642,840</u>	<u>14,740,242</u>

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

Gunnison County, Colorado
Reconciliation of Governmental Fund Balance to
Statement of Net Assets
For the Year Ended December 31, 2005

Total Governmental Fund Balances \$ 5,620,831

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

Capital assets used in governmental activities (excluding the Motor Pool Fund) are not financial resources and therefore not reported in the funds. However, in the Statement of Net Assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense:

Cost of capital assets	15,816,163	
Less accumulated depreciation	(3,972,599)	11,843,564

Interfund receivables and payables between governmental funds are reported on the fund Balance Sheet but eliminated on the government-wide Statement of Net Assets:

Interfund receivables	226,633	
Interfund payables	<u>(226,633)</u>	-

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 fund are included in governmental activities in the Statement of Net Assets.

5,910,024

Liabilities, including certificates of participation, compensated absences and interest are not due and payable in the current period and therefore are not reported in the funds but are reported in the government-wide Statement of Net Assets. This is the liabilities of the governmental activities, excluding the internal service funds which are shown above:

Accrued compensated absences	(924,139)	
COPS	-	
Leases	(1,177,542)	
Bonds	(943,241)	
Landfill closure	-	
Loans	(955,289)	
Accrued interest	<u>-</u>	<u>(4,000,211)</u>

Net Assets of Governmental Activities \$ 19,374,208

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
For the Year Ended December 31, 2005

	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	4,688,724	158,762	236,411	1,286,852	-	-	1,931,108	8,301,857
Licenses and permits	262,563	-	-	-	-	-	-	262,563
Intergovernmental	908,024	3,070,704	2,097,141	64,906	2,304,378	2,071,636	353,682	10,870,471
Charges for services	1,396,948	66,817	-	-	180,522	-	106,256	1,750,543
Investment income	213,240	19,829	-	13,473	2,777	1,228	21,946	272,493
Contributions	113,661	-	3,945	-	-	104,953	68,188	290,747
Miscellaneous	187,981	85,512	57	-	-	209,392	23,951	506,893
Total Revenues	7,771,141	3,401,624	2,337,554	1,365,231	2,487,677	2,387,209	2,505,131	22,255,567
Expenditures:								
General government	4,341,580	-	-	223,433	-	-	1,190,616	5,755,629
Judicial	202,486	-	-	-	-	-	-	202,486
Public safety	2,058,353	-	-	134,859	-	1,943,658	-	4,136,870
Health and welfare	563,347	-	2,281,298	-	-	-	391,423	3,236,068
Auxiliary services	196,346	-	-	-	-	-	-	196,346
Culture and recreation	470,467	-	-	105,000	-	303,852	694,332	1,573,651
Public works	142,743	4,346,737	-	-	2,797,597	190,618	-	7,477,695
Debt service	16,974	-	-	230,336	94,689	-	459,853	801,852
Total Expenditures	7,992,296	4,346,737	2,281,298	693,628	2,892,286	2,438,128	2,736,224	23,380,597
Excess (Deficiency) of Revenues Over Expenditures	(221,155)	(945,113)	56,256	671,603	(404,609)	(50,919)	(231,093)	(1,125,030)
Other Financing Sources (Uses):								
Transfers In	704,846	552,450	-	-	150,000	10,000	129,831	1,547,127
Transfers (out)	(85,711)	(83,550)	-	(1,066,328)	-	(9,588)	(140,750)	(1,385,927)
Sale of capital assets	350	-	-	-	-	-	-	350
Debt proceeds	-	-	-	390,775	-	-	250,000	640,775
Total Other Financing Sources (Uses)	619,485	468,900	-	(675,553)	150,000	412	239,081	802,325
Net Change in Fund Balances	398,330	(476,213)	56,256	(3,950)	(254,609)	(50,507)	7,988	(322,705)
Fund Balances - Beginning of Year	2,572,794	1,161,014	126,440	1,019,472	273,540	63,612	726,664	5,943,536
Fund Balances - End of Year	2,971,124	684,801	182,696	1,015,522	18,931	13,105	734,652	5,620,831

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, 2005

Net Changes In Fund Balances - Total Governmental Funds \$ (322,705)

**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	(397,145)	
Capital outlay	<u>1,349,698</u>	952,553

Elimination of transfers between governmental funds:

Transfers in	(54,413)	
Transfers out	<u>54,413</u>	-

The internal service fund, used by management to charge the the costs of the motor pool to individual funds, is not reported in the government-wide Statement of Activities. Governmental fund expenditures are reduced and the related internal service fund profit is eliminated.

362,275

The issuance of debt increases the current available resources but does result in increased net assets. This is the amount of debt issued during the year.

(640,775)

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

663,036

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.

Liability @ December 31, 2005	(924,139)	
Liability @ December 31, 2004	<u>831,395</u>	<u>(92,744)</u>

Change In Net Assets of Governmental Activities

\$ 921,640

Gunnison County, Colorado
Proprietary Funds
Statement of Net Assets
December 31, 2005

	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	518,788	740,048	214,661	217,646	10	81,205	1,772,358	1,904,837
Cash - Restricted	-	-	-	1,027,213	-	400,204	1,427,417	-
Accounts receivable, net of allowance for uncollectible accounts where applicable	150,452	124,166	5,157	43,208	-	1,009	323,992	48,492
Due from other governments	2,231	-	91,976	-	-	-	94,207	-
Prepaid expenses	15,274	89	170	232	-	-	15,765	2,044
Due from other funds	-	-	44,540	5,213	-	-	49,753	510,316
Inventory, at cost	-	-	-	-	-	-	-	665,003
Total Current Assets	686,745	864,303	356,504	1,293,512	10	482,418	3,683,492	3,130,692
Non-current Assets:								
Deferred financing costs, net	-	-	-	-	-	389,115	389,115	-
Construction-in-progress	-	3,308,692	-	-	-	-	3,308,692	-
Land, property and equipment	48,127,606	2,579,010	6,786,192	115,203	2,037,513	1,593,788	61,239,312	10,240,258
Less accumulated depreciation	(14,652,900)	(1,544,582)	(3,041,087)	(86,000)	(161,766)	(831,681)	(20,318,016)	(6,679,983)
Total Non-current Assets	33,474,706	4,343,120	3,745,105	29,203	1,875,747	1,151,222	44,619,103	3,560,275
Total Assets	34,161,451	5,207,423	4,101,609	1,322,715	1,875,757	1,633,640	48,302,595	6,690,967
Liabilities:								
Current Liabilities:								
Accounts payable	55,877	408,131	7,316	5,382	-	10,924	487,630	168,815
Accrued liabilities	-	94,604	1,546	-	-	22,482	118,632	-
Due to other funds	27,582	243,456	-	-	-	5,349	276,387	6,383
Deferred revenue	-	100,000	-	-	-	-	100,000	102,249
Debt obligations, due within one year	9,697	25,200	3,400	-	-	7,693	45,990	128,496
Compensated absences	21,582	-	7,159	15,884	-	-	44,625	63,135
Total Current Liabilities	114,738	871,391	19,421	21,266	-	46,448	1,073,264	469,078
Non-current Liabilities:								
Leases	38,139	-	-	-	-	-	38,139	311,865
Revenues bonds	-	1,663,642	89,088	-	555,706	1,437,056	3,745,492	-
Landfill closure and postclosure costs	-	-	-	890,688	-	-	890,688	-
Total Non-current Liabilities	38,139	1,663,642	89,088	890,688	555,706	1,437,056	4,674,319	311,865
Total Liabilities	152,877	2,535,033	108,509	911,954	555,706	1,483,504	5,747,583	780,943
Net Assets:								
Invested in capital assets, net of related debt	33,426,870	2,654,278	3,652,617	(861,485)	1,320,041	(682,642)	39,509,679	3,119,914
Restricted	-	-	-	1,041,992	-	-	1,041,992	-
Unrestricted	581,704	18,112	340,483	230,254	10	832,778	2,003,341	2,790,110
Total Net Assets	34,008,574	2,672,390	3,993,100	410,761	1,320,051	150,136	42,555,012	5,910,024

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, 2005

	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	633,919	-	-	-	36,488	177,241	847,648	1,716,257
Charges and fees	198	1,628	217	6,117	-	1,070	9,230	64,578
Other	270,984	656,899	220,853	603,754	-	-	1,752,490	2,018,178
Total Operating Revenues	905,101	658,527	221,070	609,871	36,488	178,311	2,609,368	3,799,013
Operating Expenses:								
Operations and maintenance	466,738	452,481	118,069	364,398	-	98,960	1,500,646	2,902,582
Administration	217,582	3,043	30,768	21,704	-	-	273,097	13,173
Depreciation and amortization	1,564,967	80,903	261,446	10,033	38,063	63,447	2,018,859	524,981
Total Operating Expenses	2,249,287	536,427	410,283	396,135	38,063	162,407	3,792,602	3,440,736
Operating Income (Loss)	(1,344,186)	122,100	(189,213)	213,736	(1,575)	15,904	(1,183,234)	358,277
Non-operating Revenues (Expenses):								
Gain (loss) on disposal of capital assets	(400)	-	-	-	-	-	(400)	-
Grant revenue	-	667,430	-	-	-	-	667,430	-
Sales tax	25,841	-	-	-	-	-	25,841	-
Investment revenue	13,575	1,187	-	29,135	-	5,147	49,044	22,071
Interest expense	(2,146)	(73,551)	(5,135)	-	(23,568)	(39,108)	(143,508)	(22,092)
Total Non-operating Revenues (Expenses)	36,870	595,066	(5,135)	29,135	(23,568)	(33,961)	598,407	(21)
Income (Loss) Before Contributions and Transfers	(1,307,316)	717,166	(194,348)	242,871	(25,143)	(18,057)	(584,827)	358,256
Capital Contributions	2,698,594	-	-	-	-	-	2,698,594	-
Transfers In	-	-	8,337	-	-	-	8,337	112,169
Transfers (Out)	(58,200)	(14,337)	(17,350)	(83,670)	-	-	(173,557)	(108,150)
Change in Net Assets	1,333,078	702,829	(203,361)	159,201	(25,143)	(18,057)	1,948,547	362,275
Total Net Assets - Beginning of Year	32,675,496	1,969,561	4,196,461	251,560	1,345,194	168,193	40,606,465	5,547,749
Total Net Assets - End of Year	34,008,574	2,672,390	3,993,100	410,761	1,320,051	150,136	42,555,012	5,910,024

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, 2005

	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	599,531	287,973	118,737	(500)	36,488	180,518	1,222,747	1,767,986
Cash received from other sources	270,984	656,899	220,853	603,754	-	-	1,752,490	2,018,178
Cash payments to vendors for goods and services	(379,432)	(483,424)	(167,721)	(244,404)	-	(87,092)	(1,362,073)	(2,387,806)
Cash payments to employees for services	(273,971)	(15,740)	(55,454)	(141,467)	-	(20,340)	(506,972)	(449,182)
Net Cash Provided by Operating Activities	217,112	445,708	116,415	217,383	36,488	73,086	1,106,192	949,176
Cash Flows from Non-capital Financing Activities:								
Taxes	25,841	-	-	-	-	-	25,841	-
Transfers from (to) other funds, net	(33,270)	185,464	41,377	(109,424)	-	34	84,181	(153,386)
Net Cash (Used) by Non-capital Financing Activities	(7,429)	185,464	41,377	(109,424)	-	34	110,022	(153,386)
Cash Flows from Capital and Related Financing Activities:								
Capital grants	-	667,430	-	-	-	-	667,430	-
Interest paid on debt	(2,146)	(73,551)	(5,135)	-	(23,568)	(39,108)	(143,508)	(22,092)
Principal paid on loans and leases	(9,548)	(1,077,303)	(3,238)	(60,910)	(12,919)	(56,519)	(1,220,437)	(124,615)
Proceeds from debt	-	-	-	-	-	-	-	-
Purchase of capital assets	(11,752)	(1,329,070)	(1)	-	-	(6,682)	(1,347,505)	(1,059,707)
Cash from sale of assets	(400)	-	-	-	-	-	(400)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(23,846)	(1,812,494)	(8,374)	(60,910)	(36,487)	(102,309)	(2,044,420)	(1,206,414)
Cash Flows from Investing Activities:								
Cash from investment income	13,575	1,187	-	29,135	-	5,147	49,044	22,071
Net Cash (Used) by Investing Activities	13,575	1,187	-	29,135	-	5,147	49,044	22,071
Net Increase in Cash	199,412	(1,180,135)	149,418	76,184	1	(24,042)	(779,162)	(388,553)
Cash - Beginning of Year	319,376	1,920,183	65,243	1,168,675	10	505,451	3,978,938	2,293,390
Cash - End of Year	518,788	740,048	214,661	1,244,859	11	481,409	3,199,776	1,904,837
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:								
Operating income	(1,344,186)	122,100	(189,213)	213,736	(1,575)	15,904	(1,183,234)	358,277
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation and amortization	1,564,967	80,903	261,446	10,033	38,063	63,447	2,018,859	524,981
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable	(34,586)	286,345	118,520	(6,617)	-	2,207	365,869	(12,063)
(Increase) decrease in prepaid expenses	(4,549)	(89)	378	154	-	-	(4,106)	5,301
(Increase) decrease in inventory	-	-	-	-	-	-	-	(19,431)
Increase (decrease) in accounts payable	34,260	(101,782)	(70,475)	(3,029)	-	(17,055)	(158,081)	80,566
Increase (decrease) in accrued liabilities	-	58,231	349	-	-	8,583	67,163	-
Increase (decrease) in deferred revenues	-	-	-	-	-	-	-	(786)
Increase (decrease) in compensated absences	1,206	-	(4,590)	3,106	-	-	(278)	12,331
Net Cash Provided by Operating Activities	217,112	445,708	116,415	217,383	36,488	73,086	1,106,192	949,176

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

Gunnison County, Colorado
Agency Funds
Statement of Fiduciary Net Assets
December 31, 2005

	<u>County Treasurer Agency Fund</u>	<u>Public Trustee Agency Fund</u>
Assets:		
Cash	12,795,660	65,956
Less: cash held for County funds	<u>(11,488,442)</u>	<u>-</u>
Total Assets	<u><u>1,307,218</u></u>	<u><u>65,956</u></u>
 Liabilities:		
Due to other governments and agencies	1,307,218	-
Held by Trustee	<u>-</u>	<u>65,956</u>
Total Liabilities	<u><u>1,307,218</u></u>	<u><u>65,956</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, 2005

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, 2004
(Continued)

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

2. Discretely Presented Component Unit

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

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

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

3. Intergovernmental Agreements

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

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

B. Government-wide and Fund Financial Statements

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

1. Government-wide Financial Statements

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

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Government-wide Financial Statements (continued)

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

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

2. Fund Financial Statements

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

The County reports the following major governmental funds:

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

The *Road and Bridge Fund* accounts for the County's share of state revenues that are legally restricted for the maintenance of highways and roads within the County's boundaries and also accounts for 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, 2005
(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 County reports the following major proprietary funds:

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

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

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

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

Additionally, the County reports the following fund types:

Internal services funds account for the rental of motor vehicles and heavy equipment, the usage of gravel and other construction materials, the rental of computer equipment, and to account for 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, 2005
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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, 2005
(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, 2005 are recorded as prepaid expenses.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(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, 2005
(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, 2005, 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, 2005
(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." The result is an increase in net assets of \$5,910,024 in the governmental activities.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between *net change in fund balances of governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains "Internal Service Funds are used by management to charge the cost of equipment, technology, and insurance to the individual funds." The total difference of \$362,275 represents all three internal service funds operated by the County.

III. Stewardship, Compliance, and Accountability

A. Legal Compliance - Budgets

Property taxes become a lien on the property as of January 1 of the year assessed. Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2004 were collected in 2005 and taxes certified in 2005 will be collected in 2006. 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 2005 budget, prior to August 25, 2004, 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.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

III. Stewardship, Compliance, and Accountability

B. Budgetary Information

(5) After adoption of the budget resolution, the County may make by resolution the following changes: (i) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (ii) emergency appropriations; and (iii) reduction of appropriations for which originally estimated revenues are insufficient. At any time during the year, the County may, by resolution, transfer part of all of any unexpended funds from one department or fund to another.

C. Budget Amendments

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

	Original Budget	Resolution #2005-66 AMENDMENT 12/20/05	Final Budget
General Fund	8,132,034	128,544	8,260,578
Road & Bridge	4,180,311	261,000	4,441,311
Human Services	2,607,441	-	2,607,441
Conservation Trust	59,833	-	59,833
Sales Tax	2,228,276	-	2,228,276
Land Preservation	365,227	-	365,227
Library	586,059	20,050	606,109
Mosquito Control	76,267	-	76,267
Sage Grouse	79,275	-	79,275
Risk Management	40,000	20,000	60,000
Gunnison River Local Marketing District	1,347,866	48,125	1,395,991
Airport Construction	3,207,639	-	3,207,639
Capital Expenditures	1,530,102	1,854,496	3,384,598
Airport Operations	809,849	10,000	819,849
Sewer	2,126,896	3,111,886	5,238,782
Water	184,789	33,515	218,304
Solid Waste	849,398	-	849,398
Local Marketing District	1,347,866	48,125	1,395,991
Housing Authority Administration	455,050	-	455,050
Mountain View	241,794	-	241,794
Assisted Living	36,520	-	36,520
ISF-I	2,409,561	-	2,409,561
ISF-II	616,176	18,800	634,976
ISF-III	1,394,793	-	1,394,793
	34,913,022	5,554,541	40,467,563

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

D. TABOR Amendment – Revenue and Spending Limitation Amendment

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

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The County has reserved its December 31, 2004 year-end fund balance in the General Fund for emergencies as required under Tabor in the amount of \$750,000.

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, 2005
(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>	\$ 524,885	524,885	-
Checking	<i>Not Rated</i>	1,309,040	1,309,040	-
Savings	<i>Not Rated</i>	2,254,644	2,254,644	-
CD	<i>Not Rated</i>	3,800,492	3,800,492	-
<i>Investments:</i>				
Pools	<i>AAAm</i>	3,300,475	3,300,475	-
Repurchase agreements		-	-	-
Municipal bonds		-	-	-
Agencies	<i>AAA</i>	2,681,013	1,541,244	1,139,769
Treasuries	<i>AAA</i>	-	-	-
Deposits held by Trustee	<i>Not Rated</i>	-	-	-
Total		<u>\$ 13,870,549</u>		
Governmental Activities		\$ 9,297,599		
Business-Type Activities		3,199,775		
Public Trustee Agency		1,373,174		
Total		<u>\$ 13,870,548</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.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and 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.

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

1. As of December 31, 2005, the amount of the Gunnison Valley Hospital and Gunnison Health Care Center's carrying amount of deposits was \$3,436,954 and had a bank balance of \$3,436,954. Of the bank balance, \$3,436,954 was covered was collateralized by securities held by the pledging financial institution in other than the entity's name.
2. As of December 31, 2005, the amount of the Gunnison Valley Hospital and Gunnison Health Care Center's carrying amount of investments was \$3,864,344. 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>Non-major Governmental</u>	<u>Total</u>
Receivables:							
Taxes	4,756,550	-	254,358	-	-	-	5,010,908
Accounts	2,710	369,304	81,976	398,641	91,621	712,255	1,656,507
Intergovernmental	145,321	-	11,576	-	-	-	156,897
Allowance for doubtful accts	-	-	-	-	-	-	-
Total receivables	<u>4,904,581</u>	<u>369,304</u>	<u>347,910</u>	<u>398,641</u>	<u>91,621</u>	<u>712,255</u>	<u>6,824,312</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:								
Taxes	-	-	-	-	-	-	-	-
Accounts	150,452	124,166	5,157	43,208	-	1,009	48,492	372,484
Intergovernmental	2,231	-	91,976	-	-	-	-	94,207
Allowance for doubtful accts	-	-	-	-	-	-	-	-
Total receivables	<u>152,683</u>	<u>124,166</u>	<u>97,133</u>	<u>43,208</u>	<u>-</u>	<u>1,009</u>	<u>48,492</u>	<u>466,691</u>

Management considers all receivables to be collectible. No allowances for uncollectible accounts are established at December 31, 2005. 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 2005 but not available until 2006.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,373,350	-	-	2,373,350
Construction in progress	141,216	288,348	-	429,564
Total capital assets, not being depreciated	<u>2,514,566</u>	<u>288,348</u>	<u>-</u>	<u>2,802,914</u>
Capital assets, being depreciated:				
Infrastructure	62,934	646,817	-	709,751
Improvements	321,373	43,932	-	365,305
Buildings	11,922,542	89,583	-	12,012,125
Equipment	8,969,931	1,340,725	(144,330)	10,166,326
Total capital assets being depreciated	<u>21,276,780</u>	<u>2,121,057</u>	<u>(144,330)</u>	<u>23,253,507</u>
Less accumulated depreciation for:				
Improvements	(126,403)	(20,533)	-	(146,936)
Buildings	(3,657,297)	(314,204)	-	(3,971,501)
Equipment	(6,091,086)	(587,389)	144,330	(6,534,145)
Total accumulated depreciation	<u>(9,874,786)</u>	<u>(922,126)</u>	<u>144,330</u>	<u>(10,652,582)</u>
Total capital assets being depreciated, net	<u>11,401,994</u>	<u>1,198,931</u>	<u>-</u>	<u>12,600,925</u>
Governmental activities capital assets, net	<u>\$ 13,916,560</u>	<u>1,487,279</u>	<u>-</u>	<u>15,403,839</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 11,329,880	-	-	11,329,880
Construction in progress	1,984,823	1,323,869	-	3,308,692
Total capital assets not being depreciated	<u>13,314,703</u>	<u>1,323,869</u>	<u>-</u>	<u>14,638,572</u>
Capital assets, being depreciated:				
Improvements	29,096,582	249,559	-	29,346,141
Buildings	6,954,421	2,449,785	-	9,404,206
Utility treatment transmission systems	8,798,287	356,783	-	9,155,070
Equipment	1,990,807	18,083	(4,875)	2,004,015
Total capital assets being depreciated	<u>46,840,097</u>	<u>3,074,210</u>	<u>(4,875)</u>	<u>49,909,432</u>
Less accumulated depreciation for:				
Improvements	(11,482,109)	(547,902)	-	(12,030,011)
Buildings	(1,328,260)	(158,189)	-	(1,486,449)
Utility treatment transmission systems	(3,909,078)	(577,303)	-	(4,486,381)
Equipment	(1,344,948)	(974,702)	4,475	(2,315,175)
Total accumulated depreciation	<u>(18,064,395)</u>	<u>(2,258,096)</u>	<u>4,475</u>	<u>(20,318,016)</u>
Total capital assets being depreciated, net	<u>28,775,702</u>	<u>816,114</u>	<u>(400)</u>	<u>29,591,416</u>
Business-type activities capital assets, net	<u>\$ 42,090,405</u>	<u>2,139,983</u>	<u>(400)</u>	<u>44,229,988</u>

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

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

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

Governmental Activities:	
General government	\$ 303,352
Judicial	123
Public safety	71,564
Health and welfare	63,168
Auxiliary services	1,788
Culture and recreation	68,406
Public works	413,725
Total Governmental Activities	<u><u>\$ 922,126</u></u>

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

Capital assets consist of the following at December 31, 2005:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and improvements	\$ 521,803	-	-	521,803
Buildings and leasehold improvements	15,600,604	-	(3,243)	15,597,361
Equipment	6,311,447	590,614	(19,244)	6,882,817
Construction in progress	-	-	-	-
Total property and equipment	22,433,854	590,614	(22,487)	23,001,981
Less: accumulated depreciation	(7,703,540)	(1,174,269)	22,487	(8,855,322)
Capital assets, net	<u><u>\$ 14,730,314</u></u>	<u><u>(583,655)</u></u>	<u><u>-</u></u>	<u><u>14,146,659</u></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, 2005
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Interfund Transfers, Receivables, and Payables

Interfund balances at December 31, 2005, 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, 2005. 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	293,256		704,846	(85,711)
Road and Bridge Fund	-	291,497	552,450	(83,550)
Human Services Fund	-	8,630	-	-
Capital improvements Fund	-	14,457	-	(1,066,328)
Airport Construction	-	-	150,000	-
Capital Expenditures	-	3,829	10,000	(9,588)
Non-major Governmental Funds	5,154	257,297	129,831	(140,750)
Airport Operations	-	27,582	-	(58,200)
Sewer Fund	-	243,456	-	(14,337)
Water Fund	44,540	-	8,337	(17,350)
Landfill operations	5,213	-	-	(83,670)
Assisted Living	-	-	-	-
Mountain View	-	5,349	-	-
Internal Service Funds	510,316	6,383	112,169	(108,150)
	<u>858,479</u>	<u>858,480</u>	<u>1,667,633</u>	<u>(1,667,634)</u>

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on All Funds (continued)

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.

H. Long-term Liabilities – Governmental Activities

1. Compactor Lease

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

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

2. Motor Grader Lease

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

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. The agreement can be terminated upon payment of all the outstanding balances. Annual payments are required on January 5 of each year.

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

4. Energy Savings Lease

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

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on All Funds (continued)

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

4. Energy Savings Lease (continued)

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%. Payments are made from the General Fund and Library Fund.

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%. Payments are made from the Sales Tax Fund.

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. Payments are made from the Land Preservation Fund.

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%. Payments are made from the Airport Construction Fund

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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 motorgraders. The new terms require semi-annual payments of \$29,532 on February 25 and August 25 at an annual interest rate of 4.0%. Payments began August 25, 2003 with the final payment on February 25, 2013. Payments are made from the Sales Tax Fund.

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. Payments are made from the Sales Tax Fund.

I. Long-term Liabilities – Business-type Activities

1. Impact Assistance Loan Funds - Somerset

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

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

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

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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. Payments are made from the Sewer Fund.

3. Bond Anticipation Note

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

4. 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.

5. 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.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on All Funds (continued)

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

6. 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.

7. \$600,000 Revenue Note, Series 2001

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

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

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

8. 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 \$890,688. 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, 2005. 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, 2005, the County had reserved \$1,041,992 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.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on All Funds (continued)

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, 2005 has been reflected in the proprietary type fund financial statements and in the governmental activities column of the government-wide financial statements.

K. Long-term Liabilities - Summary

Long-term liability activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Internal Service Fund:					
Compactor Lease	117,902	-	(40,324)	77,578	41,716
Motor Grader Lease	447,075	-	(84,293)	362,782	86,780
Compensated Absences	50,804	12,339	-	63,143	-
Other Governmental Debt:					
Blackstock Energy					
Improvements Lease	534,331	-	(80,861)	453,470	83,974
Energy Savings Lease	86,864	-	(14,403)	72,461	14,675
Family Services Center Energy					
Improvements Lease	321,184	-	(60,347)	260,837	62,232
Open Space Sales Tax Revenue					
Bonds, Series 2002	1,057,575	-	(114,334)	943,241	119,719
Colorado SIB Loans	644,727	-	(68,900)	575,827	71,657
Pitchfork Lease	31,587	-	(31,587)	-	-
Rock Creek Lease	422,065	-	(42,603)	379,462	44,324
Advocacy Center	-	390,775	-	390,775	32,173
Compensated Absences	831,394	92,738	-	924,132	-
Total Governmental Activities					
Long-term Liabilities	<u>4,545,508</u>	<u>495,852</u>	<u>(537,652)</u>	<u>4,503,708</u>	<u>557,249</u>
Business-type Activities:					
Impact Assistance Loan Funds - Sewer	7,695	-	(4,929)	2,766	2,766
Impact Assistance Loan Funds - Water	95,726	-	(3,238)	92,488	3,400
DOLA Mineral Impact Loan	200,000	-	(10,858)	189,142	9,651
Bond Anticipation Note	2,558,450	-	(2,558,450)	-	2,558,450
North Gunnison Sewer Revenue Bond	-	1,519,270	(22,336)	1,496,934	15,548
Energy Savings Lease - Airport	57,384	-	(9,548)	47,836	9,924
Accrued Liability for Landfill Closure Costs	951,598	-	(60,910)	890,688	-
Compensated Absences	44,903	-	(277)	44,626	-
Gunnison County Housing Authority:					
Mortgage - Primary Mortgage	519,965	-	(7,305)	512,660	7,693
Mortgage - Surplus Cash	599,285	-	(48,690)	550,595	-
Mortgage - Contingent Payable	378,864	-	-	378,864	-
Energy Savings Lease	3,154	-	(525)	2,629	546
Note Payable - Palisades					
Living Center	568,625	-	(12,919)	555,706	13,735
Total Business-type Activities					
Long-term Liabilities	<u>5,985,649</u>	<u>1,519,270</u>	<u>(2,739,985)</u>	<u>4,764,935</u>	<u>2,621,712</u>

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Debt service requirements at December 31, 2005 were as follows:

Dates	Governmental Funds		Business-Type		Internal Service Funds		Housing Authority		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	428,753	128,569	41,289	79,761	128,496	12,694	21,973	52,140	620,511	273,164
2007	446,375	110,948	40,233	77,913	125,202	15,988	23,027	51,086	634,836	255,935
2008	464,731	92,591	42,021	76,125	91,975	5,507	24,071	50,042	622,799	224,263
2009	483,859	73,462	43,890	74,257	94,688	2,793	25,290	48,823	647,727	199,336
2010	390,569	54,076	39,995	73,304	-	-	26,186	47,606	456,750	174,986
2011 2015	861,785	104,280	196,571	335,689	-	-	149,385	217,966	1,207,741	657,934
2016 2020	-	-	227,352	285,799	-	-	466,154	181,980	693,507	467,778
2021 2025	-	-	178,307	239,206	-	-	102,326	82,585	280,633	321,791
2026 2030	-	-	196,435	200,164	-	-	136,325	48,586	332,760	248,750
2031 2035	-	-	242,404	154,195	-	-	103,950	14,689	346,354	168,884
2036 2040	-	-	299,130	97,469	-	-	921,766	-	1,220,896	97,469
2041 2045	-	-	281,541	35,738	-	-	-	-	281,541	35,738
	<u>3,076,072</u>	<u>563,926</u>	<u>1,829,167</u>	<u>1,729,619</u>	<u>440,361</u>	<u>36,982</u>	<u>2,000,454</u>	<u>795,502</u>	<u>7,346,054</u>	<u>3,126,028</u>

M. Long-term Liabilities – Component Unit

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

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

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

The Gunnison Valley Hospital and Health Care Center has the following long-term liability activity for the year ended December 31, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Hospital revenue bonds	\$ 8,705,000	-	(265,000)	8,440,000	290,000
Capital lease obligations	501,655	-	(109,608)	392,047	102,742
Total Long-term Liabilities	<u>\$ 9,206,655</u>	<u>-</u>	<u>(374,608)</u>	<u>8,832,047</u>	<u>392,742</u>

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

IV. Detailed Notes on All Funds (continued)

M. Long-term Liabilities – Component Unit

Debt service requirements at December 31, 2005 were as follows:

	<u>Bonds</u>		<u>Lease</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>	
2005	\$ 290,000	468,720	117,848	876,568
2006	300,000	451,360	127,206	878,566
2007	320,000	435,870	127,206	883,076
2008	340,000	419,230	47,073	806,303
2009	350,000	401,780	-	751,780
2010-2014	2,080,000	1,698,834	-	3,778,834
2015-2019	2,725,000	1,049,709	-	3,774,709
2020-2023	2,035,000	233,160	-	2,268,160
Total Long-term Liabilities	\$ 8,440,000	5,158,663	419,333	14,017,996
		Less Interest	<u>(27,286)</u>	<u>(5,185,949)</u>
			<u>392,047</u>	<u>8,832,047</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.

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 \$214,768 which was three percent (3%) of its current year covered payroll of \$6,617,113. The County's total payroll for 2005 was \$7,625,709. The County's employees also contributed \$214,768.

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

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

V. Other Information

A. Pension Plans

2. Deferred Compensation Plan

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

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

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

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

B. Other Employee Benefits

1. Post Employment Health Care Benefits

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

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.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

V. Other Information (continued)

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, 2005 and 2004 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, 2005 and 2004 were \$272,075 and \$249,604 for the Hospital, respectively, and \$36,171 and \$32,459 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.

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, 2005.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

V. Other Information (continued)

D. Risk Management

3. Self-Insurance Unemployment Pool

In 2005, 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 \$84,382 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.

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.

Gunnison County, Colorado
Notes to the Financial Statements
December 31, 2005
(Continued)

V. Other Information (continued)

F. Commitments and Contingencies (continued)

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

G. Possible Violations of State Statutes - Budgets

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

	Final Budget	Final	(Over) Budget
ISF-I	2,409,561	2,485,527	(75,966)

H. Deficit Retained Earnings

The Local Marketing District Fund had deficit retained earnings of \$42,197 at December 31, 2005.

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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			Final Budget Variance Positive (Negative)	<u>2004</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes	4,659,176	4,659,176	4,688,724	29,548	4,438,459
Licenses and permits	197,900	197,900	262,563	64,663	224,365
Intergovernmental	814,442	814,442	908,024	93,582	814,297
Charges for services	1,201,850	1,201,850	1,396,948	195,098	1,280,017
Fines and forfeitures	-	-	-	-	-
Investment income	100,000	206,500	213,240	6,740	137,594
Contributions	112,292	112,292	113,661	1,369	103,857
Miscellaneous	164,584	164,584	187,981	23,397	167,970
Total Revenues	<u>7,250,244</u>	<u>7,356,744</u>	<u>7,771,141</u>	<u>414,397</u>	<u>7,166,559</u>
Expenditures:					
General government	4,283,614	4,412,158	4,341,580	70,578	3,978,308
Jucial	202,486	202,486	202,486	-	189,465
Public Safety	2,151,939	2,151,939	2,058,353	93,586	1,991,774
Health and welfare	557,313	557,313	563,347	(6,034)	535,120
Auxiliary Services	216,538	216,538	196,346	20,192	202,961
Culture and recreation	498,896	498,896	470,467	28,429	345,104
Public works	118,563	118,563	142,743	(24,180)	131,235
Debt service	16,974	16,974	16,974	-	16,974
Total Expenditures	<u>8,046,323</u>	<u>8,174,867</u>	<u>7,992,296</u>	<u>182,571</u>	<u>7,390,941</u>
(Deficiency) of Revenues Over Expenditures	<u>(796,079)</u>	<u>(818,123)</u>	<u>(221,155)</u>	<u>596,968</u>	<u>(224,382)</u>
Other Financing Sources (Uses):					
Transfers in	710,542	710,542	704,846	(5,696)	789,743
Transfers (out)	(85,711)	(85,711)	(85,711)	-	(56,496)
Sale of capital assets	100	100	350	250	1,950
Total Other Financing Sources (Uses)	<u>624,931</u>	<u>624,931</u>	<u>619,485</u>	<u>(5,446)</u>	<u>735,197</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(171,148)</u>	<u>(193,192)</u>	<u>398,330</u>	<u>591,522</u>	<u>510,815</u>
Fund Balances - Beginning of Year			<u>2,572,794</u>		<u>2,061,979</u>
Fund Balances - End of Year			<u>2,971,124</u>		<u>2,572,794</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			Final Budget Variance Positive (Negative)	<u>2004</u>
	Original Budget	Final Budget	Actual		Actual
Taxes:					
General property taxes	4,346,776	4,346,776	4,362,075	15,299	4,079,487
Specific ownership tax	292,400	292,400	309,831	17,431	306,643
Delinquent tax and interest	20,000	20,000	16,818	(3,182)	52,329
Sales tax	-	-	-	-	-
Other taxes	-	-	-	-	-
Total Taxes	<u>4,659,176</u>	<u>4,659,176</u>	<u>4,688,724</u>	<u>29,548</u>	<u>4,438,459</u>
Licenses and Permits:					
Liquor licenses	1,500	1,500	1,541	41	1,766
Building permits	140,000	140,000	201,236	61,236	152,830
Other licenses and permits	56,400	56,400	59,786	3,386	69,769
Total Licenses and Permits	<u>197,900</u>	<u>197,900</u>	<u>262,563</u>	<u>64,663</u>	<u>224,365</u>
Intergovernmental:					
Payment in lieu of taxes	160,000	160,000	224,597		164,753
Federal Grants	104,882	104,882	104,937	55	111,448
State Grants	512,594	512,594	534,172	21,578	498,556
Local Grants	36,966	36,966	44,318	7,352	39,540
Mineral Leasing	-	-	-	-	-
Total Intergovernmental	<u>814,442</u>	<u>814,442</u>	<u>908,024</u>	<u>28,985</u>	<u>814,297</u>
Charges for Services:					
Clerk and recorder	430,000	430,000	479,852	49,852	442,180
Sheriff's fees	66,000	66,000	88,094	22,094	60,706
Treasurer's fees	505,000	505,000	557,272	52,272	525,149
Other Fees	49,550	49,550	54,868	5,318	93,598
Assessor's Fees	13,000	13,000	15,293	2,293	13,404
Public Health Fees	44,300	44,300	78,928	34,628	49,759
Land Use Fees	24,000	24,000	36,549	12,549	28,023
Useful Public Service	40,000	40,000	48,743	8,743	38,661
Court Fines & Fees	10,000	10,000	17,349	7,349	8,537
Public Trustee	20,000	20,000	20,000	-	20,000
Total Charges for Services	<u>1,201,850</u>	<u>1,201,850</u>	<u>1,396,948</u>	<u>195,098</u>	<u>1,280,017</u>
Other revenue:					
Fines and forfeitures	-	-	-	-	-
Investment income	100,000	206,500	213,240	6,740	137,594
Contributions	112,292	112,292	113,661	1,369	103,857
Miscellaneous	164,584	164,584	187,981	23,397	167,970
Total Revenues	<u>7,250,244</u>	<u>7,356,744</u>	<u>7,771,141</u>	<u>349,800</u>	<u>7,166,559</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			<u>Final Budget</u> <u>Variance</u> <u>Positive</u> <u>(Negative)</u>	<u>2004</u> <u>Actual</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>		
General Government:					
Board of county commissioners	359,237	359,237	343,088	16,149	345,552
Attorney	355,892	355,892	377,093	(21,201)	331,272
Planning	593,520	593,520	604,896	(11,376)	556,423
Manager	369,152	369,152	366,721	2,431	324,975
Personnel	87,241	87,241	75,827	11,414	73,217
Compensated absences	44,336	44,336	23,667	20,669	73,917
Other administration	241,685	241,685	263,806	(22,121)	230,607
Clerk operations	374,806	503,350	503,894	(544)	362,871
Elections	83,226	83,226	68,061	15,165	92,290
Treasurer	304,815	304,815	294,967	9,848	282,833
Assessor operations	615,040	615,040	605,837	9,203	597,132
Mapping	-	-	-	-	-
Buildings & grounds	571,061	571,061	545,427	25,634	464,676
Finance	283,603	283,603	268,296	15,307	242,543
Total General Government	<u>4,283,614</u>	<u>4,412,158</u>	<u>4,341,580</u>	<u>70,578</u>	<u>3,978,308</u>
Judicial:					
District attorney	202,486	202,486	202,486	-	189,465
Public Safety:					
Wildfire containment	7,872	7,872	-	7,872	-
Search & rescue	16,215	16,215	17,938	(1,723)	18,104
Sheriff's operations	1,156,191	1,156,191	1,131,456	24,735	1,085,265
Detention center	782,627	782,627	726,078	56,549	716,341
Coroner	55,819	55,819	59,520	(3,701)	52,263
Emergency management	73,299	73,299	72,412	887	47,411
Hazardous materials	11,845	11,845	10,361	1,484	22,611
Juvenile diversion	48,071	48,071	40,588	7,483	49,779
Total Public Safety	<u>2,151,939</u>	<u>2,151,939</u>	<u>2,058,353</u>	<u>93,586</u>	<u>1,991,774</u>
Health and Welfare:					
Health	1,705	1,705	1,867	(162)	1,704
Senior services coordinator	50,206	50,206	49,909	297	47,513
Public health	286,597	286,597	295,144	(8,547)	277,074
Family planning program	107,835	107,835	107,364	471	104,521
Victims assistance program	62,534	62,534	63,434	(900)	58,732
Senior citizens	48,436	48,436	45,629	2,807	45,576
Total Health and Welfare	<u>557,313</u>	<u>557,313</u>	<u>563,347</u>	<u>(6,034)</u>	<u>535,120</u>
Auxiliary Services:					
Alternate service services	81,318	81,318	80,059	1,259	74,219
Extension service	129,640	129,640	111,977	17,663	124,622
Veterans office	5,580	5,580	4,310	1,270	4,120
Total Auxiliary Services	<u>216,538</u>	<u>216,538</u>	<u>196,346</u>	<u>20,192</u>	<u>202,961</u>
Culture and Recreation:					
Multi Cultural Center	65,155	65,155	63,281	1,874	40,427
Beautification Committee	10,000	10,000	7,652	2,348	4,769
Historic Preservation	2,709	2,709	2,370	339	1,486
County Fairgrounds	256,029	256,029	255,004	1,025	188,401
Contribution	165,003	165,003	142,160	22,843	110,021
Total Culture and Recreation	<u>498,896</u>	<u>498,896</u>	<u>470,467</u>	<u>28,429</u>	<u>345,104</u>
Public Works:					
Weed program	118,563	118,563	142,743	(24,180)	131,235
Debt Service:					
Principal	-	-	13,832	(13,832)	-
Interest	16,974	16,974	3,142	13,832	16,974
Total Debt Service	<u>16,974</u>	<u>16,974</u>	<u>16,974</u>	<u>-</u>	<u>16,974</u>
Total Expenditures	<u>8,046,323</u>	<u>8,174,867</u>	<u>7,992,296</u>	<u>182,571</u>	<u>7,390,941</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			Final Budget Variance Positive (Negative)	<u>2004</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Specific ownership tax	146,200	146,200	158,761	12,561	153,302
Total Taxes	<u>146,200</u>	<u>146,200</u>	<u>158,761</u>	<u>12,561</u>	<u>153,302</u>
Intergovernmental:					
Payment in lieu of taxes	150,000	150,000	150,000	-	147,000
State grants	39,000	100,000	182,689	82,689	42,957
Highway users trust fund	2,183,000	2,183,000	2,033,959	(149,041)	2,172,388
Forest service	302,000	302,000	210,307	(91,693)	301,192
Mineral leasing	400,000	600,000	493,750	(106,250)	724,699
Total Intergovernmental	<u>3,074,000</u>	<u>3,335,000</u>	<u>3,070,705</u>	<u>(264,295)</u>	<u>3,388,236</u>
Charges for Services:					
Municipalities	42,223	42,223	58,008	15,785	40,415
Permits	8,500	8,500	8,809	309	8,475
Other	3,000	3,000	-	(3,000)	-
Total Charges for Services	<u>53,723</u>	<u>53,723</u>	<u>66,817</u>	<u>13,094</u>	<u>48,890</u>
Other:					
Investment income	14,000	14,000	19,829	5,829	12,021
Miscellaneous	9,450	9,450	85,512	76,062	17,410
Total Revenues	<u>3,297,373</u>	<u>3,558,373</u>	<u>3,401,624</u>	<u>(156,749)</u>	<u>3,619,859</u>
Expenditures:					
Bridges	-	-	-	-	-
Marble bank building	3,000	3,000	3,222	(222)	1,838
Construction	520,031	673,031	582,185	90,846	68,180
Maintenance of condition	2,503,935	2,611,935	2,519,496	92,439	2,515,557
Snow removal	596,726	596,726	781,388	(184,662)	611,376
Administration	338,513	338,513	357,961	(19,448)	331,288
Trails	62,654	62,654	14,210	48,444	33,795
Municipalities	71,902	71,902	88,275	(16,373)	58,860
Total Expenditures	<u>4,096,761</u>	<u>4,357,761</u>	<u>4,346,737</u>	<u>11,024</u>	<u>3,620,893</u>
(Deficiency) of Revenues Over Expenditures	<u>(799,388)</u>	<u>(799,388)</u>	<u>(945,113)</u>	<u>(145,725)</u>	<u>(1,034)</u>
Other Financing Sources (Uses):					
Transfers in	552,450	552,450	552,450	-	140,190
Transfers (out)	(83,550)	(83,550)	(83,550)	-	(114,300)
Total Other Financing Sources (Uses)	<u>468,900</u>	<u>468,900</u>	<u>468,900</u>	<u>-</u>	<u>25,890</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(330,488)</u>	<u>(330,488)</u>	<u>(476,213)</u>	<u>(145,725)</u>	<u>24,856</u>
Fund Balances - Beginning of Year			<u>1,161,014</u>		<u>1,136,160</u>
Fund Balances - End of Year			<u>684,801</u>		<u>1,161,016</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005			2004	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Property tax revenue	235,500	235,500	235,529	29	219,052
Delinquent tax and interest	900	900	882	(18)	2,982
Intergovernmental:					
EBT reimbursements	1,499,603	1,499,603	1,155,983	(343,620)	1,139,390
Other	834,228	834,228	941,158	106,930	844,872
Other:					
Contributions	1,500	1,500	3,945	2,445	2,660
Miscellaneous	100	100	57	(43)	320
Total Revenues	2,571,831	2,571,831	2,337,554	(234,277)	2,209,276
Expenditures:					
Administration	794,505	794,505	627,421	167,084	557,867
Administration - IVD	2,600	2,600	4,158	(1,558)	2,377
Employment first	18,000	18,000	7,335	10,665	11,959
General assistance	1,400	1,400	1,541	(141)	4,171
Child care	17,829	17,829	11,456	6,373	24,542
Colorado works - TANF	30,203	30,203	43,287	(13,084)	47,056
AID to needy disabled	3,200	3,200	-	3,200	4,716
Medicaid transportation	500	500	3,936	(3,436)	1,218
Low income energy assistance	9,400	9,400	13,204	(3,804)	17,082
Child welfare / foster care	93,221	93,221	142,014	(48,793)	179,762
CORE services	65,580	65,580	85,503	(19,923)	95,079
FEMA grant	9,000	9,000	7,544	1,456	9,031
Community services block grant	22,000	22,000	25,330	(3,330)	21,579
Other	40,400	40,400	42,770	(2,370)	35,861
EBT transactions	1,499,603	1,499,603	1,258,740	240,863	1,139,390
Old Age Pension	-	-	7,059	(7,059)	6,763
Total Expenditures	2,607,441	2,607,441	2,281,298	326,143	2,158,453
Net Change in Fund Balances	(35,610)	(35,610)	56,256	91,866	50,823
Fund Balances - Beginning of Year			126,440		75,617
Fund Balances - End of Year			182,696		126,440

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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			Variance Positive (Negative)	<u>2004</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Taxes:					
Sales tax	1,140,500	1,140,500	1,286,852	146,352	1,209,548
Intergovernmental:					
State grants	532,462	532,462	64,906	(467,556)	110,749
Investment income	3,000	3,000	13,473	10,473	7,503
Miscellaneous	-	-	-	-	11,923
Total Revenues	<u>1,675,962</u>	<u>1,675,962</u>	<u>1,365,231</u>	<u>(310,731)</u>	<u>1,339,723</u>
Expenditures:					
General government:					
General administration	25,150	25,150	24,831	319	23,482
Buildings and grounds	771,462	771,462	198,602	572,860	105,484
Public safety:					
Jail renovation	40,000	40,000	134,859	(94,859)	189,206
Culture and recreation:					
Buildings and grounds	105,000	105,000	105,000	-	-
Debt service:					
Principal	-	-	183,811	(183,811)	-
Interest	230,336	230,336	46,525	183,811	230,336
Total Expenditures	<u>1,171,948</u>	<u>1,171,948</u>	<u>693,628</u>	<u>478,320</u>	<u>548,508</u>
Excess of Revenues Over Expenditures	<u>504,014</u>	<u>504,014</u>	<u>671,603</u>	<u>167,589</u>	<u>791,215</u>
Other Financing Sources (Uses):					
Transfers in	69,839	69,839	-	(69,839)	-
Transfers (out)	(1,056,328)	(1,056,328)	(1,066,328)	(10,000)	(509,058)
Sale of capital assets	-	-	-	-	221,540
Debt proceeds	-	-	390,775	390,775	-
Total Other Financing Sources (Uses)	<u>(986,489)</u>	<u>(986,489)</u>	<u>(675,553)</u>	<u>310,936</u>	<u>(287,518)</u>
Net Change in Fund Balances	<u>(482,475)</u>	<u>(482,475)</u>	<u>(3,950)</u>	<u>478,525</u>	<u>503,697</u>
Fund Balances - Beginning of Year			<u>1,019,472</u>		<u>515,773</u>
Fund Balances - End of Year			<u>1,015,522</u>		<u>1,019,470</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			<u>Final Budget</u>	<u>2004</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:					
Taxes					
Intergovernmental					
Federal grants	2,844,603	2,879,876	2,304,378	(575,498)	9,532,139
State grants	200,000	200,000	-	(200,000)	261,385
Charges for services					
Passenger facility charges	140,000	140,000	180,522	40,522	134,952
Investment income	2,500	2,500	2,777	277	3,382
Total Revenues	<u>3,187,103</u>	<u>3,222,376</u>	<u>2,487,677</u>	<u>(734,699)</u>	<u>9,931,858</u>
Expenditures:					
Public works	3,112,950	3,112,950	2,797,597	315,353	10,586,123
Debt Service					
Principal	68,900	68,900	68,900	-	-
Interest	25,789	25,789	25,789	-	-
Total Expenditures	<u>3,207,639</u>	<u>3,207,639</u>	<u>2,892,286</u>	<u>315,353</u>	<u>10,586,123</u>
(Deficiency) of Revenues					
Over Expenditures	<u>(20,536)</u>	<u>14,737</u>	<u>(404,609)</u>	<u>(419,346)</u>	<u>(654,265)</u>
Other Financing Sources (Uses):					
Transfers in	150,000	150,000	150,000	-	80,000
Debt proceeds	-	664,727	-	(664,727)	644,727
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>814,727</u>	<u>150,000</u>	<u>(664,727)</u>	<u>724,727</u>
Net Change in Fund Balances	<u>129,464</u>	<u>829,464</u>	<u>(254,609)</u>	<u>(1,084,073)</u>	<u>70,462</u>
Fund Balances - Beginning of Year			<u>273,540</u>		<u>203,079</u>
Fund Balances - End of Year			<u>18,931</u>		<u>273,541</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			Final Budget Variance Positive (Negative)	<u>2004</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Intergovernmental:				-	
Payment in lieu of taxes	-	-	-	-	-
Federal grants	1,168,991	2,925,086	1,905,272	(1,019,814)	1,867,514
State grants	100,111	100,111	156,364	56,253	11,000
Local grants	-	-	10,000	10,000	-
Investment income	500	500	1,228	728	1,953
Contributions	250,000	140,000	104,953	(35,047)	-
Miscellaneous	-	208,401	209,392	991	9
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>1,519,602</u>	<u>3,374,098</u>	<u>2,387,209</u>	<u>(986,889)</u>	<u>1,880,476</u>
Expenditures:					
Public Safety:					
DOJ Grant passthrough	168,991	1,925,086	1,943,658	(18,572)	1,820,542
Culture & Recreation:					
Special projects	-	208,401	301,316	(92,915)	-
West Elk byway	-	-	2,536	(2,536)	1,640
Public Works:					
Tenderfoot construction	250,000	140,000	71,763	68,237	-
Rios water system	1,111,111	1,111,111	118,855	992,256	-
	<u>1,530,102</u>	<u>3,384,598</u>	<u>2,438,128</u>	<u>946,470</u>	<u>1,822,182</u>
Excess (Deficiency) of Revenues Over Expenditures	(10,500)	(10,500)	(50,919)	(40,419)	58,294
Other Financing Sources (Uses):					
Transfers in	-	-	10,000	10,000	-
Transfers (out)	-	-	(9,588)	(9,588)	-
	<u>-</u>	<u>-</u>	<u>412</u>	<u>412</u>	<u>-</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>412</u>	<u>412</u>	<u>-</u>
Net Change in Fund Balances	<u>(10,500)</u>	<u>(10,500)</u>	<u>(50,507)</u>	<u>(40,007)</u>	<u>58,294</u>
Fund Balances - Beginning of Year			<u>63,612</u>		<u>5,318</u>
Fund Balances - End of Year			<u>13,105</u>		<u>63,612</u>

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

Gunnison County, Colorado
Non-major Governmental Funds
Combining Balance Sheet
December 31, 2005

	Special Revenue							Total Non-major Governmental Funds	
	Conservation Trust Fund	Gunnison Public Library Fund	Mosquito Control Fund	Land Preservation Fund	Sage Grouse Fund	Risk Management Fund	Gunnison County Housing Auth. Administration		Local Marketing District
Assets:									
Cash and investments	49,662	203,909	15,556	224,505	246,500	96,037	7,400	68,015	911,584
Accounts receivable	-	526,618	-	29,352	-	-	48,248	108,037	712,255
Prepaid expenses	-	-	-	-	-	13,847	-	-	13,847
Due from other funds	-	-	-	-	2,530	-	2,624	-	5,154
Total Assets	<u>49,662</u>	<u>730,527</u>	<u>15,556</u>	<u>253,857</u>	<u>249,030</u>	<u>109,884</u>	<u>58,272</u>	<u>176,052</u>	<u>1,642,840</u>
Liabilities and Fund Balances:									
Liabilities:									
Accounts payable	-	9,202	1	-	-	172	8,872	18,249	36,496
Deposits	-	52,584	-	-	-	-	-	-	52,584
Due to other funds	49,000	7,538	-	759	-	-	-	200,000	257,297
Deferred revenue	-	526,607	-	-	-	-	35,204	-	561,811
Total Liabilities	<u>49,000</u>	<u>595,931</u>	<u>1</u>	<u>759</u>	<u>-</u>	<u>172</u>	<u>44,076</u>	<u>218,249</u>	<u>908,188</u>
Fund Balances:									
Reserved for emergencies	-	-	-	-	-	-	-	35,000	35,000
Reserved for prepaid expenses	-	-	-	-	-	13,847	-	-	13,847
Unreserved:									
Special Revenue	<u>662</u>	<u>134,596</u>	<u>15,555</u>	<u>253,098</u>	<u>249,030</u>	<u>95,865</u>	<u>14,196</u>	<u>(77,197)</u>	<u>685,805</u>
Total Fund Balances	<u>662</u>	<u>134,596</u>	<u>15,555</u>	<u>253,098</u>	<u>249,030</u>	<u>109,712</u>	<u>14,196</u>	<u>(42,197)</u>	<u>734,652</u>
Total Liabilities and Fund Balances	<u>49,662</u>	<u>730,527</u>	<u>15,556</u>	<u>253,857</u>	<u>249,030</u>	<u>109,884</u>	<u>58,272</u>	<u>176,052</u>	<u>1,642,840</u>

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

Gunnison County, Colorado
Non-major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2005

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	-	488,501	-	270,060	-	-	-	1,172,547	1,931,108
Intergovernmental	30,452	52,601	12,711	-	-	-	257,918	-	353,682
Charges for services	-	10,424	51,458	-	-	-	44,374	-	106,256
Investment income	1,022	6,306	-	1,623	-	1,792	1,211	9,992	21,946
Contributions	-	7,515	-	-	-	60,673	-	-	68,188
Miscellaneous	-	13,159	260	-	-	14,980	(4,448)	-	23,951
Total Revenues	31,474	578,506	64,429	271,683	-	77,445	299,055	1,182,539	2,505,131
Expenditures:									
General government	-	-	-	-	28,284	53,203	-	1,109,129	1,190,616
Health and welfare	-	-	74,633	-	-	-	316,790	-	391,423
Culture and recreation	305	539,427	-	154,600	-	-	-	-	694,332
Debt service	-	727	-	165,227	-	-	34,114	259,785	459,853
Total Expenditures	305	540,154	74,633	319,827	28,284	53,203	350,904	1,368,914	2,736,224
Excess (Deficiency) of Revenues Over Expenditures	31,169	38,352	(10,204)	(48,144)	(28,284)	24,242	(51,849)	(186,375)	- (231,093)
Other Financing Sources (Uses):									
Transfers in	-	15,000	12,711	-	44,120	43,000	15,000	-	129,831
Transfers (out)	(49,000)	(46,000)	(1,150)	-	-	-	(30,600)	(14,000)	(140,750)
Debt proceeds	-	-	-	-	-	-	-	250,000	250,000
Total Other Financing Sources (Uses)	(49,000)	(31,000)	11,561	-	44,120	43,000	(15,600)	236,000	239,081
Net Change in Fund Balances	(17,831)	7,352	1,357	(48,144)	15,836	67,242	(67,449)	49,625	7,988
Fund Balances - Beginning of Year	18,493	127,244	14,198	301,242	233,194	42,470	81,645	(91,822)	726,664
Fund Balances - End of Year	662	134,596	15,555	253,098	249,030	109,712	14,196	(42,197)	734,652

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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			<u>Variance</u>	<u>2004</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Lottery proceeds	42,000	42,000	30,452	(11,548)	39,517
Earnings on investments	300	300	1,022	722	565
Total Revenues	<u>42,300</u>	<u>42,300</u>	<u>31,474</u>	<u>(10,826)</u>	<u>40,082</u>
Expenditures:					
Other	0	0	0	-	0
Treasurer's fees	500	500	305	195	395
Total Expenditures	<u>500</u>	<u>500</u>	<u>305</u>	<u>195</u>	<u>395</u>
Excess of Revenues Over Expenditures	<u>41,800</u>	<u>41,800</u>	<u>31,169</u>	<u>(10,631)</u>	<u>39,687</u>
Other Financing Sources (Uses):					
Transfers (out)	(59,333)	(59,333)	(49,000)	10,333	(40,000)
Total Other Financing Sources (Uses)	<u>(59,333)</u>	<u>(59,333)</u>	<u>(49,000)</u>	<u>10,333</u>	<u>(40,000)</u>
Net Change in Fund Balances	<u>(17,533)</u>	<u>(17,533)</u>	<u>(17,831)</u>	<u>(298)</u>	<u>(313)</u>
Fund Balances - Beginning of Year			<u>18,493</u>		<u>18,805</u>
Fund Balances - End of Year			<u>662</u>		<u>18,492</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			Final Budget Variance Positive (Negative)	<u>2004</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Taxes:					
General property tax	487,201	487,201	486,916	(285)	456,118
Interest and penalties	2,000	2,000	1,585	(415)	2,206
Intergovernmental:					
State grants	23,000	41,050	50,101	9,051	20,667
Local grants	2,500	2,500	2,500	-	7,000
Charges for services	16,000	16,000	10,424	(5,576)	15,057
Investment income	2,705	4,705	6,306	1,601	3,323
Contributions	13,000	13,000	7,515	(5,485)	20,452
Miscellaneous	15,010	15,010	13,159	(1,851)	15,029
Total Revenues	<u>561,416</u>	<u>581,466</u>	<u>578,506</u>	<u>(2,960)</u>	<u>539,852</u>
Expenditures:					
Culture and recreations:					
Operating exp	309,884	311,384	293,524	17,860	272,894
Crested Butte branch	163,657	164,157	162,493	1,664	147,665
Memorial and endowment expense	7,500	7,500	9,672	(2,172)	15,566
Capital Improvement Expense	-	-	-	-	12,300
Literacy	58,291	76,341	73,738	2,603	43,342
Total Expenditures	<u>540,059</u>	<u>560,109</u>	<u>540,154</u>	<u>19,955</u>	<u>492,494</u>
Excess of Revenues Over Expenditures	<u>21,357</u>	<u>21,357</u>	<u>38,352</u>	<u>16,995</u>	<u>47,358</u>
Other Financing Sources (Uses):					
Transfers in	15,000	15,000	15,000	-	9,000
Transfers (out)	(46,000)	(46,000)	(46,000)	-	(43,500)
Total Other Financing Sources	<u>(31,000)</u>	<u>(31,000)</u>	<u>(31,000)</u>	<u>-</u>	<u>(34,500)</u>
Net Change in Fund Balances	<u>(9,643)</u>	<u>(9,643)</u>	7,352	<u>16,995</u>	12,858
Fund Balances - Beginning of Year			<u>127,244</u>		<u>114,383</u>
Fund Balances - End of Year			<u>134,596</u>		<u>127,241</u>

The accompanying notes are integral part of these financial statements.

Gunnison County, Colorado
Special Revenue Funds
Mosquito Control Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			Variance Positive (Negative)	<u>2004</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Charges for services	50,545	50,545	51,458	913	50,242
Intergovernmental:					
Local grants	12,711	12,711	12,711	-	12,496
Miscellaneous	300	300	260	(40)	742
Total Revenues	<u>63,556</u>	<u>63,556</u>	<u>64,429</u>	<u>873</u>	<u>63,480</u>
Expenditures:					
Operations	75,117	75,117	74,633	484	72,836
Total Expenditures	<u>75,117</u>	<u>75,117</u>	<u>74,633</u>	<u>484</u>	<u>72,836</u>
(Deficiency) of Revenues Over Expenditures	<u>(11,561)</u>	<u>(11,561)</u>	<u>(10,204)</u>	<u>1,357</u>	<u>(9,356)</u>
Other Financing Sources (Uses):					
Transfers in	12,711	12,711	12,711	-	12,496
Transfers (out)	(1,150)	(1,150)	(1,150)	-	(1,250)
Total Other Financing Sources (Uses)	<u>11,561</u>	<u>11,561</u>	<u>11,561</u>	<u>-</u>	<u>11,246</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>1,357</u>	<u>1,357</u>	<u>1,890</u>
Fund Balances - Beginning of Year			<u>14,198</u>		<u>12,307</u>
Fund Balances - End of Year			<u>15,555</u>		<u>14,197</u>

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

Gunnison County, Colorado
Special Revenue Funds
Land Preservation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			Final Budget Variance Positive (Negative)	<u>2004</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Sales tax	261,106	261,106	270,060	8,954	251,064
Investment income	5,000	5,000	1,623	(3,377)	4,224
Total Revenues	<u>266,106</u>	<u>266,106</u>	<u>271,683</u>	<u>5,577</u>	<u>255,288</u>
Expenditures:					
Culture & recreation:					
Land preservation	200,000	200,000	154,600	45,400	540,597
Debt service:					
Principal payments	114,334	114,334	114,334	-	109,496
Interest payments	50,893	50,893	50,893	-	55,731
Total Expenditures	<u>365,227</u>	<u>365,227</u>	<u>319,827</u>	<u>45,400</u>	<u>705,824</u>
Net Change in Fund Balances	<u>(99,121)</u>	<u>(99,121)</u>	(48,144)	<u>50,977</u>	(450,536)
Fund Balances - Beginning of Year			<u>301,242</u>		<u>751,778</u>
Fund Balances - End of Year			<u>253,098</u>		<u>301,242</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			Variance Positive (Negative)	<u>2004</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures:					
General government	79,275	79,275	28,284	50,991	4,287
Total Expenditures	<u>79,275</u>	<u>79,275</u>	<u>28,284</u>	<u>50,991</u>	<u>4,287</u>
(Deficiency) of Revenues Over Expenditures	<u>(79,275)</u>	<u>(79,275)</u>	<u>(28,284)</u>	<u>50,991</u>	<u>(4,287)</u>
Other Financing Sources (Uses):					
Transfers in	38,000	38,000	44,120	6,120	45,594
Total Other Financing Sources (Uses)	<u>38,000</u>	<u>38,000</u>	<u>44,120</u>	<u>6,120</u>	<u>45,594</u>
Net Change in Fund Balances	<u>(41,275)</u>	<u>(41,275)</u>	15,836	<u>57,111</u>	41,307
Fund Balances - Beginning of Year			<u>233,194</u>		<u>191,885</u>
Fund Balances - End of Year			<u>249,030</u>		<u>233,192</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			Final Budget Variance Positive (Negative)	<u>2004</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Investment income	400	400	1,792	1,392	353
Contributions	31,231	51,231	60,673	9,442	41,697
Miscellaneous	-	-	14,980	14,980	-
Total Revenues	<u>31,631</u>	<u>51,631</u>	<u>77,445</u>	<u>25,814</u>	<u>42,050</u>
Expenditures:					
General Government:					
CAPP Insurance Claims	10,000	30,000	49,183	(19,183)	21,697
Other expenses	30,000	30,000	4,020	25,980	39,265
Total Expenditures	<u>40,000</u>	<u>60,000</u>	<u>53,203</u>	<u>6,797</u>	<u>60,962</u>
(Deficiency) of Revenues Over Expenditures	<u>(8,369)</u>	<u>(8,369)</u>	<u>24,242</u>	<u>32,611</u>	<u>(18,912)</u>
Other Financing Sources (Uses):					
Transfers in	43,000	43,000	43,000	-	20,000
Total Other Financing Sources (Uses)	<u>43,000</u>	<u>43,000</u>	<u>43,000</u>	<u>-</u>	<u>20,000</u>
Net Change in Fund Balances	<u>34,631</u>	<u>34,631</u>	67,242	<u>32,611</u>	1,088
Fund Balances - Beginning of Year			<u>42,470</u>		<u>41,382</u>
Fund Balances - End of Year			<u>109,712</u>		<u>42,470</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005			Final Budget Variance Positive (Negative)	2004
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental:					
Federal grants	158,566	158,566	205,954	47,388	109,934
State grants	22,941	22,941	6,964	(15,977)	5,368
Local grants	50,188	50,188	45,000	(5,188)	62,997
Charges for services:					
Fees	45,290	45,290	44,374	(916)	43,911
Investment income	-	-	1,211	1,211	-
Miscellaneous	14,000	14,000	(4,448)	(18,448)	67,863
Total Revenues	<u>290,985</u>	<u>290,985</u>	<u>299,055</u>	<u>8,070</u>	<u>290,073</u>
Expenditures:					
Health and welfare	320,498	320,498	316,790	3,708	351,853
Debt service:					
Principal	31,587	31,587	31,587	-	31,586
Interest	2,526	2,526	2,527	(1)	3,609
Total Administration Expenditures	<u>354,611</u>	<u>354,611</u>	<u>350,904</u>	<u>3,707</u>	<u>387,048</u>
(Deficiency) of Revenues Over Expenditures	<u>(63,626)</u>	<u>(63,626)</u>	<u>(51,849)</u>	<u>11,777</u>	<u>(96,975)</u>
Other Financing Sources (Uses):					
Transfers In	15,000	15,000	15,000	-	15,000
Transfers (out)	(100,439)	(100,439)	(30,600)	69,839	(24,400)
Sale of capital assets	135,000	135,000	-	(135,000)	-
Total Other Financing Sources (Uses)	<u>49,561</u>	<u>49,561</u>	<u>(15,600)</u>	<u>(65,161)</u>	<u>(9,400)</u>
Net Change in Fund Balances	<u>(14,065)</u>	<u>(14,065)</u>	<u>(67,449)</u>	<u>(53,384)</u>	<u>(106,375)</u>
Fund Balances - Beginning of Year			<u>81,645</u>		<u>188,020</u>
Fund Balances - End of Year			<u>14,196</u>		<u>81,645</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			<u>Final Budget</u>	<u>2004</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:					
Marketing and promotion tax	900,000	900,000	872,547	(27,453)	876,066
Admission tax - Mt. Crested Butte	400,000	400,000	300,000	(100,000)	276,211
Earnings on investments	8,000	8,000	9,992	1,992	8,215
Total Revenues	<u>1,308,000</u>	<u>1,308,000</u>	<u>1,182,539</u>	<u>(125,461)</u>	<u>1,160,492</u>
Expenditures:					
General Government:					
Contracted services	1,100,000	1,100,000	1,070,200	29,800	1,167,211
Other	33,866	33,866	38,929	(5,063)	35,954
Debt Service:					
Principal	200,000	248,125	250,000	(1,875)	-
Interest	-	-	7,910	(7,910)	10,889
Other debt service	-	-	1,875	(1,875)	-
Total Expenditures	<u>1,333,866</u>	<u>1,381,991</u>	<u>1,368,914</u>	<u>13,077</u>	<u>1,214,054</u>
Excess (Deficiency) of Revenues					
Over Expenditures	(25,866)	(73,991)	(186,375)	(112,384)	(53,562)
Other Financing Sources (Uses):					
Transfers (out)	(14,000)	(14,000)	(14,000)	-	(33,700)
Debt proceeds	200,000	248,125	250,000	1,875	-
Total Other Financing Sources (Uses)	<u>186,000</u>	<u>234,125</u>	<u>236,000</u>	<u>1,875</u>	<u>(33,700)</u>
Net Change in Fund Balances	<u>160,134</u>	<u>160,134</u>	49,625	<u>(110,509)</u>	(87,262)
Fund Balances - Beginning of Year			(91,822)		(4,560)
Fund Balances - End of Year			<u>(42,197)</u>		<u>(91,822)</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			<u>Final Budget</u>	<u>2004</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>Actual</u>
				<u>(Negative)</u>	
Revenues:					
Airport fees	123,720	133,720	251,624	117,904	160,672
Terminal & hanger rent	246,606	246,606	279,582	32,976	283,508
Ground transportation	190,000	190,000	207,458	17,458	155,777
Parking fees & fines	64,226	64,226	83,801	19,575	65,535
FBO rent and fees	27,000	27,000	24,056	(2,944)	23,393
Aviation fuel tax	14,753	14,753	38,650	23,897	25,374
Grants	-	-	-	-	855
Other	41,065	41,065	46,336	5,271	52,571
Total Revenues	<u>707,370</u>	<u>717,370</u>	<u>931,507</u>	<u>214,137</u>	<u>767,685</u>
Expenditures:					
Administration	202,364	212,364	212,637	(273)	217,850
Terminal operations	169,682	169,682	128,635	41,047	145,742
Runway & grounds maintenance.	118,599	118,599	105,247	13,352	92,573
Snow removal	59,101	59,101	69,382	(10,281)	44,559
Aircraft rescue	103,150	103,150	97,577	5,573	79,627
Security	46,860	46,860	35,704	11,156	40,787
Capital outlay	40,200	40,200	46,528	(6,328)	10,366
Debt payments	11,693	11,693	9,548	2,145	9,186
Total Expenditures	<u>751,649</u>	<u>761,649</u>	<u>705,258</u>	<u>56,391</u>	<u>640,690</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(44,279)</u>	<u>(44,279)</u>	<u>226,249</u>	<u>270,528</u>	<u>126,995</u>
Other Financing Sources (Uses):					
Gain (loss) on sale of capital assets	-	-	(400)	(400)	4,958
Transfers (out)	(58,200)	(58,200)	(58,200)	-	(172,900)
Investment revenue	2,500	2,500	12,650	10,150	5,143
Interest expense	-	-	(2,146)	(2,146)	(2,508)
Total Other Financing Sources (Uses)	<u>(55,700)</u>	<u>(55,700)</u>	<u>(48,096)</u>	<u>7,604</u>	<u>(165,307)</u>
(Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(99,979)</u>	<u>(99,979)</u>	<u>178,153</u>	<u>278,132</u>	<u>(38,312)</u>
Available Resources - Beginning of Year			<u>403,551</u>		<u>441,863</u>
Available Resources - End of Year			<u>581,704</u>		<u>403,551</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			<u>2004</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues:				<u>Actual</u>
Dos Rios Division:				
Tap fees	5,000	5,000	55,000	50,000
User fees	158,020	158,020	159,257	1,237
Late fees	1,200	1,200	1,187	(13)
Other revenue	50	50	-	(50)
Total Dos Rios Division	<u>164,270</u>	<u>164,270</u>	<u>215,444</u>	<u>51,174</u>
Somerset Division:				
Tap fees	-	-	-	-
User fees	10,420	10,420	10,416	(4)
Late fees	100	100	83	(17)
Total Somerset Division	<u>10,520</u>	<u>10,520</u>	<u>10,499</u>	<u>(21)</u>
Antelope Hills Division:				
Tap fees	-	-	19,500	19,500
User fees	39,720	39,720	39,600	(120)
Late fees	300	300	462	162
Total Antelope Hills Division	<u>40,020</u>	<u>40,020</u>	<u>59,562</u>	<u>19,542</u>
North Gunnison Division:				
Tap fees	-	200,000	253,162	53,162
User fees	64,200	64,200	119,964	55,764
Late fees	150	150	1,083	933
Other revenue	300,000	3,211,886	667,430	(2,544,456)
Debt proceeds	-	-	1,519,270	1,519,270
Total North Gunnison Division	<u>364,350</u>	<u>3,476,236</u>	<u>2,560,909</u>	<u>(915,327)</u>
Total Revenues	<u>579,160</u>	<u>3,691,046</u>	<u>2,846,414</u>	<u>(844,632)</u>
Expenditures:				
Dos Rios Division:				
Operations	101,971	101,971	101,776	195
Transfers to other funds	11,365	11,365	8,504	2,861
Capital outlay	8,000	8,000	5,918	2,082
Debt service	-	-	-	-
Total Dos Rios Division	<u>121,336</u>	<u>121,336</u>	<u>116,198</u>	<u>5,138</u>
Somerset Division:				
Operations	3,603	3,603	1,544	2,059
Transfers to other funds	1,624	1,624	1,519	105
Debt service	2,409	2,409	2,355	54
Total Somerset Division	<u>7,636</u>	<u>7,636</u>	<u>5,418</u>	<u>2,218</u>
Antelope Hills Division:				
Operations	24,496	24,496	35,805	(11,309)
Transfers to other funds	3,253	3,253	2,732	521
Capital outlay	6,000	6,000	-	6,000
Debt service	3,029	3,029	2,860	169
Total Antelope Hills Division	<u>36,778</u>	<u>36,778</u>	<u>41,397</u>	<u>(4,619)</u>
North Gunnison Division:				
Operations	198,429	602,429	339,258	263,171
Transfers to other funds	2,103	2,103	1,582	521
Capital outlay	1,719,350	1,800,000	1,273,767	526,233
Debt service	41,264	2,668,500	2,664,970	3,530
Total North Gunnison Division	<u>1,961,146</u>	<u>5,073,032</u>	<u>4,279,577</u>	<u>793,455</u>
Total Expenditures	<u>2,126,896</u>	<u>5,238,782</u>	<u>4,442,590</u>	<u>796,192</u>
Excess (Deficiency) of Revenues Over Expenditures - (Non-GAAP Basis)	<u>(1,547,736)</u>	<u>(1,547,736)</u>	<u>(1,596,176)</u>	<u>(48,440)</u>
Available Resources - Beginning of Year			<u>1,614,287</u>	<u>2,767,054</u>
Available Resources - End of Year			<u>18,111</u>	<u>1,614,287</u>

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

Gunnison County, Colorado
Enterprise Funds
Gunnison County Water Fund
Schedule of Revenues, Expenditures and Available Resources
Budget (Non-GAAP) Basis and Actual
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005			Final Budget Variance Positive (Negative)	2004
	Original Budget	Final Budget	Actual		Actual
Revenues:					
User fees	176,360	184,875	186,532	1,657	174,159
Availability fees	7,290	7,290	6,821	(469)	7,853
Contributions	10,525	35,525	27,500	(8,025)	84,330
Grants	-	-	-	-	337,500
Other	400	400	216	(184)	648
Total Revenues	<u>194,575</u>	<u>228,090</u>	<u>221,069</u>	<u>(7,021)</u>	<u>604,490</u>
Expenditures:					
Dos Rios Division:					
Operating expenses	110,399	121,399	116,948	4,451	115,790
Capital outlay	5,000	27,515	1,121	26,394	-
Allocations	17,350	17,350	17,350		21,260
Somerset Division:					
Capital outlay	-	-	-	-	604,355
Debt service	8,025	8,025	8,373	(348)	9,221
Utilities Administration:					
Operating expenses	44,015	44,015	30,768	13,247	40,878
Total Expenditures	<u>184,789</u>	<u>218,304</u>	<u>174,560</u>	<u>43,744</u>	<u>791,504</u>
Excess (Deficiency) of Revenues Over Expenditures	9,786	9,786	46,509	36,723	(187,014)
Other Financing Sources (Uses):					
Transfers in	12,345	12,345	8,337	(4,008)	80,146
Lease proceeds	-	-	-	-	100,000
Total Other Financing Sources (Uses)	<u>12,345</u>	<u>12,345</u>	<u>8,337</u>	<u>(4,008)</u>	<u>180,146</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>22,131</u>	<u>22,131</u>	<u>54,846</u>	<u>32,715</u>	<u>(6,868)</u>
Available Resources - Beginning of Year			<u>285,634</u>		<u>292,502</u>
Available Resources - End of Year			<u>340,480</u>		<u>285,634</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005			2004	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:					
Sage Grouse mitigation	38,000	38,000	44,120	6,120	45,594
Construction surcharge	66,500	66,500	76,781	10,281	79,364
Landfill:					
Disposal fees	266,000	266,000	300,997	34,997	316,302
Closure cost surcharge	19,000	19,000	19,860	860	20,526
Other	1,400	1,400	6,117	4,717	89,884
Total Landfill Revenues	390,900	390,900	447,875	56,975	551,670
Recycling:					
Recycling surcharge	85,500	85,500	100,049	14,549	103,238
Recycled material sales	75,000	75,000	61,947	(13,053)	81,886
Total Recycling Revenues	160,500	160,500	161,996	1,496	185,124
Total Revenues	551,400	551,400	609,871	58,471	736,794
Expenditures:					
Closure, post closure, construction reserve	245,411	245,411	60,910	184,501	131,365
Operations	340,719	340,719	234,104	106,615	247,336
Capital outlay	2,500	2,500	-	2,500	613
Total Landfill Expenditures	588,630	588,630	295,014	293,616	379,314
Recycling Expenditures:					
Operations	149,287	149,287	130,294	18,993	139,675
Capital outlay	1,000	1,000	-	1,000	810
Total Recycling Expenditures	150,287	150,287	130,294	19,993	140,485
Total Expenditures	738,917	738,917	425,308	313,609	519,799
Other Revenues (expenses):					
Transfers (out)	(110,481)	(110,481)	(105,374)	5,107	(111,579)
Investment revenue	11,500	11,500	29,135	17,635	15,510
Total Other Revenues (expenses)	(98,981)	(98,981)	(76,239)	22,742	(96,069)
Over Expenditures - (Non-GAAP Basis)	(286,498)	(286,498)	108,324	394,822	120,926
Available Resources - Beginning of Year			1,163,922		1,042,996
Available Resources - End of Year			1,272,246		1,163,922

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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005			Final Budget Variance Positive (Negative)	2004
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Palisade Assisted Living:					
Donations and debt service reimbursements	36,520	36,520	36,488	(32)	36,488
Total Revenues	<u>36,520</u>	<u>36,520</u>	<u>36,488</u>	<u>(32)</u>	<u>36,488</u>
Expenditures:					
Principal payments	12,520	12,520	13,180	(660)	14,051
Interest payments	24,000	24,000	23,308	692	22,437
Total Expenditures	<u>36,520</u>	<u>36,520</u>	<u>36,488</u>	<u>32</u>	<u>36,488</u>
(Deficiency) of Revenues Over Expenditures (Non-GAAP Basis)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Available Resources:					
Beginning of Year			10		10
Available Resources:					
End of Year			<u>10</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005			Final Budget Variance Positive (Negative)	2004
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Mountain View Apartments:					
Tenant payments	81,796	81,796	79,719	(2,077)	78,359
Assistance payment	102,231	102,231	105,188	2,957	98,466
Vacancies	(2,077)	(2,077)	(7,666)	(5,589)	(1,062)
Other revenue	70,900	70,900	1,070	(69,830)	2,190
Total Revenues	252,850	252,850	178,311	(74,539)	177,953
Expenditures:					
Mountain View Apartments:					
Operations	204,676	204,676	105,641	99,035	150,364
Principal on debt	7,000	7,000	56,519	(49,519)	20,653
Interest on debt	30,118	30,118	39,108	(8,990)	40,101
Total Expenditures	241,794	241,794	201,268	40,526	211,118
Other Revenues (expenses):					
Investment revenue	2,950	2,950	5,147	2,197	4,258
Other Revenues (expenses)	2,950	2,950	5,147	2,197	4,258
Excess (Deficiency) of Revenues Over Expenditures (Non-GAAP Basis)	14,006	14,006	(17,810)	(34,013)	(28,907)
Available Resources:					
Beginning of Year			461,476		490,383
Available Resources:					
End of Year			443,666		461,476

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

Gunnison County, Colorado
Internal Service Funds
Combining Statement of Net Assets
December 31, 2005

	<u>Internal Service Fund I</u>	<u>Internal Service Fund II</u>	<u>Internal Service Fund III</u>	<u>Total</u>
Current Assets:				
Cash	718,643	238,440	947,754	1,904,837
Accounts receivable, net of allowance for uncollectible accounts where appli	484	1,816	46,192	48,492
Prepaid expenses	193	1,851	-	2,044
Due from other funds	506,392	-	3,924	510,316
Inventory, at cost	646,043	18,960	-	665,003
Total Current Assets	<u>1,871,755</u>	<u>261,067</u>	<u>997,870</u>	<u>3,130,692</u>
Non-current Assets:				
Land, property and equipment	9,464,918	775,340	-	10,240,258
Less accumulated depreciation	(5,950,030)	(729,953)	-	(6,679,983)
Total Non-current Assets	<u>3,514,888</u>	<u>45,387</u>	<u>-</u>	<u>3,560,275</u>
Total Assets	<u>5,386,643</u>	<u>306,454</u>	<u>997,870</u>	<u>6,690,967</u>
Liabilities:				
Current Liabilities:				
Accounts payable	108,694	58,369	1,752	168,815
Due to other funds	-	6,383	-	6,383
Deferred revenue	-	-	102,249	102,249
Compensated absences	43,722	16,686	2,727	63,135
Debt obligations, due within one ye	128,496	-	-	128,496
Total Current Liabilities	<u>280,912</u>	<u>81,438</u>	<u>106,728</u>	<u>469,078</u>
Non-current Liabilities:				
Leases	311,865	-	-	311,865
Total Non-current Liabilities	<u>311,865</u>	<u>-</u>	<u>-</u>	<u>311,865</u>
Total Liabilities	<u>592,777</u>	<u>81,438</u>	<u>106,728</u>	<u>780,943</u>
Net Assets:				
Invested in capital assets, net of relat	3,074,527	45,387	-	3,119,914
Unrestricted	1,719,339	179,629	891,142	2,790,110
Total Net Assets	<u>4,793,866</u>	<u>225,016</u>	<u>891,142</u>	<u>5,910,024</u>

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

Gunnison County, Colorado
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended December 31, 2005

	<u>Internal Service Fund I</u>	<u>Internal Service Fund II</u>	<u>Internal Service Fund III</u>	<u>Total</u>
Operating Revenues:				
Rent, net	1,716,257	-	-	1,716,257
Charges and fees	-	3,942	60,636	64,578
Other	179,074	579,285	1,259,819	2,018,178
Total Operating Revenues	<u>1,895,331</u>	<u>583,227</u>	<u>1,320,455</u>	<u>3,799,013</u>
Operating Expenses:				
Operations and maintenance	1,245,430	507,245	1,149,907	2,902,582
Administration	13,173	-	-	13,173
Depreciation and amortization	497,445	27,536	-	524,981
Total Operating Expenses	<u>1,756,048</u>	<u>534,781</u>	<u>1,149,907</u>	<u>3,440,736</u>
Operating Income (Loss)	<u>139,283</u>	<u>48,446</u>	<u>170,548</u>	<u>358,277</u>
Non-operating Revenues (Expenses):				
Investment revenue	-	-	22,071	22,071
Interest expense	(22,092)	-	-	(22,092)
Total Non-operating Revenues (Expenses)	<u>(22,092)</u>	<u>-</u>	<u>22,071</u>	<u>(21)</u>
Income (Loss) Before Contributions and Transfers	<u>117,191</u>	<u>48,446</u>	<u>192,619</u>	<u>358,256</u>
Transfers In	102,460	9,709	-	112,169
Transfers (Out)	<u>(59,650)</u>	<u>(48,500)</u>	<u>-</u>	<u>(108,150)</u>
Change in Net Assets	160,001	9,655	192,619	362,275
Total Net Assets - Beginning of Year	<u>4,633,865</u>	<u>215,361</u>	<u>698,523</u>	<u>5,547,749</u>
Total Net Assets - End of Year	<u><u>4,793,866</u></u>	<u><u>225,016</u></u>	<u><u>891,142</u></u>	<u><u>5,910,024</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, 2005

	<u>Internal Service Fund I</u>	<u>Internal Service Fund II</u>	<u>Internal Service Fund III</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash received from charges for services	1,717,646	6,169	44,171	1,767,986
Cash received from other sources	179,074	579,285	1,259,819	2,018,178
Cash payments to vendors for goods and services	(922,586)	(327,830)	(1,137,390)	(2,387,806)
Cash payments to employees for services	(287,034)	(152,790)	(9,358)	(449,182)
Net Cash Provided by Operating Activities	<u>687,100</u>	<u>104,834</u>	<u>157,242</u>	<u>949,176</u>
Cash Flows from Non-capital Financing Activities:				
Transfers from (to) other funds, net	(158,389)	(23,467)	28,470	(153,386)
Net Cash (Used) by Non-capital Financing Activities	<u>(158,389)</u>	<u>(23,467)</u>	<u>28,470</u>	<u>(153,386)</u>
Cash Flows from Capital and Related Financing Activities:				
Interest paid on debt	(22,092)	-	-	(22,092)
Principal paid on loans and leases	(124,615)	-	-	(124,615)
Purchase of capital assets	(1,020,565)	(39,142)	-	(1,059,707)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,167,272)</u>	<u>(39,142)</u>	<u>-</u>	<u>(1,206,414)</u>
Cash Flows from Investing Activities:				
Cash from investment income	-	-	22,071	22,071
Net Cash (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>22,071</u>	<u>22,071</u>
Net Increase in Cash	(638,561)	42,225	207,783	(388,553)
Cash - Beginning of Year	<u>1,357,204</u>	<u>196,215</u>	<u>739,971</u>	<u>2,293,390</u>
Cash - End of Year	<u>718,643</u>	<u>238,440</u>	<u>947,754</u>	<u>1,904,837</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	139,283	48,446	170,548	358,277
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	497,445	27,536	-	524,981
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	1,389	2,227	(15,679)	(12,063)
(Increase) decrease in prepaid expenses	5,582	(281)	-	5,301
(Increase) decrease in inventory	(10,925)	(8,506)	-	(19,431)
Increase (decrease) in accounts payable	46,142	33,992	432	80,566
Increase (decrease) in accrued liabilities	-	-	-	-
Increase (decrease) in deferred revenues	-	-	(786)	(786)
Increase (decrease) in compensated absences	8,184	1,420	2,727	12,331
Net Cash Provided by Operating Activities	<u>687,100</u>	<u>104,834</u>	<u>157,242</u>	<u>949,176</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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005			2004	
	Original Budget	Final Budget	Actual	Variance Positive	Actual
Revenues:					
Equipment rent	1,380,988	1,380,988	1,716,257	335,269	1,541,942
Material and gravel sales	311,500	311,500	174,440	(137,060)	229,754
Other revenues	2,500	2,500	4,634	2,134	10,167
Total Revenues	1,694,988	1,694,988	1,895,331	200,343	1,781,863
Expenditures:					
Administration	16,471	16,471	13,173	3,298	11,569
County shops	1,132,268	1,132,268	1,051,537	80,731	929,247
Materials	306,500	306,500	174,439	132,061	229,883
Pit maintenance	64,768	64,768	-	64,768	-
Property and equipment purchases	687,460	687,460	1,040,019	(352,559)	276,553
Equipment lease payments	142,444	142,444	146,709	(4,265)	129,819
Total Expenditures	2,349,911	2,349,911	2,425,877	(75,966)	1,577,071
Excess (Deficiency) of Revenues Over Expenditures	(654,923)	(654,923)	(530,546)	124,377	204,792
Other Financing Sources (Uses):					
Sale of capital assets	30,000	30,000	-	(30,000)	11,428
Grant revenue	300,000	300,000	-	(300,000)	-
Transfers in	102,460	102,460	102,460	-	59,000
Transfers (out)	(59,650)	(59,650)	(59,650)	-	(89,550)
Lease proceeds	-	-	-	-	452,649
Total Other Financing Sources (Uses)	372,810	372,810	42,810	(330,000)	433,527
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(282,113)	(282,113)	(487,736)	(205,623)	638,319
Available Resources - Beginning of Year			2,207,075		1,568,756
Available Resources - End of Year			1,719,339		2,207,075

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, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	<u>2005</u>			Variance Positive (Negative)	<u>2004</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Data processing	319,101	319,101	313,980	(5,121)	306,942
Mapping	101,653	101,653	101,700	47	91,860
Telephone system	87,868	87,868	87,024	(844)	98,556
Photocopy and postage	67,000	77,000	73,372	(3,628)	69,767
Other	4,200	4,200	7,151	2,951	11,950
Total Revenues	<u>579,822</u>	<u>589,822</u>	<u>583,227</u>	<u>(6,595)</u>	<u>579,075</u>
Expenditures:					
Data Processing:					
Operations	262,837	265,637	264,133	1,504	247,662
Acquisition of property and equipment	47,500	47,500	11,687	35,813	32,072
Mapping:					
Operations	94,826	94,826	88,988	5,838	83,972
Acquisition of property and equipment			56	(56)	3,924
Telephone System:					
Operations	76,280	86,280	59,579	26,701	55,491
Acquisition of property and equipment	400	400	40,192	(39,792)	10,800
Photocopy and Postage:					
Operations	85,833	91,833	81,752	10,081	71,534
Acquisition of property and equipment	1,455	1,455	1,455	-	1,275
Total Expenditures	<u>569,131</u>	<u>587,931</u>	<u>547,842</u>	<u>40,089</u>	<u>506,730</u>
Excess of Revenues Over Expenditures	10,691	1,891	35,385	33,494	72,345
Other Financing Sources (Uses):					
Transfers in	9,709	9,709	9,709	-	-
Transfers (out)	(47,045)	(47,045)	(47,045)	-	(41,225)
Total Other Financing Sources (Uses)	<u>(37,336)</u>	<u>(37,336)</u>	<u>(37,336)</u>	<u>-</u>	<u>(41,225)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(26,645)</u>	<u>(35,445)</u>	<u>(1,951)</u>	<u>33,494</u>	<u>31,120</u>
Available Resources - Beginning of Year			<u>181,580</u>		<u>150,461</u>
Available Resources - End of Year			<u>179,629</u>		<u>181,581</u>

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

Gunnison County, Colorado
Internal Service Funds
Internal Service Fund III
Schedule of Revenues, Expenditures and Available Resources
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005			Variance Positive (Negative)	2004
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Premium contributions	1,313,440	1,313,440	1,259,819	(53,621)	1,275,030
Miscellaneous	-	-	60,636	60,636	73,989
Total Revenues	<u>1,313,440</u>	<u>1,313,440</u>	<u>1,320,455</u>	<u>7,015</u>	<u>1,349,019</u>
Expenditures:					
Operations	<u>1,394,793</u>	<u>1,394,793</u>	<u>1,149,907</u>	<u>244,886</u>	<u>1,068,645</u>
Total Expenditures	<u>1,394,793</u>	<u>1,394,793</u>	<u>1,149,907</u>	<u>244,886</u>	<u>1,068,645</u>
Excess of Revenues Over Expenditures	<u>(81,353)</u>	<u>(81,353)</u>	<u>170,548</u>	<u>251,901</u>	<u>280,374</u>
Other Financing Sources (Uses):					
Investment Revenue	<u>6,000</u>	<u>6,000</u>	<u>22,071</u>	<u>16,071</u>	<u>9,257</u>
Total Other Financing Sources (Uses)	<u>6,000</u>	<u>6,000</u>	<u>22,071</u>	<u>16,071</u>	<u>9,257</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>(75,353)</u>	<u>(75,353)</u>	<u>192,619</u>	<u>267,972</u>	<u>289,631</u>
Available Resources - Beginning of Year			<u>698,523</u>		<u>408,891</u>
Available Resources - End of Year			<u>891,142</u>		<u>698,522</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, 2005

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Assets:				
Cash	11,776,146			12,795,659
Less: cash held for County funds	(11,266,865)	} 89,061,486 }	(88,041,973) {	(11,488,442)
Total Assets	<u>509,281</u>	<u>89,061,486</u>	<u>(88,041,973)</u>	<u>1,307,217</u>
Liabilities:				
Due to other governments and agencies	<u>509,281</u>	<u>89,061,486</u>	<u>(88,041,973)</u>	<u>1,307,217</u>
Total Liabilities	<u>509,281</u>	<u>89,061,486</u>	<u>(88,041,973)</u>	<u>1,307,217</u>

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

Gunnison County, Colorado
Agency Funds
Public Trustee Agency Fund
Schedule of Changes in Assets and Liabilities
For the Year Ended December 31, 2005

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Assets:				
Cash	<u>60,458</u>	<u>647,536</u>	<u>(642,038)</u>	<u>65,956</u>
Total Assets	<u><u>60,458</u></u>	<u><u>647,536</u></u>	<u><u>(642,038)</u></u>	<u><u>65,956</u></u>
Liabilities:				
Held by Trustee	<u>60,458</u>	<u>647,536</u>	<u>(642,038)</u>	<u>65,956</u>
Total Liabilities	<u><u>60,458</u></u>	<u><u>647,536</u></u>	<u><u>(642,038)</u></u>	<u><u>65,956</u></u>

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

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



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

LOCAL HIGHWAY FINANCE REPORT		City or County: Gunnison
		YEAR ENDING : December 2005
This Information From The Records Of (example - City of _ or County of _ County of Gunnison	Prepared By: Phone:	Linda Nienhueser (970) 641-7622

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

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for 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

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)	596,395
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,607,771
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	781,388
3. Other local imposts (from page 2)	684,970	c. Other	
4. Miscellaneous local receipts (from page 2)	184,702	d. Total (a. through c.)	781,388
5. Transfers from toll facilities		4. General administration & miscellaneous	444,733
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	4,430,287
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)	869,672	b. Redemption	
B. Private Contributions	13,698	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,216,647	2. Notes:	
D. Receipts from Federal Government (from page 2)	854,057	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,954,074	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)	4,430,287

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
	1,161,014	3,954,074	4,430,287	684,800	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2005

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 Assesments		a. Interest on investments	19,829
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	468,200	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Leins		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	77,156
5. Other	216,770	g. Other Misc. Receipts	87,330
6. Total (1. through 5.)	684,970	h. Other	387
c. Total (a. + b.)	684,970	i. Total (a. through h.)	184,702
	(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	2,033,959	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	210,307
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle	39,607	d. Federal Transit Admin	
d. Other (DOLA Mineral Impact)	35,267	e. U.S. Corps of Engineers	
e. Other (CDOT)	107,815	f. Other Federal	643,750
f. Total (a. through e.)	182,689	g. Total (a. through f.)	854,057
4. Total (1. + 2. + 3.f)	2,216,647	3. Total (1. + 2.g)	
			(Carry forward to page 1)

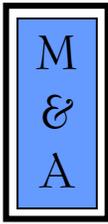
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	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		480	480
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		581,705	581,705
(4). System Enhancement & Operation		14,210	14,210
(5). Total Construction (1) + (2) + (3) + (4)	0	595,915	595,915
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	596,395	596,395
			(Carry forward to page 1)

Notes and Comments:

SINGLE AUDIT REPORTS AND SCHEDULES





MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

SUITE 222/AVON CENTER
100 WEST BEAVER CREEK BLVD.
P.O. Box 5850 AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
TELEPHONE: (970) 845-8800
FACSIMILE: (970) 845-0851
E-MAIL: MCMAHAN@MCMAHANCPA.COM

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

Board of County Commissioners Gunnison County, Colorado

We have audited the financial statements of Gunnison County, Colorado (the "County"), as of and for the year ended December 31, 2005, and have issued our report thereon dated March 31, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McMahan and Associates, LLC.

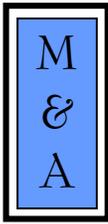
**McMahan and Associates, L.L.C.
March 31, 2006**

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



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

SUITE 222/AVON CENTER
100 WEST BEAVER CREEK BLVD.
P.O. Box 5850 AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
TELEPHONE: (970) 845-8800
FACSIMILE: (970) 845-0851
E-MAIL: MCMAHAN@MCMAHANCPA.COM

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

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

Compliance

We have audited the compliance of Gunnison County, Colorado (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

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

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Gunnison County, Colorado**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

McMahan and Associates, LLC.

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

Gunnison County, Colorado

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2005

Part I: Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Reportable condition identified that is not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	None noted
Major program – USDA Rural development grant	CFDA #10.771
Food Assistance	CFDA #10.551
Administration	CFDA #10.561
Airport Improvement Projects	CFDA #20.106
Law enforcement terrorism prevention	CFDA #97.067
Insured Loan Programs	CFDA #14.135
Dollar threshold used to identify Type A from Type B programs	\$300,000
Identified as low-risk auditee	No

Part II: Findings Related to Financial Statements

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

Part III: Findings Related to Federal Awards

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

Gunnison County, Colorado

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2005**

There were no findings or questioned costs in the prior audit year ended December 31, 2004.

Gunnison County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
Department of Agriculture:			
USDA Rural development grant	10.771	Yes	667,430
Passed through Colorado Department of Public Health and Environment:			
WIC	10.557	No	50,699
WIC - Non-cash vouchers	10.557	No	104,827
Passed through Colorado Department of Human Services:			
Temporary Emergency Food Assistance Program (TEFAP) Administration	10.568	No	1,504
Food Distribution	10.569	No	5,597
Food Assistance	10.551	Yes	453,337
Administration	10.561	Yes	51,995
Total Department of Agriculture			<u>1,335,389</u>
Department of Health and Human Services:			
Passed through Colorado Department of Human Services:			
CSBG grant	93.667	No	25,329
TANF CO Works	93.558	No	164,320
Title IV-D - Administration	93.563	No	94,003
Low-income Home Energy Assistance	93.568	No	100,217
CCDF Discretionary	93.596	No	23,936
CCDF	93.650	No	67,246
Child Welfare Services IVB	93.645	No	4,999
Foster Care-Title IV-E	93.658	No	117,002
Adoption	93.659	No	44,635
Social Services Block Grant	93.667	No	54,907
Medicaid Assistance Program	93.778	No	101,075
Passed through Colorado Department of Public Health and Environment:			
Maternal and Child Health	93.110	No	918
Family Planning	93.217	No	58,458
Vaccines	93.268	No	71,662
Bio Terrorism	93.283	No	71,817
Sexual Transmitted Diseases	93.977	No	5,496
Public Health Nurse - Maternal and Child Health Service	93.994	No	3,704
Total Department of Health and Human Services			<u>1,009,724</u>
Department of Transportation:			
Federal Aviation Administration:			
Small communities air service pilot program	20.930	No	-
Airport Improvement Projects	20.106	Yes	2,304,378
Passenger Facilities Charges	20	No	180,522
Total Department of Transportation			<u>2,484,900</u>
Department of Homeland Security:			
First Responder Domestic Preparedness Support	97.006	Yes	1,438,405
Law Enforcement Terrorism Prevention Program	97.067	No	248,256
Federal Emergency Management:			
Passed through Colorado Department of Local Affairs:			
FEMA	83.552	No	39,864
Total Department of Homeland Security			<u>1,726,525</u>

(continued)

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

Gunnison County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005
(Continued)

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
Department of Justice:			
Domestic Preparedness Equipment Support	16.007	No	218,611
Total Department of Justice			<u>218,611</u>
Department of Homeland Security:			
Passed through Colorado Department of Local Affairs:			
Department of Housing and Urban Development:			
Passed through Colorado Department of Local Affairs - Division of Housing:			
Section 8 Housing Assistance Payment Program	14.195	No	16,523
Passed through Colorado Housing and Finance Authority:			
Insured Loan Program	14.135	Yes	929,459
Lower Income Housing Assistance Program	14.856	No	105,188
Total Department of Housing and Urban Development			<u>1,051,170</u>
Total Federal Financial Assistance			<u>7,826,319</u>

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2005

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, 2005