

Kit Carson County, Colorado

Financial Statements

December 31, 2011

Kit Carson County, Colorado
Annual Financial Report
December 31, 2011

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
Human Services	30
Public Health	31
Supplemental Information:	
Combining Statements of Non-major Governmental Funds:	
Combining Balance Sheet	32
Combining Statements of Revenues, Expenditures and Changes in Fund Balances	33

Kit Carson County, Colorado
Annual Financial Report
December 31, 2011

TABLE OF CONTENTS
(Continued)

Schedules of Revenues, Expenditures and Changes in Fund Balance- Actual and Budget	
Non-Major Governmental Funds:	
Special Revenue Funds:	
E911	34
Conservation Trust	35
Contingent	36
Solid Waste	37
Capital Projects Funds:	
Capital Projects Fund	38
Schedule of Revenues, Expenditures and Changes in Net Assets- Actual and Budget	
Enterprise Fund:	
Correctional Center Authority	39
Local Highway Finance Report	40
SINGLE AUDIT	
Schedule of Findings and Questioned Costs	42
Schedule of Expenditures of Federal Awards	44
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>	45
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With Circular A-133	47

rfarmer, llc
a certified public accounting and consulting firm

Independent Auditor's Report

The Governing Body
Kit Carson County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kit Carson County, Colorado, as of December 31, 2011 and for the year then ended, 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 Kit Carson County, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kit Carson County, Colorado, as of December 31, 2011, 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 (GAAP).

In accordance with *Government Auditing Standards*, we have issued our report dated June 7, 2012 on our consideration of Kit Carson County, Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express

an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kit Carson County, Colorado's basic financial statements. The other supplementary information listed in the table of contents 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 Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*r*farmer, llc

June 7, 2012

May 31, 2012

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 2011 included:

- In 2011, \$1,225,494.00 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:

Kit Carson County continues to act as a responsive and responsible government. Highlights of our progress in 2011 included:

The Sheriff's Office has continued to update and provide mandated courthouse security measures with use of grant funding for staff in 2011.
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 county website continues to be updated and content was enhanced to provide online access to more County and State information. Job notices and 2011 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 link has been added to register cell phones for reverse 911 phone calls. A local vendor continues to be engaged to provide technology services to the County

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.

Grants awarded in 2010 from DOLA and USDA facilitated the installment of a new communication tower for the Dispatch department in 2011. This updates KCC communications for 2013 requirements to narrow band radio per FCC regulations.

Opportunities and Challenges

Opportunities and Challenges for 2011 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 2011 will be 37.942 mills, remaining below the 1993 level. The total county assessed valuation increased from \$128,278,731 in 2010 to \$132,357,283 which is an increase of \$4,078,552.00.

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 2011 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 2011 financial statements were audited by farmer, llc, Certified Public Accountants, 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 2011 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, 2011

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

Current Assets	\$ 9,553,372
Non-Current Assets	<u>\$ 6,617,409</u>
Total Assets	\$ 16,170,781
Current Liabilities	\$ 5,023,725
Non-Current Liabilities	<u>\$ 598,073</u>
Total Liabilities	\$ 5,621,798

Net Assets	\$ 6,346,555
Investment in capital assets (net of debt)	\$ 4,202,428
Unrestricted	<u>\$ 10,548,983</u>
Total Net Assets	\$ 10,548,983

The change in Net Assets from 2010 to 2011 reflects an increase of \$154,999.00 which is an improvement from the 2009 to 2010 year which reflected a 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, 2011

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and Equivalents	\$ 4,370,408	\$ 53,342	\$ 4,423,750
Receivables	5,067,673	-	5,067,673
Due from Other Governmental Agencies	61,949	-	61,949
Capital Assets			
Land and Improvements	154,107	-	154,107
Buildings	3,806,817	1,841,686	5,648,503
Equipment and Furniture	11,266,630	-	11,266,630
Less: Accumulated Depreciation	(10,009,822)	(442,009)	(10,451,831)
Total Capital Assets	5,217,732	1,399,677	6,617,409
Total Assets	14,717,762	1,453,019	16,170,781
LIABILITIES			
Accounts payable and accrued expenses	53,469	-	53,469
Due to other governmental agencies	28,577	-	28,577
Deferred Revenues	5,023,725	-	5,023,725
Long-term liabilities			
Due within one year			
Bonds, capital leases and contracts	266,731	-	266,731
Compensated Absences	73,561	-	73,561
Due in more than one year			
Bonds, capital leases and contracts	4,122	-	4,122
Compensated absences	171,613	-	171,613
Total liabilities	5,621,798	-	5,621,798
NET ASSETS			
Invested in capital assets, net of related debt	4,946,879	1,399,676	6,346,555
Unrestricted	4,149,085	53,343	4,202,428
Total net assets	\$ 9,095,964	\$ 1,453,019	\$ 10,548,983

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, 2011

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	\$ 2,838,613	\$ 901,209	\$ 268,163	\$ -	\$ (1,669,241)	\$ -	\$ (1,669,241)
Public Safety	2,329,140	237,568	141,658	-	(1,949,914)	-	(1,949,914)
Public Works	3,213,197	26,492	2,535,607	-	(651,098)	-	(651,098)
Health, Welfare and Sanitation	2,547,975	230,341	1,736,451	-	(581,183)	-	(581,183)
Culture and Recreation	325,720	83,404	20,905	-	(221,411)	-	(221,411)
Interest on Long-term deb	17,447	-	-	-	(17,447)	-	(17,447)
Total governmental activities:	<u>11,272,092</u>	<u>1,479,014</u>	<u>4,702,784</u>	<u>-</u>	<u>(5,090,294)</u>	<u>-</u>	<u>(5,090,294)</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>\$ 11,308,926</u>	<u>\$ 1,479,014</u>	<u>\$ 4,702,784</u>	<u>\$ -</u>	<u>\$ (5,090,294)</u>	<u>\$ (36,834)</u>	<u>\$ (5,127,128)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					\$ 4,606,115	\$ -	\$ 4,606,115
Specific Ownership tax:					557,877	-	557,877
Unrestricted investment earning					19,259	-	19,259
Miscellaneous					98,875	-	98,875
Total general revenues, special items, and transfer					<u>5,282,126</u>	<u>-</u>	<u>5,282,126</u>
Change in net assets:					191,832	(36,834)	154,998
Net assets - beginning					8,904,132	1,489,853	10,393,985
Net assets - ending					<u>\$ 9,095,964</u>	<u>\$ 1,453,019</u>	<u>\$ 10,548,983</u>

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

Kit Carson County, Colorado
Balance Sheet
Governmental Funds
December 31, 2011

	<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	\$ 1,897,057	\$ 1,186,661	\$ 99,757	\$ 89,776	1,097,158	\$ 4,370,409
Taxes receivable, net	3,268,166	1,323,573	165,447	-	264,715	5,021,901
Receivable from other governments	-	-	61,949	-	-	61,949
Total assets	<u>5,180,042</u>	<u>2,515,901</u>	<u>327,153</u>	<u>109,573</u>	<u>1,367,561</u>	<u>9,500,030</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	15,533	40,243	(16,420)	4,832	9,282	53,470
Deferred revenue	-	-	30,401	-	-	30,401
Deferred revenue property taxes	3,268,166	1,323,573	165,447	-	264,715	5,021,901
Total liabilities	<u>3,283,699</u>	<u>1,363,816</u>	<u>179,428</u>	<u>4,832</u>	<u>273,997</u>	<u>5,105,772</u>
Fund balances:						
Unassigned	1,896,343	-	-	-	-	1,896,343
Assigned, reported in non-major:						
Special revenue funds	-	1,152,085	147,725	104,541	992,469	2,396,820
Capital projects funds	-	-	-	-	101,095	101,095
Total fund balances	<u>1,896,343</u>	<u>1,152,085</u>	<u>147,725</u>	<u>104,541</u>	<u>1,093,564</u>	<u>4,394,258</u>
Total liabilities and fund balances	<u>\$ 5,180,042</u>	<u>\$ 2,515,901</u>	<u>\$ 327,153</u>	<u>\$ 109,373</u>	<u>\$ 1,367,561</u>	<u>\$ 9,500,030</u>

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

Kit Carson County, Colorado
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
December 31, 2011

Total fund balance, governmental funds \$ 4,394,258

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 5,217,732

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. (516,026)

Net Assets of Governmental Activities in the Statement of Net Assets \$ 9,095,964

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, 2011

	<u>General</u>	<u>Road & Bridge</u>	<u>Human Services</u>	<u>Public Health Agency</u>	<u>Other Funds</u>	<u>Governmental Funds</u>
REVENUES						
Property Taxes	\$ 3,130,122	\$ 1,058,943	\$ 160,358	\$ -	\$ 256,692	\$ 4,606,115
SO Tax	362,300	150,456	17,506	-	27,616	557,878
Fees and fines	4,103	-	-	-	-	4,103
Licenses and permits	11,243	25,543	-	31,597	-	68,383
Intergovernmental	422,270	2,510,064	2,148,904	708,979	24,293	5,814,510
Charges for services	939,624	26,492	-	35,546	314,229	1,315,891
Investment earnings	19,177	-	-	-	83	19,260
Miscellaneous	219,843	2,677	-	(20,807)	15,318	217,031
Total revenues	<u>5,108,682</u>	<u>3,774,175</u>	<u>2,326,768</u>	<u>755,315</u>	<u>638,231</u>	<u>12,603,171</u>
EXPENDITURES						
Current:						
General government	2,363,694	57,127	-	-	74,755	2,495,576
Public safety	1,996,566	-	-	-	45,425	2,041,991
Public works	-	2,860,677	-	-	-	2,860,677
Health, welfare and sanitation	-	-	2,334,563	970,426	369,032	3,674,021
Culture and recreation	292,429	-	-	-	34,887	327,316
Debt Service:						
Principal	-	308,860	-	-	-	308,860
Interest and other charges	-	17,447	-	-	2,262	19,709
Capital Outlay	115,092	451,078	-	-	114,565	680,735
Total Expenditures	<u>4,767,781</u>	<u>3,695,189</u>	<u>2,334,563</u>	<u>970,426</u>	<u>640,926</u>	<u>12,408,885</u>
Excess (deficiency) of revenues over expenditures	<u>340,901</u>	<u>78,986</u>	<u>(7,795)</u>	<u>(215,111)</u>	<u>(2,695)</u>	<u>194,286</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from capital leases	-	101,330	-	-	-	101,330
Transfers in	-	-	-	217,878	-	217,878
Transfers out	(217,878)	-	-	-	-	(217,878)
Total other financing sources and uses	<u>(217,878)</u>	<u>101,330</u>	<u>-</u>	<u>217,878</u>	<u>-</u>	<u>101,330</u>
Net change in fund balances	<u>123,023</u>	<u>180,316</u>	<u>(7,795)</u>	<u>2,767</u>	<u>(2,695)</u>	<u>295,616</u>
Fund balances - beginning	<u>1,773,320</u>	<u>971,769</u>	<u>155,520</u>	<u>101,774</u>	<u>1,096,259</u>	<u>4,098,642</u>
Fund balances - ending	<u>\$ 1,896,343</u>	<u>\$ 1,152,085</u>	<u>\$ 147,725</u>	<u>\$ 104,541</u>	<u>\$ 1,093,564</u>	<u>\$ 4,394,258</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, 2011

Net change in fund balances - total governmental funds: \$ 295,616

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 \$680,735 was more than depreciation of \$1,060,859 in the current period. (380,124)

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. 207,530

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 68,810

Change in net assets of governmental activities \$ 191,832

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, 2011

	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	(442,009)	(442,009)
Total non-current assets	1,399,677	1,399,677
Total assets	1,453,019	1,453,019
NET ASSETS		
Invested in capital assets, net of related debt	1,399,677	1,399,677
Unrestricted	53,342	53,342
Total net assets	\$ 1,453,019	\$ 1,453,019

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, 2011

	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	1,489,853	1,489,853
Total net assets - beginning	1,453,019	1,453,019
Total net assets - ending	\$ 1,453,019	\$ 1,453,019

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, 2011

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>\$ 53,342</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>

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, 2011

	TOTAL AGENCY FUNDS
ASSETS:	
Cash and cash equivalents	<u>\$ 618,963</u>
Total Assets	<u>618,963</u>
LIABILITIES:	
Due to other governmental units	<u>618,963</u>
Total liabilities	<u>\$ 618,963</u>

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

Kit Carson County, Colorado
Notes to Financial Statements
December 31, 2011

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 Statements of the Governmental Accounting Standards Board. 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 through this fund.

Public Health Agency This fund accounts for public health revenues and expenses including, but not limited to, Women, Infants and Children (WIC).

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 the year.

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

General and Capital Projects

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 2011 assessed tax to be collected in 2012. 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. For employees hired after April 1, 2011, the amount that can be accumulated was decreased.

	Beginning of Year	Additions	Deletions	End of Year	Due in One Year
Accrued Vacation	\$ 313,944	\$ -	\$ (68,770)	\$ 245,174	\$ 73,561

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 the year.

**Note 3-
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 requirements of the Public Deposit Protection Act.

All deposits made by the County treasurer in 2011 were done so in eligible public depositories, as defined by the Public Deposit Protection Act.

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, 2011, the County had no investments in any local government investment pool.

Note 4 Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 154,107	-	\$ -	\$ 154,107
Total capital assets, not being depreciated	154,107	-	-	154,107
Capital assets, being depreciated:				
Buildings & Improvements	3,806,817	-	-	3,806,817
Equipment & Furniture	10,585,895	680,735	-	11,266,630
Total capital assets, being depreciated	14,392,712	680,735	-	15,073,447
Less accumulated depreciation:				
Total accumulated depreciation	(8,948,963)	(1,060,859)	-	(10,009,822)
Total capital assets, being depreciated, net	5,443,749	\$ (380,124)	\$ -	5,063,625
Governmental activities capital assets, net	\$ 5,597,856			\$ 5,217,732
Business-type activities:				
Capital assets, being depreciated:				
Building	\$ 1,841,686	-	\$ -	\$ 1,841,686
Total capital assets, being depreciated	1,841,686	-	-	1,841,686
Less accumulated depreciation:				
Total accumulated depreciation	(405,175)	(36,834)	-	(442,009)
Total capital assets, being depreciated, net	1,436,511	\$ (36,834)	\$ -	1,399,677

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

Governmental activities:	
General government	\$ 96,222
Judicial and public safety	612,117
Streets and highways	<u>352,520</u>
Total depreciation expense-governmental activities	<u>\$1,060,859</u>
Business-type activities:	
Kit Carson County Facility Fund	<u>\$ 36,834</u>
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 2011 was \$98,243 regarding eligible salaries of \$3,274,773 and total salaries of \$3,747,862. Mandatory employee contributions in 2011 were \$98,243. 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, 2011:

Lease Purchase Contracts Payable January 1	\$478,383
New Leases	101,330
Payments	<u>(308,860)</u>
Lease Purchase Contracts Payable December 31	<u>\$ 270,853</u>

Payment Schedule of Lease Purchase Contracts

	2012	2013
Principal	\$ 266,731	\$ 4,122

The debt service of \$308,860 paid during 2011 was paid by the Road & Bridge Fund and Solid Waste Fund. The amount of interest expense incurred in 2011 was \$19,709. 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.

The General Fund transferred \$217,878 to Public Health.

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 and current deflator of 1.021, the closure costs are approximately \$411,803 and the post-closure costs are \$373,079. The County has 20% of landfill total capacity being used with 80% remaining. The second cell opened approximately four years ago and is approximately 15% 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 - Fund Balances

The County has applied the requirements of GASB 54 – Fund Balance Reporting.

Assigned

Assigned balances represent balances where the intent is expressed by (1) the governing body itself or (2) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes,.

Unassigned

Unassigned balances can be used for any legal purpose and are limited to the General Fund.

Kit Carson County, Colorado
Budget and Actual
General

For the year ended December 31, 2011

	Budgeted Amounts		Actual Amounts,
	Original	Final	Budgetary Basis
REVENUES			
Property Taxes	\$ 3,139,001	\$ 3,139,001	\$ 3,130,122
SO Taxes	360,000	360,000	362,300
Fees and fines	5,000	5,000	4,103
Licenses and permits	10,000	10,000	11,243
Intergovernmental	527,539	527,539	422,270
Charges for services	484,083	712,713	939,624
Investment earnings	-	-	19,177
Miscellaneous	4,500	4,500	219,843
Total revenues	4,530,123	4,758,753	5,108,682
EXPENDITURES			
Current:			
General government	2,321,151	2,287,584	2,363,694
Public Safety	2,027,207	2,027,207	1,996,566
Culture and recreation	158,182	158,182	292,429
Capital Outlay	114,071	114,071	115,092
Total Expenditures	4,620,611	4,587,044	4,767,781
Excess (deficiency) of revenues over expenditures	(90,488)	171,709	340,901
OTHER FINANCING SOURCES (USES)			
Transfers out	(217,878)	(217,878)	(217,878)
Total other financing sources and uses	(217,878)	(217,878)	(217,878)
SPECIAL ITEM			
Net change in fund balances	(308,366)	(46,169)	123,023
Fund balances - beginning	1,773,321	1,773,321	1,773,320
Fund balances - ending	\$ 1,464,955	\$ 1,727,152	\$ 1,896,343

Kit Carson County, Colorado
 Budget and Actual
 Road & Bridge
 For the year ended December 31, 2011

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ 1,062,383	\$ 1,062,383	\$ 1,058,943
SO Taxes	165,000	165,000	150,456
Licenses and permits	22,000	22,000	25,543
Intergovernmental	2,400,000	2,400,000	2,510,064
Charges for services	10,585	10,585	26,492
Miscellaneous	5,000	5,000	2,677
Total revenues	<u>3,664,968</u>	<u>3,664,968</u>	<u>3,774,175</u>
EXPENDITURES			
Current:			
General government	54,000	54,000	57,127
Highways and roads	3,060,706	3,060,706	2,860,677
Debt Service:			
Principal	279,795	279,795	308,860
Interest and other charges	13,900	13,900	17,447
Capital Outlay	489,330	489,330	451,078
Total Expenditures	<u>3,897,731</u>	<u>3,897,731</u>	<u>3,695,189</u>
Excess (deficiency) of revenues over expenditures	<u>(232,763)</u>	<u>(232,763)</u>	<u>78,986</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital leases	-	-	101,330
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>101,330</u>
Net change in fund balances	<u>(232,763)</u>	<u>(232,763)</u>	<u>180,316</u>
Fund balances - beginning	<u>971,769</u>	<u>971,769</u>	<u>971,769</u>
Fund balances - ending	<u>\$ 739,006</u>	<u>\$ 739,006</u>	<u>\$ 1,152,085</u>

Kit Carson County, Colorado
 Budget and Actual
 Human Services
 For the year ended December 31, 2011

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ 151,062	\$ 151,062	\$ 160,358
SO Taxes	16,750	16,750	17,506
Intergovernmental	2,253,346	2,253,346	2,148,904
Total revenues	<u>2,421,158</u>	<u>2,421,158</u>	<u>2,326,768</u>
EXPENDITURES			
Current:			
Welfare and Social Programs	2,421,158	2,421,158	2,334,563
Total Expenditures	<u>2,421,158</u>	<u>2,421,158</u>	<u>2,334,563</u>
Excess (deficiency) of revenues over expenditures	-	-	(7,795)
Net change in fund balances			(7,795)
Fund balances - beginning	155,520	155,520	155,520
Fund balances - ending	<u>\$ 155,520</u>	<u>\$ 155,520</u>	<u>\$ 147,725</u>

Kit Carson County, Colorado
 Budget and Actual
 Public Health Agency
 For the year ended December 31, 2011

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Licenses and permits	\$ 20,000	\$ 20,000	\$ 31,597
Intergovernmental	890,549	917,204	708,979
Charges for services	48,501	48,500	35,546
Miscellaneous	18,356	9,138	(20,807)
Total revenues	<u>977,406</u>	<u>994,842</u>	<u>755,315</u>
EXPENDITURES			
Current:			
Public Health	1,195,284	1,212,720	970,426
Total Expenditures	<u>1,195,284</u>	<u>1,212,720</u>	<u>970,426</u>
Excess (deficiency) of revenues over expenditures	(217,878)	(217,878)	(215,111)
OTHER FINANCING SOURCES (USES)			
Transfers in	217,878	217,878	217,878
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>217,878</u>	<u>217,878</u>	<u>217,878</u>
Net change in fund balances	-	-	2,767
Fund balances - beginning	101,774	101,774	101,774
Fund balances - ending	<u>\$ 101,774</u>	<u>\$ 101,774</u>	<u>\$ 104,541</u>

Kit Carson County, Colorado
Balance Sheet
Other Governmental Funds
December 31, 2011

	<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	\$ 215,976	\$ 53,529	\$ 204,518	\$ 522,040	\$ 996,063	\$ 101,095	\$ 1,097,158
Taxes receivable, net	-	-	-	264,715	264,715	-	264,715
Other receivables	5,688	-	-	-	5,688	-	5,688
Total assets	<u>221,664</u>	<u>53,529</u>	<u>204,518</u>	<u>786,755</u>	<u>1,266,466</u>	<u>101,095</u>	<u>1,367,561</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	178	-	-	9,104	9,282	-	9,282
Deferred revenue	-	-	-	264,715	264,715	-	264,715
Total liabilities	<u>178</u>	<u>-</u>	<u>-</u>	<u>273,819</u>	<u>273,997</u>	<u>-</u>	<u>273,997</u>
Fund balances:							
Assigned	221,486	53,529	204,518	512,936	992,469	101,095	1,093,564
Total fund balances	<u>221,486</u>	<u>53,529</u>	<u>204,518</u>	<u>512,936</u>	<u>992,469</u>	<u>101,095</u>	<u>1,093,564</u>
Total liabilities and fund balances	<u>\$ 221,664</u>	<u>\$ 53,529</u>	<u>\$ 204,518</u>	<u>\$ 786,755</u>	<u>\$ 1,266,466</u>	<u>\$ 101,095</u>	<u>\$ 1,367,561</u>

Kit Carson County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	<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	\$ -	\$ -	\$ -	\$ 256,692	\$ 256,692	\$ -	\$ 256,692
SO Taxes	-	-	-	27,616	27,616	-	27,616
Intergovernmental	3,388	20,905	-	-	24,293	-	24,293
Charges for services	151,031	-	-	163,198	314,229	-	314,229
Investment earnings	-	83	-	-	83	-	83
Miscellaneous	-	-	-	47	47	15,271	15,318
Total revenues	<u>154,419</u>	<u>20,988</u>	<u>-</u>	<u>447,553</u>	<u>622,960</u>	<u>15,271</u>	<u>638,231</u>
EXPENDITURES							
Current:							
General government	758	-	-	7,619	8,377	66,378	74,755
Public Safety	45,425	-	-	-	45,425	-	45,425
Health and sanitation	-	-	-	369,032	369,032	-	369,032
Culture and recreation	-	34,887	-	-	34,887	-	34,887
Debt Service							
Interest and other charges	-	-	-	-	-	2,262	2,262
Capital Outlay	-	-	-	-	-	114,565	114,565
Total Expenditures	<u>46,183</u>	<u>34,887</u>	<u>-</u>	<u>376,651</u>	<u>457,721</u>	<u>183,205</u>	<u>640,926</u>
Excess (deficiency) of revenues over expenditures	<u>108,236</u>	<u>(13,899)</u>	<u>-</u>	<u>70,902</u>	<u>165,239</u>	<u>(167,934)</u>	<u>(2,695)</u>
Net change in fund balances	108,236	(13,899)	-	70,902	165,239	(167,934)	(2,695)
Fund balances - beginning	113,250	67,428	204,518	442,034	827,230	269,029	1,096,259
Fund balances - ending	<u>\$ 221,486</u>	<u>\$ 53,529</u>	<u>\$ 204,518</u>	<u>\$ 512,936</u>	<u>\$ 992,469</u>	<u>\$ 101,095</u>	<u>\$ 1,093,564</u>

Kit Carson County, Colorado
Budget and Actual
E911

For the year ended December 31, 2011

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Intergovernmental	\$ -	\$ -	\$ 3,388
Charges for services	72,900	77,100	151,031
Total revenues	72,900	77,100	154,419
EXPENDITURES			
Current:			
General government	600	600	758
Public Safety	60,000	60,000	45,425
Debt Service:			
Principal	19,669	19,669	-
Interest and other charges	5,000	5,000	-
Capital Outlay	5,000	5,000	-
Total Expenditures	90,269	90,269	46,183
Excess (deficiency) of revenues over expenditures	(17,369)	(13,169)	108,236
Net change in fund balances	(17,369)	(13,169)	108,236
Fund balances - beginning	113,249	113,249	113,250
Fund balances - ending	95,880	100,080	221,486

Kit Carson County, Colorado
 Budget and Actual
 Conservation Trust
 For the year ended December 31, 2011

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Intergovernmental	\$ 23,750	\$ 23,750	\$ 20,905
Investment earnings	-	-	83
Total revenues	<u>23,750</u>	<u>23,750</u>	<u>20,988</u>
EXPENDITURES			
Current:			
Culture and recreation	38,750	38,750	34,887
Total Expenditures	<u>38,750</u>	<u>38,750</u>	<u>34,887</u>
Excess (deficiency) of revenues over expenditures	(15,000)	(15,000)	(13,899)
Net change in fund balances	(15,000)	(15,000)	(13,899)
Fund balances - beginning	67,428	67,428	67,428
Fund balances - ending	<u>\$ 52,428</u>	<u>\$ 52,428</u>	<u>\$ 53,529</u>

Kit Carson County, Colorado
 Budget and Actual
 Contingent
 For the year ended December 31, 2011

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

Kit Carson County, Colorado
 Budget and Actual
 Solid Waste
 For the year ended December 31, 2011

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ 256,560	\$ 256,560	\$ 256,692
Charges for services	250,000	250,000	163,198
Total revenues	537,360	537,360	447,553
EXPENDITURES			
Current:			
General government	10,000	10,000	7,619
Health and sanitation	462,908	517,467	369,032
Debt Service:			
Interest and other charges	6,011	6,011	-
Total Expenditures	478,919	533,478	376,651
Excess (deficiency) of revenues over expenditures	58,441	3,882	70,902
Net change in fund balances	58,441	3,882	70,902
Fund balances - beginning	442,034	442,034	442,034
Fund balances - ending	\$ 500,475	\$ 445,916	\$ 512,936

Kit Carson County, Colorado
 Budget and Actual
 Capital Projects
 For the year ended December 31, 2011

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Miscellaneous	\$ 15,000	\$ 15,000	\$ 15,271
Total revenues	15,000	15,000	15,271
EXPENDITURES			
Current:			
General government	44,603	44,603	66,378
Debt Service:			
Interest and other charges	-	-	2,262
Capital Outlay	90,000	90,000	114,565
Total Expenditures	134,603	134,603	183,205
Excess (deficiency) of revenues over expenditures	(119,603)	(119,603)	(167,934)
Net change in fund balances	(119,603)	(119,603)	(167,934)
Fund balances - beginning	269,028	269,028	269,029
Fund balances - ending	\$ 149,425	\$ 149,425	\$ 101,095

Kit Carson County, Colorado
 Budget and Actual
 Kit Carson County Facility Fund
 For the year ended December 31, 2011

	<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			
Depreciation	-	-	36,834
Total Operating Expenses	-	-	36,834
Operating income (loss)	-	-	(36,834)
Net change in fund balances	-	-	(36,834)
Fund balances - beginning	53,211	53,211	1,489,853
Fund balances - ending	\$ 53,211	\$ 53,211	\$ 1,453,019

LOCAL HIGHWAY FINANCE REPORT

This Information From The Records Of County of Kit Carson

Prepared By: Paula Weeks
Phone:

City or County:
YEAR ENDING:
December 31, 2011

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 monthhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	3,270,538
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a+b)		a. Traffic control operations	
2. General fund appropriations	1,209,399	b. Snow and ice removal	
3. Other local imposts (from page 2)		c. Other	0
4. Miscellaneous local receipts (from page 2)	130,499	d. Total (a through c.)	0
5. Transfers from toll facilities:		4. General administration & miscellaneous:	61,371
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	3,331,909
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a + b + c.)	0	a. Interest	
7. Total (1 through 6)	1,339,898	b. Redemption	
B. Private Contributions		c. Total (a + b)	0
C. Receipts from State government		2. Notes:	
(from page 2)	2,535,607	a. Interest	29,355
D. Receipts from Federal Government		b. Redemption	333,925
(from page 2)	0	c. Total (a + b)	363,280
E. Total receipts (A.7 + B + C + D)	3,875,505	3. Total (1c + 2.c)	363,280
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	3,695,189

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)	478,383	101,330	308,860	270,853

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	971,769	3,875,505	3,695,189	1,152,085	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE: Colorado
 YEAR ENDING (mm/yy): December-11

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	1,058,943	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	6,276
4. Licenses	150,456	f. Charges for Services	22,893
5. Specific Ownership &/or Other	150,456	g. Other Misc. Receipts	101,330
6. Total (1. through 5.)	1,209,399	h. Other lease purchase	130,499
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	2,510,064	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	25,543	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	25,543	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	2,535,607	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	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	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, 2011

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_ None Reported
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	

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

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

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, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CPDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL DISBURSEMENTS/ EXPENDITURES
HUMAN SERVICES			
TANF - Colo Works	93.558	Dept. of Human Services	* \$ 198,209
LEAP	93.568	Dept. of Human Services	* 144,973
IV-D Admin	93.563	Dept. of Human Services	57,254
CCDF	93.596	Dept. of Human Services	57,972
IV-B Child Welfare	93.645	Dept. of Human Services	4,506
Title IV-E - Foster Care	93.658	Dept. of Human Services	69,988
Title XX Block Grant	93.667	Dept. of Human Services	37,306
CCDF Discr	93.575	Dept. of Human Services	18,481
Title XIX Medicaid	93.778	Dept. of Human Services	65,141
IV - E Adoption	93.659	Dept. of Human Services	7,745
Subtotal Department of Human Services			<u>661,575</u>
DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT			
ARRA Rizo	93.712	Dept. of Public Health & Envir.	14,569
Family Planning	93.217	Dept. of Public Health & Envir.	16,216
Immunization	93.268	Dept. of Public Health & Envir.	6,484
BT EPR, CW/CCI	93.283	Dept. of Public Health & Envir.	10,000
Public Health Emergency Preparedness	93.069	Dept. of Public Health & Envir.	21,776
Subtotal Department of Public Health & Environment			<u>69,045</u>
Single Entry Point	93.778	Dept. of Health Care Policy and Financing	65,380
DEPARTMENT OF AGRICULTURE			
Food Stamp Administration	10.561	Dept. of Human Services	75,160
Women, Infant & Children	10.557	Dept. of Public Health & Envir.	* 299,157
Subtotal Department of Agriculture			<u>374,317</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Office of Emergency Management	97.042	Dept. of Local Affairs	<u>14,262</u>
U.S. DEPARTMENT OF JUSTICE			
Division of Criminal Justice - Victims of Crime Act (VOCA)	16.575	Division of Criminal Justice	38,269
Violence Against Women Formula Grant	16.738	Division of Criminal Justice	2,646
Subtotal U. S. Department of Justice			<u>40,915</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,225,494</u>

* Major Programs

The County had no subrecipients during 2011.

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

Independent Auditor's Report

The Governing Body
Kit Carson County, Colorado

We have audited the basic financial statements of Kit Carson County, Colorado, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 7, 2012. 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 the 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 over financial reporting that might be deficiencies, 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, 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*.

This report is intended solely for the information and use of management, the board of county commissioners (governing body), others within the entity, and federal and state 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

June 7, 2012

r farmer, llc
a certified public accounting and consulting firm

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO 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

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 Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control over Compliance

The management of Kit Carson County, Colorado is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered 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 and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the

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

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

This report is intended solely for the information and use of, management, the board of county commissioners (governing body), others within the entity, and federal and state 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

June 7, 2012