

ELBERT COUNTY, COLORADO

FINANCIAL STATEMENTS

December 31, 2011

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Independent Auditor's Report

The Board of County Commissioners
Elbert County, Colorado

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elbert County, Colorado, as of and for the year ended December 31, 2011 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Elbert County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Elbert County, Colorado, as of December 31, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13 to the financial statements, the County has restated beginning fund balance for the General Fund and the government wide statement of activities in the amount of \$52,613 (decrease), the Social Services Fund and government wide statement of activities in the amount of \$187,938 (increase), the Sales and Use Tax fund and government wide statement of activities in the amount of \$45,012 (increase) and the government wide statement of activities in the amount of \$4,100,445 (increase) and \$5,000 (decrease), to reflect corrections of errors made in previous years.

As described in Note 2 to the financial statements, the County adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages III-VIII and the budgetary comparison information on pages 35 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Elbert County's basic financial statements. The combining and individual fund financial statements and budgetary schedules, the Social Services fund schedule of revenues and expenditures and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary schedules, the Social Services fund schedule of revenues and expenditures and the Local Highway Finance Report are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Eide Bailly LLP

Greenwood Village, CO
November 28, 2012

ELBERT COUNTY, COLORADO MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Elbert County (the County), the Board of County Commissioners offers readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2011.

Financial Highlights

- Assets exceeded liabilities by \$90,055,062 (net assets) at the close of the fiscal year. Of this amount, \$4,709,749 in unrestricted net assets is available to meet ongoing and future obligations of the County.
- Capital assets were restated from the prior year by \$4,100,445 to include the valuation of water rights that had not been included in prior years. Overall the net increase in capital assets for the year was \$2,468,218 after the restatement. The majority of the increase is related to the construction of the Kiowa-Bennett Road and lease purchase agreements for equipment in the Road and Bridge Fund.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$6,632,351.
- Total net assets decreased by \$1,744,649.
- Total cash and investments decreased by \$282,405 as compared to the prior year.
- Property tax revenue increased by \$179,326 as compared to the prior year.
- General Fund expenditures decreased by \$1,053,720 as compared to the prior year, the majority of the decrease is the result of continued cost control by the County driven by declining revenues.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$(734,407).
- Total debt increased by \$41,212 during the current fiscal year.

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 financial statements. This report also contains other supplementary information and schedules in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the 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.

Both of the government-wide financial statements identify functions of the County that are principally to be supported by taxes and intergovernmental revenue (governmental activities). The governmental activities of the County include general government, public safety, public works, public health and welfare, culture and recreation, auxiliary services, and debt service.

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. The funds of the County include both governmental 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.

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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, the Road and Bridge special revenue fund, Social Services special revenue fund, Sales and Use Tax special revenue fund each of which are considered to be major funds. Data for the other eleven governmental funds are combined into a single aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its major and nonmajor governmental funds. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

Fiduciary funds. Fiduciary funds are used to account for assets held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs.

Notes to 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents in the form of required supplementary information, budgetary comparison statements for the major governmental funds.

The combining statements referred to earlier in connection with nonmajor governmental funds and certain Social Services special revenue fund schedules are presented immediately following the required supplementary information.

This report also contains schedules of debt service requirements to maturity and a local highway finance report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. The County’s assets exceeded liabilities by \$90,055,062 at the close of the most recent fiscal year.

Net Assets

	<u>2011</u>	<u>2010</u>
Current assets	\$ 15,004,152	\$ 14,823,961
Other assets	304,777	336,979
Capital assets	<u>91,984,717</u>	<u>94,912,996</u>
Total assets	<u>107,293,646</u>	<u>110,073,936</u>
Current liabilities	8,414,043	9,666,274
Long-term liabilities	<u>8,824,541</u>	<u>8,788,329</u>
Total liabilities	<u>17,238,584</u>	<u>18,454,603</u>
Net assets invested in capital assets, net of debt	83,353,077	87,580,281
Restricted net assets	1,992,236	1,602,998
Unrestricted net assets	<u>4,709,749</u>	<u>2,616,432</u>
Total net assets	<u>\$ 90,055,062</u>	<u>\$ 91,799,711</u>

The largest portion of the County’s net assets (93%) reflects its investment in capital assets. The County uses these capital assets to provide services to citizens; consequently, the assets are not available for future spending.

An additional portion of the County's net assets (2.4%) represents resources that are subject to restrictions on how they can be used and/or are not currently available for the County's ongoing obligations. The remaining balance of unrestricted net assets \$4,709,749 may be used to meet the government's future expenditures.

At the end of the current fiscal year, the County was able to report positive balances in all three categories of net assets.

The County's net assets decreased by \$1,744,649 during the current fiscal year.

Change in Net Assets

	2011	2010
Revenues		
Program revenues		
Charges for services	\$ 1,670,049	\$ 2,409,973
Operating grants and contributions	4,141,086	4,224,017
Capital grants and contributions	1,102,412	-
General revenues		
Taxes	10,799,359	10,774,470
Intergovernmental	2,926,212	3,460,750
Investment and interest income	-	6,787
Other	131,152	758,882
Total revenues	20,770,270	21,634,879
Expenses		
General government	4,490,420	6,211,399
Public safety	3,468,183	3,248,899
Public works	9,128,750	7,809,512
Public health and welfare	4,854,588	5,332,089
Culture and recreation	182,789	136,461
Auxiliary services	96,470	101,590
Interest on long-term debt	293,719	347,067
Total expenses	22,514,919	23,187,017
Change in net assets	(1,744,649)	(1,552,138)
Net assets - Beginning (Restated)	91,799,711	93,351,849
Net assets - Ending	\$ 90,055,062	\$ 91,799,711

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 balance 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 reported combined ending fund balances of \$6,632,351, of which \$5,062,797 is attributed to the major funds.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the General Fund had a fund balance of \$46,824.

The Road and Bridge Special Revenue Fund had a total fund balance of \$2,381,266 as of December 31, 2011, of which \$245,454 is restricted for inventory. The Road and Bridge Special Revenue Fund's fund balance increased by \$615,948 from the previous year primarily due to the increase revenue from the Highway User's Tax.

The Social Services Special Revenue Fund's fund balance was \$747,918 at the end of the current fiscal year. The Social Services Special Revenue Fund's fund balance increased \$246,717 from the previous year. \$187,938 of the increase is related to the restatement of the beginning fund balance.

The Sales and Use Tax Special Revenue Fund's fund balance was \$1,886,789 at the end of the current fiscal year. The Sales and Use Tax Special Revenue Fund's fund balance increased \$546,090 from the previous year. \$45,052 of the increase is related to the restatement of the beginning fund balance. The remainder of the increase is related to the combination of the increase in sales and use tax revenue and the Colorado Department of Transportation grant net of the increase in expenditures related to the construction of the Kiowa Bennett Road.

The Law Enforcement Assistance Fund was established during 2011 and is reported as a non-major governmental fund. The fund balance at December 31, 2011 was \$37,971.

Capital Assets

The County invested \$2,864,345 in capital assets for its governmental-type activities for the year ended December 31, 2011. This investment in capital assets consists primarily of public facilities and vehicles.

Next Year's Budgets

The County has appropriated \$23,009,628 for spending in the 2012 fiscal year budget. Budgeted 2012 revenue of \$19,885,822 and the use of accumulated fund balances will be sufficient to cover the appropriated expenditures in 2012.

Requests for Information

This financial report is designed to provide a general overview of Elbert County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Elbert County, 215 Comanche Street, Kiowa, Colorado 80117.

BASIC FINANCIAL STATEMENTS

ELBERT COUNTY, COLORADO
STATEMENT OF NET ASSETS
December 31, 2011

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and investments	\$ 4,908,967
Cash and investments - Restricted	654,490
Receivables	1,789,777
Due from other governments	92,139
Property taxes receivable	7,262,703
Inventory of supplies	296,076
Bond issuance costs, net	304,777
Capital assets, net	
Land, buildings, equipment and infrastructure	91,984,717
Total assets	<u>107,293,646</u>
LIABILITIES	
Warrants and accounts payable	679,495
Due to agency fund	235,850
Accrued interest payable	42,242
Unearned revenue	7,456,456
Noncurrent liabilities	
Due within one year	910,744
Due in more than one year	7,913,797
Total liabilities	<u>17,238,584</u>
NET ASSETS	
Invested in capital assets, net of related debt	83,353,077
Restricted	1,992,236
Unrestricted	4,709,749
Total net assets	<u>\$ 90,055,062</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
 STATEMENT OF ACTIVITIES
 Year Ended December 31, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 4,490,420	\$ 1,670,049	-	-	\$ (2,820,371)
Public safety	3,468,183	-	-	-	(3,468,183)
Public works	9,128,750	-	-	1,102,412	(8,026,338)
Public health and welfare	4,854,588	-	4,088,105	-	(766,483)
Culture and recreation	182,789	-	-	-	(182,789)
Auxiliary services	96,470	-	-	-	(96,470)
Interest on long-term debt	293,719	-	52,981	-	(240,738)
Total primary government	\$ 22,514,919	\$ 1,670,049	\$ 4,141,086	\$ 1,102,412	(15,601,372)

General revenues:	
Taxes	10,799,359
Intergovernmental	2,926,212
Other	131,152
Total general revenues	13,856,723
Change in net assets	(1,744,649)
Net assets - Beginning (Restated)	91,799,711
Net assets - Ending	\$ 90,055,062

These financial statements should be read only in connection with the accompanying notes to financial statements.

**ELBERT COUNTY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011**

	Special Revenue Funds			
	General	Road and Bridge	Social Services	Sales and Use Tax Fund
ASSETS				
Cash and investments with Treasurer	\$ 55,281	\$ 1,998,835	\$ 693,241	\$ 869,329
Cash and investments with Treasurer - Restricted	500,000	-	-	-
Accounts receivable	206,578	186,184	10,810	1,160,720
Assessments receivable	-	-	-	-
Due from other funds	1,374	-	-	-
Due from other governments	-	-	92,139	-
Property taxes receivable	4,182,448	2,435,531	384,558	-
Inventory of supplies	50,622	245,454	-	-
Total assets	<u>\$ 4,996,303</u>	<u>\$ 4,866,004</u>	<u>\$ 1,180,748</u>	<u>\$ 2,030,049</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Warrants and accounts payable	\$ 642,804	\$ 49,207	\$ 47,547	\$ 129,601
Due to other funds	116,133	-	725	-
Deferred revenue	4,190,542	2,435,531	384,558	13,659
Total liabilities	<u>4,949,479</u>	<u>2,484,738</u>	<u>432,830</u>	<u>143,260</u>
FUND BALANCES				
Nonspendable				
Inventory	50,622	245,454	-	-
Restricted				
Emergency reserves	230,609	84,056	12,617	-
Debt service	500,000	-	-	-
IOG	-	-	219,130	-
Conservation trust	-	-	-	-
Assigned				
Transportation	-	2,051,756	-	-
Public health and welfare	-	-	516,171	-
Public safety	-	-	-	-
Capital outlay	-	-	-	1,886,789
Retirement	-	-	-	-
Unassigned				
General fund (deficit)	(734,407)	-	-	-
Total fund balances	<u>46,824</u>	<u>2,381,266</u>	<u>747,918</u>	<u>1,886,789</u>
TOTAL LIABILITIES FUND BALANCES	<u>\$ 4,996,303</u>	<u>\$ 4,866,004</u>	<u>\$ 1,180,748</u>	<u>\$ 2,030,049</u>

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,292,281	\$ 4,908,967
154,490	654,490
53,485	1,617,777
172,000	172,000
116,133	117,507
-	92,139
260,166	7,262,703
-	296,076
<u>\$ 2,048,555</u>	<u>\$ 15,121,659</u>

\$ 46,186	\$ 915,345
649	117,507
432,166	7,456,456
<u>479,001</u>	<u>8,489,308</u>

-	296,076
10,701	337,983
130,310	630,310
-	219,130
804,813	804,813
-	2,051,756
-	516,171
33,941	33,941
571,331	2,458,120
18,458	18,458
-	(734,407)
<u>1,569,554</u>	<u>6,632,351</u>
<u>\$ 2,048,555</u>	<u>\$ 15,121,659</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
December 31, 2011

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - Total governmental funds	\$ 6,632,351
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	91,984,717
Other assets, net of accumulated amortization, are not financial resources and, therefore, are not reported in the funds.	304,777
Accrued interest payable is not included in the funds.	(42,242)
Noncurrent liabilities, including capital leases and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(8,824,541)</u>
Net assets of governmental activities	<u><u>\$ 90,055,062</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	<u>Special Revenue Funds</u>			
	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Sales and Use Tax Fund</u>
REVENUES				
Taxes	\$ 6,038,956	\$ 2,663,976	\$ 420,582	\$ 1,357,374
Special assessments	-	-	-	-
Licenses and permits	242,335	-	-	-
Intergovernmental	118,379	2,519,901	4,088,105	1,102,412
Charges for services	1,153,549	-	-	-
Net investment income	(1,856)	-	-	-
Miscellaneous	54,930	65,750	-	-
Total revenues	<u>7,606,293</u>	<u>5,249,627</u>	<u>4,508,687</u>	<u>2,459,786</u>
EXPENDITURES				
Current				
General government	4,203,110	79,886	12,436	40,543
Public safety	3,153,664	-	-	-
Public works	-	3,865,751	-	-
Public health and welfare	-	-	4,437,472	-
Culture and recreation	124,702	-	-	-
Auxiliary services	96,470	-	-	-
Debt service	-	688,042	-	-
Capital outlay	-	1,003,870	-	1,618,205
Total expenditures	<u>7,577,946</u>	<u>5,637,549</u>	<u>4,449,908</u>	<u>1,658,748</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>28,347</u>	<u>(387,922)</u>	<u>58,779</u>	<u>801,038</u>
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	703,870	-	-
Transfers in	100,936	300,000	-	-
Transfers (out)	(131,709)	-	-	(300,000)
Total other financing sources (uses)	<u>(30,773)</u>	<u>1,003,870</u>	<u>-</u>	<u>(300,000)</u>
NET CHANGE IN FUND BALANCES	(2,426)	615,948	58,779	501,038
FUND BALANCES - BEGINNING OF YEAR - Restated	49,250	1,765,318	689,139	1,385,751
FUND BALANCES - END OF YEAR	<u>\$ 46,824</u>	<u>\$ 2,381,266</u>	<u>\$ 747,918</u>	<u>\$ 1,886,789</u>

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 318,471	\$ 10,799,359
52,981	52,981
-	242,335
287,932	8,116,729
274,165	1,427,714
3,558	1,702
8,770	129,450
<u>945,877</u>	<u>20,770,270</u>
318,375	4,654,350
-	3,153,664
-	3,865,751
402,566	4,840,038
44,827	169,529
-	96,470
112,625	800,667
104,708	2,726,783
<u>983,101</u>	<u>20,307,252</u>
<u>(37,224)</u>	<u>463,018</u>
78,008	781,878
131,709	532,645
(100,936)	(532,645)
<u>108,781</u>	<u>781,878</u>
71,557	1,244,896
1,497,997	5,387,455
<u>\$ 1,569,554</u>	<u>\$ 6,632,351</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended December 31, 2011

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - Total governmental funds \$ 1,244,896

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 and reported net of depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	2,864,345
Depreciation	(5,792,624)

The issuance of long-term debt (e.g. capital leases and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Capital lease proceeds	(781,878)
Principal payments made	812,515

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	(15,090)
Amortization of bond issuance costs	(32,202)
Change in accrued interest	7,148
Amortization of deferred loss on refunding	<u>(51,759)</u>

Change in net assets of governmental activities \$ (1,744,649)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2011

	<u>Treasurer</u>	<u>Agency Funds Public Trustee</u>	<u>Sheriff's Office</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 457,086	\$ 43,973	\$ 13,640	\$ 514,699
Cash with Treasurer	-	120	-	120
Due from other governments	334,644	-	-	334,644
Due from others	35,000	-	-	35,000
Total assets	<u>826,730</u>	<u>44,093</u>	<u>13,640</u>	<u>884,463</u>
LIABILITIES				
Due to other governments	767,256	120	-	767,376
Other liabilities	59,474	-	13,640	73,114
Escrow deposits held by public trustee	-	43,973	-	43,973
Total liabilities	<u>826,730</u>	<u>44,093</u>	<u>13,640</u>	<u>884,463</u>
NET ASSETS				
Held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 - DEFINITION OF REPORTING ENTITY

Elbert County, Colorado (County) is governed by a Board of County Commissioners. The Board consists of three elected members. The County provides the following services: public safety (including the activity of the Sheriff's Contraband account), health and welfare, construction and maintenance of roads and bridges and general administrative services.

The County follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The County is financially accountable for the Elbert County Building Authority (Building Authority). The Building Authority was registered with the State of Colorado as a nonprofit corporation on November 11, 2005 and had no financial activity during 2011. The Building Authority is governed by a Board of Directors that consist of three members. The initial Board was established by the County Commissioners. Any future changes to Board members will be decided by a majority vote of the existing members.

The operations of the 18th Judicial District (including Crime Victim Compensation Boards) is not a part of the financial statements of the County as the County is not financially accountable for the operations of the 18th Judicial District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the County are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These financial statements include all of the activities of the primary government except for the fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net assets reports all financial and capital resources of the primary government. The difference between the assets and liabilities of the County is reported as net assets.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets, and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The County has determined that expenditure-driven grants should be recognized as soon as all eligibility criteria have been met. For this purpose, the County considers grant revenues to be susceptible to accrual if they are collected within a year after the current fiscal period. The major sources of revenue susceptible to accrual are specific ownership taxes and grant funding. All other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures, other than interest on long-term obligations and interest on capital leases are recorded when the liability is incurred or the long-term obligation is due.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 general government, except those required to be accounted for in another fund.

The Road and Bridge special revenue fund is used to account for the proceeds of restricted revenue to be used for maintaining road and bridge operations.

The Social Services special revenue fund is used to account for the proceeds of restricted revenue to be used for public health and welfare programs.

The Sales and Use Tax special revenue fund is used to account for the revenue generated by the 1% sales and 1% use tax on applicable sales within the County.

Additionally, the County reports Agency Funds, which are used to account for assets held by the County as an agent for other governmental units and individuals. The Agency Funds are custodial in nature and do not present results of operations or have a measurement focus.

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.

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.

Budgets

In accordance with the State Budget Law, the County Commissioners hold public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level, which includes other financing uses, and lapses at year end. The County Commissioners can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. For budgetary purposes, the County did not budget or appropriate for entering into capital lease transactions, as entering into a capital lease transaction does not provide for or use financial resources. The payments required under the capital lease agreements are included in the appropriations resolution.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Road and Bridge, Law Enforcement Assistance, and the Sales and Use Tax Funds exceeded their appropriated expenditures in 2011 as a result of capital lease purchases for equipment. These additional expenditures were approved by the County Commissioners through a resolution at the time of the execution of the leases.

Cash and Net Investment Income

Except for cash held by third parties (cash and investments with trustee), all cash is deposited with the County Treasurer. When funds are received, the accounts of the fund receiving the money are credited. When expenditures are made, the cash with Treasurer is reduced and the expenditures recorded. The Treasurer invests the funds to achieve the best possible return on the investment. All funds record cash and investments as cash with County Treasurer. Net investment income is allocated to the General Fund, Conservation Trust Fund and Impact Assistance Fund, in accordance with statutory requirements. Investments are carried at fair value.

Inventories

Inventories of supplies held for consumption by the Road and Bridge Fund are valued at average cost. The cost of inventory is recorded as an expenditure at the time individual inventory items are used. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of assets.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads and similar items) and intangibles (e.g. water rights), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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 the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings	39 years
Equipment	3 - 7 years
Infrastructure	30 years

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied by the County Commissioners. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to put a tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenue are recorded as revenue in the year they are available or collected.

Amortization

Bond Issue Costs

In the government-wide financial statements, bond issue costs are reported as deferred charges and amortized over the term of the related debt using the interest method.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Cost of Refunding

In the government-wide financial statements, the deferred cost of refunding is being amortized using the interest method over the life of the defeased Certificates of Participation. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a reduction of bonds payable.

Compensated Absences

The County has a policy that allows employees to accumulate unused vacation benefits up to certain maximum hours. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The County's General Fund is used to liquidate compensated absences of the governmental activities.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

Beginning with fiscal year 2011, the County implemented GASB Statement No. 54. "Fund Balance Reporting and Governmental Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – the amount of fund balance that is not in spendable form (such as inventory or prepaids) or legally or contractually required to be maintained in tact.

Restricted fund balance – the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e. Board of County Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level of action to remove or change the constraint.

Assigned fund balance – amounts the County intends to use for a specific purpose. Intent can be expressed by the County Board of Commissioners or by an official or body to which the Board of County Commissioners delegates the authority.

Unassigned fund balance – amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of County Commissioners has provided otherwise in its commitment or assignment actions.

Currently the General Fund balance is not sufficient to cover the required TABOR reserve. This may be in violation of Colorado State Statute.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 3 - CASH AND INVESTMENTS

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

Statement of net assets:	
Cash and investments	\$ 4,908,967
Cash and investments - Restricted	<u>654,490</u>
Total cash and investments - Statement of net assets	5,563,457
Statement of fiduciary net assets	<u>514,699</u>
	<u>\$ 6,078,156</u>

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

Cash on hand	\$ 203,613
Deposits with financial institutions	4,090,367
Investments	<u>1,784,176</u>
Total cash and investments	<u>\$ 6,078,156</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2011, the County's cash deposits had a bank balance of \$4,680,879 and a carrying balance of \$4,090,367.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

The County has not adopted a formal investment policy, however, the County follows State statutes regarding investments.

The County generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the County is not subject to concentration of custodial risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Commissioners. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities
- . Certain international agency securities
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- * Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2011, the County had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Liquid Asset Trust (Colotrust)	Weighted average under 60 days	\$ 1,272,418
Money Market Funds	Weighted average under 90 days	511,758
		<u>\$ 1,784,176</u>

COLOTRUST

The County invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's.

Money Market Funds

These funds are being held in a U.S. Treasury money market fund managed by the Trustee. The managed funds invest primarily in securities that are issued or guaranteed as to payment of principal and interest by the U.S. government, its agencies or instrumentalities and repurchase agreements collateralized by such securities.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 4 - CAPITAL ASSETS

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

Primary Government	Restated Balance at December 31, 2010	Increases	Decreases	Balance at December 31, 2011
Capital assets, not being depreciated:				
Water rights	\$ 4,100,445	\$ -	\$ -	\$ 4,100,445
Land	687,312	-	-	687,312
Construction in progress	1,848,811	1,500,427	-	3,349,238
Total capital assets, not being depreciated	<u>6,636,568</u>	<u>1,500,427</u>	<u>-</u>	<u>8,136,995</u>
Capital assets, being depreciated:				
Buildings	10,985,245	46,380	-	11,031,625
Equipment	9,146,337	1,317,538	(396,127)	10,067,748
Infrastructure	162,203,669	-	-	162,203,669
Total capital assets, being depreciated	<u>182,335,251</u>	<u>1,363,918</u>	<u>(396,127)</u>	<u>183,303,042</u>
Less accumulated depreciation for:				
Buildings	(3,868,353)	(241,038)	-	(4,109,391)
Equipment	(6,205,058)	(976,408)	396,127	(6,785,339)
Infrastructure	(83,985,412)	(4,575,178)	-	(88,560,590)
Total accumulated depreciation	<u>(94,058,823)</u>	<u>(5,792,624)</u>	<u>396,127</u>	<u>(99,455,320)</u>
Total capital assets, being depreciated, net	<u>88,276,428</u>	<u>(4,428,706)</u>	<u>-</u>	<u>83,847,722</u>
Capital assets, net	<u>\$ 94,912,996</u>	<u>\$ (2,928,279)</u>	<u>\$ -</u>	<u>\$ 91,984,717</u>

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

General government	\$ 187,295
Public safety	314,519
Public health and welfare	14,550
Public works	5,263,000
Culture and recreation	13,260
Total depreciation expense	<u>\$ 5,792,624</u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the County's long-term obligations for the year ended December 31, 2011:

	<u>Restated Balance at December 31, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2011</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital lease obligations	\$ 1,272,802	\$ 781,878	\$ 602,515	\$ 1,452,165	\$ 477,843
Special assessment debt	270,000	-	20,000	250,000	40,000
General obligation debt	815,000	-	35,000	780,000	35,000
Lease mortgage revenue bond	6,690,000	-	155,000	6,535,000	165,000
Compensated absences	177,811	245,976	230,886	192,901	192,901
	<u>9,225,613</u>	<u>1,027,854</u>	<u>1,043,401</u>	<u>9,210,066</u>	<u>910,744</u>
Cost of refunding	(437,284)	-	51,759	(385,525)	-
	<u>\$ 8,788,329</u>	<u>\$ 1,027,854</u>	<u>\$ 991,642</u>	<u>\$ 8,824,541</u>	<u>\$ 910,744</u>

*See Lease Mortgage Revenue Bond on page 25

The detail of the County's long-term obligations are as follows:

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of certain road and bridge equipment as described below. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases as of December 31, 2011 are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 3,424,231
Less accumulated depreciation	(1,025,434)
Total	<u>\$ 2,398,797</u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

On March 3, 2007, the County entered into a capital lease obligation in the amount of \$162,483 to purchase a Sterling LT9500 truck. The lease is on a monthly basis for 60 consecutive monthly periods with payments of \$3,050.13, consisting of principal and interest, with a rate of 4.54%.

On July 7, 2008, the County entered into a capital lease obligation in the amount of \$449,320 to purchase five Kenworth semi-trucks. The lease is on an annual basis for five years, with payments of \$98,394, consisting of principal and interest, with a rate of 4.75%.

In July 2009, the County entered into a lease purchase agreement to purchase six sheriff vehicles. The lease is on an annual basis for three years, with payments of \$63,932, consisting of principal and interest, with a rate of 3.585%. This lease obligation was satisfied in full as of July 31, 2011.

On July 28, 2010, the County entered into a capital lease obligation to purchase a motor grader valued at \$244,650. The County traded in existing equipment as part of the planned rotation of equipment with a gross value of \$141,500. The lease is on a quarterly basis for 16 consecutive quarterly periods with payments of \$9,340.62, consisting of principal and interest, with a rate of 2.95%.

On July 28, 2010, the County entered into a capital lease obligation to purchase a motor grader valued at \$250,650. The County traded in existing equipment as part of the planned rotation of equipment with a gross value of \$183,000. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$9,804.33, consisting of principal and interest, with a rate of 2.95%.

On July 28, 2010, the County entered into a capital lease obligation to purchase a motor grader valued at \$244,650. The County traded in existing equipment as part of the planned rotation of equipment with a gross value of \$142,500. The lease is on a quarterly basis for 16 consecutive quarterly periods with payments of \$9,406.63, consisting of principal and interest, with a rate of 2.95%.

On July 28, 2010, the County entered into a capital lease obligation to purchase a motor grader valued at \$244,650. The County traded in existing equipment as part of the planned rotation of equipment with a gross value of \$122,650. The lease is on a quarterly basis for 16 consecutive quarterly periods with payments of \$8,096.30, consisting of principal and interest, with a rate of 2.95%.

On July 28, 2010, the County entered into a capital lease obligation to purchase a motor grader valued at \$244,650. The County traded in existing equipment as part of the planned rotation of equipment with a gross value of \$122,650. The lease is on a quarterly basis for 16 consecutive quarterly periods with payments of \$8,096.30, consisting of principal and interest, with a rate of 2.95%.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

On November 1, 2010, the County entered into a capital lease obligation to purchase a motor grader valued at \$250,650. The County traded in existing equipment as part of the planned rotation of equipment with a gross value of \$123,900. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$6,607.39, consisting of principal and interest, with a rate of 2.75%.

On November 1, 2010, the County entered into a capital lease obligation to purchase a motor grader valued at \$250,650. The County traded in existing equipment as part of the planned rotation of equipment with a gross value of \$123,900. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$6,607.39, consisting of principal and interest, with a rate of 2.75%.

On January 26, 2011, the County entered into a capital lease obligation to purchase a motor grader valued at \$253,550. The County traded in existing equipment as part of the planned rotation of equipment with a gross value of \$150,800. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$8,004.79, consisting of principal and interest, with a rate of 2.55%.

On January 26, 2011, the County entered into a capital lease obligation to purchase a motor grader valued at \$253,550. The County traded in existing equipment as part of the planned rotation of equipment with a gross value of \$150,800. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$8,004.79, consisting of principal and interest, with a rate of 2.55%.

On September 23, 2011, The County entered into a lease purchase agreement in the amount of \$78,008 to purchase two sheriff's vehicles. The lease is on a monthly basis for 36 months with payments of \$2,384.75 consisting of principal and interest, with a rate of 6.702%

On December 28, 2011, the County entered into a capital lease obligation to purchase a motor grader valued at \$255,135. The County traded in existing equipment as part of the planned rotation of equipment with a gross value of \$201,135. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$10,676.70, consisting of principal and interest with a rate of 2.55%.

On December 28, 2011, the County entered into a capital lease obligation to purchase a motor grader valued at \$255,135. The County traded in existing equipment as part of the planned rotation of equipment with a gross value of \$201,135. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$10,676.70, consisting of principal and interest with a rate of 2.55%.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The lease purchase agreements do not constitute general obligation debts of the County as defined by Colorado Revised Statutes as there are annual appropriation clauses in the lease agreements.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011, were as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental</u> <u>Activities</u>
2012	\$ 516,938
2013	409,900
2014	332,871
2015	208,710
2016	64,062
Total minimum lease payments	<u>1,532,481</u>
Less amount representing interest	<u>(80,316)</u>
Present value of minimum lease payments	<u>\$ 1,452,165</u>

Special Assessment Bonds

The following Special Assessment Bonds are to be serviced by special assessments levied against real property in the County, which is specifically benefited by the improvements.

The Amanda Pines Estates Local Improvement District Special Assessment Bonds, dated July 19, 2001, were issued in the principal amount of \$215,000. Principal and interest, computed at 5.75% per annum, is payable annually on July 1, and maturing July 1, 2011, except if redeemed prior thereof. The bonds are subject to prepayment prior to maturity by the County on July 1, 2002, and each July 1, thereafter. The principal amount outstanding at December 31, 2011 was \$-0- as the obligation was paid in full in 2011.

The Rolling Hills Acres Local Improvement District Special Assessment Bonds, dated April 24, 2002 were issued in the principal amount of \$175,000. Principal and interest, computed at 6.125% per annum, is payable annually on July 1, and maturing July 1, 2012, except if redeemed prior thereof. The bonds are subject to prepayment prior to maturity by the County on July 1,

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

2003, and each July 1, thereafter. The principal amount outstanding at December 31, 2011 was \$25,000.

The Chaparral Valley 2 Local Improvement District Special Assessment Bonds, dated January 10, 2003 were issued in the principal amount of \$350,000. Principal and interest, computed at 6.00% per annum, is payable annually on July 1, and maturing July 1, 2022, except if redeemed prior thereof. The bonds are subject to prepayment prior to maturity by the County on July 1, 2003, and each July 1, thereafter. The principal amount outstanding at December 31, 2011 was \$225,000.

General Obligation Bonds

The Meadows Station Subdivision Public Improvement District General Obligation Bonds, dated December 23, 2004 were issued in the principal amount of \$625,000. Principal and interest, computed at a variable rate of 3.15% - 5.25% per annum, is payable semi-annually on June 1 and December 1, and maturing December 1, 2024, except if redeemed prior thereof. The bonds are subject to prepayment prior to maturity by the County on December 1, 2006, and each December 1 thereafter. The principal amount outstanding at December 31, 2011 was \$480,000.

The Foxwood Estates Subdivision Public Improvement District General Obligation Bonds, dated January 27, 2005 were issued in the principal amount of \$345,000. Principal and interest are computed at a variable rate of 3.25% - 5.50% per annum. The principal amount outstanding at December 31, 2011 was \$300,000.

Lease Mortgage Revenue Bond

On October 1, 2009, the County entered into a Mortgage and Loan agreement for \$7,300,000 to refinance the Series 2005 Certificates of Participation (COPs) issued by the Building Authority and to receive additional funds to complete the projects originally contemplated in the issuance of the COPs. The bonds bear interest of 5.25% per annum, which will be reset after ten years. Principal and interest on the bond is due annually on December 1st. Any unpaid principal on the bond may be prepaid in whole or in part by the County on any payment date on or after December 1, 2015 at an amount equal to 100% of the principal amount being prepaid, plus accrued interest to the prepayment date. If the County prepays the full principal amount of the bond, the prepayment will include an amount sufficient to cover administration fees and expenses accrued through the final payment of the bond. The defeased COPs are not considered a liability of the County since sufficient funds in the amount of \$5,370,361 were deposited into an Escrow Fund and invested in U.S. government securities for the purpose of paying the principal and interest of the defeased COPs when due. As of December 31, 2011, the outstanding principal balance of the COPs is \$3,930,000 and it is anticipated the bonds will be called in full on December 1, 2015.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The Lease Mortgage Revenue Bond requires the County to establish a reserve fund in the amount of \$500,000 within the General Fund. Through the agreement, the building authority assets were transferred to the County who is responsible for the repairs and maintenance of such assets. Additionally, the County has covenants that require compliance as part of the agreement. The County did exceed the maximum debt covenant during 2011 as a result of the lease purchase agreements for equipment and vehicles. The County did receive a waiver of debt covenant for 2011 from the bondholder. As of December 31, 2011, the principal balance outstanding is \$6,535,000.

Annual debt service requirements to maturity for Special Assessment Bonds, General Obligation Bonds and the Lease Mortgage Revenue Bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2012	\$ 240,000	\$ 396,147	\$ 636,147
2013	225,000	384,177	609,177
2014	240,000	372,592	612,592
2015	245,000	360,180	605,180
2016	270,000	347,465	617,465
2017-2021	1,555,000	1,512,964	3,067,964
2022-2026	1,795,000	1,068,215	2,863,215
2027-2029	2,995,000	296,213	3,291,213
	<u>\$ 7,565,000</u>	<u>\$ 4,737,953</u>	<u>\$ 12,302,953</u>

Compensated Absences

According to the County's Compensated Absences Policy, the maximum hours of vacation accrual for all employees, except for Sherriff, Patrol and Dispatch, is 72. The Sherriff, Patrol and Dispatch may accrue up to 80 hours of vacation annually. As of December 31, 2011, the County has a total balance of \$192,901 in compensated absences.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Conduit Debt Obligation

During 2006, the County issued \$439,250 in Revenue Bonds to provide financial assistance to the Centennial Mental Health Center to finance projects of public interest. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liability in the accompanying financial statements. The principal amount payable could not be determined as of December 31, 2011.

The long-term obligations of the County have been and will continue to be liquidated by various County funds. The Road and Bridge Fund services the capital lease obligations. The General Fund services the compensated absences and the Lease Mortgage Revenue Bond. The Special Assessment Debt and General Obligation Debt are serviced by the specific funds that were established with the sole purpose of liquidating the debt obligation.

NOTE 6 - NET ASSETS

The County has net assets consisting of three components - invested in capital assets, net of related debt, restricted, and unrestricted.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of capital leases and bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2011, the County had invested in capital assets, net of related debt of \$83,353,077 calculated as follows:

	Governmental Activities
Invested in capital assets, net of related debt:	
Capital assets, net	\$ 91,984,717
Loss on refunding (net of accumulated amortization)	385,525
Current portion of long-term obligations	(717,843)
Noncurrent portion of long-term obligations	(8,299,322)
Invested in capital assets, net of related debt	\$ 83,353,077

Restricted assets include net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 6 - NET ASSETS (CONTINUED)

through constitutional provisions or enabling legislation. The County had restricted net assets of \$1,992,236 as of December 31, 2011 as follows:

	Governmental Activities
<u>Primary Government</u>	
Restricted net assets:	
Debt service - Special assessment debt	\$ 130,310
Reserve for Lease Mortgage Revenue bond	500,000
Emergencies under TABOR	337,983
IOG	219,130
Conservation trust	804,813
Total restricted net assets	\$ 1,992,236

The County's unrestricted net assets as of December 31, 2011 are \$4,709,749.

NOTE 7 - PENSION PLAN

The County has adopted a multiple employer defined contribution pension plan administered by Colorado Counties Officials and Employees Retirement Association (CCOERA) which covers substantially all employees meeting the minimum eligibility requirements of 20 or more hours of work per week and one full year of continuous service. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees must match the employer contributions which may range from 3% to 6% of gross wages less overtime pay. An employee may contribute an additional 10% of eligible compensation after taxes or defer up to the lesser of \$8,500 or 25% of gross wages until retirement. Withdrawal from the Plan may occur only upon retirement, death, disability or termination of employment.

Employees vest 100% in personal contributions and 20% for each year of employment in employer contributions. Unvested employer contributions forfeited at termination revert to the County.

Both the County and the employees contributed 4% of eligible gross wages to the Plan during 2011. During the year ended December 31, 2011, participants made additional voluntary contributions. Additionally, certain participants participated in the Voluntary Deferred Compensation Plan during 2011. Information regarding the pension plan contributions for 2011 is as follows:

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 7 - PENSION PLAN (CONTINUED)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total payroll	\$ 6,250,695	\$ 6,855,314	\$7,958,073	\$8,809,932
Base salary - Eligible	5,466,463	6,286,723	6,988,579	7,485,934
County contribution	218,168	251,353	279,284	298,628
Employee contribution	218,659	251,469	279,543	299,437

NOTE 8 - DEFERRED COMPENSATION PLAN

The County has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is also administered by CCOERA. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The County leases equipment under operating leases that expire through 2011. Total rental expense for the year ended December 31, 2011 was \$220,956. The future minimum annual rental commitments under these leases are as follows:

<u>Year ending December 31,</u>	<u>Minimum Lease Payments</u>
2012	\$125,810
2013	82,104
2014	53,171
2015	21,250
2016	8,997
Total	<u>\$291,332</u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction Commitments

At December 31, 2011, the County had construction commitments related to construction of roads in the amount of \$980,686.

Litigation

The County has been named in various pending or threatened litigation, claims or assessments. The ultimate outcome/resolution of these matters is not known at this time. The County is monitoring the progress of these matters and has referred various matters to the County's insurance carrier for consultation and representation. Insurance could participate in defense, settlement and claims costs subject to the terms and conditions of the insuring agreements.

Reclamation of Titan I Missile Complex

In 2011, Elbert County was alerted that the site had been disturbed by an unauthorized contractor. Since that time, Elbert County staff has been working closely with the Colorado Department of Public Health and Environment (CDPHE) to develop a remediation plan for the disturbance. It is expected that this issue will not be resolved until sometime in 2013 and Elbert County will be requesting that the contractor reimburse the County for any and all costs related to their unauthorized excavation. As of November 2012, CDPHE approved a preliminary remediation plan with an estimated cost of \$250,000.

NOTE 10 – TRANSFERS/INTERFUND RECEIVABLES & PAYABLES

	Transfers In			Total
	General Fund	Road and Bridge Fund	Nonmajor Governmental Funds	
Transfers Out				
General Fund	\$ -	\$ -	\$ 131,709	\$ 131,709
Sales and Use Tax	-	300,000	-	300,000
Nonmajor Governmental Funds	100,936	-	-	100,936
	<u>\$ 100,936</u>	<u>\$ 300,000</u>	<u>\$ 131,709</u>	<u>\$ 532,645</u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 10 – TRANSFERS (CONTINUED)

The transfer from the General Fund to the Public Health Fund (Nonmajor Governmental Funds) of \$131,709 is to cover appropriate expenditures.

The transfer to the General Fund of \$100,936 incorporates a \$72,820 transfer from the Conservation Trust Fund (Nonmajor Governmental Funds) for expenditures eligible for payment through the Conservation Trust Program, and \$28,116 from the Amanda Pines Debt Service Fund of excess funds resulting from the retiring of debt.

The transfer to the Road and Bridge Fund from the Sales and Use Tax Fund of \$300,000 is related to the down payments for the lease purchase of equipment.

Interfund Payables	Interfund Receivables		
	General	Nonmajor	Total
	Fund	Governmental Funds	
General Fund	\$ -	\$ 116,133	\$ 116,133
Social Services	725	-	725
Nonmajor Governmental Funds	649	-	649
	\$ 1,374	\$ 116,133	\$ 117,507

The County reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, thefts of, damage to or destruction of assets; errors or omissions; injuries to employees, or acts of God. The County is one of several counties which are members of the Colorado Counties Casualty and Property Pool and the County Workers' Compensation Pool (Pools). The Pools are organizations created by intergovernmental agreement. The Colorado Counties Casualty and Property Pool provides general liability, automobile liability, property and auto physical damage to its members. The County Workers' Compensation Pool provides workers' compensation coverage to its members.

The County pays annual contributions to the Pools for its property and casualty insurance and its workers' compensation insurance. The County has a \$500 deductible per claim for its property

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 11 - RISK MANAGEMENT (CONTINUED)

insurance. The intergovernmental agreements which formed the Pools provides that the Pools will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pools will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

Each pool is managed by an independent risk manager/claims administrator who reports to the Pool Board of Directors. Each member's contribution to the respective pool is determined on factors including, but not limited to, the Pool's claim experience, premium costs, cost of administration and other operating expenses, the number of participants, the adequacy of both operating and reserve funds and other factors effecting the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

The County's contributions as a percentage of pool revenue are less than 3%.
The Pools provide the following types of coverage:

	Self-Insured Retentions (Per Occurrence)	Excess Insurance Limits (Per Occurrence)
Liability	\$ 250,000	\$ 10,000,000
Property	\$ 150,000	\$ 100,000,000
Workers' compensation	\$ 500,000	to statutory limit

Settled claims have not exceeded coverage provided by the Pools in any of the past three fiscal years.

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The County's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation. Accordingly, the possibility exists that the County's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statements.

On November 5, 1996, a majority of the County's electors authorized the County to retain or expend all revenue derived from building and other development related fees, exactions and permits; and revenues, cost reimbursements and grants from other governments during 1996 and each subsequent year. The County is authorized to spend all such revenues on road improvements, growth management, public safety and such other costs as may be directly related to growth unless otherwise provided by law, agreement, or grant, without regard to any limitation contained in Article X, Section 20 of the Colorado constitution and without limiting in any year the amount of other revenues that may be collected and spent by the County under Article X, Section 20 of the Colorado constitution or any other law; provided, however, that no property tax mill levy shall be increased at any time, nor shall any new tax be imposed, without consent of the voters approving any such increase or new tax.

NOTE 13 – FINANCIAL STATEMENT RESTATEMENT

The County has restated the prior year's net assets to primarily account for the valuation of water rights and the restatement of fund balances. The net change is as follows:

	Net Assets Restatement
Net assets - governmental activities - as originally reported December 31, 2010	\$ 87,523,889
Adjustment to report valuation of water rights	4,100,445
Adjustment to beginning balance of general obligation debt	(5,000)
Adjustment to record changes to fund balances	180,377
Net assets - restated December 31, 2010	\$ 91,799,711

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 13 – FINANCIAL STATEMENT RESTATEMENT (CONTINUED)

The County has restated the prior year fund balances in the General Fund, the Social Services Fund, and the Sales and Use Tax Fund to account primarily for unrecorded liabilities, adjustments to cash and warrants payable, and to record revenue in accordance with GASB 33. The net changes are as follows:

	General Fund Fund Balance
Balance previously recorded on December 31, 2010	\$ 101,863
Adjustment for unrecorded insurance liability	(151,390)
Adjustment for cash and warrants payable	98,777
Restated balance at December 31, 2010	\$ 49,250

	Sales and Use Tax Fund Balance
Balance previously recorded on December 31, 2010	\$ 1,340,699
Adjustment for unrecorded receivable	45,052
Restated balance at December 31, 2010	\$ 1,385,751

	Social Services Fund Balance
Balance previously recorded on December 31, 2010	\$ 501,201
Adjustment for unrecorded advance from State of Colorado	(16,474)
Adjustment to record revenue in accordance with GASB 33	204,412
Restated balance at December 31, 2010	\$ 689,139

NOTE 14 – SUBSEQUENT EVENTS

During 2012, the County entered into several lease purchase agreements for equipment and vehicles.

REQUIRED SUPPLEMENTARY INFORMATION

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 5,740,533	\$ 6,038,956	\$ 298,423
Licenses and permits	485,410	242,335	(243,075)
Intergovernmental	214,500	118,379	(96,121)
Charges for service	1,515,402	1,153,549	(361,853)
Net investment income	8,000	(1,856)	(9,856)
Miscellaneous	60,200	54,930	(5,270)
Total revenues	<u>8,024,045</u>	<u>7,606,293</u>	<u>(417,752)</u>
EXPENDITURES			
General government	4,452,924	4,203,110	249,814
Public safety	3,014,707	3,153,664	(138,957)
Culture and recreation	128,248	124,702	3,546
Auxiliary services	110,816	96,470	14,346
Total expenditures	<u>7,706,695</u>	<u>7,577,946</u>	<u>128,749</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>317,350</u>	<u>28,347</u>	<u>(289,003)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	140,000	100,936	(39,064)
Transfers (out)	(56,000)	(131,709)	(75,709)
Total other financing sources (uses)	<u>84,000</u>	<u>(30,773)</u>	<u>(114,773)</u>
NET CHANGE IN FUND BALANCE	401,350	(2,426)	(403,776)
FUND BALANCE - BEGINNING OF YEAR - Restated	<u>310,031</u>	<u>49,250</u>	<u>(260,781)</u>
FUND BALANCE - END OF YEAR	<u>\$ 711,381</u>	<u>\$ 46,824</u>	<u>\$ (664,557)</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes			
Property taxes	\$ 4,574,533	\$ 5,044,843	\$ 470,310
Specific ownership taxes	1,132,000	985,118	(146,882)
Cigarette taxes	5,500	8,995	3,495
Other taxes	28,500	-	(28,500)
Total taxes	<u>5,740,533</u>	<u>6,038,956</u>	<u>298,423</u>
Licenses and permits			
Building and zoning fees	481,910	241,422	(240,488)
Liquor licenses	3,500	913	(2,587)
Total licenses and permits	<u>485,410</u>	<u>242,335</u>	<u>(243,075)</u>
Intergovernmental revenues			
VALE grant	71,000	59,507	(11,493)
Other intergovernmental revenues	143,500	58,872	(84,628)
Total intergovernmental revenues	<u>214,500</u>	<u>118,379</u>	<u>(96,121)</u>
Charges for services			
Sheriff	191,750	347,654	155,904
Clerk	624,552	606,869	(17,683)
Treasurer	471,500	59,414	(412,086)
Public trustee fees	100,000	67,930	(32,070)
Other	127,600	71,682	(55,918)
Total charges for services	<u>1,515,402</u>	<u>1,153,549</u>	<u>(361,853)</u>
Interest income	<u>8,000</u>	<u>(1,856)</u>	<u>(9,856)</u>
Miscellaneous revenues			
DUI insurance	1,000	2,739	1,739
Fair receipts	29,000	39,564	10,564
Insurance reimbursements	200	12,078	11,878
Other	30,000	549	(29,451)
Total miscellaneous revenues	<u>60,200</u>	<u>54,930</u>	<u>(5,270)</u>
Transfers in	<u>140,000</u>	<u>100,936</u>	<u>(39,064)</u>
Total revenues	<u>\$ 8,164,045</u>	<u>\$ 7,707,229</u>	<u>\$ (456,816)</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES			
General government			
Office of Commissioners	\$ 288,233	\$ 248,367	\$ 39,866
Clerk of the Board	49,336	45,155	4,181
County attorney	111,476	153,848	(42,372)
Clerk and recorder	276,810	282,505	(5,695)
Clerk and recorder - Elections	97,700	63,270	34,430
County Treasurer	214,898	193,401	21,497
County Assessor	333,360	324,928	8,432
Maintenance of grounds and buildings	277,030	281,919	(4,889)
Central data processing	309,078	292,352	16,726
Commissioner's resolution	6,911	42,636	(35,725)
Debt service	506,225	513,231	(7,006)
Other administration	1,394,508	1,200,985	193,523
Budget/payroll	143,533	116,687	26,846
District attorney	443,826	443,826	-
Total general government	<u>4,452,924</u>	<u>4,203,110</u>	<u>249,814</u>
Public safety			
County sheriff	1,023,304	1,163,359	(140,055)
County jail	1,223,761	1,255,807	(32,046)
County coroner	85,200	84,879	321
Judicial center	100,695	111,659	(10,964)
Building inspection	94,419	56,367	38,052
Community development services	245,808	244,089	1,719
Planning commission	7,750	2,733	5,017
Emergency communications and operations	85,514	72,588	12,926
Emergency communications contract	148,256	162,183	(13,927)
Total public safety	<u>3,014,707</u>	<u>3,153,664</u>	<u>(138,957)</u>
Culture and recreation	128,248	124,702	3,546
Auxiliary services	<u>110,816</u>	<u>96,470</u>	<u>14,346</u>
Transfers out	<u>56,000</u>	<u>131,709</u>	<u>(75,709)</u>
Total expenditures	<u>\$ 7,762,695</u>	<u>\$ 7,709,655</u>	<u>\$ 53,040</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE SPECIAL REVENUE FUND
Year Ended December 31, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 2,626,108	\$ 2,663,976	\$ 37,868
Intergovernmental	1,748,535	2,519,901	771,366
Miscellaneous	3,250	65,750	62,500
Total revenues	<u>4,377,893</u>	<u>5,249,627</u>	<u>871,734</u>
EXPENDITURES			
General government	78,783	79,886	(1,103)
Public works	4,022,036	3,865,751	156,285
Debt service	847,379	688,042	159,337
Capital outlay	-	1,003,870	(1,003,870)
Total expenditures	<u>4,948,198</u>	<u>5,637,549</u>	<u>(689,351)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	<u>(570,305)</u>	<u>(387,922)</u>	<u>182,383</u>
OTHER FINANCING SOURCES (USES)			
Capital lease proceeds	-	703,870	703,870
Transfers in	200,000	300,000	100,000
Total other financing sources (uses)	<u>200,000</u>	<u>1,003,870</u>	<u>803,870</u>
NET CHANGE IN FUND BALANCE	(370,305)	615,948	986,253
FUND BALANCE - BEGINNING OF YEAR	<u>1,176,665</u>	<u>1,765,318</u>	<u>588,653</u>
FUND BALANCE - END OF YEAR	<u>\$ 806,360</u>	<u>\$ 2,381,266</u>	<u>\$ 1,574,906</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SOCIAL SERVICES SPECIAL REVENUE FUND
Year Ended December 31, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 414,981	\$ 420,582	\$ 5,601
Intergovernmental	5,020,608	4,088,105	(932,503)
Total revenues	<u>5,435,589</u>	<u>4,508,687</u>	<u>(926,902)</u>
EXPENDITURES			
General government	12,449	12,436	13
Public health and welfare	5,587,146	4,437,472	1,149,674
Total expenditures	<u>5,599,595</u>	<u>4,449,908</u>	<u>1,149,687</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(164,006)	58,779	222,785
FUND BALANCE - BEGINNING OF YEAR - Restated	<u>287,959</u>	<u>689,139</u>	<u>401,180</u>
FUND BALANCE - END OF YEAR	<u>\$ 123,953</u>	<u>\$ 747,918</u>	<u>\$ 623,965</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SALES AND USE TAX SPECIAL REVENUE FUND
Year Ended December 31, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Sales tax	\$ 780,000	\$ 750,224	\$ (29,776)
Use tax	220,000	607,150	387,150
Intergovernmental revenue	-	1,102,412	1,102,412
Total revenues	<u>1,000,000</u>	<u>2,459,786</u>	<u>1,459,786</u>
EXPENDITURES			
General government	30,000	40,543	(10,543)
Capital outlay	1,159,656	1,618,205	(458,549)
Total expenditures	<u>1,189,656</u>	<u>1,658,748</u>	<u>(469,092)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(189,656)</u>	<u>801,038</u>	<u>990,694</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(200,000)</u>	<u>(300,000)</u>	<u>(100,000)</u>
NET CHANGE IN FUND BALANCE	(389,656)	501,038	890,694
FUND BALANCE - BEGINNING OF YEAR - Restated	<u>1,146,417</u>	<u>1,385,751</u>	<u>239,334</u>
FUND BALANCE - END OF YEAR	<u>\$ 756,761</u>	<u>\$ 1,886,789</u>	<u>\$ 1,130,028</u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

RSI NOTE 1 – BUDGETARY INFORMATION

In accordance with the State Budget Law, the County Commissioners hold public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level, which includes other financing uses, and lapses at year end. The County Commissioners can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. For budgetary purposes, the County did not budget or appropriate for entering into capital lease transactions, as entering into a capital lease transaction does not provide for or use financial resources. The payments required under the capital lease agreements are included in the appropriations resolution.

SUPPLEMENTARY INFORMATION

ELBERT COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2011

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments with Treasurer	\$ 1,292,281	\$ -	\$ 1,292,281
Cash and investments with Treasurer - Restricted	23,880	130,610	154,490
Accounts receivable	53,485	-	53,485
Due from other funds	116,133	-	116,133
Assessments receivable	-	172,000	172,000
Property taxes receivable	180,229	79,937	260,166
TOTAL ASSETS	<u>\$ 1,666,008</u>	<u>\$ 382,547</u>	<u>\$ 2,048,555</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Warrants and accounts payable	\$ 45,886	\$ 300	\$ 46,186
Due to other funds	649	-	649
Deferred revenue	180,229	251,937	432,166
Total liabilities	<u>226,764</u>	<u>252,237</u>	<u>479,001</u>
 FUND BALANCES			
Restricted			
Emergency reserves	10,701	-	10,701
Debt service	-	130,310	130,310
Conservation trust	804,813	-	804,813
Assigned			
Public safety	33,941	-	33,941
Capital outlay	571,331	-	571,331
Retirement	18,458	-	18,458
Total fund balances	<u>1,439,244</u>	<u>130,310</u>	<u>1,569,554</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,666,008</u>	<u>\$ 382,547</u>	<u>\$ 2,048,555</u>

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Taxes	\$ 222,260	\$ 96,211	\$ 318,471
Special assessments	-	52,981	52,981
Charges for services	274,165	-	274,165
Intergovernmental	287,932	-	287,932
Miscellaneous	8,770	-	8,770
Net investment income	3,558	-	3,558
Total revenues	<u>796,685</u>	<u>149,192</u>	<u>945,877</u>
EXPENDITURES			
General government	316,786	1,589	318,375
Culture and recreation	44,827	-	44,827
Public health and welfare	402,566	-	402,566
Capital outlay	104,708	-	104,708
Debt service	-	112,625	112,625
Total expenditures	<u>868,887</u>	<u>114,214</u>	<u>983,101</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(72,202)</u>	<u>34,978</u>	<u>(37,224)</u>
OTHER FINANCING SOURCES (USES)			
Capital lease proceeds	78,008	-	78,008
Transfers in	131,709	-	131,709
Transfers (out)	(72,820)	(28,116)	(100,936)
Total other financing sources (uses)	<u>136,897</u>	<u>(28,116)</u>	<u>108,781</u>
NET CHANGE IN FUND BALANCES	64,695	6,862	71,557
FUND BALANCES - BEGINNING OF YEAR	<u>1,374,549</u>	<u>123,448</u>	<u>1,497,997</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,439,244</u>	<u>\$ 130,310</u>	<u>\$ 1,569,554</u>

ELBERT COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2011

	<u>Law Enforcement Assistance</u>	<u>Impact Assistance</u>	<u>Public Health and Administration</u>
ASSETS			
Cash and investments with Treasurer	\$ 12,546	\$ 564,364	\$ (81,668)
Cash and investments with Treasurer - Restricted	-	-	-
Accounts receivable	27,308	-	21,602
Due from other funds	-	-	79,969
Property taxes receivable	-	-	-
TOTAL ASSETS	<u>\$ 39,854</u>	<u>\$ 564,364</u>	<u>\$ 19,903</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Warrants and accounts payable	\$ 1,234	\$ 16,913	\$ 19,903
Due to other funds	649	-	-
Deferred property tax revenue	-	-	-
Total liabilities	<u>1,883</u>	<u>16,913</u>	<u>19,903</u>
 FUND BALANCES			
Restricted			
Emergency reserves	4,030	-	-
Conservation trust	-	-	-
Assigned			
Public safety	33,941	-	-
Capital outlay	-	547,451	-
Retirement	-	-	-
Total fund balances	<u>37,971</u>	<u>547,451</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 39,854</u>	<u>\$ 564,364</u>	<u>\$ 19,903</u>

<u>Contingency</u>	<u>Retirement</u>	<u>Conservation Trust</u>	<u>Total</u>
\$ -	\$ 3,004	\$ 794,035	\$ 1,292,281
23,880	-	-	23,880
-	4,575	-	53,485
-	17,550	18,614	116,133
-	180,229	-	180,229
<u>\$ 23,880</u>	<u>\$ 205,358</u>	<u>\$ 812,649</u>	<u>\$ 1,666,008</u>

\$ -	\$ -	\$ 7,836	\$ 45,886
-	-	-	649
-	180,229	-	180,229
<u>-</u>	<u>180,229</u>	<u>7,836</u>	<u>226,764</u>

-	6,671	-	10,701
-	-	804,813	804,813
-	-	-	33,941
23,880	-	-	571,331
-	18,458	-	18,458
<u>23,880</u>	<u>25,129</u>	<u>804,813</u>	<u>1,439,244</u>
<u>\$ 23,880</u>	<u>\$ 205,358</u>	<u>\$ 812,649</u>	<u>\$ 1,666,008</u>

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2011

	<u>Law Enforcement Assistance</u>	<u>Impact Assistance</u>	<u>Public Health and Administration</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Charges for services	134,334	30,175	109,656
Intergovernmental	-	-	161,201
Miscellaneous income	-	8,655	-
Net investment income	-	1,402	-
Total revenues	<u>134,334</u>	<u>40,232</u>	<u>270,857</u>
EXPENDITURES			
General government	96,363	23,177	-
Culture and recreation	-	-	-
Public health and welfare	-	-	402,566
Capital outlay	78,008	26,700	-
Total expenditures	<u>174,371</u>	<u>49,877</u>	<u>402,566</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(40,037)</u>	<u>(9,645)</u>	<u>(131,709)</u>
OTHER FINANCING SOURCES (USES)			
Capital lease proceeds	78,008	-	-
Transfers in	-	-	131,709
Transfers (out)	-	-	-
Total other financing sources (uses)	<u>78,008</u>	<u>-</u>	<u>131,709</u>
NET CHANGE IN FUND BALANCES	37,971	(9,645)	-
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>557,096</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 37,971</u>	<u>\$ 547,451</u>	<u>\$ -</u>

<u>Contingency</u>	<u>Retirement</u>	<u>Conservation Trust</u>	<u>Total</u>
\$ -	\$ 222,260	\$ -	\$ 222,260
-	-	-	274,165
-	-	126,731	287,932
-	115	-	8,770
-	-	2,156	3,558
-	<u>222,375</u>	<u>128,887</u>	<u>796,685</u>
-	197,246	-	316,786
-	-	44,827	44,827
-	-	-	402,566
-	-	-	104,708
-	<u>197,246</u>	<u>44,827</u>	<u>868,887</u>
-	25,129	84,060	(72,202)
-	-	-	78,008
-	-	-	131,709
-	-	(72,820)	(72,820)
-	-	<u>(72,820)</u>	<u>136,897</u>
-	25,129	11,240	64,695
23,880	-	793,573	1,374,549
<u>\$ 23,880</u>	<u>\$ 25,129</u>	<u>\$ 804,813</u>	<u>\$ 1,439,244</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2011

	<u>Law Enforcement Assistance</u>			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ 150,000	\$ 134,334	\$ (15,666)
Interest income	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	<u>-</u>	<u>150,000</u>	<u>134,334</u>	<u>(15,666)</u>
EXPENDITURES				
General government	-	150,000	96,363	53,637
Capital outlay	-	-	78,008	(78,008)
Total expenditures	<u>-</u>	<u>150,000</u>	<u>174,371</u>	<u>(24,371)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(40,037)</u>	<u>(40,037)</u>
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	78,008	(78,008)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>78,008</u>	<u>(78,008)</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>37,971</u>	<u>37,971</u>
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,971</u>	<u>\$ 37,971</u>

Impact Assistance

Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 50,000	\$ 30,175	\$ (19,825)
600	1,402	802
-	8,655	8,655
<u>50,600</u>	<u>40,232</u>	<u>(10,368)</u>
50,000	23,177	26,823
10,000	26,700	(16,700)
<u>60,000</u>	<u>49,877</u>	<u>10,123</u>
<u>(9,400)</u>	<u>(9,645)</u>	<u>(245)</u>
-	-	-
-	-	-
(9,400)	(9,645)	(245)
<u>523,811</u>	<u>557,096</u>	<u>33,285</u>
<u>\$ 514,411</u>	<u>\$ 547,451</u>	<u>\$ 33,040</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2011

	Public Health and Administration		
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 173,430	\$ 161,201	\$ (12,229)
Charges for services	189,350	109,656	(79,694)
Total revenues	<u>362,780</u>	<u>270,857</u>	<u>(91,923)</u>
EXPENDITURES			
Public health and welfare	433,679	402,566	31,113
Total expenditures	<u>433,679</u>	<u>402,566</u>	<u>31,113</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(70,899)</u>	<u>(131,709)</u>	<u>(60,810)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	56,000	131,709	75,709
Total other financing sources (uses)	<u>56,000</u>	<u>131,709</u>	<u>75,709</u>
NET CHANGE IN FUND BALANCES	(14,899)	-	14,899
FUND BALANCES - BEGINNING OF YEAR	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,101</u>	<u>\$ -</u>	<u>\$ (5,101)</u>

Original and Final Budget	Contingency	
	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
23,880	23,880	-
\$ 23,880	\$ 23,880	\$ -

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2011

	<u>Original and Final Budget</u>	<u>Retirement Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 223,505	\$ 222,260	\$ (1,245)
Intergovernmental	-	-	-
Interest income	-	-	-
Miscellaneous	-	115	115
Total revenues	<u>223,505</u>	<u>222,375</u>	<u>(1,130)</u>
EXPENDITURES			
General government	222,358	197,246	25,112
Culture and recreation	-	-	-
Total expenditures	<u>222,358</u>	<u>197,246</u>	<u>25,112</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,147</u>	<u>25,129</u>	<u>23,982</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	-	-
NET CHANGE IN FUND BALANCES	1,147	25,129	23,982
FUND BALANCES - BEGINNING OF YEAR	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ 1,147</u>	<u>\$ 25,129</u>	<u>\$ 23,982</u>

Conservation Trust

Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -
115,000	126,731	11,731
200	2,156	1,956
-	-	-
<u>115,200</u>	<u>128,887</u>	<u>13,687</u>
-	-	-
150,000	44,827	105,173
<u>150,000</u>	<u>44,827</u>	<u>105,173</u>
(34,800)	84,060	118,860
<u>(140,000)</u>	<u>(72,820)</u>	<u>67,180</u>
(174,800)	11,240	186,040
<u>672,357</u>	<u>793,573</u>	<u>121,216</u>
<u>\$ 497,557</u>	<u>\$ 804,813</u>	<u>\$ 307,256</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES AND EXPENDITURES
SOCIAL SERVICES SPECIAL REVENUE FUND
Year Ended December 31, 2011

REVENUES

Property taxes	\$ 420,581
Intergovernmental	
Aid to the Needy Disabled	15,010
Child Care	151,865
Child Support	93,230
Child Welfare administration	655,157
Child Welfare	374,924
Colorado Works	209,968
Core Services administration	137,223
Food Assistance	1,689,379
Home Care allowance	7,141
LEAP administration	220,507
Old Age Pension	65,049
TANF	274,296
IOG	104,000
Miscellaneous	90,357
Total intergovernmental revenues	4,088,106
Total revenues	\$ 4,508,687

EXPENDITURES

Public health and welfare	
Aid to the Needy Disabled	\$ 18,763
Child Care administration	183,066
Child Support	142,956
Child Welfare administration	784,607
Child Welfare	470,328
Colorado Works	244,643
Core Services administration	168,961
Food assistance	1,689,379
Home Care Allowance	7,517
LEAP administration	220,507
Old Age Pension	65,049
TANF	338,528
IOG	89,282
Social Services administration	26,322
Total public health and welfare expenditures	\$ 4,449,908

ELBERT COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
December 31, 2011

	<u>Amanda Pines Estates</u>	<u>Rolling Hills</u>	<u>Chaparral Valley</u>
ASSETS			
Cash and investments with Treasurer -			
Restricted	\$ -	\$ 3,758	\$ 15,494
Assessments receivable	-	14,000	158,000
Property tax receivable	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 17,758</u>	<u>\$ 173,494</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue	-	14,000	158,000
Total liabilities	<u>-</u>	<u>14,000</u>	<u>158,000</u>
FUND BALANCE			
Restricted	-	3,758	15,494
Total fund balance	<u>-</u>	<u>3,758</u>	<u>15,494</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 17,758</u>	<u>\$ 173,494</u>

<u>Meadows Station</u>	<u>Foxwood Estates</u>	<u>Total</u>
\$ 63,330	\$ 48,028	\$ 130,610
-	-	172,000
53,240	26,697	79,937
<u>\$ 116,570</u>	<u>\$ 74,725</u>	<u>\$ 382,547</u>

\$ 150	\$ 150	\$ 300
53,240	26,697	251,937
<u>53,390</u>	<u>26,847</u>	<u>252,237</u>

63,180	47,878	130,310
<u>63,180</u>	<u>47,878</u>	<u>130,310</u>

<u>\$ 116,570</u>	<u>\$ 74,725</u>	<u>\$ 382,547</u>
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ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
Year Ended December 31, 2011

	<u>Amanda Pines Estates</u>	<u>Rolling Hills</u>	<u>Chaparral Valley</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Special assessments	12,877	10,600	29,504
Total revenues	<u>12,877</u>	<u>10,600</u>	<u>29,504</u>
EXPENDITURES			
General government	386	318	885
Debt service	-	17,700	18,950
Total expenditures	<u>386</u>	<u>18,018</u>	<u>19,835</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	12,491	(7,418)	9,669
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(28,116)	-	-
Total other financing sources (uses)	<u>(28,116)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES			
	(15,625)	(7,418)	9,669
FUND BALANCES - BEGINNING OF YEAR			
	<u>15,625</u>	<u>11,176</u>	<u>5,825</u>
FUND BALANCES - END OF YEAR			
	<u>\$ -</u>	<u>\$ 3,758</u>	<u>\$ 15,494</u>

<u>Meadows Station</u>	<u>Foxwood Estates</u>	<u>Total</u>
\$ 62,857	\$ 33,354	\$ 96,211
-	-	52,981
<u>62,857</u>	<u>33,354</u>	<u>149,192</u>
-	-	1,589
49,820	26,155	112,625
<u>49,820</u>	<u>26,155</u>	<u>114,214</u>
13,037	7,199	34,978
-	-	(28,116)
<u>-</u>	<u>-</u>	<u>(28,116)</u>
13,037	7,199	6,862
<u>50,143</u>	<u>40,679</u>	<u>123,448</u>
<u>\$ 63,180</u>	<u>\$ 47,878</u>	<u>\$ 130,310</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
Year Ended December 31, 2011

	<u>Amanda Pines Estates</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Special assessments	\$ -	\$ 12,877	\$ 12,877
Total revenues	<u>-</u>	<u>12,877</u>	<u>12,877</u>
EXPENDITURES			
General government	-	386	(386)
Debt service	-	-	-
Contingency	16,376	-	16,376
Total expenditures	<u>16,376</u>	<u>386</u>	<u>15,990</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(16,376)	12,491	28,867
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	(28,116)	(28,116)
Total other financing sources (uses)	<u>-</u>	<u>(28,116)</u>	<u>(28,116)</u>
NET CHANGE IN FUND BALANCES	(16,376)	(15,625)	751
FUND BALANCES - BEGINNING OF YEAR	<u>16,376</u>	<u>15,625</u>	<u>(751)</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Rolling Hills			Chaparral Valley		
Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 14,000	\$ 10,600	\$ (3,400)	\$ 21,000	\$ 29,504	\$ 8,504
<u>14,000</u>	<u>10,600</u>	<u>(3,400)</u>	<u>21,000</u>	<u>29,504</u>	<u>8,504</u>
330	318	12	250	885	(635)
17,000	17,700	(700)	20,000	18,950	1,050
1,670	-	1,670	1,250	-	1,250
<u>19,000</u>	<u>18,018</u>	<u>982</u>	<u>21,500</u>	<u>19,835</u>	<u>1,665</u>
(5,000)	(7,418)	(2,418)	(500)	9,669	10,169
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(5,000)	(7,418)	(2,418)	(500)	9,669	10,169
6,835	11,176	4,341	764	5,825	5,061
<u>\$ 1,835</u>	<u>\$ 3,758</u>	<u>\$ 1,923</u>	<u>\$ 264</u>	<u>\$ 15,494</u>	<u>\$ 15,230</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
Year Ended December 31, 2011

	Meadows Station		
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 55,047	\$ 62,857	\$ 7,810
Total revenues	<u>55,047</u>	<u>62,857</u>	<u>7,810</u>
EXPENDITURES			
Debt service	49,520	49,820	(300)
Contingency	2,480	-	2,480
Total expenditures	<u>52,000</u>	<u>49,820</u>	<u>2,180</u>
NET CHANGE IN FUND BALANCES	3,047	13,037	5,630
FUND BALANCES - BEGINNING OF YEAR	<u>41,434</u>	<u>50,143</u>	<u>8,709</u>
FUND BALANCES - END OF YEAR	<u>\$ 44,481</u>	<u>\$ 63,180</u>	<u>\$ 14,339</u>

Foxwood Estates

Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 27,485	\$ 33,354	\$ 5,869
<u>27,485</u>	<u>33,354</u>	<u>5,869</u>
25,855	26,155	(300)
2,145	-	2,145
<u>28,000</u>	<u>26,155</u>	<u>1,845</u>
(515)	7,199	4,024
<u>33,643</u>	<u>40,679</u>	<u>7,036</u>
<u>\$ 33,128</u>	<u>\$ 47,878</u>	<u>\$ 11,060</u>

ELBERT COUNTY, COLORADO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
Year Ended December 31, 2011

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2011</u>
ASSETS				
Cash - Treasurer	\$ 26,659	\$ 22,092,850	\$ (21,662,423)	\$ 457,086
Cash - Public Trustee	50,507	1,883,456	(1,889,990)	43,973
Cash - Commissary	-	154,316	(140,676)	13,640
Cash held by Treasurer	-	66,120	(66,000)	120
Due from other governments	647,748	250,183	(563,287)	334,644
Due from others	-	35,000	-	35,000
TOTAL ASSETS	<u>\$ 724,914</u>	<u>\$ 24,481,925</u>	<u>\$ (24,322,376)</u>	<u>\$ 884,463</u>
LIABILITIES				
Due to other governments	\$ 653,707	\$ 22,405,379	\$ (22,291,710)	767,376
Other liabilities	20,700	193,090	(140,676)	73,114
Escrow deposits held by Public Trustee	50,507	1,883,456	(1,889,990)	43,973
TOTAL LIABILITIES	<u>\$ 724,914</u>	<u>\$ 24,481,925</u>	<u>\$ (24,322,376)</u>	<u>\$ 884,463</u>

OTHER SCHEDULES

ELBERT COUNTY, COLORADO
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
 December 31, 2011

Principal and Interest Due in the Year Ending December 31,	\$201,135			\$78,008			\$150,800		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 38,204	\$ 4,503	\$ 42,707	\$ 24,558	\$ 4,059	\$ 28,617	\$ 29,320	\$ 2,699	\$ 32,019
2013	39,189	3,517	42,706	26,255	2,362	28,617	30,076	1,943	32,019
2014	40,200	2,506	42,706	20,875	587	21,462	30,852	1,167	32,019
2015	41,238	1,469	42,707	-	-	-	31,649	371	32,020
2016	31,626	405	32,031	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
Totals	\$ 190,457	\$ 12,400	\$ 202,857	\$ 71,688	\$ 7,008	\$ 78,696	\$ 121,897	\$ 6,180	\$ 128,077

Principal and Interest Due in the Year Ending December 31,	\$150,800			\$141,500		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 29,320	\$ 2,699	\$ 32,019	\$ 35,096	\$ 2,267	\$ 37,363
2013	30,076	1,943	32,019	36,143	1,219	37,362
2014	30,852	1,167	32,019	18,485	197	18,682
2015	31,649	371	32,020	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
Totals	\$ 121,897	\$ 6,180	\$ 128,077	\$ 89,724	\$ 3,683	\$ 93,407

ELBERT COUNTY, COLORADO
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
 December 31, 2011

Principal and Interest Due in the Year Ending December 31,	\$183,000			\$142,500			\$122,650			\$122,650		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 35,772	\$ 3,445	\$ 39,217	\$ 35,344	\$ 2,282	\$ 37,626	\$ 30,421	\$ 1,964	\$ 32,385	\$ 30,421	\$ 1,964	\$ 32,385
2013	36,837	2,380	39,217	36,428	1,198	37,626	31,328	1,057	32,385	31,328	1,057	32,385
2014	37,939	1,278	39,217	18,586	228	18,814	16,023	171	16,194	16,023	171	16,194
2015	19,394	216	19,610	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 129,942	\$ 7,319	\$ 137,261	\$ 90,358	\$ 3,708	\$ 94,066	\$ 77,772	\$ 3,192	\$ 80,964	\$ 77,772	\$ 3,192	\$ 80,964
Principal and Interest Due in the Year Ending December 31,	\$449,320			\$175,000			\$350,000					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total			
2012	\$ 93,921	\$ 3,963	\$ 97,884	\$ 9,082	\$ 69	\$ 9,151	\$ 25,000	\$ 919	\$ 25,919	\$ 15,000	\$ 13,200	\$ 28,200
2013	-	-	-	-	-	-	-	-	-	15,000	12,300	27,300
2014	-	-	-	-	-	-	-	-	-	15,000	11,400	26,400
2015	-	-	-	-	-	-	-	-	-	15,000	10,500	25,500
2016	-	-	-	-	-	-	-	-	-	15,000	9,600	24,600
2017	-	-	-	-	-	-	-	-	-	20,000	8,700	28,700
2018	-	-	-	-	-	-	-	-	-	20,000	7,500	27,500
2019	-	-	-	-	-	-	-	-	-	20,000	6,300	26,300
2020	-	-	-	-	-	-	-	-	-	20,000	5,100	25,100
2021	-	-	-	-	-	-	-	-	-	35,000	3,900	38,900
2022	-	-	-	-	-	-	-	-	-	35,000	2,100	37,100
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 93,921	\$ 3,963	\$ 97,884	\$ 9,082	\$ 69	\$ 9,151	\$ 25,000	\$ 919	\$ 25,919	\$ 225,000	\$ 90,600	\$ 315,600

ELBERT COUNTY, COLORADO
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
 December 31, 2011

Principal and Interest Due in the Year Ending December 31,	\$625,000 Meadows Station Subdivision Public Improvement District General Obligation Bonds, Series 2004 Dated December 23, 2004 with Principal and Variable Interest of 3.15% - 5.25% Due Semi- Annually on June 1 and December 1			\$345,000 Foxwood Estates Subdivision Public Improvement District General Obligation Bonds, Series 2005 Dated January 27, 2005 with Principal and Variable Interest of 3.25% - 5.50% Due Semi- Annually on June 1 and December 1			\$7,300,000 Elbert County Lease Mortgage Revenue Bond Series 2009 Dated October 15, 2009 with Principal and Interest of 5.25% Due Semiannually on June 1 and December 1			Total All Obligations		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 25,000	\$ 23,495	\$ 48,495	\$ 10,000	\$ 15,445	\$ 25,445	\$ 165,000	\$ 343,088	\$ 508,088	\$ 693,285	\$ 431,183	\$ 1,124,468
2013	30,000	22,432	52,432	10,000	15,020	25,020	170,000	334,425	504,425	585,116	405,344	990,460
2014	30,000	21,112	51,112	10,000	14,580	24,580	185,000	325,500	510,500	540,060	383,941	924,001
2015	30,000	19,762	49,762	10,000	14,130	24,130	190,000	315,788	505,788	449,274	364,616	813,890
2016	35,000	18,382	53,382	15,000	13,670	28,670	205,000	305,813	510,813	333,252	348,275	681,527
2017	35,000	16,738	51,738	15,000	12,965	27,965	210,000	295,050	505,050	280,000	333,453	613,453
2018	35,000	15,058	50,058	15,000	12,245	27,245	225,000	284,025	509,025	295,000	318,828	613,828
2019	40,000	13,343	53,343	15,000	11,510	26,510	235,000	272,213	507,213	310,000	303,366	613,366
2020	40,000	11,343	51,343	15,000	10,760	25,760	245,000	259,875	504,875	320,000	287,078	607,078
2021	40,000	9,323	49,323	15,000	10,003	25,003	260,000	247,013	507,013	350,000	270,239	620,239
2022	45,000	7,283	52,283	15,000	9,238	24,238	275,000	233,363	508,363	370,000	251,984	621,984
2023	45,000	4,965	49,965	20,000	8,465	28,465	290,000	218,925	508,925	355,000	232,355	587,355
2024	50,000	2,625	52,625	20,000	7,425	27,425	305,000	203,700	508,700	375,000	213,750	588,750
2025	-	-	-	20,000	6,325	26,325	320,000	187,688	507,688	340,000	194,013	534,013
2026	-	-	-	20,000	5,225	25,225	335,000	170,888	505,888	355,000	176,113	531,113
2027	-	-	-	25,000	4,125	29,125	355,000	153,300	508,300	380,000	157,425	537,425
2028	-	-	-	25,000	2,750	27,750	2,565,000	134,663	2,699,663	2,590,000	137,413	2,727,413
2029	-	-	-	25,000	1,375	26,375	-	-	-	25,000	1,375	26,375
Totals	\$ 480,000	\$ 185,861	\$ 665,861	\$ 300,000	\$ 175,256	\$ 475,256	\$ 6,535,000	\$ 4,285,317	\$ 10,820,317	\$ 8,945,987	\$ 4,810,751	\$ 13,756,738

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Elbert County
	YEAR ENDING : December 2011
This Information From The Records Of (example - City of _ or County of _) Elbert County	Prepared By: Susan Opalinski Phone: 303-381-4960

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	2,496,508
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	901,401
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	30,780
2. General fund appropriations		b. Snow and ice removal	102,158
3. Other local imposts (from page 2)	3,338,217	c. Other - lease purch, equipment rental	688,042
4. Miscellaneous local receipts (from page 2)	769,620	d. Total (a. through c.)	820,980
5. Transfers from toll facilities		4. General administration & miscellaneous	2,895,312
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	7,114,201
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)	4,107,837	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,519,901	2. Notes:	
D. Receipts from Federal Government (from page 2)	1,102,411	a. Interest	
E. Total receipts (A.7 + B + C + D)	7,730,149	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)	7,114,201

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
	1,765,318	7,730,149	7,114,201	2,381,266	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	2,663,976	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	674,241	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	14,504
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts - lease proceeds	703,870
6. Total (1. through 5.)	674,241	h. Other	51,246
c. Total (a. + b.)	3,338,217	i. Total (a. through h.)	769,620
	(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	2,382,876	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	137,025	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	1,102,411
f. Total (a. through e.)	137,025	g. Total (a. through f.)	1,102,411
4. Total (1. + 2. + 3.f)	2,519,901	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	180,937		180,937
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation	2,315,571		2,315,571
(5). Total Construction (1) + (2) + (3) + (4)	2,315,571	0	2,315,571
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	2,496,508	0	2,496,508
			(Carry forward to page 1)

Notes and Comments:



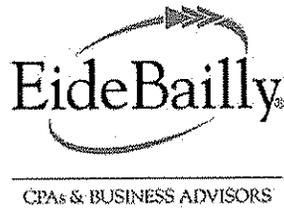
Federal Awards Reports in Accordance with the
Single Audit Act and OMB Circular A-133

December 31, 2011

Elbert County, Colorado

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The Board of Elbert County Commissioners
Elbert County, Colorado

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited the financial statements of the governmental activities each major fund, and the aggregate remaining fund information of Elbert County, Colorado as of and for the year ended December 31, 2011, which collectively comprise the Elbert County, Colorado's basic financial statements and have issued our report thereon dated November 28, 2012. As described in Note 2 to the financial statements, the County adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. As described in Note 13, errors in previously issued financial reports were corrected through various prior period adjustments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as items 2011-A and 2011-B.

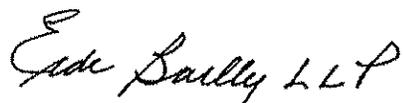
A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies as items 2011-C and 2011-D.

Compliance and Other Matters

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

Elbert County Colorado's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Elbert County Colorado's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Commissioners, management, others within the County, 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.

A handwritten signature in cursive script that reads "Eric Sully LLP".

Certified Public Accountants
Greenwood Village, CO
November 28, 2012



The Board of Elbert County Commissioners
Elbert County, Colorado

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Compliance

We have audited Elbert County, Colorado's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Elbert County, Colorado's major federal programs for the year ended December 31, 2011. Elbert County, Colorado's major federal programs are identified in the summary of auditors' 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 Elbert County, Colorado's management. Our responsibility is to express an opinion on Elbert County, Colorado's compliance based on our audit.

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

In our opinion, Elbert County, Colorado complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control over Compliance

Management of Elbert County, Colorado, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Elbert County, Colorado's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of Elbert County Colorado's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-01, 2011-02, 2011-03, 2011-04 and 2011-05.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elbert County, Colorado, as of and for the year ended December 31, 2011, and have issued our report thereon dated November 28, 2012 which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Elbert County, Colorado's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Elbert County, Colorado's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Elbert County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the County Commissioners, management, others within the County, 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.

Eide Bailly LLP

Certified Public Accountants
Greenwood Village, CO
November 28, 2012

Elbert County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2011

Federal Grantor/Pass-Through		Pass-through Entity Identifying Number	Expenditures
<u>Grantor/Program Title</u>	<u>CFDA No.</u>		<u></u>
U.S. Department of Agriculture			
Passed through Colorado Department of Human Services			
Food Assistance Administration	10.561	*	46,990 a
Emergency Food Assistance Commodities	10.569	*	13,727 a
Total U.S. Department of Agriculture			<u>60,717</u>
U.S. Department of Health and Human Services			
Passed through Colorado Department of Human Services			
Temporary Assistance for Needy Families (TANF)	93.558	*	279,227
Title IV-D - Child Support Enforcement	93.563	*	96,704
Title XIX - Medical Assistance Program	93.778	*	80,738
Low Income Home Energy Assistance	93.568	*	220,507
Child Care and Development Fund	93.596	*	98,794 b
Child Care and Development Fund - Discretionary	93.575	*	10,504 b
Title IV-B - Child Welfare Services	93.645	*	17,340
Title IV-E - Foster Care	93.658	*	164,881
Title XX - Social Services Block Grant	93.667	*	107,661
Title IV-E - Adoption	93.659	*	26,670
Promoting Safe and Stable Families	93.556	*	30,827
Passed through Colorado Department of Public Health			
Emergency Preparedness	93.069	EPRHW2HHS	26,065
Childhood Immunization	93.268	IMMKA1HHS	8,689
Investigations and Technical Assistance	93.283	EPIQW9HHS	5,300
Immunization (ARRA)	93.712	IMMQC9HHS	3,750
Maternal and Child Health - Block Grant	93.994	MCHMC1HHS	2,983
Total U.S. Department of Health and Human Services			<u>1,180,640</u>
U.S. Department of Transportation			
Passed through the Colorado Department of Transportation			
Highway Planning and Construction (Federal-Aid Highway Program) Kiowa Bennett Project	20.205	11HA127296	1,101,411
			<u>1,101,411</u>
Department of Homeland Security			
Passed through the Colorado Department of Local Affairs			
Homeland Security Grant - 2008	97.067	98HS78803	86,576 c
Homeland Security Grant - 2010	97.067	10SHS11NCR	13,428 c
Emergency Management Performance Grant/ Local Emergency Management Support	97.042	12EM1L22	31,300
Total Department of Homeland Security			<u>131,304</u>
Total Federal Financial Assistance			<u>\$ 2,474,072</u>

- * Unavailable
- a Cluster - \$60,717
- b Cluster - \$109,298
- c Cluster - \$100,004

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Elbert County, Colorado primary government (the County). The County's reporting entity is defined in Note 1 to the County's general-purpose financial statements. All federal financial assistance received by the primary government directly from federal agencies, as well as federal financial assistance passed through other government agencies, including the State of Colorado, is included on the schedule. In addition, federal financial assistance awarded directly to eligible County Social Services recipients via Electronic Benefits Transfer (EBT) is also included in the schedule. The State of Colorado issues EBT to the eligible County recipients. Only the federal amount of such pass-through awards and EBT is included on the schedule.

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Elbert County, Colorado, 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 basic financial statements. Elbert County, Colorado, received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a sub-recipient is treated as an expenditure when it is paid to the sub-recipient.

Governmental fund types account for the County's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The County's summary of significant accounting policies is presented in Note 2 in the County's basic financial statements.

Note B – CFDA and Contract Numbers

Federal CFDA numbers are from the Catalog of Federal Domestic Assistance published by the Office of Management and Budget and the General Services Administration.

Elbert County, Colorado
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2011

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
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 Circular A-133, Section .510(a)	Yes

Identification of major program:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
HIGHWAY PLANNING AND CONSTRUCTION (Federal-Aid Highway Program)	20.205
LOW-INCOME HOME ENERGY ASSISTANCE	93.568
Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2011- A Material Audit Adjustments – Material Weakness

Criteria - The County is responsible for establishing and implementing a system of internal control that will prevent, detect and correct errors in a timely manner and to safeguard its assets.

Condition - We noted the following material audit adjustments including prior period adjustments (corrections of errors):

1. Cash reconciliations that Effected the General Fund and Government Wide Statements

The county was unable to obtain sufficient documentation/explanation from the predecessor auditor on entries made in 2010 primarily related to warrants payable (outstanding checks) and cash. After further audit of the cash balances, the EB determined that cash was understated by \$60,319 and warrants payable were overstated by \$38,458 for total of \$98,777. In addition, the insurance escrow that is held with the Treasurer had a negative balance. This negative balance or the liability of \$151,390 will be paid by the general fund for prior years' health insurance premiums. There is no supporting documentation of any other funds contributing to the negative balance and by default the liability will be absorbed by the general fund. The net effect of these two entries was a decrease in beginning fund balance and net assets of \$52,613.

2. Revenue recognition that effected the Social Services Fund and Government Wide Statements

The County made an error in the previous year related to revenue recognition surrounding HB 1451 Collaborative Funds revenue. The state directive to the County indicates the funds are to be treated as revenues when received and restricted fund balance until spent. The County previously recorded the proceeds as a deferred liability instead of a restricted fund balance in the amount of \$204,000. The County also failed to record a \$16,474 permanent advance from the state to fund state funded programs. The net effect of these two entries was increase of \$187,137 to beginning fund balance/net assets.

3. Valuation/Estimation of Water Rights that Effected the Government Wide Statements

The County previously recorded water rights of \$1 in their accounting records and financial statements. Based on GASB Statement 51, Accounting and Financial Reporting for Intangible Assets, phase 2 Governments under GASB 34 are required to retroactively report intangible assets. Elbert County is a phase 2 government and adopted GASB 34 January 1, 2003. Based upon a study performed in 2009, it was determined the estimate of \$1.00 was in error. The County determined the mid-range established in the 2009 study of \$4,100,445 was the appropriate estimation of value assigned to the water rights and thus a prior period adjustment was made to that effect.

4. Accounts Receivable Recognition Effecting Sales and Use Tax Fund, Chaparral Valley Debt Service Fund and Government Wide Statements

Through the audit process an adjustment was made which recognized additional grant revenues of \$14,579 and additional sales tax of \$128,794 in the Sales and Use Tax Fund. It was also determined that a receivable for County collection of sales taxes in the amount of \$45,052 had not been identified in the prior year and this amount was adjusted to beginning fund balance. In addition an adjustment was recognized to reduce special assessment receivables and deferred revenues by \$47,150 in the Chaparral Valley Debt Service Fund.

Cause – Due to insufficient or lack of policy's/procedures including internal control checks and balances over key financial processes, turnover in the finance director position with no full time accountable person who is knowledgeable in governmental accounting to oversee daily operations, financial reporting and maintenance of property records and the Treasurer's office not communicating timely on unusual cash balances, material misstatements occurred and were detected by EB and discussed with management and the 2011 financial statements have been corrected.

Effect – Material misstatements undetected by management and not corrected in a timely manner may result in future prior period adjustments or even qualification on the financial statements.

Recommendation - We recommend that the County Finance Department communicate with other departments on the importance of understanding the requirements of financial reporting. In addition procedures should be implemented which include the review of various significant financial processes to ensure that appropriate documentation is obtained to support the reported balances included in the financial statements of the County.

Management Corrective Action – The County is actively searching for a qualified Director of Finance to oversee the internal controls of the financial processes. Until the time this position is filled, the current contracted consultant will work with the County to establish the appropriate internal controls necessary to detect and prevent any material misstatements. The current contracted consultant will also assist in improving departmental communication and to educate all County departments on the importance of accurate financial reporting.

2011-B Reconciliations – Material Weakness

Criteria - The County is responsible for establishing and implementing a system of internal control that will prevent, detect and correct errors in a timely manner and to safeguard its assets.

Condition - We noted the following related to reconciliation processes:

- The finance department did not appropriately reconcile cash held with Treasurer to the Treasurer's balance that is held for the funds.
- The Clerk and recorder offices did not reconcile monthly collections to the Treasurer's escrow balance related to these funds.
- Cash accounts for disbursement of payroll and vendor payments were not recognized in the financial reporting system.
- Sheriff's Office commissary and bond accounts were not recognized by the Treasurer or the financial reporting system.
- Treasurer's Office was not recognizing electronic deposits on a timely basis to appropriately reflect the correct balances of the various taxing districts. In addition there are small accounts with negative balances included in the Treasurer's report which should be addressed.
- Negative balances were identified in the Treasurer's Office for the Health Fund and Insurance Escrow. The Treasurer should not allow for funds to be disbursed unless balances are available.
- Reconciliations within the Treasurer's Office are not indicated as being reviewed by the Treasurer.
- There is no policy for an annual physical count of capital assets to ensure all the capital assets actually exist and are properly valued.
- There is no reconciliation of the debt amortization schedule to the amount recorded in the financial records.
- The County financial reporting system does not reflect the 100% reporting of EBT expenditures by the Social Services fund on a monthly basis.
- The finance department did not reconcile the warrants payable accounts to the Treasurer's transactions on a timely basis.
- The finance department needs to review the special district's debt amortization schedule to ensure the amortization schedule the Treasurer is using to send tax notices to the special districts is accurate as the special assessments indicate funds are not sufficient to pay for outstanding bonds/assessments. There appears to be a shortage on the tax collections compared to the current amortization schedule for the special districts that needs to be addressed by the BOCC including legal counsel to determine the payment of the debt.
- The County does not have specific policies related to the journal entry process.

Cause - Due to insufficient or lack of policy's/procedures including internal control checks and balances over key financial processes that include timely reconciliations of accounts balances to supporting documents, misstatements occurred and were detected by EB and discussed with management and corrected during the audit process.

Elbert County, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2011

Effect - Misstatements undetected by management and not corrected in a timely manner may result in continued significant deficiencies, material adjustments or even qualification on the financial statements.

Recommendation - We recommend that the County Finance Department communicate with other departments on the importance of understanding the requirements of financial reporting. In addition procedures should be implemented which include the review of various significant financial processes to ensure that appropriate documentation is obtained to support the reported balances included in the financial statements of the County.

Management Corrective Action - Beginning in 2012, the County Finance Department became responsible for reconciling all cash accounts of the County. The Treasurer's office has changed their policy to record the electronic deposits on a timely basis to ensure accurate and timely reporting of cash received. The County Finance Department will work with the current contract consultant to implement appropriate policies and procedures to eliminate the lack of internal controls until such time as the County is able to hire a qualified Director of Finance to oversee this responsibility.

2011-C Reporting – Significant Deficiency

Criteria - The County is required to provide accurate GAAP basis financial data for preparation of its financial statements. Additionally, the County is responsible for preparing the SEFA that includes all federal expenditures incurred and to have effective internal controls that are designed and in place to prevent, detect and correct errors in a timely manner.

Condition - Based on testing performed during the 2011 audit, we noted the following related to Preparation of the SEFA and Timely Reporting to the State and Federal Clearinghouse:

- The County did not initially identify all federal grants that should be included in its SEFA. The federal grants that were not on the draft SEFA were: Homeland Security, EMPG grant, Public Health non cash vaccinations and CDOT. We discussed these grants with management and the final SEFA now includes these grants.
- The County did not file the 2011 audited financial statements by extension date of September 30, 2012 or file the required reports to the federal clearinghouse nine months after year end.

Elbert County, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2011

Cause - The financial close process relating to the SEFA did not include communications with all departments to ensure all the federal grants were included on the SEFA. Due to the lack of training and timely communication between the finance department and other departments, federal grants were initially not included on the SEFA until EB brought this to management's attention.

Due to insufficient financial records and errors made in prior years the 2011 financial statement and compliance audit could not be completed in a timely manner.

Effect - Without proper training, supervision and review, errors will continue and result in either overstatement or understatement of amounts reported within the County's SEFA. Also, without adequate supervision of the daily, monthly and year- end financial operations/processes, the problems noted during the audit process may continue, resulting in the County not meeting state or federal filing deadlines in the future and considered a high risk auditee for determining the amount of federal programs required to be tested.

Recommendation - We recommend the County's finance department communicate more frequently and thoroughly with all departments the existing policies and procedures regarding federal expenditures/SEFA, of the County. The finance department should also monitor these departments to ensure that they are properly reporting information in the SEFA and general ledger in a timely manner. The finance department should also review the Board of County Commissioners' meeting minutes to determine what departments are applying for and receiving grants and make sure that these grants are properly accounted for and identified on the SEFA.

We also recommend that all grants be reviewed and approved by the BOCC as to the cost/benefit before actually applying for them and implement a process to ensure all deadlines for reports are submitted timely.

Management Corrective Plan - The County Finance Department will play a more active role in establishing policies and procedures related to federal expenditures and the receipt of grant revenues. This department will also assist in establishing policies and procedures to ensure all program compliance is met, a copy of all documents related to each grant are maintained and filed in the department, and a calendar of reporting deadlines is established and monitored.

2011-D Cash Disbursement Documentation – Significant Deficiency

Criteria - The County is responsible for establishing and implementing a system of internal control that will prevent, detect and correct errors in a timely manner and to safeguard its assets.

Condition - We examined a sample of 40 cash disbursements made during 2011. We reviewed documentation to determine designed controls were consistently applied and disbursements were properly recorded as to amount, date, and account classification within the General Ledger. Of the 40 transactions sampled and tested we noted the following:

- 13 disbursements were accompanied by a Payment Request Voucher that was not signed by the requisitioning employee, but was signed by the respective department head.
- 12 disbursements were accompanied by a Payment Request Voucher that was not signed by the respective department head, but was signed by the requisitioning employee.
- 1 disbursement was accompanied by a Payment Request Voucher that was not signed at all.
- 33 disbursements there was no indication of review of invoice and approval by the Finance department prior to payment of invoice.

Effect - The potential for a material misstatement exists due to the County not complying with its own policy of internal controls over disbursements.

Cause - Due to the policy and staff changes at the County, the design appeared to be appropriate but the implementation was not consistently applied resulting in the County not preventing, detecting or correcting the issues noted above in a timely manner.

Recommendation - The County should continue to follow its policy to ensure that all cash disbursements are properly documented including proper reviews and coding to expenditure accounts, supervisor approvals and the finance department documents their final review of the disbursement including proper coding to the expenditure account. The County should consider a training session for all departments to ensure its internal controls objectives are communicated and understood.

Management Corrective Plan - The County made necessary changes to finance staff and will review its current policies and procedures to ensure that they adequately meet the requirements of the County. A training session will be held for all departments to ensure that the control objectives will be met going forward.

Section III – Federal Award Findings and Questioned Costs

**2011-01 Passed-through Colorado Department of Transportation
CFDA # 20.205
HIGHWAY PLANNING AND CONSTRUCTION (Federal-Aid
Highway Program)**

**Allowable Costs/Cash Management, Matching
Significant Deficiency of Internal Control over Compliance**

Criteria – Federal funds can be used only to reimburse costs that are: (a) incurred subsequent to the date of authorization to proceed, except for certain property acquisition costs permitted under 23 USC 108; (b) in accordance with the conditions contained in the project agreement and the plans, specifications, and estimates (PS&E); (c) allocable to a specific project; and (d) claimed for reimbursement subsequent to the date of the project agreement (23 CFR sections 1.9, 630.106, and 630.205).

Condition – A total of four cost reimbursements requests were submitted to CDOT in 2011 and 2012 for costs incurred in 2011. The first request indicated the total amount of the costs incurred and paid to the contractor of \$136,588 (net of retainage) and also reflected the 10% match of \$13,659 with a net amount due to the County of \$122,929. The cost reimbursement application prepared by the County was complete and correct, however, the county received the reimbursement for \$136,588 verse the \$122,929 resulting in an overpayment (advance) for a cost that was not incurred (disallowed cost and county match) in the amount of \$13,659. This error was not detected by County management until the auditors brought this to their attention. County management is in the process of applying the \$13,659 advance to future draws in 2012.

Questioned Costs – \$13,659

Effect – This error may result in scrutiny by the federal or state agencies or have an effect on future grants and continuing errors if not monitored closer and timely.

Cause – Due to this being a new federal grant for the county and not understanding the related federal compliance requirements resulted in ineffective internal controls over compliance with the federal requirements as errors were not being detected or corrected in a timely manner. The County does not have procedures in place to ensure the amount requested from the state for allowable costs is compared to the actual amount received. This error resulted in \$13,659 advance, disallowed costs and non compliance with matching that should have been detected by County management and applied to future draws in a timely manner.

Recommendation – We recommend the County establish a process that includes comparing the amount requested from the state to the amount received from the state and resolve any differences in a timely manner.

Management's Response and Corrective Action Plan – The CDOT accounting error occurred in November and was not recognized until construction of the project was terminated for the winter months. Now that the project is active again, the \$13,659 credit will be applied to the first reimbursement application in 2012. It is anticipated that this reimbursement application will be submitted to CDOT in June 2012. In addition, for all federally funded projects the County has established a process that requires reimbursement checks received to be cross referenced with each reimbursement application at time of receipt. A copy of the reimbursement check shall be stapled to a copy of the reimbursement application and inserted into the project manual. This cross-referencing process will be performed by qualified County Public Works staff.

**2011-02 Passed-through Colorado Department of Transportation
CFDA # 20.205
HIGHWAY PLANNING AND CONSTRUCTION (Federal-Aid
Highway Program)**

**Procurement, Suspension and Debarment
Significant Deficiency of Internal Control over Compliance**

Criteria –All recipients of Federal funds that use contractors are required to have controls over the procurement of contracts. Specifically all recipients who use contractors are required by OMB guidance contained in 2 CFR part 180 (implementation of Executive Orders 12549 and 12689) to perform procedures to ensure that contractors have not been suspended or debarred from federal contracting activity.

Government wide requirements for non-procurement suspension and debarment are contained in the OMB guidance in 2 CFR part 180, which implements Executive Orders 12549 and 12689, Debarment and Suspension. Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)*.

Elbert County, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2011

Condition – No EPLS check was performed on the highway construction contractor prior to awarding the contract for the project. County management was not aware of the compliance requirement to check on contractors or subcontractors for suspension or debarment in the procurement process until the auditors brought this to their attention. Management has since performed the EPLS check and the contractor is not suspended or debarred.

Questioned Costs – None

Effect – Failure to comply with federal grant requirements will result in non-compliance with laws and regulations and could result in contracts with parties that have been sanctioned or debarred and considered a disallowed cost.

Cause – County management or its engineering consultant were not aware of this compliance requirement and therefore did not have procedures in place to perform an EPLS check on the contractor before awarding the contract. Also, an EPLS check is not a Public Works contracting requirement.

Recommendation – We recommend County management establish a procedure that requires EPLS checks be performed on all federally funded contracts before the contract is awarded, i.e. during the bid process. We also recommend that if the County management uses their engineering consultant in this process that the EPLS check be added to the scope of work in the engineering consultant's contract to ensure compliance with this federal requirement. A final recommendation is all EPLS searches be printed and filed with the contract.

Management's Response and Corrective Action Plan – An EPLS check has been performed for the Kiowa-Bennett Roadway Improvement Project. Based on this EPLS check, it has been confirmed that the project general contractor is acceptable to perform the contracted work. Going forward, the County Public Works Department will perform an EPLS check on all general contractors prior to awarding contracts that utilize federal funding.

2011-03 **Passed-through Colorado Department of Transportation
CFDA # 20.205
HIGHWAY PLANNING AND CONSTRUCTION (Federal-Aid
Highway Program)**

**Davis Bacon
Significant Deficiency of Internal Control over Compliance**

Criteria - The US Department of Labor's (DOL) regulation in 29 CFR Parts 1, 3 and 5 provides the applicable policy for the implementation of prevailing wage rate requirements on federally funded construction projects. Congress extended these requirements to Federal assistance programs through a series of related acts. For the Federal-aid highway program, the related act is found in 23 U.S.C. 113 - "Prevailing rate of wage." Thus, Section 113 serves as the source statute for applicability determinations in the Federal-aid highway program while the DOL's statutes, regulations and directives provide the appropriate policy for implementing Section 113 prevailing wage rate requirements whenever these requirements apply to a Federal-aid highway project.

Prevailing wage rate requirements under 23 U.S.C. 113 generally requires all laborers and mechanics employed for construction work on Federal-aid highways shall be paid wages at rates not less than those prevailing wages as determined by the Secretary of Labor under the Davis-Bacon Act.
Section 113(a) states:

"The Secretary shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on the construction work performed on highway projects on the Federal-aid highways authorized under the highway laws providing for the expenditure of Federal funds upon the Federal-aid systems, shall be paid wages at rates not less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with sections 3141-3144, 3146, and 3147 of title 40.... "...all laborer's and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than less than those established by the locality of the project (prevailing wage rates) by the DOL (40 USC 3141- 3444, 3146, and 3147 formerly 40 USC 276a to 276a-7)..... "Non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contacts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6)."

Elbert County, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2011

“The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.....the objectives of internal control, and certain characteristics of internal control that, when present and operating effectively, may ensure compliance with program requirements. Circular A-133 defines internal control over federal programs as follows: Internal control pertaining to the compliance requirements for federal programs (internal control over federal programs) means a process – effected by an entity’s management and other personnel – designed to provide reasonable assurance for the achievement of the following objectives for federal programs:

- (1) Transactions are properly recorded and accounted for to:
 - (i) Permit the preparation of reliable financial statements and Federal reports;
 - (ii) Maintain accountability over assets; and
 - (iii) Demonstrate compliance with laws, regulations, and other compliance requirements;
- (2) Transactions are executed in compliance with:
 - (i) Laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on a Federal program; and
 - (ii) Any other laws and regulations that are identified in the compliance supplements; and
- (3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.”

Condition – County management and its engineering consultant were aware of Davis Bacon, although there was no documented process of what was performed to ensure compliance by either party.

We noted the following during our testing of compliance with Davis Bacon:

Weekly payroll certifications were not received from the general contractor (3/17) and two subcontractors (4/18 and 2/6) for work performed in 2011.

There is no documentation by the consultant or County management when the certified payrolls are received (date stamp), if all were received and no documentation if each certified payroll was recalculated to ensure the contractor/subcontractor was in compliance with Davis Bacon wages (initialed by reviewer the recalculation was completed).

Questioned Costs – None

Effect – Non compliance with Davis Bacon may result in state or federal reviews by DOL or the DOT.

Cause – Management was not aware of its responsibilities to monitor compliance with Davis Bacon requirements as the County had not previously receive this type of federal funding for roadway improvements. The County does not have procedures in place to ensure that an adequate monitoring process is in place to ensure compliance with this requirement.

Recommendation – We recommend management discuss with the consultant to ensure procedures and internal controls are in place to ensure compliance with Davis Bacon. This should be included in the scope of the consultant’s contract so responsibilities are understood by both parties.

Some of the controls to be considered in the written policy should include a date stamp when the certified payrolls are received, process for following up for payrolls not received timely and other measures including not paying the contractor until they comply. Another control would be management approval of the type of documentation required of the consultant on compliance with laborer’s being paid the prevailing wage rate which should include how many laborer’s will be tested, when tested and rate schedule used, including any errors noted and sent to the contractor for discussion/correction as needed. Without any documentation it cannot be proven this control was implemented and errors were detected or corrected timely. In addition, to meet the responsibility for monitoring compliance with the requirements of Davis Bacon, management should design and implement procedures to test the information provided by the consultant.

Management’s Response and Corrective Action Plan – The County has received and checked the three missing certified payrolls and inserted them into the project manual. The three certified payrolls were correct. Furthermore, the County has implemented a procedure that monitors Davis Bacon requirements to ensure compliance. This procedure has been reviewed and commented on by Eide-Bailey. The process includes weekly date stamping of all certified payrolls, periodic checks performed by the County to ensure the pay rates are correct for the area, actions to be taken should certified payrolls not be received within the appropriate timeframe, weekly discussions with the contractors regarding Davis Bacon compliance and periodic interviews of the contractors employees using Labor Standards Interview Form 1445.

**2011-04 Passed-through Colorado Department of Human Services
CFDA # 93.568
LOW-INCOME HOME ENERGY ASSISTANCE**

**Allowable Costs
Significant Deficiency of Internal Control over Compliance**

Criteria – The specific requirements for activities allowed or unallowed are unique to each Federal program and are found in the laws, regulations, and the provisions of contract or grant agreements pertaining to the program. Internal controls are to be in place to provide reasonable assurance that Federal awards are expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles.

Condition – The LEAP technician works on the LEAP program from September through May of each year. The entire year salary for the LEAP technician was charged to the LEAP program in the amount of \$19,049 when \$14,441 was applicable to the LEAP grant. The LEAP technician's contract stipulates that November to April will be spent on the LEAP program and the remaining months are to be spent on other social services programs.

Questioned Costs – \$4,608 (June, July, August)

Effect – This is a violation of federal and state regulations that may result in additional oversight (desk or program reviews) by the federal or state agencies or the funds may have to be repaid to the state.

Cause – The County was not aware of the overcharge of salary to the LEAP grant during 2011 but has since corrected the contract scope and the amount charged to the LEAP program to ensure compliance with federal and state regulations.

Recommendation – We recommend the County establish a process that includes monthly monitoring of the time sheet submitted by the LEAP technician and ensure the charges to the LEAP program and other social services programs are accurate and properly recorded in the state system for reimbursement of allowable costs.

Management's Response and Corrective Action Plan

The LEAP tech's contract will be revised by the end of October 2012 to reflect the actual time worked on the LEAP program for September to the end of May. The Supervisor and Chief financial officer will monitor time sheets monthly for accurate reporting.

**2011-05 Passed-through Colorado Department of Human Services
CFDA # 93.568
LOW-INCOME HOME ENERGY ASSISTANCE**

**Eligibility
Significant Deficiency of Internal Control over Compliance**

Criteria – The requirements for eligibility are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award. The state LEAP regulations are in Vol. 3 Section 3.756.14 that requires “A county department shall have up to fifty (50) calendar days from the date of application as defined in the “Definitions” section (3.751.1) of these rules to determine eligibility”. The time starts from the date the signed and completed application is date stamped as received by the County to the date the individual is ruled eligible or not.

Condition – 2/60 participant files tested exceeded the 50 day rule for determining eligibility.

Questioned Costs – None

Effect – This is a violation of the state regulations that may result in additional oversight (desk or onsite reviews) by the federal or state agencies.

Cause – The County has one LEAP technician to complete the application and eligibility process and during the busier season of the LEAP program, November and December, the technician was not able to complete the process timely. Also the reports were not reviewed closely by the LEAP supervisor to determine the applicants that were close to the 50 day rule. The County does not have procedures in place to ensure the reports are reviewed timely and take the proper action to ensure compliance with the 50 day rule.

Recommendation – We recommend the County establish a process that includes the supervisor review and documentation of the monthly reports that show the participants that are close to the 50 day rule and the supervisor assist the LEAP technician to ensure those participants that are close to the 50 days be processed first to avoid noncompliance with the regulation.

Management’s Response and Corrective Action Plan

We have limited staff as well as working a 36 hour week. The LEAP supervisor is also the Adult programs eligibility tech carrying an average of 280 cases and 391 programs monthly in 2011. Our plan is to hire an Adult Programs technician and we are in the process at this time. This additional staffing will free up the Supervisor time to review reports and cases for LEAP and other programs.

**2010-02 U.S. Department of Agriculture
Passed-through Colorado Department of Human Services**

Cluster:

**CFDA# 10.551 - SUPPLEMENTAL NUTRITION ASSISTANCE
PROGRAM (SNAP)**

**CFDA# 10.561 -STATE ADMINISTRATIVE MATCHING GRANTS FOR
THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM**

**CFDA#93.558 - TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
(TANF)**

Significant Deficiency

Finding – One instance of late filing of the November 2010 report to the State of Colorado, in January 2011.

Status – The Elbert County Department of Human Services finance department created a calendar of applicable due dates to insure that uploads to CFMS are made on a timely basis.

Auditor Response – Fully implemented.

**2010-03 U.S. Department of Agriculture
Passed-through Colorado Department of Human Services
CFDA#93.558 - TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
(TANF)**

Significant Deficiency

Finding – The County made payments to certain contractors in advance of when service was provided by the contractor, under contracts that specified that payment is not to be made before services are provided.

Status – The Elbert County Department of Human Services reviewed practices related to payment of contracts and included procedures which require the submission of a request for payment of services. This request requires that the services must be completed at the time the request is made.

Auditor Response – Fully implemented.