

Kit Carson County, Colorado

Financial Statements

December 31, 2010

rfarmer, llc
a certified public accounting and consulting firm

Kit Carson County, Colorado
Annual Financial Report
December 31, 2010

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Independent Auditor's Report

Board of County Commissioners
Kit Carson County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kit Carson County, Colorado, as of and for the year ended December 31, 2010, which collectively comprise Kit Carson County, Colorado's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained Government Auditing Standards 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kit Carson County, Colorado, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows 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 July 18, 2011 on our consideration of Kit Carson 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 Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information on pages iii through vi and 28 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 the 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Kit Carson County, Colorado's basic financial statements. The combining statements for non major governmental funds, the budgetary comparison information for non major governmental funds and enterprise funds, the schedule of due from/ due to, the local highway finance report, and the Schedule of

Expenditures of Federal Awards, required by the U.S. *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Not-for-Profit Organizations Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements for non major governmental funds, the budgetary comparison information for non major governmental funds and enterprise funds, the schedule of due from/ due to, the local highway finance report, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

rfarmer, llc

July 18, 2011

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 2010 included:

A 2010 Temporary Tax Credit of .8 mills was made available to the Kit Carson County taxpayers, reducing their estimated tax burden by \$ 38,484

- Further funding through DOLA to build a new radio tower necessary to host the Communications Infrastructure equipment provided by the PSIC grant in 2009 was sought in 2010. This project moved forward in 2010 to enable Kit Carson County and other area emergency response agencies to directly tie into State emergency communication systems and is projected to be fully completed and operational by April 30, 2011. This project brings Kit Carson County up to date ahead of the 2013 deadline.
- In 2010, \$1,280,698 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:

Accomplishments

Kit Carson County continues to act as a responsive and responsible government. Highlights of our progress in 2010 included:

The Sheriff's Office has continued to update and provide mandated courthouse security measures with use of grant funding for staff in 2010.

The Solid Waste Department, with the Road and Bridge Districts, continued to crush and recycle more concrete material destined for the county landfill. Instead of taking up valuable space in the landfill and costing the county money in fees, this material is now ready to be used in road and drainage projects and is available for purchase by our citizens.

The Public Health agency obtained a grant which provided funds for a much needed update to the phone system. These funds were also shared with the court house. An auto-attendant feature has helped the community get the immediate service they desire with the correct department. Through this update, we also cut costs by bundling services with Centurylink for telephone/long distance/internet, potentially saving tax-payers \$24,000.00 dollars per year.

Cellular phone service costs were also reviewed and the BOCC voted to change to a local provider, Viaero to not only cut costs, but improve coverage service. This cost saving measure is estimated to save \$3,600.00 annually.

The county website continues to be updated and content was enhanced to provide online access to more County and State information. Job notices and 2010 election results are included as well as planning and zoning forms. The calendar portion is updated weekly to provide the community with up to date access to the BOCC agenda. A local vendor continues to be engaged to provide technology services to the County.

A new E-911 system was purchased in 2010 to replace an outdated failing system. The new system will be able to keep up for many years as technology advances.

Kit Carson County continues to support community programs, such as the Kit Carson County Veteran's Officer, Senior Center meal sites, RSVP, DDI, SBDC, annual Kit Carson County Fair, PRCA Rodeo, 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 continued the cost-sharing policy implemented in 2009, and increased the amount county employees contribute to the cost of their health insurance premium.
- 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 alternative sources of funding to meet unfunded mandated requirements and programs without having to cause burden to the taxpayer.

The overall County Mill Levy for 2010 will be 37.642 mills, remaining below the 1993 level. However, the Board is giving a .8% temporary tax credit which was reflected in the 2010 assessed taxes to be paid in 2011. The total county assessed valuation increased from \$120,559,180 in 2009 to \$128,278,731 in 2010 which is an increase of \$7,679,551.

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.

The Funds in 2010 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 2010 financial statements were audited by Farmer, Ilc, Lamar, CO. 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 2010 to receive approximately 45% 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, 2010

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

Current Assets	\$ 8,859,008
Non-Current Assets	<u>\$ 7,034,367</u>
Total Assets	\$15,893,375
Current Liabilities	\$ 4,668,319
Non-Current Liabilities	<u>\$ 831,072</u>
Total Liabilities	\$ 5,499,391
Net Assets	
Investment in capital assets (net of debt)	\$ 6,555,984
Unrestricted	<u>\$ 3,838,000</u>
Total Net Assets	\$ 10,393,984

The change in Net Assets from 2009 to 2010 reflects an decrease of \$868,808.00

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 ext. 304 or by mail at PO Box 160, Burlington CO 80807.

Kit Carson County, Colorado
Statement of Net Assets
December 31, 2010

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and Equivalents	\$ 3,963,176	\$ 53,342	\$ 4,016,518
Receivables	4,778,363	-	4,778,363
Due from Other Governmental Agencies	64,127	-	64,127
Capital Assets			
Land and improvements	154,107	-	154,107
Buildings	3,806,817	1,841,686	5,648,503
Equipment and Furniture	10,585,895	-	10,585,895
Less: Accumulated Depreciation	(8,948,963)	(405,175)	(9,354,138)
Total Capital Assets	5,597,856	1,436,511	7,034,367
Total Assets	14,403,522	1,489,853	15,893,375
LIABILITIES			
Accounts payable and accrued expenses	10,905	-	10,905
Due to other governmental agencies	27,800	-	27,800
Deferred Revenues	4,668,319	-	4,668,319
Long-term liabilities			
Due within one year			
Bonds, capital leases and contracts	266,731	-	266,731
Compensated Absences	94,195	-	94,195
Due in more than one year			
Bonds, capital leases and contracts	211,652	-	211,652
Compensated absences	219,789	-	219,789
Total liabilities	5,499,391	-	5,499,391
NET ASSETS			
Invested in capital assets, net of related debt	5,119,473	1,436,511	6,555,984
Unrestricted	3,784,658	53,342	3,838,000
Total net assets	<u>\$ 8,904,131</u>	<u>\$ 1,489,853</u>	<u>\$ 10,393,984</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, 2010

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for	Operating Grants	Capital Grants	Primary Government		Total
		Services	and Contributions	and Contributions	Governmental	Business-type	
				Activities	Activities		
Primary government							
Governmental Activities							
General Government	\$ 2,831,958	\$ 993,931	\$ 179,923	\$ -	\$ (1,658,104)	\$ -	\$ (1,658,104)
Public Safety	1,793,796	296,314	134,136	-	(1,363,346)	-	(1,363,346)
Public Works	3,496,943	20,521	2,470,802	-	(1,005,620)	-	(1,005,620)
Health, Welfare and Sanitation	3,329,251	319,154	2,738,539	-	(271,558)	-	(271,558)
Culture and Recreation	234,562	157,895	20,670	-	(55,997)	-	(55,997)
Interest on Long-term debt	30,069	-	-	-	(30,069)	-	(30,069)
Total governmental activities	<u>11,716,579</u>	<u>1,787,815</u>	<u>5,544,070</u>	<u>-</u>	<u>(4,384,694)</u>	<u>-</u>	<u>(4,384,694)</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>\$ 11,753,413</u>	<u>\$ 1,787,815</u>	<u>\$ 5,544,070</u>	<u>\$ -</u>	<u>\$ (4,384,694)</u>	<u>\$ (36,834)</u>	<u>\$ (4,421,528)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 4,226,529	\$ -	\$ 4,226,529
Specific Ownership taxes					534,145	-	534,145
Unrestricted investment earnings					41,506	-	41,506
Miscellaneous					59,249	-	59,249
Special item - adjustment of general fixed assets					(1,308,707)	-	(1,308,707)
Transfers					-	-	-
Total general revenues, special items, and transfers					<u>3,552,722</u>	<u>-</u>	<u>3,552,722</u>
Change in net assets					(831,972)	(36,834)	(868,806)
Net assets - beginning					9,736,103	1,526,687	11,262,790
Net assets - ending					<u>\$ 8,904,131</u>	<u>\$ 1,489,853</u>	<u>\$ 10,393,984</u>

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

Kit Carson County, Colorado
Balance Sheet
Governmental Funds
December 31, 2010

	<u>General</u>	<u>Road & Bridge</u>	<u>Human Services</u>	<u>Public Health Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,718,485	\$ 982,478	\$ 105,277	\$ 58,543	\$ 1,098,394	\$ 3,963,177
Taxes receivable, net	3,128,975	1,282,787	-	-	256,557	4,668,319
Receivable from other governments	-	-	64,127	-	-	64,127
Total assets	<u>4,906,416</u>	<u>2,265,265</u>	<u>168,039</u>	<u>106,087</u>	<u>1,358,594</u>	<u>8,804,401</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	4,120	10,709	(15,281)	4,313	5,678	9,539
Deferred revenue	-	-	27,800	-	-	27,800
Deferred revenue	3,128,975	1,282,787	-	-	256,557	4,668,319
Total liabilities	<u>3,133,095</u>	<u>1,293,496</u>	<u>12,519</u>	<u>4,313</u>	<u>262,335</u>	<u>4,705,738</u>
Fund balances:						
Unreserved	1,773,321	971,769	155,520	101,774	827,230	3,002,384
Unreserved, reported in non-major:						
Special revenue funds	-	-	-	-	269,029	827,230
Capital projects funds	-	-	-	-	1,096,259	269,029
Total fund balances	<u>1,773,321</u>	<u>971,769</u>	<u>155,520</u>	<u>101,774</u>	<u>1,358,594</u>	<u>4,098,643</u>
Total liabilities and fund balances	<u>\$ 4,906,416</u>	<u>\$ 2,265,265</u>	<u>\$ 168,039</u>	<u>\$ 106,087</u>	<u>\$ 1,358,594</u>	<u>\$ 8,804,401</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, 2010

	<u>General</u>	<u>Road & Bridge</u>	<u>Human Services</u>	<u>Public Health Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property Taxes	\$ 2,977,596	\$ 1,124,847	\$ 58,680	\$ -	\$ 58,377	\$ 4,219,500
SO Tax	359,218	167,897	7,030	-	7,030	541,175
Fees and fines	7,851	-	-	-	-	7,851
Licenses and permits	30,602	22,543	-	37,816	-	90,961
Intergovernmental	331,708	2,448,259	2,171,078	561,182	23,013	5,535,240
Charges for services	1,333,847	20,521	-	42,028	318,971	1,715,367
Investment earnings	41,311	-	-	-	194	41,505
Miscellaneous	36,167	18,408	-	2,867	70	57,512
Total revenues	<u>5,118,300</u>	<u>3,802,475</u>	<u>2,236,788</u>	<u>643,893</u>	<u>407,655</u>	<u>12,209,111</u>
EXPENDITURES						
Current:						
General government	2,335,014	56,448	-	-	25,822	2,417,284
Public safety	1,931,376	-	-	-	60,849	1,992,225
Public works	-	3,127,844	-	-	-	3,127,844
Health, welfare and sanitation	(20)	-	2,214,122	770,634	344,516	3,329,252
Culture and recreation	222,999	-	-	-	14,562	237,561
Debt Service:						
Principal	-	333,925	-	-	55,485	389,410
Interest and other charges	-	29,355	-	-	1,064	30,419
Capital Outlay	178,856	203,568	-	26,554	160,994	569,972
Total Expenditures	<u>4,668,225</u>	<u>3,751,140</u>	<u>2,214,122</u>	<u>797,188</u>	<u>663,292</u>	<u>12,093,967</u>
Excess (deficiency) of revenues over expenditures	450,075	51,335	22,666	(153,295)	(255,637)	115,144
OTHER FINANCING SOURCES (USES)						
Proceeds from capital leases	-	143,455	-	-	92,605	236,060
Transfers in	(218,424)	-	-	218,424	-	218,424
Transfers out	(218,424)	143,455	-	-	92,605	(218,424)
Total other financing sources and uses	<u>(218,424)</u>	<u>143,455</u>	<u>-</u>	<u>218,424</u>	<u>92,605</u>	<u>236,060</u>
Net change in fund balances	231,651	194,790	22,666	65,129	(163,032)	351,204
Fund balances - beginning	1,541,670	776,979	132,834	36,645	1,259,291	3,747,439
Fund balances - ending	<u>\$ 1,773,321</u>	<u>\$ 971,769</u>	<u>\$ 155,520</u>	<u>\$ 101,774</u>	<u>\$ 1,096,259</u>	<u>\$ 4,098,643</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, 2010

Net change in fund balances - total governmental funds: \$ 351,204

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 \$569,972 was more than depreciation of \$538,701 in the current period.

31,271

Adjustment to general fixed assets that does not affect any single fund (1,308,707)

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.

153,350

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 (59,090)

Change in net assets of governmental activities \$ (831,972)

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

Kit Carson County, Colorado
Statement of Net Assets
Proprietary Funds
December 31, 2010

	Enterprise Funds	
	Kit Carson County Facility Fund	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 53,342	\$ 53,342
Total current assets	53,342	53,342
Non-current assets:		
Capital Assets:		
Buildings	1,841,686	1,841,686
Less Accumulated depreciation	(405,175)	(405,175)
Total non-current assets	1,436,511	1,436,511
Total assets	1,489,853	1,489,853
NET ASSETS		
Invested in capital assets, net of related debt	1,436,511	1,436,511
Unrestricted	53,342	53,342
Total net assets	\$ 1,489,853	\$ 1,489,853

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, 2010

	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)	(36,834)	(36,834)
Income (loss) before contributions and transfers	(36,834)	(36,834)
Change in net assets	1,526,687	1,526,687
Total net assets - beginning	1,489,853	1,489,853
Total net assets - ending	\$ 1,489,853	\$ 1,489,853

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, 2010

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	53,342
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 53,342</u></u>
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	<u><u>\$ -</u></u>

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, 2010

	TOTAL AGENCY FUNDS
ASSETS:	
Cash and cash equivalents	\$ 446,031
Total Assets	<u>446,031</u>
LIABILITIES:	
Due to other governmental units	446,031
Total liabilities	<u>\$ 446,031</u>

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

Kit Carson County, Colorado
Notes to Financial Statements
December 31, 2010

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, 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 Human 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 not adopted during 2010.

The following funds overspent their budgets which may be a violation of Colorado Revised Statutes:

E911, General, Road & Bridge

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 2010 assessed tax to be collected in 2011. 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	Due in One Year
Accrued Vacation	\$ <u>257,100</u>	\$ <u>56,844</u>	\$ <u>-</u>	\$ <u>313,944</u>	\$ <u>94,195</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 2010.

Deposits and Investments

Note 3-

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 2010 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, 2010, the County had no investments in any local government investment pool.

Note 4- **Capital Assets**

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 89,757	\$ 64,350	\$ -	\$ 154,107
Total capital assets, not being depreciated	<u>89,757</u>	<u>64,350</u>	<u>-</u>	<u>154,107</u>
Capital assets, being depreciated:				
Buildings & Improvements	3,798,712	8,105	-	3,806,817
Equipment & Furniture	10,700,900	569,972	(684,977)	10,585,895
Total capital assets, being depreciated	<u>14,499,612</u>	<u>578,077</u>	<u>(684,977)</u>	<u>14,392,712</u>
Less accumulated depreciation:				
Total accumulated depreciation	<u>(7,711,871)</u>	<u>(1,237,092)</u>	<u>-</u>	<u>(8,948,963)</u>
Total capital assets, being depreciated, net	<u>6,787,741</u>	<u>\$ (659,015)</u>	<u>\$(684,977)</u>	<u>5,443,749</u>
Governmental activities capital assets, net	<u>\$ 6,877,498</u>			<u>\$ 5,597,856</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>(368,341)</u>	<u>(36,834)</u>	<u>-</u>	<u>(405,175)</u>
Total capital assets, being depreciated, net	<u>1,473,345</u>	<u>\$ (36,834)</u>	<u>\$ -</u>	<u>1,436,511</u>
Business-type activities capital assets, net	<u>\$ 1,473,345</u>			<u>\$ 1,436,511</u>

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

Governmental activities:	
General government	\$ 98,642
Judicial and public safety	70,957
Streets and highways	<u>369,102</u>
Total depreciation expense-governmental activities	<u>\$ 538,701</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 2010 was \$101,754 regarding eligible salaries of \$3,382,821 and total salaries of \$3,944,477.

Mandatory employee contributions in 2010 were \$101,754. 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, 2010:

Lease Purchase Contracts Payable January 1	\$656,996
New Leases	236,060
Payments	<u>(414,673)</u>

Lease Purchase Contracts Payable December 31	<u>\$478,383</u>
--	------------------

Payment Schedule of Lease Purchase Contracts

	2010	2011	2012	2013	2014
Principal	\$ 320,117	\$ 266,731	\$ 174,226	\$ 18,431	\$ 18,995
Interest	32,058	19,237	7,875	1,145	581
Total	<u>\$ 352,175</u>	<u>\$ 285,968</u>	<u>\$ 182,101</u>	<u>\$ 19,576</u>	<u>\$ 19,576</u>

The debt service of \$419,829 paid during 2010 was paid by the Road & Bridge Fund and Solid Waste Fund. The amount of interest expense incurred in 2010 was \$30,419. The interest rates vary by debt service agreement.

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 2010.

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. Additional information may be obtained from CWCP.

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. Additional information may be obtained from CAPP.

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 20% of landfill total capacity being used with 80% 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 2010.

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, 2010

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	\$ -	\$ -	\$ 202,947	\$ 202,947	\$ 202,947
Non- Alloc Adm/ ARRA	1,905	-	43,421	45,327	43,421
Child Support	-	-	19,172	19,172	19,172
LEAP	172,008	-	9,463	181,471	9,463
Home Care Allowance	11,854	593	-	11,854	593
OAP	120,439	-	7,299	127,738	7,299
Child Care	35,465	9,707	30,271	65,736	39,978
CO Wide Cost Allocation	-	-	23,847	23,847	23,847
TANF Collections EBT	1,927	-	-	1,927	-
Aid Needy Disabled	28,112	5,622	-	28,112	5,622
Colorado Works/ TANF	107,770	11,950	66,022	173,792	77,972
Child Welfare	86,917	18,148	218,500	305,417	236,649
IV-D Retained	-	-	(2,047)	(2,047)	(2,047)
CORE	38,356	-	266,901	305,258	266,901
Other Local Programs	-	-	642	642	642
Medicaid Transportation	-	-	(202)	-202	-202
General Assistance	-	-	2,387	2,387	2,387
Adult Foster Care	6,612	331	0	6,612	331
Sub-Total	<u>611,365</u>	<u>46,351</u>	<u>888,625</u>	<u>1,499,990</u>	<u>934,976</u>
Food Assistance	<u>762,665</u>	<u>-</u>	<u>-</u>	<u>762,665</u>	<u>-</u>
Grand Total	<u>\$ 1,374,031</u>	<u>\$ 46,351</u>	<u>\$ 888,625</u>	<u>\$ 2,262,655</u>	<u>\$ 934,976</u>

Kit Carson County, Colorado
Budget and Actual
General

For the year ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
REVENUES			
Property Taxes	\$ 3,084,809	\$ 3,084,809	\$ 2,977,596
SO Taxes	330,000	330,000	359,218
Fees and fines	3,000	3,000	7,851
Licenses and permits	4,000	4,000	30,602
Intergovernmental	369,883	369,883	331,708
Charges for services	530,637	530,637	1,333,847
Investment earnings	-	-	41,311
Miscellaneous	134,500	134,500	36,167
Total revenues	<u>4,456,829</u>	<u>4,456,829</u>	<u>5,118,300</u>
EXPENDITURES			
Current:			
General government	2,196,455	2,196,455	2,335,014
Public Safety	1,860,208	1,860,208	1,931,376
Health and sanitation	-	-	(20)
Culture and recreation	158,391	158,391	222,999
Capital Outlay	28,700	28,700	178,856
Total Expenditures	<u>4,243,754</u>	<u>4,243,754</u>	<u>4,668,225</u>
Excess (deficiency) of revenues over expenditures	213,075	213,075	450,075
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(218,424)	(218,424)	(218,424)
Total other financing sources and uses	<u>(218,424)</u>	<u>(218,424)</u>	<u>(218,424)</u>
SPECIAL ITEM			
Proceeds from sale capital assets	-	-	-
Net change in fund balances	(5,349)	(5,349)	231,651
Fund balances - beginning	1,327,700	1,327,700	1,541,671
Fund balances - ending	<u>\$ 1,322,351</u>	<u>\$ 1,322,351</u>	<u>\$ 1,773,322</u>

Kit Carson County, Colorado
Budget and Actual
Road & Bridge

For the year ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 1,157,011	\$ 1,157,011	\$ 1,124,847
SO Taxes	144,000	144,000	167,897
Licenses and permits	16,000	16,000	22,543
Intergovernmental	2,150,000	2,150,000	2,448,259
Charges for services	24,885	24,885	20,521
Miscellaneous	5,000	5,000	18,408
Total revenues	<u>3,496,896</u>	<u>3,496,896</u>	<u>3,802,475</u>
EXPENDITURES			
Current:			
General government	-	-	56,448
Highways and roads	2,935,516	2,935,516	3,127,844
Debt Service:			
Principal	314,795	314,795	333,925
Interest and other charges	13,900	13,900	29,355
Capital Outlay	257,000	257,000	203,568
Total Expenditures	<u>3,521,211</u>	<u>3,521,211</u>	<u>3,751,140</u>
Excess (deficiency) of revenues over expenditures	<u>(24,315)</u>	<u>(24,315)</u>	<u>51,335</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital leases	-	-	143,455
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>143,455</u>
Net change in fund balances	<u>(24,315)</u>	<u>(24,315)</u>	<u>194,790</u>
Fund balances - beginning	523,781	523,781	776,978
Fund balances - ending	<u>\$ 499,466</u>	<u>\$ 499,466</u>	<u>\$ 971,768</u>

Kit Carson County, Colorado
 Budget and Actual
 Human Services
 For the year ended December 31, 2010

	Budgeted Amounts		Actual Amounts,
	Original	Final	Budgetary Basis
REVENUES			
Property Taxes	\$ -	\$ -	\$ 58,680
SO Taxes	-	-	7,030
Intergovernmental	2,361,631	2,361,631	2,171,078
Total revenues	2,361,631	2,361,631	2,236,788
EXPENDITURES			
Current:			
Welfare and Social Programs	2,392,331	2,392,331	2,214,122
Total Expenditures	2,392,331	2,392,331	2,214,122
Excess (deficiency) of revenues over expenditures	(30,700)	(30,700)	22,666
OTHER FINANCING SOURCES (USES)			
Other Sources	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	(30,700)	(30,700)	22,666
Fund balances - beginning	200,081	200,081	132,854
Fund balances - ending	\$ 169,381	\$ 169,381	\$ 155,520

Kit Carson County, Colorado
Budget and Actual
Public Health Agency
For the year ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Licenses and permits	\$ 10,000	\$ 10,000	\$ 37,816
Intergovernmental	561,791	561,791	561,182
Charges for services	49,822	49,822	42,028
Miscellaneous	9,036	9,036	2,867
Total revenues	<u>630,649</u>	<u>630,649</u>	<u>643,893</u>
EXPENDITURES			
Current:			
Public Health	841,381	841,381	770,634
Capital Outlay	-	-	26,554
Total Expenditures	<u>841,381</u>	<u>841,381</u>	<u>797,188</u>
Excess (deficiency) of revenues over expenditures	<u>(210,732)</u>	<u>(210,732)</u>	<u>(153,295)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	218,424	218,424	218,424
Transfers out	-	-	-
Total other financing sources and uses	<u>218,424</u>	<u>218,424</u>	<u>218,424</u>
Net change in fund balances	7,692	7,692	65,129
Fund balances - beginning	-	-	36,646
Fund balances - ending	<u>\$ 7,692</u>	<u>\$ 7,692</u>	<u>\$ 101,775</u>

Kit Carson County, Colorado
 Balance Sheet
 Other Governmental Funds
 December 31, 2010

	<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	\$ 109,901	\$ 67,428	\$ 204,418	\$ 447,518	\$ 829,265	\$ 269,129	\$ 1,098,394
Taxes receivable, net	-	-	-	256,557	256,557	-	256,557
Due from other funds	-	-	100	-	100	-	100
Total assets	<u>113,444</u>	<u>67,428</u>	<u>204,518</u>	<u>704,075</u>	<u>1,089,465</u>	<u>269,129</u>	<u>1,358,594</u>
 LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	194	-	-	5,484	5,678	-	5,678
Due to other funds	-	-	-	-	-	100	100
Deferred revenue	-	-	-	256,557	256,557	-	256,557
Total liabilities	<u>194</u>	<u>-</u>	<u>-</u>	<u>262,041</u>	<u>262,235</u>	<u>100</u>	<u>262,335</u>
Fund balances:							
Unreserved	113,250	67,428	204,518	442,034	827,230	269,029	1,096,259
Total fund balances	<u>113,250</u>	<u>67,428</u>	<u>204,518</u>	<u>442,034</u>	<u>827,230</u>	<u>269,029</u>	<u>1,096,259</u>
Total liabilities and fund balances	<u>\$ 113,444</u>	<u>\$ 67,428</u>	<u>\$ 204,518</u>	<u>\$ 704,075</u>	<u>\$ 1,089,465</u>	<u>\$ 269,129</u>	<u>\$ 1,358,594</u>

Kit Carson County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	<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	\$ -	\$ -	\$ -	\$ 107	\$ 107	\$ 58,270	\$ 58,377
SO Taxes	-	-	-	-	-	7,030	7,030
Intergovernmental	2,343	20,670	-	-	23,013	-	23,013
Charges for services	79,527	-	-	239,444	318,971	-	318,971
Investment earnings	-	194	-	-	194	-	194
Miscellaneous	-	-	-	70	70	-	70
Total revenues	<u>81,870</u>	<u>20,864</u>	<u>-</u>	<u>239,621</u>	<u>342,355</u>	<u>65,300</u>	<u>407,655</u>
EXPENDITURES							
Current:							
General government	806	-	-	2,398	3,204	22,618	25,822
Public Safety	60,849	-	-	-	60,849	-	60,849
Health and sanitation	-	-	-	344,516	344,516	-	344,516
Culture and recreation	-	14,562	-	-	14,562	-	14,562
Debt Service							
Principal	19,943	-	-	35,542	55,485	-	55,485
Interest and other charges	350	-	-	714	1,064	-	1,064
Capital Outlay	92,605	-	-	-	92,605	68,389	160,994
Total Expenditures	<u>174,553</u>	<u>14,562</u>	<u>-</u>	<u>383,170</u>	<u>572,285</u>	<u>91,007</u>	<u>663,292</u>
Excess (deficiency) of revenues over expenditures	<u>(92,683)</u>	<u>6,302</u>	<u>-</u>	<u>(143,549)</u>	<u>(229,930)</u>	<u>(25,707)</u>	<u>(255,637)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from capital leases	92,605	-	-	-	92,605	-	92,605
Total other financing sources and uses	<u>92,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,605</u>	<u>-</u>	<u>92,605</u>
Net change in fund balances	(78)	6,302	-	(143,549)	(137,325)	(25,707)	(163,032)
Fund balances - beginning	113,328	61,126	204,518	585,583	964,555	294,736	1,259,291
Fund balances - ending	<u>\$ 113,250</u>	<u>\$ 67,428</u>	<u>\$ 204,518</u>	<u>\$ 442,034</u>	<u>\$ 827,230</u>	<u>\$ 269,029</u>	<u>\$ 1,096,259</u>

Kit Carson County, Colorado
Budget and Actual

E911

For the year ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
REVENUES			
Intergovernmental	\$ -	\$ -	\$ 2,343
Charges for services	61,500	61,500	79,527
Total revenues	<u>61,500</u>	<u>61,500</u>	<u>81,870</u>
EXPENDITURES			
Current:			
General government	5,000	5,000	806
Public Safety	75,200	75,200	60,849
Debt Service:			
Principal	-	-	19,943
Interest and other charges	-	-	350
Capital Outlay	5,000	5,000	92,605
Total Expenditures	<u>85,200</u>	<u>85,200</u>	<u>174,553</u>
Excess (deficiency) of revenues over expenditures	<u>(23,700)</u>	<u>(23,700)</u>	<u>(92,683)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital leases	-	-	92,605
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>92,605</u>
Net change in fund balances	<u>(23,700)</u>	<u>(23,700)</u>	<u>(78)</u>
Fund balances - beginning	80,134	80,134	113,327
Fund balances - ending	<u>\$ 56,434</u>	<u>\$ 56,434</u>	<u>\$ 113,249</u>

Kit Carson County, Colorado
Budget and Actual
Conservation Trust
For the year ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
REVENUES			
Intergovernmental	\$ 23,750	\$ 23,750	\$ 20,670
Investment earnings	-	-	194
Total revenues	23,750	23,750	20,864
EXPENDITURES			
Current:			
Culture and recreation	23,750	23,750	14,562
Total Expenditures	23,750	23,750	14,562
Excess (deficiency) of revenues over expenditures	-	-	6,302
Net change in fund balances	-	-	6,302
Fund balances - beginning	50,098	50,098	61,126
Fund balances - ending	\$ 50,098	\$ 50,098	\$ 67,428

Kit Carson County, Colorado
Budget and Actual
Contingent
For the year ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
REVENUES			
Property Taxes	\$ 400	\$ 400	\$ 107
Charges for services	160,000	160,000	239,444
Total revenues	<u>160,400</u>	<u>160,400</u>	<u>239,621</u>
EXPENDITURES			
Current:			
General government	-	-	2,398
Health and sanitation	396,469	396,469	344,516
Debt Service:			
Principal	30,245	30,245	35,542
Interest and other charges	6,011	6,011	714
Total Expenditures	<u>432,725</u>	<u>432,725</u>	<u>383,170</u>
Excess (deficiency) of revenues over expenditures	<u>(272,325)</u>	<u>(272,325)</u>	<u>(143,549)</u>
Net change in fund balances	<u>(272,325)</u>	<u>(272,325)</u>	<u>(143,549)</u>
Fund balances - beginning	441,075	441,075	585,583
Fund balances - ending	<u>\$ 168,750</u>	<u>\$ 168,750</u>	<u>\$ 442,034</u>

Kit Carson County, Colorado
 Budget and Actual
 Capital Projects
 For the year ended December 31, 2010

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ 60,297	\$ 60,297	\$ 58,270
SO Taxes	6,700	6,100	7,030
Total revenues	66,997	66,397	65,300
EXPENDITURES			
Current:			
General government	44,000	44,000	22,618
Capital Outlay	90,000	90,000	68,389
Total Expenditures	134,000	134,000	91,007
Excess (deficiency) of revenues over expenditures	(67,003)	(67,603)	(25,707)
Net change in fund balances	(67,003)	(67,603)	(25,707)
Fund balances - beginning	180,798	180,798	294,735
Fund balances - ending	\$ 113,795	\$ 113,195	\$ 269,028

Kit Carson County, Colorado
Budget and Actual
Kit Carson County Facility Fund
For the year ended December 31, 2010

	Budgeted Amounts		Actual Amounts,
	Original	Final	Budgetary Basis
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Total revenues	-	-	-
OPERATING EXPENSES			
Miscellaneous	-	36,834	-
Depreciation	36,834	53,212	36,834
Miscellaneous	53,212	90,046	-
Total Operating Expenses	90,046	(90,046)	(36,834)
Operating income (loss)	(90,046)	(90,046)	(36,834)
Net change in fund balances	(90,046)	(90,046)	(36,834)
Fund balances - beginning	53,211	53,211	1,526,687
Fund balances - ending	\$ (36,835)	\$ (36,835)	\$ 1,489,853

Kit Carson County, Colorado
Schedule of Due From/ Due To The State of Colorado
Human Services
December 31, 2010

	<u>Due From</u>	<u>Due To</u>
Administration	\$ 15,466	\$ -
Admin Non Alloc	-	96
LEAP	1,279	-
AND	-	528
Core Services	18,848	-
Adult Foster Care	-	28
Child Support Enforcement	2,644	-
Home Care Allowance	-	17
Food Assistance Job Search	828	-
Federal Incentives	59	-
IV-D	112	-
State Incentives	51	-
Child Welfare	12,569	-
Child Care	1,974	-
Colorado Works	3,455	-
OAP	500	-
County Wide Cost Allocation	356	-
SB-94 Parental Fees	6,653	-
	<u>\$ 64,795</u>	<u>\$ 668</u>
Net Due from State	<u>\$ 64,127</u>	

City or County:

Kit Carson County, Colorado

LOCAL HIGHWAY FINANCE REPORT

YEAR ENDING:
December 31, 2010

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM

AMOUNT

A. Receipts from local sources:

1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5)	
b. Motor Vehicle (from Item I.B.5)	
c. Total (a+b)	
2. General fund appropriations	
3. Other local imposts (from page 2)	1,297,744
4. Miscellaneous local receipts (from page 2)	187,384
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	1,475,128
B. Private Contributions	
C. Receipts from State government (from page 2)	2,470,802
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	3,945,930

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM

AMOUNT

A. Local highway disbursements:

1. Capital outlay (from page 2)	
2. Maintenance:	3,331,412
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	
c. Other	
d. Total (a. through c.)	0
4. General administration & miscellaneous	56,448
5. Highway law enforcement and safety	
6. Total (1 through 5)	3,387,860
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	29,355
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	333,925
3. Total (1.c + 2.c)	363,280
C. Payments to State for highways	363,280
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	3,751,140

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)	293,553	488,968	333,925	448,596

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	776,978	3,945,930	3,751,140	971,768	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE: Colorado
 YEAR ENDING (mm/yy): December-10

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	1,124,847	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	15,870
4. Licenses	167,897	f. Charges for Services	23,059
5. Specific Ownership &/or Other	167,897	g. Other Misc. Receipts	143,455
6. Total (1. through 5.)	1,292,744	h. Other lease purchase	182,384
c. Total (a. + b.)		i. Total (a. through h.)	
			(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,448,259	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	22,543	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	22,543	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	2,470,802	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
For the year ended December 31, 2010

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Are any material weaknesses identified?	xx_ No
Are any significant deficiencies identified not considered to be material weaknesses?	xx_ Yes
Is any noncompliance material to financial statements noted?	xx_ No

Federal Awards

Type of auditor's report issued on compliance for major programs: The auditor's report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.

Internal control over major program compliance:

Are any material weaknesses identified?	xx_ No
Are any significant deficiencies identified not considered to be material weaknesses?	xx_ None Reported
Are any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget Circular A-133, <i>Audits of State, Local Governments, and Non-Profit Organizations</i> , Section 510(a)?	xx_ No

Identification of major programs:

CFDA Number(s) and Name of Federal Program or Cluster

93.558	TANF	
93.568	LEAP	
10.557	WIC	
93.713	Child care and developmental block grant funds—ARRA	
16.801	Victims of crime act (voca) - ARRA	

Enter the dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Is the auditee qualified as a low-risk auditee?	xx_ Yes

Section II: Financial Statement Findings

Finding 2010-1:

Criteria: The County is required to establish and operate an internal control system over financial reporting such that assets are protected and financial reporting is accurate.

Condition: Key internal controls in the clerk's office were not implemented as intended.

Cause: Certain internal controls were intentionally overridden by a certain individual.

Effect: Certain deposits with the County Treasurer were not made as intended which led to certain fund ledger revenue accounts being under-stated and at times being overdrawn.

Recommendation: The operation of the internal control system in the county clerk's office should be emphasized and reviewed by management on a consistent basis.

Management Response: Agree

Section III: Federal Awards Findings

There are not any findings that are required to be reported.

Kit Carson County, Colorado
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2010

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE DEPARTMENT OF HEALTH & HUMAN SERVICES	FEDERAL	AGENCY OR	FEDERAL
	CFDA NUMBER	PASS-THROUGH NUMBER	DISBURSEMENTS/ EXPENDITURES
TANF - Colo Works	93.558	Dept. of Human Services	* \$ 163,008
LEAP	93.568	Dept. of Human Services	* 181,471
CCDF	93.596	Dept. of Human Services	* 67,794
IV-B Child Welfare	93.643	Dept. of Human Services	1,952
Title IV-E - Foster Care	93.658	Dept. of Human Services	86,805
Title XX Block Grant	93.667	Dept. of Human Services	27,554
IV-D Admin	93.601	Dept. of Human Services	62,461
CCDF Diser	93.575	Dept. of Human Services	*(21,640)
CCDF ARRA	93.713	Dept. of Human Services	* 28,056
Title XIX Medicaid	93.778	Dept. of Human Services	72,098
IV - E Adoption	93.659	Dept. of Human Services	6,541
HAVA	90.401	St. of Colorado/Dept of State	7,838
Subtotal Department of Human Services			683,938
EPI	93.977	Dept. of Public Health & Envir.	260
Family Planning	93.217	Dept. of Public Health & Envir.	6,550
Immunization	93.268	Dept. of Public Health & Envir.	8,610
BT EPR, CWCCI	93.283	Dept. of Public Health & Envir.	5,457
Single Entry Point	93.778	Dept. of Public Health & Envir.	56,515
Public Health Emergency Preparedness	93.069	Dept. of Public Health & Envir.	63,622
Nursing Services	93.994	Dept. of Public Health & Envir.	2,738
Subtotal Department of Public Health & Environment			143,752
DEPARTMENT OF AGRICULTURE			
Food Stamp Administration	10.561	Dept. of Human Services	78,149
Women, Infant & Children	10.557	Dept. of Public Health & Envir.	* 313,682
Subtotal Department of Agriculture			391,831
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Office of Emergency Management	97.042	Dept. of Local Affairs	8,741
U.S. DEPARTMENT OF JUSTICE			
Division of Criminal Justice -			
Victims of Crime Act (VOCA)	16.575	Division of Criminal Justice	22,589
Violence Against Women Formula Grant	16.738	Division of Criminal Justice	20,643
Office of Justice Programs- ARRA	16.801	Division of Criminal Justice	9,204
Subtotal U. S. Department of Justice			* 52,436
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,280,698</u>

* Major Programs

The County had no subrecipients during 2010.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Kit Carson County, Colorado and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

*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**

Independent Auditor's Report

Board of County Commissioners
Kit Carson County, Colorado
Burlington, CO 80807

We have audited the basic financial statements of Kit Carson County, Colorado as of and for the year ended December 31, 2010, and have issued our report thereon dated July 18, 2011. 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, Colorado's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kit Carson County, Colorado's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Kit Carson County, Colorado's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2010-1 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kit Carson County, Colorado'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.

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

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

rfarmer, llc

July 18, 2011

rfarmer, llc
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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CIRCULAR A-133

Independent Auditor's Report

Board of County Commissioners
Kit Carson County, Colorado
Burlington, CO 80807

Compliance

We have audited the compliance of Kit Carson County, Colorado with the types of direct and material compliance requirements described in the U.S. Office of Management and Budget Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. Kit Carson County, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management. Our responsibility is to express an opinion on Kit Carson County, Colorado's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and 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, Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Kit Carson County, Colorado's compliance with those requirements.

In our opinion, Kit Carson County, Colorado 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, 2010.

Internal Control over Compliance

The management of Kit Carson County, Colorado is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Kit Carson County, Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing 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, Colorado's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. 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, board of 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.

rfarmer, llc

July 18, 2011