

KIT CARSON COUNTY, COLORADO
FINANCIAL STATEMENTS
DECEMBER 31, 2009

rfarmer, llc
a certified public accounting and consulting firm

**Kit Carson County, Colorado
Annual Financial Report
For the Year Ended December 31, 2009**

TABLE OF CONTENTS

FINANCIAL SECTION

Report of Independent Certified Public Accountant.....	1
Management's Discussion and Analysis (RSI).....	iii

Basic Financial Statements:

Government-Wide Financial Statements:	
Statement of Net Assets.....	3
Statement of Activities.....	4

Governmental Fund Financial Statements:

Balance Sheet.....	5
Reconciliation of Total Governmental Fund Balances to the Statement of Net Assets.....	6
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	8

Proprietary Fund Financial Statements:

Statement of Net Assets- Proprietary Funds.....	9
Statement of Revenues, Expenses and Changes in Net Assets- Proprietary Funds.....	10
Statement of Cash Flows- Proprietary Funds.....	11

Fiduciary Fund Financial Statements:

Statement of Fiduciary Net Assets.....	12
--	----

Notes to the Financial Statements.....	13
---	-----------

Required Supplementary Information Other Than MD&A:

Schedules of Revenues, Expenditures and Changes in Fund Balance-Actual and Budget	
Major Funds:	
General Fund.....	28
Road & Bridge.....	29
Public Welfare.....	30

Supplemental Information:

Combining Statements of Non-major Governmental Funds:	
Combining Balance Sheet.....	31
Combining Statements of Revenues, Expenditures and Changes in Fund Balances.....	32

Kit Carson County, Colorado
Annual Financial Report
For the Year Ended December 31, 2009

TABLE OF CONTENTS
(Continued)

Schedules of Revenues, Expenditures and Changes in Fund Balance- Actual and Budget	
Non-Major Governmental Funds:	
Special Revenue Funds:	
E911	33
Conservation Trust	34
Contingent	35
Solid Waste	36
Capital Projects Funds:	
Capital Projects Fund	37
Schedule of Revenues, Expenditures and Changes in Net Assets- Actual and Budget	
Enterprise Fund:	
Correctional Center Authority	38
Schedule of Due From/ Due to The State of Colorado- Public Works Fund	39
Local Highway Finance Report	40
SINGLE AUDIT	
Schedule of Findings and Questioned Costs	42
Schedule of Expenditures of Federal Awards	43
Report on Compliance and on Internal Control Over Financial Reporting	
Based on an Audit of Financial Statements Performed in Accordance	
With <i>Government Auditing Standards</i>	44
Report of Compliance With Requirements Applicable to Each Major Program and	
Internal Control Over Compliance in Accordance with OMB Circular A-133	46

rfarmer, llc
a certified public accounting and consulting firm

To the Board of County Commissioners
Kit Carson County
Burlington, Colorado

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, business-like activities, each major fund and the remaining aggregate funds of Kit Carson County, as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County and management. Our responsibility is to express our 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 the County and 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 financial position of the governmental activities, business-like activities, each major fund, and the remaining aggregate funds of Kit Carson County, at December 31, 2009, and the respective changes in financial position and cash flows for the various funds 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 a report dated August 18, 2010, on our consideration of the Kit Carson County, Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of the report is to describe the scope of our testing of internal controls 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages iii through vii and the budgetary information on pages 29 through 31 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 principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it

Our audit was performed for the purpose of forming our opinions on the financial statements of Kit Carson County, Colorado taken as a whole. The accompanying schedule of expenditures of federal awards is 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 is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 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.

***r*farmer, llc**

August 18, 2010
Lamar, Colorado

August 12, 2010

Management Discussion and Analysis

To the Board of County Commissioners and to the Citizens of Kit Carson County, Colorado:

The annual budget serves as the foundation for the County's financial planning and control. Pursuant to Colorado Statute, public hearings are conducted and a final budget is legally enacted no later than December 31, the close of the County's fiscal year. Any revisions that alter total expenditures of any fund require supplemental appropriation, which is subject to public hearing and taxpayer response similar to the original budget. Budget-and-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Accomplishments

Kit Carson County continues to move forward as a responsive and responsible government.

Highlights of our continued progress in 2009 included:

- A 2009 Temporary Tax Credit of .949 mills was made available to the Kit Carson County taxpayers, reducing their estimated tax burden by \$109,932.
- The Road & Bridge Districts applied for and were awarded a total of \$430,425 in 2008 by the Energy Impact Fund to assist in the costly maintenance of 7.4 miles of overlay and 8.8 miles of chip seal in an effort to maintain the county's 95 miles of oiled roads. Due to the prohibitive cost of oil products at the end of 2008, the Board of Commissioners voted to postpone the implementation of this project until 2009, hoping oil prices will drop to a manageable level. As we saw, this was a prudent decision and saved the county \$189,522 in asphalt overlay cost and a projected savings in \$40,409 in chip seal emission costs had we gone ahead with the project in late 2008.
- In 2008, the Emergency Management Department was awarded a \$405,430 Public Safety Interoperable Communications Grant (PSIC). Of that funding, \$346,949 is earmarked for Kit Carson County to use to upgrade local radio equipment and infrastructure needed to link into the State Communications Portal system. An additional \$25,000 in USDA Rural Development grant funding was awarded to offset county match needed for the PSIC grant.
 - Further funding through DOLA to build a new radio tower necessary to host this equipment was sought in 2009. Due to the economy, this funding was not awarded in 2009 but is being awarded in 2010. This project will move forward in 2010 and enable Kit Carson County and other area emergency response agencies to directly tie into State emergency communication systems.
- In 2009, \$5,653,782 was received by Kit Carson County through Operating Grants and Contributions.
 - Other County Departments continued to work together finding and implementing cost saving measures internally to help trim expenses. Examples are:
 - The combining of the Assessor's Notices of Valuation with the Treasurer's Tax Notices in the intervening year and the combining of the Assessor's Senior

- Citizen Exemption Notices with the Treasurer's Tax Notices to save on postage, paper and envelopes.
 - The grouping of correspondence and notices by mailing address to save on postage expenses.
 - County employees also participated in remote learning opportunities and teleconferencing whenever possible, to save in fuel and lodging expenses and commute time.
 - The county website continued to be updated and content was enhanced to provide online access to more County information, including job notices and 2009 election results.
 - Kit Carson County continued to support community programs, such as VA Clinic, Senior Center meal sites, RSVP, DDI, annual Kit Carson County Fair, PRCA Rodeo and 4-H program and other worthwhile efforts.

Opportunities and Challenges

Opportunities and Challenges for 2010 continue to be compliance with Federal and State rules and regulations; addressing transportation and telecommunications infrastructure maintenance, absorbing state budget cuts meeting health and human services growing requirements and other various factors. Among these are:

- The costs of fuel and fuel based products like asphalt and chip seal emulsion have continued to limit the capacity of the county to self fund many road maintenance projects. The impact of the fuel and energy cost increases also have direct impact on other Departments like the Sheriff's Office, Ambulance Services and Grounds and Buildings who need to accommodate these increases in their budgets.
- Balancing and funding continued increases in the cost of health insurance for county employees and their families with their need for cost of living wage increases. To address this, the county changed policy, and in 2009 county employees began directly bearing the costs of their health insurance premium increases with out of pocket contributions.
- Finding solutions to work with federal Help America Vote Act (HAVA) and voting machine re-certification requirements. In addition, meeting continued education requirements for new election software for the state wide election system also challenge staff and budget.
- Managing and implementing the constant barrage of mandated programs and regulation changes in state and federal social service programs and the meeting the cost to administer these programs is a constant strain on the county budgets.
- Finding and maintaining adequate office space and infrastructure for department staff and programs.
- Finding alternative sources of funding to meet unfunded mandated requirements and programs without having to cause burden to the taxpayer.
- Finding solutions for meeting water consumption allocation requirements defined in the Republican River Compact.

The overall County Mill Levy for 2009 will be 37.942 mills, remaining at the 1993 level. However, the Board is giving a .949% temporary tax credit which was reflected in the 2008 assessed taxes to be paid in 2009. The total county assessed valuation increased from \$108,558,491 in 2008 to \$120,559,180, an increase of \$12,040,689 for 2009.

Accounting Policies

The accounts of the County are organized on the basis of funds and account groups. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. In 2009, a Public Health fund was added to aid in tracking those funds.

The Funds in 2009 were as follows:

- General Fund
- Public Health
- Road and Bridge
- Solid Waste
- Capital Expenditures
- Conservation Trust
- Social Services
- E-911
- Contingent
- KCC Facilities

The County's fiscal year 2009 financial statements were audited by rfarmer, llc, Certified Public Accountants, Lamar, Colorado. Such financial statements are the most current audited financial information available for the County.

Major Sources of General Fund Revenues

The governmental fund utilized for the administration and operation of the County is the General Fund. Ordinary operations of the fund included county administration, public health, law enforcement, assessment, recording and collection of taxes, law enforcement and other activities financed through taxes, grants and general revenues. The following are the major sources of revenue to this fund. The expenditure of certain revenues, or portions thereof, may be subject to restricted uses.

Ad Valorem Property Taxes. The largest source of revenue to the County's General Fund is taxes comprised primarily of ad valorem property taxes levied pursuant to state law against all taxable property within the County. The County budgeted in 2009 to receive approximately 56% of total General Fund revenues from ad valorem property taxes.

Grants. The County applies for and upon award, receives grant revenue to fund or assist in funding specific projects. These project specific awards are received from Federal, State, and private agencies like FEMA, Department of Local Affairs, the Division of Criminal Justice and the Colorado State Court System and are used to offset expenses that would normally be borne by the taxpayer.

Other Revenue Sources. The County also receives revenue from several additional sources including specific ownership taxes, highway users' taxes (for Road & Bridge only), licenses and permits, intergovernmental revenues (federal, state, and local governments), fee accounts and charges for services.

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. The largest portion of the County's net assets reflects its investment in capital assets (e.g. land and improvements, buildings and improvements, vehicles, machinery, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its constituents; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of

related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The County's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Assets for the period ending December 31, 2009

The current year's financial statements reflect the implementation of GASB 34.

Current Assets	\$ 8,350,843
Non-Current Assets	<u>\$ 8,487,503</u>
Total Assets	\$16,838,346
Current Liabilities	\$ 4,686,721
Non-Current Liabilities	<u>\$ 888,833</u>
Total Liabilities	\$ 5,575,554
Net Assets	
Investment in capital assets (net of debt)	\$ 7,719,110
Unrestricted	<u>\$ 3,543,682</u>
Total Net Assets	\$ 11,262,792

The change in Net Assets from 2008 to 2009 reflects an increase of \$ 150,437.

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact the County Administrator at (719) 346-8133 or by mail at PO Box 160, Burlington CO 80807.

Kit Carson County, Colorado
Statement of Net Assets
December 31, 2009

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and Equivalents	\$ 3,787,111	\$ 53,342	\$ 3,840,453
Receivables	4,581,804	-	4,581,804
Due from Other Governmental Agencies	65,246	-	65,246
Capital Assets			
Land and improvements	89,757	-	89,757
Buildings	3,798,712	1,841,686	5,640,398
Equipment and Furniture	10,700,900	-	10,700,900
Less: Accumulated Depreciation	(7,711,871)	(368,341)	(8,080,212)
Total Capital Assets	<u>6,877,498</u>	<u>1,473,345</u>	<u>8,350,843</u>
Total Assets	<u>15,311,659</u>	<u>1,526,687</u>	<u>16,838,346</u>
LIABILITIES			
Accounts payable and accrued expenses	63,820	-	63,820
Due to other governmental agencies	41,097	-	41,097
Deferred Revenues	4,581,804	-	4,581,804
Long-term liabilities			
Due within one year			
Bonds, capital leases and contracts	213,209	-	213,209
Compensated Absences	79,995	-	79,995
Due in more than one year			
Bonds, capital leases and contracts	418,524	-	418,524
Compensated absences	<u>177,105</u>	<u>-</u>	<u>177,105</u>
Total liabilities	<u>5,575,554</u>	<u>-</u>	<u>5,575,554</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,245,765	1,473,345	7,719,110
Unrestricted	<u>3,490,340</u>	<u>53,342</u>	<u>3,543,682</u>
Total net assets	<u>\$ 9,736,105</u>	<u>\$ 1,526,687</u>	<u>\$ 11,262,792</u>

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

Kit Carson County, Colorado
Statement of Activities
For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 2,589,121	\$ 942,903	\$ 266,593	\$ -	\$ (1,379,625)	\$ -	\$ (1,379,625)
Public Safety	1,770,866	110,655	99,320	-	(1,560,891)	-	(1,560,891)
Public Works	3,964,441	21,090	2,573,195	-	(1,370,156)	-	(1,370,156)
Health, Welfare and Sanitation	3,544,485	256,274	2,692,251	-	(595,960)	-	(595,960)
Culture and Recreation	156,396	47,893	22,423	-	(86,080)	-	(86,080)
Interest on Long-term debt	3,445	-	-	-	(3,445)	-	(3,445)
Total governmental activities	<u>12,028,754</u>	<u>1,378,815</u>	<u>5,653,782</u>	<u>-</u>	<u>(4,996,157)</u>	<u>-</u>	<u>(4,996,157)</u>
Business-type activities:							
Correctional Facility	36,834	-	-	-	-	(36,834)	(36,834)
Total business-type activities	<u>36,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,834)</u>	<u>(36,834)</u>
Total primary government	<u>\$ 12,065,588</u>	<u>\$ 1,378,815</u>	<u>\$ 5,653,782</u>	<u>\$ -</u>	<u>\$ (4,996,157)</u>	<u>\$ (36,834)</u>	<u>\$ (5,032,991)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 3,913,077	\$ -	\$ 3,913,077
Public service taxes					548,127	-	548,127
Unrestricted investment earnings					76,574	-	76,574
Miscellaneous					(1,476)	-	(1,476)
Special item - gain (loss) on sale of asset					647,126	-	647,126
Transfers					-	-	-
Total general revenues, special items, and transfers					<u>5,183,428</u>	<u>-</u>	<u>5,183,428</u>
Change in net assets					187,271	(36,834)	150,437
Net assets - beginning					9,548,834	1,563,521	11,112,355
Net assets - ending					<u>\$ 9,736,105</u>	<u>\$ 1,526,687</u>	<u>\$ 11,262,792</u>

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

Kit Carson County, Colorado
Balance Sheet
Governmental Funds
December 31, 2009

	General	Road & Bridge	Public Welfare	Public Health Agency	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,563,319	\$ 812,556	\$ 108,704	\$ 38,153	\$ 1,264,376	\$ 3,787,108
Taxes receivable, net	3,081,309	1,440,195	-	-	60,300	4,581,804
Receivable from other governments	-	-	65,246	-	-	65,246
Total assets	<u>4,644,628</u>	<u>2,252,751</u>	<u>173,950</u>	<u>38,153</u>	<u>1,324,676</u>	<u>8,434,158</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	21,648	35,578	-	1,507	5,087	63,820
Deferred revenue	3,081,309	1,440,195	41,097	-	60,300	4,581,804
Deferred revenue	3,102,957	1,475,773	41,097	1,507	65,387	4,686,721
Fund balances:						
Unreserved	1,541,671	776,978	132,854	36,646	-	2,488,149
Unreserved, reported in non-major:						
Special revenue funds	-	-	-	-	964,554	964,554
Capital projects funds	-	-	-	-	294,735	294,735
Total fund balances	<u>1,541,671</u>	<u>776,978</u>	<u>132,854</u>	<u>36,646</u>	<u>1,259,289</u>	<u>3,747,438</u>
Total liabilities and fund balances	<u>\$ 4,644,628</u>	<u>\$ 2,252,751</u>	<u>\$ 173,951</u>	<u>\$ 38,153</u>	<u>\$ 1,324,676</u>	<u>\$ 8,434,158</u>

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

Kit Carson County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	<u>General</u>	<u>Road & Bridge</u>	<u>Public Welfare</u>	<u>Public Health Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property Taxes	\$ 2,419,543	\$ 1,047,399	\$ (1,634)	-	\$ 447,768	\$ 3,913,076
SO Tax	319,322	170,396	-	-	58,409	548,127
Fees and fines	3,621	-	-	-	-	3,621
Licenses and permits	34,275	21,378	-	23,051	-	78,704
Intergovernmental	390,882	2,551,817	2,167,654	519,477	23,656	5,653,486
Charges for services	980,072	21,090	-	44,206	255,954	1,301,322
Investment earnings	76,317	-	-	-	257	76,574
Miscellaneous	(7,549)	1,314	-	(9)	(1,112)	(7,356)
Total revenues	<u>4,216,483</u>	<u>3,813,394</u>	<u>2,166,020</u>	<u>586,725</u>	<u>784,932</u>	<u>11,567,554</u>
EXPENDITURES						
Current:						
General government	2,293,588	57,180	-	-	17,423	2,368,191
Public safety	1,779,031	-	-	-	57,978	1,837,009
Public works	-	3,433,958	-	-	-	3,433,958
Health, welfare and sanitation	-	-	2,451,551	788,164	293,873	3,533,588
Culture and recreation	145,670	-	-	-	12,232	157,902
Debt Service:						
Principal	-	315,112	-	-	36,256	351,368
Interest and other charges	-	3,445	-	-	-	3,445
Capital Outlay	126,363	565,465	-	-	26,592	718,420
Total Expenditures	<u>4,344,652</u>	<u>4,375,160</u>	<u>2,451,551</u>	<u>788,164</u>	<u>444,354</u>	<u>12,403,881</u>
Excess (deficiency) of revenues over expenditures	<u>(128,169)</u>	<u>(561,766)</u>	<u>(285,531)</u>	<u>(201,439)</u>	<u>340,578</u>	<u>(836,327)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from capital leases	-	425,636	-	-	-	425,636
Other source	-	-	1,593	-	-	1,593
Transfers in	-	-	-	238,085	-	238,085
Transfers out	(238,085)	-	-	-	-	(238,085)
Total other financing sources and uses	<u>(238,085)</u>	<u>425,636</u>	<u>1,593</u>	<u>238,085</u>	<u>-</u>	<u>427,229</u>
Net change in fund balances	<u>(366,254)</u>	<u>(136,130)</u>	<u>(283,938)</u>	<u>36,646</u>	<u>340,578</u>	<u>(409,098)</u>
Fund balances - beginning	1,907,925	913,108	416,792	-	918,711	4,156,536
Fund balances - ending	<u>\$ 1,541,671</u>	<u>\$ 776,978</u>	<u>\$ 132,854</u>	<u>\$ 36,646</u>	<u>\$ 1,259,289</u>	<u>\$ 3,747,438</u>

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

Kit Carson County, Colorado
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2009

Net change in fund balances - total governmental funds: \$ (409,098)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.
This is the amount by which capital outlay of \$718,420 was less than depreciation of \$837,785 in the current period. (119,365)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. 647,126

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments. (74,268)

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

Change in Compensated Absences not reflected on Governmental funds 142,877

Change in net assets of governmental activities \$ 187,272

Kit Carson County, Colorado
Statement of Net Assets
Proprietary Funds
December 31, 2009

	Enterprise Funds	
	Kit Carson County	Total
	Facility Fund	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 53,343	\$ 53,343
Total current assets	53,343	53,343
Non-current assets:		
Capital Assets:		
Buildings	1,841,686	1,841,686
Less Accumulated depreciation	(368,341)	(368,341)
Total non-current assets	1,473,345	1,473,345
Total assets	1,526,688	1,526,688
NET ASSETS		
Invested in capital assets, net of related debt	1,473,345	1,473,345
Unrestricted	53,342	53,342
Total net assets	\$ 1,526,687	\$ 1,526,687

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

Kit Carson County, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2009

	Enterprise Funds	
	Kit Carson County	Total
	Facility Fund	
REVENUES		
Charges for services	\$ -	\$ -
Total operating revenues	-	-
OPERATING EXPENSES		
Depreciation	36,834	36,834
Total Operating Expenses	36,834	36,834
Operating income (loss)	(36,834)	(36,834)
NON-OPERATING REVENUES (EXPENSES)		
Miscellaneous revenue	-	-
Total non-operating revenue (expenses)	-	-
Income (loss) before contributions and transfers	(36,834)	(36,834)
Change in net assets	(36,834)	(36,834)
Total net assets - beginning	1,563,521	1,563,521
Total net assets - ending	\$ 1,526,687	\$ 1,526,687

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

Kit Carson County, Colorado
Proprietary Fund Type
Statement of Cash Flows
for the year ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:	\$
Cash Received	-
Net Cash Provided (Used) By Operating Activities	-
CASH FLOWS FROM INVESTING ACTIVITIES:	
Miscellaneous Income	-
Net Cash Provided (Used) By Investing Activities	-
Net Increase (Decrease) in Cash & Cash Equivalents	-
Cash and Cash Equivalents At Beginning Of Year	53,343
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 53,343
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (36,834)
Adjustments to Reconcile Operating Income	
To Net Cash Provided by Operating Activities:	
Depreciation and Amortization	36,834
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ -

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

Kit Carson County, Colorado
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2009

	TOTAL AGENCY FUNDS
ASSETS:	
Cash and cash equivalents	<u>\$ 403,562</u>
Total Assets	<u><u>403,562</u></u>
LIABILITIES:	
Due to other governmental units	403,562
Total liabilities	<u><u>\$ 403,562</u></u>

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

Kit Carson County, Colorado
Notes to Financial Statements
December 31, 2009

Note 1-

Reporting entity

Kit Carson County is a political subdivision of the State of Colorado, governed by an elected three-member Board of County Commissioners. There are also five other elected officials of Kit Carson County (Assessor, Clerk and Recorder, Sheriff, Coroner, and Treasurer).

All financial transactions of the offices of elected officials of Kit Carson County are included in the General Fund of the County's basic financial statements. The Board of County Commissioners has budgetary authority over the elected officials and is accountable for all fiscal matters. County property taxes fund a significant portion of the costs of operating the elected officials' offices. Services provided by the elected officials are for the benefit of Kit Carson County residents and are conducted within the boundaries of the County.

These basic financial statements present the financial position of Kit Carson County (the primary government) and its component units in accordance with Statement 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity". The County has no component units.

Note 2-

Summary of significant accounting policies

The accounting and reporting policies of Kit Carson County, Colorado (the County) conform to accounting principles generally accepted in the United States of America (USGAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the County's financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide and Fund Financial Statements The County's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the County accompanied by a total column. Fiduciary activities of the County are not included in these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and

charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customer or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segments 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, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are presented on an *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the County's assets and liabilities, including capital assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Fund level 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 County considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax, sales tax, intergovernmental revenues and other taxes. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue

items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

General Fund This is the County's primary operating fund. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Road & Bridge Fund This fund accounts for maintenance of all County roads and bridges.

Department of Social Services This fund accounts for public welfare costs paid to qualifying clients. The majority of federal funds expended are expenses through this fund.

Proprietary funds are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets present increases (revenue) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operating of the fund. All other expenses are reported as non-operating expenses.

The County reports the following major proprietary fund:

Kit Carson County Facility Fund This fund accounts for the purchase of the jail and the sheriff's office and the lease of the facility to the general fund. This fund is also the reporting of donations and money earmarked for the construction of future KCC facilities such as a new 4H building at the fairgrounds.

The County reports the following fiduciary fund:

Cash With County Treasurer & Public Trustee This fund accounts for cash held at year-end and due to other entities. The amounts are not included in any other financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities

and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

The County applies all applicable GASB pronouncements as well as the pronouncements issued on or before November 30, 1989, to the business-type activities, unless those pronouncements conflict with or contradict GASB pronouncements.

Reconciliation of the Fund financial statements to the Government-Wide financial statements is provided in the financial statements to explain the differences created by the integrated approach of GASB Statement No. 34.

The County follows the policy of capitalizing all assets that cost more than \$5,000 with an estimated useful life of more than one year. The useful lives of the assets are:

Infrastructure	75 years
Buildings & Improvements	50-100 years
Furniture & Fixtures	7-12 years
Machinery, Equipment, & Vehicles	5-12 years

Infrastructure, if any, will be capitalized beginning January 1, 2006.

Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues. The statement of activities reports separately three categories of program revenues: (a) charges for services, (b) program-specific *operating* grants and contributions, and (c) program-specific *capital* grants and contributions.

Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Revenues in this category include fees charged for specific services, such as water use or garbage collection; licenses and permits, such as liquor licenses, and building permits; operating special assessments and any other amounts charged to service recipients.

Program-specific grants and contributions (operating and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes- to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the reporting government. These

categories of program revenue are specifically attributable to a program and reduce the net expense of that program to the reporting government. Multi-purpose grants (those that provide financing for more than one program) are reported as program revenue if the amounts restricted to each program are specifically identified in either the grant award or the grant application. Multi-purpose grants that do not provide for specific identification of the programs and amounts are reported as general revenues.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Interfund Transactions

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the County are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expended in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. At year-end, outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-

type activities are reported in the government-wide financial statements as “internal balances”.

Budgets and budgetary accounting

Annual budgets are adopted as required by Colorado Statutes. Formal budgetary integration is employed as a management control device during the year.

The budget calendar is as follows:

August 25 Assessors must submit abstract of assessments, reflecting all assessed values of property in the County by class and subclass to the Division of Property Taxation.

Assessors must certify to all taxing entities and the Division of Local Government of the new total assessed valuation and the amounts for the various factors needed to compute the statutory property tax revenue limits.

October 15 Statutory deadline for submission of proposed budget to the local governing body. “Notice of Budget” to be published when budget received.

December 15 Statutory deadline for certification of mill levies to the Board of County Commissioners. Local government levying a property tax must adopt their budget before certifying the levy to the County. Local Governing Body shall enact an ordinance or resolution making appropriations for the ensuing fiscal period.

December 22 Statutory deadline for Board of County Commissioners to certify levies and revenues to assessor and the Division of Property Taxation.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons in this report are presented on the GAAP basis except those adopted by the proprietary funds.

Appropriations are adopted by resolution for each fund in total. Over expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations. All appropriations lapse at year-end.

Supplemental budgets were adopted during 2009.

Cash and cash equivalents

For purposes of the statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property taxes

Annual property taxes are levied and assessed on January 1, and are certified by the County by November 1 of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property. The County Treasurer also collects the property taxes and remits collections on a monthly basis to the County. County property tax revenues are recognized, as they become current receivables from the County Treasurer. One-half of the property taxes are due by February 28 and one-half due by June 15 or all may be paid by April 30 to avoid penalties and interest.

Taxes receivable represent 2009 assessed tax to be collected in 2010. This receivable has been offset with a charge to Deferred Revenue.

Compensated Absences

Full-time employees are allowed sick leave of 12 days per year after one year of employment. Up to 180 days may be accumulated. Upon separation of employment, 25% of accumulated days may be paid at the employee's current pay level.

Full-time employees accrue vacation immediately at a rate of 1 day per month. They receive these 12 working days per year through 5 years of service. Those employees with 6-10 years of service receive 13.5 working days, those with 11-20 years receive 18 working days, and those with 21 and more years receive 25.5 working days per year. Leave must be taken in the subsequent year, with no more than 5 days balance at the end of the qualifying year.

	Beginning of Year	Additions	Deletions	End of Year
Accrued Vacation	<u>\$ 399,974</u>	<u>\$ -</u>	<u>\$ (142,874)</u>	<u>\$ 257,100</u>

Contraband

Per Colorado Contraband Forfeiture Act (CRS 16-13-501 to 511), proceeds received from the seizure of contraband must be used for the specific purpose of law enforcement activities. These proceeds are exempt from the appropriation process. Kit Carson County received no material proceeds from contraband during 2009.

Deposits and Investments

Deposits

Colorado State Statutes, specifically the Public Deposit Protection Act of 1989, require all public monies to be deposited in financial institutions that have been designated as eligible public depositories. Eligible public depositories must pledge eligible collateral, as promulgated by the State banking board, having a market value in excess of 102% of the aggregate uninsured public deposits. Eligible collateral must be held in the custody of any federal reserve bank or any branch thereof or of any depository trust company which is a member of the Federal Reserve System, and which is supervised by the State banking board. The Statutes further restrict such deposits to eligible public depositories having their principal offices within the State of Colorado.

Some of the bank balances of the County's deposits not covered by Federal Deposit Insurance Corporation but the banks are pledging their own investments under the requirement of the Public Deposit Protection Act.

All deposits made by the County treasurer in 2009 were done so in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

The County is not subject to any other risks relating to deposits.

Investments

Colorado State Statutes authorize the County to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper, repurchase agreements, money market funds, and local government investment pools with a maturity date no more than five years from the date of purchase. Investments are reported at fair value, except for non-participating contracts, which are reported at amortized cost.

Local government investment pools include: Colorado Liquid Asset Trust (COLOTRUST), the Colorado Surplus Asset Fund Trust (CSAFE), the Colorado Diversified Trust (CDT), and the Government Asset Pool (GAP), which are like investment pools. Investments are valued at amortized cost with each share valued at \$1.00. The Colorado Division of Securities with regard to operations and investments routinely monitors the investment pools. Investments consist of U.S. Treasury bills, noted and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. All securities owned by each pooled investment are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by each pool investor.

At December 31, 2009, the County had no investments in any local government investment pool.

Note 4 - **Capital Assets**

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Land	<u>89,757</u>	<u>-</u>	<u>-</u>	<u>89,757</u>
Total capital assets, not being depreciated	<u>89,757</u>	<u>-</u>	<u>-</u>	<u>89,757</u>
Capital assets, being depreciated:				
Buildings and Improvements	3,452,836	345,876	-	3,798,712
Equipment and Furniture	<u>12,243,008</u>	<u>718,420</u>	<u>(2,260,528)</u>	<u>10,700,900</u>
Total capital assets being depreciated	<u>15,695,844</u>	<u>1,064,296</u>	<u>(2,260,528)</u>	<u>14,499,612</u>
Less Accumulated depreciation:				
Total accumulated depreciation	<u>(9,435,863)</u>	<u>(837,835)</u>	<u>2,561,827</u>	<u>(7,711,871)</u>
Total capital assets, being depreciated, net	<u>6,259,981</u>	<u>226,461</u>	<u>301,299</u>	<u>6,787,741</u>
Governmental activities capital assets, net	<u>\$6,349,738</u>			<u>\$ 6,877,498</u>
Business-type activities:				
Capital assets, being depreciated:				
Building	\$ 1,841,686	\$ -	\$ -	\$1,841,686
Total capital assets being depreciated	<u>1,841,686</u>	<u>-</u>	<u>-</u>	<u>1,841,686</u>
Less accumulated depreciation:				
Total Accumulated Depreciation	<u>(331,507)</u>	<u>(36,834)</u>	<u>-</u>	<u>(368,341)</u>
Total capital assets being depreciated, net	<u>1,510,179</u>	<u>(36,834)</u>	<u>-</u>	<u>1,473,345</u>
Business-type activities capital assets, net	<u>\$ 1,510,179</u>	<u>(36,834)</u>	<u>\$ -</u>	<u>\$ 1,473,345</u>

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

Governmental activities:	
General government	\$ 94,285
Judicial and public safety	202,135
Streets and highways	530,468
Health and human services	<u>10,897</u>
Total depreciation expense-governmental activities	<u>\$ 837,785</u>
Business-type activities:	
Kit Carson County Facility Fund	\$ 36,834
Total depreciation expense-business-type activities	<u>\$ 36,834</u>

Note 5-

Joint Ventures

The County participates in the Colorado Technical Services, Inc. (CTSI) Insurance Pool. This joint venture does not meet the criteria for inclusion within the reporting entity because the CTSI Insurance Pool is:

- Financially independent and responsible for its own financial deficits and entitled to its own surpluses.
- Has a separate governing board from that of the County.
- The governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients of services provided, and
- Has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

The County is part of a joint venture to support Northeast Colorado Bookmobile Service. The counties involved are Kit Carson, Logan, Morgan, Phillips, Washington and Yuma. Each county's funding proportion is determined by a percentage method based on the previous year's contribution and/or an original formula, which weighs factors such as population, area, and assessed valuation. Complete financial statements may be obtained at their offices in Wray, Colorado.

The County is also part of a joint venture of the Thirteenth Judicial District comprised of the Colorado counties of Morgan, Logan, Yuma, Kit Carson, Washington, Phillips and Sedgwick. Each county's funding is

determined primarily by population. Complete financial statements may be obtained at their offices in Fort Morgan, Colorado.

Financial information is not included for any of the entities.

Note 6-

Pension Plan

The County is participating in a Defined Contribution Pension Plan through Colorado Counties Officials and Employees Retirement Association (CCOERA). The plan is funded by employee's contributions at 3 percent of gross salary with the County matching another 3 percent. Participation by County employees is mandatory after one year of service. The amount paid into CCOERA by the County in 2009 was \$97,500 regarding eligible salaries of \$2,872,136 and total salaries of \$3,798,459. Mandatory employee contributions in 2009 were \$97,500. The County employees are also covered by social security benefits.

Upon retirement the employee is entitled to all funds deposited in his account, including investment earnings. Upon termination of employment, the employee will normally recover his contributions to the plan, plus investment earnings, fully vested from the start to 100% in his name for each year of employment.

The County has a 457 Pension Plan. The employer does not make any contributions to the plan. The employee contributions and earnings fund the plan.

Note 7-

Leases

Capital Leases:

The County has entered into several lease agreements for financing the acquisition of equipment and buildings. These lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of capital leases at December 31, 2009:

Lease Purchase Contracts Payable January 1	\$557,699
New Leases	425,636
Payments	<u>(326,339)</u>
Lease Purchase Contracts Payable December 31	<u>\$ 656,996</u>

Payment Schedule of Lease Purchase Contracts

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Principal	\$ 320,117	\$ 228,354	\$ 108,525
Interest	<u>32,058</u>	<u>13,909</u>	<u>4,605</u>
Total	<u>\$ 352,175</u>	<u>\$ 242,263</u>	<u>\$ 113,130</u>

The lease expense of \$326,339 paid during 2009 was paid by the Road & Bridge Fund and Solid Waste Fund. The amount of interest expense incurred in 2009 was \$26,080. The interest rates vary by lease.

Operating Leases:

The County entered into operating leases with ACS for monthly rental of the Treasurer's Collection System, the Assessor's Appraisal/Administrative Systems, and the financial and payroll system in County Administration.

The County has various other operating leases for copiers, faxes, and computer equipment. These costs are charged to expense as incurred based on terms and renewals.

Note 8-

Contingent liabilities

The County has been named as defendant in several lawsuits. At this time, management and legal counsel believe that the County has adequate financial resources to meet any liability that should arise as a result of these litigations and the outcome, if adverse, is not believed to have a material effect on the financial condition of the County.

Note 9-

Transfers

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the County are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursement of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

Non-recurring or non-routine transfers of equity between funds are referred to as residual equity transfers and are reported as additions to or deductions from the fund balance of Governmental Funds. Transfers of equity to Proprietary Funds are treated as contributed capital and such transfers from proprietary funds are reported as reductions of retained earnings or contributed capital as is appropriate in the circumstances. All other legally authorized transfers are treated as operating transfers and are included in the results of operations of both Governmental and Proprietary Funds.

There were no material transfers during 2009.

Note 10-

Risk management

County Workers' Compensation Pool

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

Colorado Counties Casualty and Property Pool

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

The County, in their opinion, has obtained adequate coverage as required by Colorado Revised Statutes to settle claims in the ordinary course of business. However, due to the unknown nature of potential liability, some claims may arise that fall outside the coverage limits for which the County would be financially responsible. There have not been any claims in excess of coverages during the past three years.

Note 11-

Tax, spending and debt limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain

interpretations of the amendment's language in order to determine its compliance.

Note 12-

Land Fill

State and federal laws and regulations require the County to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$768,739 reported as landfill closure and post closure care liability at year-end represents the cumulative amount reported to date. This amount is based on what the estimated cost is to perform all closure and post closure care. Based on a cost estimate completed in March 2010 the closure costs total \$403,333 and the post-closure costs are \$365,406. The County has 10% of landfill total capacity being used with 90% remaining. The second cell opened approximately three years ago and is 10% used. The third cell will open when the second is full. The second and third cells have an estimated capacity life of 16 years each. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post closure care or to exhibit financial assurance that it is able to finance these costs without the contributions to a trust. The County has demonstrated financial assurance and as a result has not made any contributions to a trust.

Note 13-

Schedule of EBT authorizations

Refer to the following page for EBT authorizations during 2009.

**Kit Carson County Department of Social Services
Social Services Fund
Schedule of EBT Authorizations, Warrant Expenditures and Total Expenditures
For the Year Ended December 31, 2009**

Program	County EBT Authorizations	County Share of Authorizations	Expenditures By County Warrant	County EBT Authorizations and Expenditures by County Warrant	Total Expenditures
Regular County Administration	\$ -	\$ -	\$ 262,622	\$ 262,622	\$ 262,622
Non- Alloc Adm/ ARRA	28,056	-	19,484	47,540	19,484
Child Support	-	-	40,562	40,562	40,562
LEAP	183,995	-	7,381	191,375	7,381
Home Care Allowance	7,720	386	-	7,720	386
OAP	101,023	-	11,516	112,539	11,516
Child Care	85,590	10,115	35,057	120,646	45,172
CO Wide Cost Allocation	-	-	19,515	19,515	19,515
TANF Collections EBT	(1,634)	(327)	-	(1,634)	(327)
Aid Needy Disabled	27,662	5,532	-	27,662	5,532
Colorado Works/ TANF	90,495	10,634	72,032	162,527	82,666
Child Welfare	262,818	62,385	228,450	491,268	290,835
IV-D Retained	-	-	(2,310)	(2,310)	(2,310)
CORE	(37,556)	-	169,787	132,231	169,787
HB 1414 & 1451	512	-	1,266	1,778	1,266
Other Local Programs	-	-	1,121	1,121	1,121
Medicaid Transportation	-	-	3,957	3,957	3,957
General Assistance	-	-	2,058	2,058	2,058
Title IV-B PSSF	34,776	-	-	34,776	-
Sub-Total	<u>783,456</u>	<u>88,725</u>	<u>872,498</u>	<u>1,655,954</u>	<u>961,223</u>
Food Assistance	<u>594,921</u>	<u>-</u>	<u>-</u>	<u>594,921</u>	<u>-</u>
Grand Total	<u>\$ 1,378,377</u>	<u>\$ 88,725</u>	<u>\$ 872,498</u>	<u>\$ 2,250,875</u>	<u>\$ 961,223</u>

Kit Carson County, Colorado
Budget and Actual
General

For the year ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
REVENUES			
Property Taxes	\$ 2,499,733	\$ 2,499,733	\$ 2,419,543
SO Taxes	300,000	300,000	319,322
Fees and fines	3,000	3,000	3,621
Licenses and permits	4,000	4,000	34,275
Intergovernmental	490,724	490,724	390,882
Charges for services	1,208,673	409,741	980,072
Investment earnings	130,000	130,000	76,317
Miscellaneous	5,600	5,600	(7,549)
Total revenues	<u>4,641,730</u>	<u>3,842,798</u>	<u>4,216,483</u>
EXPENDITURES			
Current:			
General government	3,712,707	2,146,926	2,293,588
Public Safety	1,747,953	1,747,953	1,779,031
Health and sanitation	-	-	-
Culture and recreation	158,769	158,769	145,670
Capital Outlay	131,295	131,295	126,363
Total Expenditures	<u>5,750,724</u>	<u>4,184,943</u>	<u>4,344,652</u>
Excess (deficiency) of revenues over expenditures	<u>(1,108,994)</u>	<u>(342,145)</u>	<u>(128,169)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(238,085)	(238,085)
Total other financing sources and uses	<u>-</u>	<u>(238,085)</u>	<u>(238,085)</u>
SPECIAL ITEM			
Proceeds from sale capital assets	-	-	-
Net change in fund balances	<u>(1,108,994)</u>	<u>(580,230)</u>	<u>(366,254)</u>
Fund balances - beginning	1,538,450	1,907,925	1,907,925
Fund balances - ending	<u>\$ 429,456</u>	<u>\$ 1,327,695</u>	<u>\$ 1,541,671</u>

Kit Carson County, Colorado
Budget and Actual
Road & Bridge
For the year ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
REVENUES			
Property Taxes	\$ 1,068,491	\$ 1,068,491	\$ 1,047,399
SO Taxes	135,000	135,000	170,396
Licenses and permits	15,000	15,000	21,378
Intergovernmental	2,033,265	2,348,144	2,551,817
Charges for services	26,685	26,685	21,090
Miscellaneous	472,160	472,160	1,314
Total revenues	<u>3,750,601</u>	<u>4,065,480</u>	<u>3,813,394</u>
EXPENDITURES			
Current:			
General government	50,000	50,000	57,180
Highways and roads	4,381,795	3,858,014	3,433,958
Debt Service:			
Principal	-	314,795	315,112
Interest and other charges	314,795	-	3,445
Capital Outlay	-	-	-
232,000	232,000	232,000	565,465
4,978,590	4,978,590	4,454,809	4,375,160
Total Expenditures	<u>4,978,590</u>	<u>4,454,809</u>	<u>4,375,160</u>
Excess (deficiency) of revenues over expenditures	<u>(1,227,989)</u>	<u>(389,329)</u>	<u>(561,766)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital leases	-	-	425,636
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>425,636</u>
Net change in fund balances	<u>(1,227,989)</u>	<u>(389,329)</u>	<u>(136,130)</u>
Fund balances - beginning	1,150,000	913,109	913,108
Fund balances - ending	<u>\$ (77,989)</u>	<u>\$ 523,780</u>	<u>\$ 776,978</u>

Kit Carson County, Colorado
Budget and Actual
Public Welfare
For the year ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
REVENUES			
Property Taxes	\$ -	\$ -	\$ (1,634)
SO Taxes	-	-	-
Intergovernmental	1,604,950	2,441,239	2,167,654
Total revenues	1,604,950	2,441,239	2,166,020
EXPENDITURES			
Current:			
Health and sanitation	1,897,950	2,657,950	2,451,551
Total Expenditures	1,897,950	2,657,950	2,451,551
Excess (deficiency) of revenues over expenditures	(293,000)	(216,711)	(285,531)
OTHER FINANCING SOURCES (USES)			
Other Sources	-	-	1,593
Total other financing sources and uses	-	-	1,593
Net change in fund balances	(293,000)	(216,711)	(283,938)
Fund balances - beginning	400,000	416,792	416,792
Fund balances - ending	\$ 107,000	\$ 200,081	\$ 132,854

Kit Carson County, Colorado
Balance Sheet
Other Governmental Funds
December 31, 2009

	<u>E911</u>	<u>Conservation Trust</u>	<u>Contingent</u>	<u>Solid Waste</u>	<u>Total Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 113,521	\$ 61,126	\$ 204,518	\$ 590,476	\$ 969,641	\$ 294,735	\$ 1,264,376
Taxes receivable, net	-	-	-	-	-	60,300	60,300
Total assets	<u>113,521</u>	<u>61,126</u>	<u>204,518</u>	<u>590,476</u>	<u>969,641</u>	<u>355,035</u>	<u>1,324,676</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	194	-	-	4,893	5,087	-	5,087
Deferred revenue	-	-	-	-	-	60,300	60,300
Total liabilities	<u>194</u>	<u>-</u>	<u>-</u>	<u>4,893</u>	<u>5,087</u>	<u>60,300</u>	<u>65,387</u>
Fund balances:							
Unreserved	113,327	61,126	204,518	585,583	964,554	294,735	1,259,289
Total fund balances	<u>113,327</u>	<u>61,126</u>	<u>204,518</u>	<u>585,583</u>	<u>964,554</u>	<u>294,735</u>	<u>1,259,289</u>
Total liabilities and fund balances	<u>\$ 113,521</u>	<u>\$ 61,126</u>	<u>\$ 204,518</u>	<u>\$ 590,476</u>	<u>\$ 969,641</u>	<u>\$ 355,035</u>	<u>\$ 1,324,676</u>

Kit Carson County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	<u>E911</u>	<u>Conservation Trust</u>	<u>Contingent</u>	<u>Solid Waste</u>	<u>Total Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Total-Other Governmental Funds</u>
REVENUES							
Property Taxes	\$ -	\$ -	\$ -	\$ 251,978	\$ 251,978	\$ 195,790	\$ 447,768
SO Taxes	-	-	-	33,324	33,324	25,085	58,409
Intergovernmental	1,233	22,423	-	-	23,656	-	23,656
Charges for services	66,920	-	-	189,034	255,954	-	255,954
Investment earnings	-	257	-	-	257	-	257
Miscellaneous	-	-	-	(1,112)	(1,112)	-	(1,112)
Total revenues	<u>68,153</u>	<u>22,680</u>	<u>-</u>	<u>473,224</u>	<u>564,057</u>	<u>220,875</u>	<u>784,932</u>
EXPENDITURES							
Current:							
General government	682	-	-	9,450	10,132	7,291	17,423
Public Safety	57,978	-	-	-	57,978	-	57,978
Health and sanitation	-	-	-	293,873	293,873	-	293,873
Culture and recreation	-	12,232	-	-	12,232	-	12,232
Debt Service							
Principal	-	-	-	36,256	36,256	-	36,256
Interest and other charges	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	26,592	26,592
Total Expenditures	<u>58,660</u>	<u>12,232</u>	<u>-</u>	<u>339,579</u>	<u>410,471</u>	<u>33,883</u>	<u>444,354</u>
Excess (deficiency) of revenues over expenditures	<u>9,493</u>	<u>10,448</u>	<u>-</u>	<u>133,645</u>	<u>153,586</u>	<u>186,992</u>	<u>340,578</u>
Net change in fund balances	9,493	10,448	-	133,645	153,586	186,992	340,578
Fund balances - beginning	103,834	50,678	204,518	451,938	810,968	107,743	918,711
Fund balances - ending	<u>\$ 113,327</u>	<u>\$ 61,126</u>	<u>\$ 204,518</u>	<u>\$ 585,583</u>	<u>\$ 964,554</u>	<u>\$ 294,735</u>	<u>\$ 1,259,289</u>

Kit Carson County, Colorado
Budget and Actual
E911

For the year ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 2,100	\$ 2,100	\$ 1,233
Charges for services	59,400	59,400	66,920
Total revenues	<u>61,500</u>	<u>61,500</u>	<u>68,153</u>
EXPENDITURES			
Current:			
General government	5,000	5,000	682
Public Safety	160,200	160,334	57,978
Total Expenditures	<u>165,200</u>	<u>165,334</u>	<u>58,660</u>
Excess (deficiency) of revenues over expenditures	<u>(103,700)</u>	<u>(103,834)</u>	<u>9,493</u>
Net change in fund balances	(103,700)	(103,834)	9,493
Fund balances - beginning	80,000	103,834	103,834
Fund balances - ending	<u>\$ (23,700)</u>	<u>\$ -</u>	<u>\$ 113,327</u>

Kit Carson County, Colorado
Budget and Actual
Conservation Trust
For the year ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 23,750	\$ 23,750	\$ 22,423
Investment earnings	-	-	257
Total revenues	<u>23,750</u>	<u>23,750</u>	<u>22,680</u>
EXPENDITURES			
Current:			
Culture and recreation	73,700	74,428	12,232
Total Expenditures	<u>73,700</u>	<u>74,428</u>	<u>12,232</u>
Excess (deficiency) of revenues over expenditures	<u>(49,950)</u>	<u>(50,678)</u>	<u>10,448</u>
Net change in fund balances	(49,950)	(50,678)	10,448
Fund balances - beginning	50,000	50,678	50,678
Fund balances - ending	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 61,126</u>

Kit Carson County, Colorado
Budget and Actual
Contingent
For the year ended December 31, 2009

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Total revenues	-	-	-
EXPENDITURES			
Current:			
Capital Outlay	(204,518)	(204,518)	-
Total Expenditures	(204,518)	(204,518)	-
Excess (deficiency) of revenues over expenditures	(204,518)	(204,518)	-
Net change in fund balances	(204,518)	(204,518)	-
Fund balances - beginning	204,518	204,518	204,518
Fund balances - ending	-	-	\$ 204,518

Kit Carson County, Colorado
Budget and Actual
Solid Waste
For the year ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
REVENUES			
Property Taxes	\$ 260,867	\$ 260,867	\$ 251,978
SO Taxes	20,000	20,000	33,324
Charges for services	157,000	157,000	189,034
Miscellaneous	-	-	(1,112)
Total revenues	<u>437,867</u>	<u>437,867</u>	<u>473,224</u>
EXPENDITURES			
Current:			
General government	8,000	-	9,450
Health and sanitation	843,525	410,451	293,873
Debt Service:			
Principal	38,280	38,280	36,256
Interest and other charges	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>889,805</u>	<u>448,731</u>	<u>339,579</u>
Excess (deficiency) of revenues over expenditures	(451,938)	(10,864)	133,645
Net change in fund balances	(451,938)	(10,864)	133,645
Fund balances - beginning	250,000	451,938	451,938
Fund balances - ending	<u>\$ (201,938)</u>	<u>\$ 441,074</u>	<u>\$ 585,583</u>

Kit Carson County, Colorado
Budget and Actual
Capital Projects
For the year ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
REVENUES			
Property Taxes	\$ 193,592	\$ 219,552	\$ 195,790
Miscellaneous	-	-	-
Total revenues	<u>193,592</u>	<u>219,552</u>	<u>220,875</u>
EXPENDITURES			
Current:			
General government	55,959	55,959	7,291
Capital Outlay	271,336	142,041	26,592
Total Expenditures	<u>327,295</u>	<u>198,000</u>	<u>33,883</u>
Excess (deficiency) of revenues over expenditures	<u>(133,703)</u>	<u>21,552</u>	<u>186,992</u>
Net change in fund balances	(133,703)	21,552	186,992
Fund balances - beginning	80,000	107,743	107,743
Fund balances - ending	<u>\$ (53,703)</u>	<u>\$ 129,295</u>	<u>\$ 294,735</u>

Kit Carson County, Colorado
Budget and Actual
Kit Carson County Facility Fund
For the year ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Total revenues	-	-	-
OPERATING EXPENSES			
Miscellaneous	-	-	-
Depreciation	53,212	53,212	36,834
Total Operating Expenses	53,212	53,212	36,834
Operating income (loss)	(53,212)	(53,212)	(36,834)
Net change in fund balances	(53,212)	(53,212)	(36,834)
Fund balances - beginning	53,212	53,212	1,563,522
Fund balances - ending	-	-	\$ 1,526,688

Kit Carson County, Colorado
Schedule of Due From/ Due To The State of Colorado
Public Works Fund
December 31, 2009

	<u>Due From</u>	<u>Due To</u>
Administration	\$ 12,490	-
Admin Non Alloc	-	191
LEAP	2,051	-
AND	-	577
Core Services	5,067	-
Adult Foster Care	-	28
Child Support Enforcement	3,854	-
Home Care Allowance	-	39
Food Assistance Job Search	1,490	-
Federal Incentives	129	-
Food Assistance	-	23
Child Welfare	29,453	-
Child Care	2,515	-
Colorado Works	6,471	-
OAP	638	-
County Wide Cost Allocation	1,888	-
	58	-
	<u>\$ 66,103</u>	<u>\$ 858</u>
Net Due from State	<u>\$ 65,246</u>	

LOCAL HIGHWAY FINANCE REPORT

City or County: **Kit Carson County, Colorado**
 YEAR ENDING: **December 31, 2009**

This Information From The Records Of County of Kit Carson:

Prepared By: **Paula Weeks**
 Phone:

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE			
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle 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:			
1. Local highway-user taxes		A. Local highway disbursements:	
a. Motor Fuel (from Item I.A.5.)		1. Capital outlay (from page 2)	0
b. Motor Vehicle (from Item I.B.5.)		2. Maintenance:	4,317,995
c. Total (a.+b.)		3. Road and street services:	
2. General fund appropriations		a. Traffic control operations	
3. Other local imposts (from page 2)	1,217,795	b. Snow and ice removal	
4. Miscellaneous local receipts (from page 2)	448,038	c. Other	
5. Transfers from toll facilities		d. Total (a. through c.)	0
6. Proceeds of sale of bonds and notes:		4. General administration & miscellaneous	57,164
a. Bonds - Original Issues		5. Highway law enforcement and safety	
b. Bonds - Refunding Issues		6. Total (1 through 5)	4,375,159
c. Notes		B. Debt service on local obligations:	
d. Total (a. + b. + c.)	0	1. Bonds:	
7. Total (1 through 6)	1,665,833	a. Interest	
B. Private Contributions		b. Redemption	
C. Receipts from State government		c. Total (a. + b.)	0
(from page 2)	2,573,195	2. Notes:	
D. Receipts from Federal Government		a. Interest	
(from page 2)	0	b. Redemption	
E. Total Receipts (A.7 + B + C + D)	4,239,028	c. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	4,375,159

IV. LOCAL HIGHWAY DEBT STATUS			
(Show all entries at par)			
	Opening Debt	Amount Issued	Redemptions
A. Bonds (Total)			Closing Debt
1. Bonds (Refunding Portion)			0
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
	913,109	4,239,028	4,375,159	776,978	0

Notes and Comments:

FORM FHWA-536 (Rev. 1-05)					
PREVIOUS EDITIONS OBSOLETE			(Next Page)		

LOCAL HIGHWAY FINANCE REPORT

STATE: Colorado
 YEAR ENDING (mm/yy): December-09

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	1,047,399	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	15,819
5. Specific Ownership &/or Other	170,396	g. Other Misc. Receipts	6,583
6. Total (1. through 5.)	170,396	h. Other lease purchase	425,636
c. Total (a. + b.)	1,217,795	i. Total (a. through h.)	448,038
	(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	2,551,817	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	21,378	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	21,378	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	2,573,195	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			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1)+(2)+(3)+(4)	0		0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0		0
			(Carry forward to page 1)

Notes and Comments:

Kit Carson County, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

A. SUMMARY OF AUDIT RESULTS

- 1) The independent auditor's report expressed an unqualified opinion on the basic financial statements.
- 2) Not applicable.
- 3) No instance of noncompliance considered material to the basic financial statements was disclosed by the audit.
- 4) Not applicable.
- 5) The independent auditor's report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
- 6) The audit disclosed no findings required to be reported by OMB Circular A-133.
- 7) The County's major programs were:

Department of Agriculture - Food Assistance	10.551 & 10.561
WIC	10.557
- 8) A threshold of \$300,000 was used to distinguish Type A and Type B programs as those terms defined in OMB Circular A-133.
- 9) The County did qualify as a low-risk auditee.

B. FINANCIAL STATEMENT FINDINGS SECTION

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

None.

D. PRIOR YEAR FINDINGS

None.

Kit Carson County, Colorado
Schedule of Expenditures of Federal Awards
For Year Ended December 31, 2009

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE DEPARTMENT OF HEALTH & HUMAN SERVICES	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL DISBURSEMENTS/ EXPENDITURES
TANF - Colo Works	93.558	Dept. of Human Services	\$ 149,264
PSSF	93.556	Dept. of Human Services	34,776
LEAP	93.568	Dept. of Human Services	183,020
IV-D Admin	93.563	Dept. of Human Services	55,411
CCDF	93.596	Dept. of Human Services	132,963
IV-B Child Welfare	93.645	Dept. of Human Services	3,766
Title IV-E - Foster Care	93.658	Dept. of Human Services	76,413
Title XX Block Grant	93.667	Dept. of Human Services	31,345
CCDF Diser	93.575	Dept. of Human Services	29,049
CCDF ARRA	93.713	Dept. of Human Services	28,056
Title XIX Medicaid	93.778	Dept. of Human Services	113,444
IV - E Adoption	93.659	Dept. of Human Services	9,489
HAVA Accessibility	93.617	St. of Colorado/Dept of State	7,564
Subtotal Department of Human Services			<u>854,560</u>
EPI	93.977	Dept. of Public Health & Envir.	50
Family Planning	93.217	Dept. of Public Health & Envir.	8,789
Immunization	93.268	Dept. of Public Health & Envir.	75,945
BT EPR, CWCCI	93.283	Dept. of Public Health & Envir.	6,615
Public Health Emergency Preparedness	93.069	Dept. of Public Health & Envir.	13,443
MRC Volun Event	93.889	Dept. of Public Health & Envir.	10,998
Nursing Services	93.994	Dept. of Public Health & Envir.	1,369
Subtotal Department of Public Health & Environment			<u>117,209</u>
DEPARTMENT OF AGRICULTURE			
Food Stamp	10.551	Dept. of Human Services	* 597,269
Food Stamp Administration	10.561	Dept. of Human Services	* 84,316
Women, Infant & Children	10.557	Dept. of Public Health & Envir.	* 344,658
Subtotal Department of Agriculture			<u>1,026,243</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Office of Emergency Management	97.042	Dept. of Local Affairs	<u>13,690</u>
U.S. DEPARTMENT OF JUSTICE			
Division of Criminal Justice -			
Victims of Crime Act (VOCA)	16.575	Division of Criminal Justice	27,621
Violence Against Women Formula Grant	16.738	Division of Criminal Justice	4,000
Office of Justing Programs	16.801	Division of Criminal Justice	28,061
Subtotal U. S. Department of Justice			<u>59,682</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 2,071,384</u>

* Major Programs

The accrual basis of accounting was used to prepare this schedule.
The County had no subrecipients during 2009.

r farmer, llc
a certified public accounting and consulting firm

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

To Kit Carson County
Burlington, Colorado 80807

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kit Carson County, as of and for the year ended December 31, 2009, which collectively comprise Kit Carson County's basic financial statements and have issued our report thereon dated August 18, 2010. 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 Kit Carson County'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 Kit Carson County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Kit Carson County's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Kit Carson County's internal control.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the county commissioners, others within the entity, and 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.

***r*farmer, llc**

August 18, 2010
Lamar, CO

r farmer, llc
a certified public accounting and consulting firm

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

To Kit Carson County
Burlington, Colorado 80807

Compliance

We have audited the compliance of Kit Carson County, Colorado, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. Kit Carson County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Kit Carson County's management. Our responsibility is to express an opinion on Kit Carson County's compliance based on our audit.

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

In our opinion, Kit Carson County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program

on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

rfarmer, llc

August 18, 2010
Lamar, CO