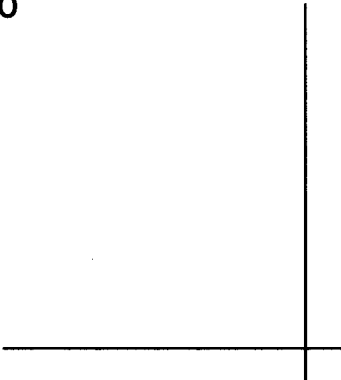




**ELBERT COUNTY, COLORADO**

**FINANCIAL STATEMENTS**

**December 31, 2003**



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**Board of County Commissioners  
Elbert County, Colorado**

### Independent Auditors' Report

We have audited the accompanying basic financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, of Elbert County, Colorado, as of and for the year ended December 31, 2003, 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, Colorado's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the Emergency Telephone Service Authority (Authority) as of and for the year ended December 31, 2003. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to amounts included for the Authority, is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 opinion.

As discussed in Note 1 to the basic financial statements, Elbert County, Colorado, adopted Governmental Accounting Standards Board Statement No. 34, 37 and 38 and Interpretation 6 as of and for the year ended December 31, 2003.



**Board of County Commissioners  
Elbert County, Colorado**

**In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Elbert County, Colorado, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.**

**In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2004 on our consideration of Elbert County, Colorado'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.**

**Management's Discussion and Analysis and the budgetary comparison information on pages i through vii and 32 through 37 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and, accordingly, we do not express an opinion on it.**

**Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual nonmajor fund financial statements, the Local Highway Finance Report, and the schedule of federal awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* and are not a required part of the basic financial statements of Elbert County, Colorado. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.**

June 25, 2004

  
**BONDI & Co. LLC**

## 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, 2003.

### Financial Highlights

- Assets exceeded liabilities by \$6,221,339 (*net assets*) at the close of the fiscal year. Of this amount, \$610,103 in *unrestricted net assets* is available to meet ongoing and future obligations of the County.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$3,030,496.
- Total net assets increased by \$100,317.
- Total cash and investments decreased by \$317,930 as compared to the prior year.
- Property tax revenue decreased by \$272,802 as compared to the prior year.
- General fund expenditures decreased by \$649,789 as compared to the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was a deficit of \$341,479.
- Total debt increased by \$1,537,318, or 120% during the current fiscal year. The key factor for this increase was the recognition of claims of overpayment from the Highway Users Trust Fund of \$1,299,661.

### 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 comprise 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.

