

**Kit Carson County, Colorado**

**Financial Statements**

**December 31, 2012**

**Kit Carson County, Colorado  
Annual Financial Report  
December 31, 2012**

**TABLE OF CONTENTS**

**FINANCIAL SECTION**

Report of Independent Certified Public Accountant	1
Management's Discussion and Analysis (RSI)	iii
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position	3
Statement of Activities	4
<b>Governmental Fund Financial Statements:</b>	
Balance Sheet	5
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	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
<b>Proprietary Fund Financial Statements:</b>	
Statement of Net Position - Proprietary Funds	9
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	10
Statement of Cash Flows - Proprietary Funds	11
<b>Fiduciary Fund Financial Statements:</b>	
Statement of Fiduciary Net Assets	12
<b>Notes to the Financial Statements</b>	13
<b>Required Supplementary Information Other Than MD&amp;A:</b>	
<b>Schedules of Revenues, Expenditures and Changes in Fund Balance-Actual and Budget</b>	
<b>Major Funds:</b>	
General Fund	28
Road & Bridge	29
Human Services	30
Public Health	31
<b>Supplemental Information:</b>	
<b>Combining Statements of Non-major Governmental Funds:</b>	
Combining Balance Sheet	32
Combining Statements of Revenues, Expenditures and Changes in Fund Balances	33

**Kit Carson County, Colorado  
Annual Financial Report  
December 31, 2012**

**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
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**Schedule of Revenues, Expenditures and Changes in Net Assets- Actual and Budget**

**Enterprise Fund:**

Kit Carson County Facility Fund	39
Ambulance	40

<b>Local Highway Finance Report</b>	41
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**SINGLE AUDIT**

Schedule of Findings and Questioned Costs	43
Schedule of Expenditures of Federal Awards	45
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>	46
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With Circular A-133	48

***rfarmer, llc***  
***a certified public accounting and consulting firm***

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*Independent Auditor's Report*

County Commissioners  
Kit Carson County, Colorado

***Report on the Financial Statements***

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, 2012, and the related notes to the financial statements, which collectively comprise Kit Carson County, Colorado's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinion***

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, 2012,

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.

### ***Other Matters***

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 financial statements. The combining and individual nonmajor fund financial statements including budgetary comparison information and 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 Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements including budgetary comparison information and the local highway finance report and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information as listed above and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

### ***Report on Other Legal and Regulatory Requirements***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2013, 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 with *Government Auditing Standards* and should be considered in assessing the results of our audit.

***rfarmer, llc***

August 8, 2013

## 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 2012 included:

- In 2012, \$1,065,360.00 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:

### Accomplishments:

*Kit Carson County continues to move forward as a responsive and responsible government, with a new emphasis on being proactive instead of reactive. Highlights of our continued progress in 2012 included:*

- ✚ *The finance department has continued to search for measures to save Kit Carson County taxpayer dollars. This resulted in making a change of the finance software. Updating to the newer Windows based, auditable software, Fund Balance from Tyler Technology, will save \$54,600 over the next three years.*
- ✚ *Health Insurance prices continue to rise, requiring the Board to look for more affordable ways to insurance their employees. For 2012, the Board adopted a plan to raise the deductible from zero dollars to \$2,000.00. This plan saved \$282,000.00 in premiums. The Board set aside a portion of this money to reimburse employees as they met their deductible, resulting in \$100,000.00 savings to Kit Carson County without financially hurting the employees. This plan will continue for 2013 and 2014.*
- ✚ *In addition to this change, the Board approved a 90 day waiting period for new hires to be eligible for benefits. They also approved a change for the retirement vestment period, moving away from immediate vestment after one (1) year of employment to a graduated vestment period. Both changes will encourage longevity with new hires and save money.*
- ✚ *The Board worked diligently on a Strategic Plan for the County with the help of Colorado Department of Local Affairs. A successful plan was produced with will aid the Board in future budgeting needs.*
- ✚ *Also approved by the Board in 2012, was a Step and Grade Salary Plan for all employees, to go into effect in 2013. This will not only aid moral with the employees and will help control the budget in future years.*
- ✚ *Job descriptions for all employees were put in place this year, as well as policies addressing several needs in the county such as Conflict of Interest, Open Records Requests, Records Retention Schedules and Purchasing/Bid Guidelines. A new Personnel Policy was approved in 2012 and will be placed in effect for 2013 which were written to comply with Fair Labor Standards Act.*
- ✚ *The Board approved the hire of a full time verses contract Information Technology employee in the fall of 2012. This move has proven beneficial as we continue to move into a more computerized world. In addition to updating a failing 2003*

exchange server, the County website was revamped for a more current look and ease of access. The content was enhanced to provide online access to more County and State information, including the new Elections portion. The calendar is updated weekly to provide the community with the Board agenda and an employee section was added to allow quick access to newsletters, insurance forms and links to various Human Resource sites. Jobs are also posted online.

- ✚ Road and Bridge worked on 2 (two) bridges, replacing decking and stabilizing the bridges. 2 ½ miles of asphalt were roto-milled and replaced with fresh oil. An emphasis was placed on replacing culverts that were in disrepair. Radios are being updated to meet the January 1, 2013 FCC requirements to narrow band.
- ✚ The Board successfully worked to reinstate the 3<sup>rd</sup> party CDL testing in Kit Carson County. Potential truck drivers have a local place to get their licenses again.
- ✚ The purchase of a heavy duty shredder for the County Landfill has been very popular with County residents who appreciate the ability to take their vital records to a closer location to shred.
- ✚ The Board worked with the City of Burlington on a drainage project on the east end of the fairgrounds. The stage was revamped and a cover was installed for concert use, not only at the fair, but for community events throughout the year.
- ✚ The Sheriff's Department has continued to update and provide mandated Courthouse Security measures with use of full grant funding for staff in 2013 and full funding for new bulletproof vests for staff. Training for the staff is provided at no cost for staff by the State Judicial Department.
- ✚ Kit Carson County Commissioners established a relationship with the Burlington Record by writing articles in the "Commissioner's Corner" about projects they are currently working on. The Burlington Record has even started printing the weekly Board meeting schedule in the paper.
- ✚ Kit Carson County continues to support community programs, such as the Veterans Service Office, Senior Center Meal Sites, Dynamic Dimensions, Inc., East Central Council of Governments, Bright Futures, SBDC, 4-H, County Fair, PRCA Rodeo and other worthwhile efforts.

#### **Issues:**

Kit Carson County works diligently to find alternative sources of funding to meet mandated requirements and programs without having to cause burden to the taxpayer.

- ✚ Federal and State laws have tightened security measures which Kit Carson County must enforce. Staying abreast of the ever changing rules and regulations is a daily task for Vital Records, Elections, Treasurer, Assessor and County Clerk and Recorder.
- ✚ Federal & State regulations challenge the Road and Bridge in regard to our sand and gravel pits. Full compliance of these regulations would be cost prohibitive thus; the commissioners have been trying to work with the Colorado Division of Mine Safety to lower standards for gravel pits since they are not truly "mines".
- ✚ Oil cost has made it difficult to maintain the asphalt roads that are currently in Kit Carson County. There have not been any energy impact grants available to help with road funding.

The overall County Mill Levy for 2012 will be 37.967 mills, remaining below the 1993 level. The total county assessed valuation increased from \$132,357,283 in 2011 to \$133,836,394, which is an increase of \$1,479,111.

#### **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 2012 were as follows:

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

The County's fiscal year 2012 financial statements were audited by rfarmer, 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 2012 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, 2012**

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

Current Assets	\$10,067,313
Non-Current Assets	<u>\$ 6,765,540</u>
<b>Total Assets</b>	<b>\$16,832,853</b>
Current Liabilities	\$ 5,005,787
Non-Current Liabilities	\$ <u>132,703</u>
<b>Total Liabilities</b>	<b>\$ 5,138,490</b>
<b>Net Assets</b>	
Investment in capital assets (net of debt)	\$ 6,765,539
Restricted for Capital Projects	\$ 10,000
Unrestricted	<u>\$ 4,918,824</u>
<b>Total Net Assets</b>	<b>\$ 11,694,363</b>

The change in Net Assets from 2011 to 2012 reflects an increase of \$1,145,380. There is a decrease in the liabilities from 2011 of \$ 483,308. Assets increased in 2012 by \$1,145,380 over 2011.

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 Positions**  
**December 31, 2012**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Equivalents	\$ 4,770,095	\$ 84,611	\$ 4,854,706
Receivables	5,038,294	64,165	5,102,459
Internal Balances	(10,279)	10,279	-
Due from Other Governmental Agencies	110,148	-	110,148
Capital Assets			
Land and improvements	154,107	-	154,107
Buildings	3,806,817	1,841,686	5,648,503
Equipment and Furniture	11,219,363	574,211	11,793,574
Less: Accumulated Depreciation	(9,830,027)	(1,000,617)	(10,830,644)
Total Capital Assets	<u>5,350,260</u>	<u>1,415,280</u>	<u>6,765,540</u>
Total Assets	<u>15,258,518</u>	<u>1,574,335</u>	<u>16,832,853</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	108,686	5,478	114,164
Deferred Revenues	4,891,623	-	4,891,623
Long-term liabilities			
Due in more than one year			
Compensated absences	132,703	-	132,703
Total liabilities	<u>5,133,012</u>	<u>5,478</u>	<u>5,138,490</u>
<b>NET POSITIONS</b>			
Net investment in capital assets	5,350,260	1,415,279	6,765,539
Restricted for:			
Capital projects	-	10,000	10,000
Unrestricted	4,775,246	143,578	4,918,824
Total net position	<u>\$ 10,125,506</u>	<u>\$ 1,568,857</u>	<u>\$ 11,694,363</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, 2012**

Functions/Programs Primary government	Program Revenue				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-type Activities
Governmental Activities:						
General Government	\$ 2,586,360	\$ 574,791	\$ 150,186	\$ 37,965	\$ (1,823,418)	\$ (1,823,418)
Public Safety	1,816,255	114,997	173,706	-	(1,527,552)	(1,527,552)
Public Works	3,400,797	14,419	2,567,149	-	(819,229)	(819,229)
Health, Welfare and Sanitation	3,496,868	282,173	3,064,588	-	(150,107)	(150,107)
Culture and Recreation	242,584	136,260	22,771	-	(83,553)	(83,553)
Interest on Long-term deb	2,958	-	-	-	(2,958)	(2,958)
Total governmental activities:	<u>11,545,822</u>	<u>1,122,640</u>	<u>5,978,400</u>	<u>37,965</u>	<u>(4,406,817)</u>	<u>(4,406,817)</u>
Business-type activities						
Correctional Facility	36,834	-	-	10,000	(26,834)	(26,834)
Ambulance	310,003	296,573	18,501	-	5,071	5,071
Total business-type activities:	<u>346,837</u>	<u>296,573</u>	<u>18,501</u>	<u>10,000</u>	<u>(21,763)</u>	<u>(21,763)</u>
Total primary government	<u>\$ 11,892,659</u>	<u>\$ 1,419,213</u>	<u>\$ 5,996,901</u>	<u>\$ 47,965</u>	<u>\$ (4,406,817)</u>	<u>\$ (4,428,580)</u>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purpose					\$ 4,738,397	\$ 4,738,397
Specific Ownership tax:					576,657	576,657
Unrestricted investment earning					19,345	19,345
Miscellaneous					160,301	160,301
Special item - sale of assets					79,260	79,260
Transfers					(137,600)	-
Total general revenues, special items, and transfer					5,436,360	5,573,960
Change in net positions					1,029,543	1,145,380
Net positions - beginning					9,095,963	10,548,983
Net positions - ending					\$ 10,125,506	\$ 11,694,363

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

**Kit Carson County, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2012**

	<u>General</u>	<u>Road &amp; Bridge</u>	<u>Human Services</u>	<u>Public Health Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,055,541	\$ 1,614,247	\$ 170,886	\$ 20,659	908,758	\$ 4,770,091
Taxes receivable, net	3,308,034	1,112,459	167,295	-	267,673	4,855,461
Due from other funds	89,636	-	-	69,939	-	159,575
Receivable from other governments	-	-	110,148	-	-	110,148
Other receivables	69,870	14,533	-	158,041	10,259	252,703
Total assets	<u>5,523,081</u>	<u>2,741,239</u>	<u>448,329</u>	<u>248,639</u>	<u>1,186,690</u>	<u>10,147,978</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	63,351	28,876	-	6,717	11,173	110,117
Due to other funds	-	169,854	-	-	-	169,854
Deferred revenue	-	-	36,162	-	-	36,162
Deferred revenue property taxes	3,308,034	1,112,459	167,295	-	267,673	4,855,461
Total liabilities	<u>3,371,385</u>	<u>1,311,189</u>	<u>203,457</u>	<u>6,717</u>	<u>278,846</u>	<u>5,171,594</u>
<b>Fund balances:</b>						
Unassigned	2,151,696	-	-	-	-	2,151,696
Assigned, reported in non-major:						
Special revenue funds	-	1,430,050	244,872	241,922	806,721	2,723,565
Capital projects funds	-	-	-	-	101,123	101,123
Total fund balances	<u>2,151,696</u>	<u>1,430,050</u>	<u>244,872</u>	<u>241,922</u>	<u>907,844</u>	<u>4,976,384</u>
Total liabilities and fund balances	<u>\$ 5,523,081</u>	<u>\$ 2,741,239</u>	<u>\$ 448,329</u>	<u>\$ 248,639</u>	<u>\$ 1,186,690</u>	<u>\$ 10,147,978</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 Position**  
**December 31, 2012**

Total fund balance, governmental funds	\$ 4,976,384
Amounts reported for governmental activities in the Statement of Net Position 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 Position.	5,350,260
Transfer of general fixed assets to the Ambulance Fund	(68,435)
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 Position.	(132,703)
Net Assets of Governmental Activities in the Statement of Net Position	<u>\$ 10,125,506</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, 2012**

	<u>General</u>	<u>Road &amp; Bridge</u>	<u>Human Services</u>	<u>Public Health Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property Taxes	\$ 3,237,481	\$ 1,078,589	\$ 162,413	\$ -	\$ 259,913	\$ 4,738,396
SO Tax	382,069	140,443	20,838	-	33,307	576,657
Fees and fines	3,867	-	-	-	-	3,867
Licenses and permits	575	26,289	-	-	-	26,864
Intergovernmental	366,141	2,540,860	3,220,547	966,089	28,213	7,121,850
Charges for services	678,292	13,919	-	62,993	262,769	1,017,973
Investment earnings	19,302	-	-	-	43	19,345
Miscellaneous	248,610	6,408	-	8,614	88	263,720
Total revenues	<u>4,936,337</u>	<u>3,806,508</u>	<u>3,403,798</u>	<u>1,037,696</u>	<u>584,333</u>	<u>13,768,672</u>
<b>EXPENDITURES</b>						
Current:						
General government	2,487,247	-	-	-	18,082	2,505,329
Public safety	1,647,660	-	-	-	99,612	1,747,272
Public works	-	3,019,031	-	-	-	3,019,031
Health, welfare and sanitation	-	-	3,306,651	989,465	326,017	4,622,133
Culture and recreation	235,521	-	-	-	14,249	249,770
Debt Service:						
Principal	-	228,210	-	-	55,914	284,124
Interest and other charges	-	2,958	-	-	1,722	4,680
Capital Outlay	111,064	326,741	-	10,850	254,454	703,109
Total Expenditures	<u>4,481,492</u>	<u>3,576,940</u>	<u>3,306,651</u>	<u>1,000,315</u>	<u>770,050</u>	<u>13,135,448</u>
Excess (deficiency) of revenues over expenditures	<u>454,845</u>	<u>229,568</u>	<u>97,147</u>	<u>37,381</u>	<u>(185,717)</u>	<u>633,224</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	100,000	-	100,000
Transfers out	(200,687)	-	-	-	-	(200,687)
Total other financing sources and uses	<u>(200,687)</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(100,687)</u>
<b>SPECIAL ITEM</b>						
Proceeds from sale of assets	1,196	48,397	-	-	-	49,593
Net change in fund balances	255,354	277,965	97,147	137,381	(185,717)	582,130
Fund balances - beginning	1,896,342	1,152,085	147,725	104,541	1,093,561	4,394,254
Fund balances - ending	<u>\$ 2,151,696</u>	<u>\$ 1,430,050</u>	<u>\$ 244,872</u>	<u>\$ 241,922</u>	<u>\$ 907,844</u>	<u>\$ 4,976,384</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, 2012**

Net change in fund balances - total governmental funds: \$ 582,130

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 \$703,109 was more than depreciation of \$576,607 in the current period. 126,502

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. (62,413)

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 repayments exceeded proceeds. 270,853

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 112,471

Change in net assets of governmental activities \$ 1,029,543

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

**Kit Carson County, Colorado**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2012**

	<b>Enterprise Funds</b>		
	<u><b>Kit Carson County</b></u>		
	<u><b>Facility Fund</b></u>	<u><b>Ambulance</b></u>	<u><b>Total</b></u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 63,344	\$ 21,268	\$ 84,612
Accounts Receivable, net	-	64,165	64,165
Due from other funds	-	10,279	10,279
Total current assets	63,344	95,712	159,056
Non-current assets:			
Capital Assets:			
Buildings	1,841,686	-	1,841,686
Equipment and Furniture	-	574,211	574,211
Less Accumulated depreciation	(478,843)	(521,774)	(1,000,617)
Total non-current assets	1,362,843	52,437	1,415,280
Total assets	1,426,187	148,149	1,574,336
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	-	5,478	5,478
Total current liabilities	-	5,478	5,478
Total liabilities	-	5,478	5,478
<b>NET POSITION</b>			
Net investment in capital asset	1,362,843	52,437	1,415,280
Restricted for capital projects	10,000	-	10,000
Unrestricted	53,344	90,234	143,578
Total net position	\$ 1,426,187	\$ 142,671	\$ 1,568,858

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 Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2012**

	<b>Enterprise Funds</b>		
	<u>Kit Carson County</u> <u>Facility Fund</u>	<u>Ambulance</u>	<u>Total</u>
<b>REVENUES</b>			
Charges for services	\$ -	\$ 296,573	\$ 296,573
Total operating revenues	<u>-</u>	<u>296,573</u>	<u>296,573</u>
<b>OPERATING EXPENSES</b>			
Personal services	-	207,277	207,277
Contractual services	-	14,499	14,499
Utilities	-	8,089	8,089
Repairs and maintenance	-	15,307	15,307
Other supplies and expenses	-	45,570	45,570
Depreciation	36,834	19,261	56,095
Total Operating Expenses	<u>36,834</u>	<u>310,003</u>	<u>346,837</u>
Operating income (loss)	<u>(36,834)</u>	<u>(13,430)</u>	<u>(50,264)</u>
<b>MISCELLANEOUS REVENUES (EXPENSES)</b>			
Operating grants and contributions	-	18,501	18,501
Total non-operating revenue (expenses)	<u>-</u>	<u>18,501</u>	<u>18,501</u>
Income (loss) before contributions and transfers	(36,834)	5,071	(31,763)
Transfers in	-	137,600	137,600
Increase in restricted position for capital improvements	10,000	-	10,000
Change in net assets	(26,834)	142,671	115,837
Total net position - beginning	1,453,021	-	1,453,021
Total net position - ending	<u>\$ 1,426,187</u>	<u>\$ 142,671</u>	<u>\$ 1,568,858</u>

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, 2012**

	<b>Enterprise Funds</b>		
	<u>County Facility</u>	<u>Ambulance</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received From Operations	\$ -	\$ 281,901	\$ 281,901
Cash Received From Grants and Contracts	-	18,501	18,501
Cash Paid to Personnel	-	(207,277)	(207,277)
Cash Paid to Suppliers	-	(77,903)	(77,903)
Net Cash Provided (Used) By Operating Activities	<u>-</u>	<u>15,222</u>	<u>15,222</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Increase in restricted for capital improvements	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net Cash Provided (Used) By Investing Activities	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Transfers In	-	40,831	40,831
Purchase of Fixed Assets	<u>-</u>	<u>(34,785)</u>	<u>(34,785)</u>
Net Cash Provided (Used) In Capital and Related Financing Activities	<u>-</u>	<u>6,046</u>	<u>6,046</u>
Net Increase (Decrease) in Cash & Cash Equivalents	10,000	21,268	31,268
Cash and Cash Equivalents At Beginning Of Year	<u>53,344</u>	<u>-</u>	<u>53,344</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 63,344</u>	<u>\$ 21,268</u>	<u>\$ 84,612</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	\$ (36,834)	\$ 5,071	\$ (31,763)
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:			
Depreciation and Amortization	36,834	19,261	56,095
Cost of Issuance	-		
Change in Assets and Liabilities:			
(Increase) Decrease in Receivables:			
Accounts	-	(14,672)	(14,672)
Increase (Decrease) in Prepaids			
Increase (Decrease) in Accounts Payable	<u>-</u>	<u>5,562</u>	<u>5,562</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ -</u>	<u>\$ 15,222</u>	<u>\$ 15,222</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, 2012**

	<b>TOTAL AGENCY FUNDS</b>
<b>ASSETS:</b>	
Cash and cash equivalents	<u>\$ 576,958</u>
Total Assets	<u>576,958</u>
<b>LIABILITIES:</b>	
Due to other governmental units	<u>576,958</u>
Total liabilities	<u>\$ 576,958</u>

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

**Kit Carson County, Colorado**  
**Notes to Financial Statements**  
**December 31, 2012**

**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 Position 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. *Governmental 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 segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, 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 Position. 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 funds:

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.

### Ambulance Fund

This fund accounts for ambulance services provided by the County.

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.

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.

### Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is 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.

### 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 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 Fund  
Conservation Trust  
E911

#### 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 2012 assessed tax to be collected in 2013. 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.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>	<u>Due in One Year</u>
Accrued Vacation	\$ 245,174	\$ _____ -	\$ (112,471)	\$ 132,703	\$ _____ -

### 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.

### Fund Equity

The County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." In the fund financial statements the following classifications describe the relative strength of spending constraints.

- *Non-spendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory and prepaid amounts) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* – The portion of fund balance constrained for specific purposes according to the limitations imposed by the County's highest level of decision making authority, the County Commissioners, or other individuals authorized to assign funds to be used for a specific purpose. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.
- *Assigned fund balance* – The portion of fund balance set aside for planned or intended purposes but is neither restricted nor committed. The intended use may be expressed by the County Commissioners or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.

- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above criteria. The County will only report a positive unassigned fund balance in the General Fund.

When both restricted and unrestricted fund balance are available for use, it is the County's policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned and unassigned.

### **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 2012 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, 2012, the County had no investments in any local government investment pool.

**Note 4 Capital Assets**

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
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	11,266,630	628,759	(676,026)	11,219,363
Total capital assets, being depreciated	15,073,447	628,759	(676,026)	15,026,180
Less accumulated depreciation:				
Total accumulated depreciation	(10,009,822)	(576,607)	756,402	(9,830,027)
Total capital assets, being depreciated, net	5,063,625	\$ 52,152	\$ 80,376	5,196,153
<b>Governmental activities capital assets, net</b>	<b>\$ 5,217,732</b>			<b>\$ 5,350,260</b>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Building	\$ 1,841,686	\$ -	\$ -	\$ 1,841,686
Equipment and Furniture	-	574,211	-	574,211
Total capital assets, being depreciated	1,841,686	574,211	-	2,415,897
Less accumulated depreciation:				
Total accumulated depreciation	(442,009)	(558,608)	-	(1,000,617)
Total capital assets, being depreciated, net	\$ 1,399,677	\$ 15,603	\$ -	1,415,280

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

Governmental activities:

General government	\$ 94,202
Judicial and public safety	100,639
Streets and highways	<u>381,766</u>
Total depreciation expense-governmental activities	\$ <u>576,607</u>

Business-type activities:

Kit Carson County Facility Fund	\$ 36,834
Ambulance Fund	<u>19,261</u>
Total depreciation expense-business-type activities	\$ <u>56,095</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 2012 was \$105,003 regarding eligible salaries of \$3,437,990 and total salaries of \$4,179,606. Mandatory employee contributions in 2012 were \$105,003. 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

Lease Purchase contracts were paid in full in 2012.

The debt service of \$270,853 paid during 2012 was paid by the Road & Bridge Fund and Solid Waste Fund. The amount of interest expense incurred in 2012 was \$4,680. 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 and the Assessor's Appraisal/Administrative Systems.

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 \$200,687 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 County believes it is in compliance with the requirements of the amendment. However, the County 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.

**Kit Carson County, Colorado**  
**Budget and Actual**  
**General**  
**For the year ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
<b>REVENUES</b>			
Property Taxes	\$ 3,278,166	\$ 3,278,166	\$ 3,237,481
SO Taxes	360,000	360,000	382,069
Fees and fines	7,800	7,800	3,867
Licenses and permits	-	-	575
Intergovernmental	388,509	388,509	366,141
Charges for services	163,829	163,829	678,292
Investment earnings	-	-	19,302
Miscellaneous	122,200	122,200	248,610
Total revenues	<u>4,320,504</u>	<u>4,320,504</u>	<u>4,936,337</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,598,303	2,598,303	2,487,247
Public Safety	1,733,261	1,733,261	1,647,660
Culture and recreation	167,088	167,088	235,521
Capital Outlay	80,530	80,530	111,064
Total Expenditures	<u>4,579,182</u>	<u>4,579,182</u>	<u>4,481,492</u>
Excess (deficiency) of revenues over expenditures	<u>(258,678)</u>	<u>(258,678)</u>	<u>454,845</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	150,139	150,139	(200,687)
Total other financing sources and uses	<u>150,139</u>	<u>150,139</u>	<u>(200,687)</u>
<b>SPECIAL ITEM</b>			
Proceeds from sale capital assets	-	-	1,196
Net change in fund balances	(108,539)	(108,539)	255,354
Fund balances - beginning	1,800,000	1,800,000	1,896,342
Fund balances - ending	<u>\$ 1,691,461</u>	<u>\$ 1,691,461</u>	<u>\$ 2,151,696</u>

**Kit Carson County, Colorado**  
**Budget and Actual**  
**Road & Bridge**  
**For the year ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
<b>REVENUES</b>			
Property Taxes	\$ 1,094,172	\$ 1,094,172	\$ 1,078,589
SO Taxes	155,000	155,000	140,443
Licenses and permits	22,000	22,000	26,289
Intergovernmental	2,519,738	2,519,738	2,540,860
Charges for services	13,685	13,685	13,919
Miscellaneous	3,200	3,200	6,408
Total revenues	<u>3,807,795</u>	<u>3,807,795</u>	<u>3,806,508</u>
<b>EXPENDITURES</b>			
Current:			
Highways and roads	3,077,950	3,077,950	3,019,031
Debt Service:			
Principal	313,426	313,426	228,210
Interest and other charges	9,775	9,775	2,958
Capital Outlay	350,000	350,000	326,741
Total Expenditures	<u>3,751,151</u>	<u>3,751,151</u>	<u>3,576,940</u>
Excess (deficiency) of revenues over expenditures	<u>56,644</u>	<u>56,644</u>	<u>229,568</u>
<b>SPECIAL ITEM</b>			
Proceeds from sale capital assets	5,000	5,000	48,397
Net change in fund balances	61,644	61,644	277,965
Fund balances - beginning	1,300,000	1,300,000	1,152,085
Fund balances - ending	<u>\$ 1,361,644</u>	<u>\$ 1,361,644</u>	<u>\$ 1,430,050</u>

**Kit Carson County, Colorado**  
**Budget and Actual**  
**Human Services**  
**For the year ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
<b>REVENUES</b>			
Property Taxes	\$ -	\$ -	\$ 162,413
SO Taxes	-	-	20,838
Intergovernmental	<u>2,442,627</u>	<u>2,442,627</u>	<u>3,220,547</u>
Total revenues	<u>2,442,627</u>	<u>2,442,627</u>	<u>3,403,798</u>
<b>EXPENDITURES</b>			
Current:			
Welfare and Social Programs	<u>2,445,050</u>	<u>2,445,050</u>	<u>3,306,651</u>
Total Expenditures	<u>2,445,050</u>	<u>2,445,050</u>	<u>3,306,651</u>
Excess (deficiency) of revenues over expenditures	<u>(2,423)</u>	<u>(2,423)</u>	<u>97,147</u>
Net change in fund balances	(2,423)	(2,423)	97,147
Fund balances - beginning	<u>103,000</u>	<u>103,000</u>	<u>147,725</u>
Fund balances - ending	<u>\$ 100,577</u>	<u>\$ 100,577</u>	<u>\$ 244,872</u>

**Kit Carson County, Colorado**  
**Budget and Actual**  
**Public Health Agency**  
**For the year ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
<b>REVENUES</b>			
Intergovernmental	\$ 784,396	\$ 784,396	\$ 966,089
Charges for services	66,760	66,760	62,993
Miscellaneous	38,500	38,500	8,614
Total revenues	<u>889,656</u>	<u>889,656</u>	<u>1,037,696</u>
<b>EXPENDITURES</b>			
Current:			
Public Health	1,142,783	1,142,783	989,465
Capital Outlay	-	-	10,850
Total Expenditures	<u>1,142,783</u>	<u>1,142,783</u>	<u>1,000,315</u>
Excess (deficiency) of revenues over expenditures	<u>(253,127)</u>	<u>(253,127)</u>	<u>37,381</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	37,988	37,988	100,000
Total other financing sources and uses	<u>37,988</u>	<u>37,988</u>	<u>100,000</u>
Net change in fund balances	(215,139)	(215,139)	137,381
Fund balances - beginning	215,139	215,139	104,541
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,922</u>

Kit Carson County, Colorado  
Balance Sheet  
Other Governmental Funds  
December 31, 2012

	<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>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 100,292	\$ 37,912	\$ 204,517	\$ 464,914	\$ 807,635	\$ 101,123	\$ 908,758
Taxes receivable, net	-	-	-	267,673	267,673	-	267,673
Other receivables	10,259	-	-	-	10,259	-	10,259
Total assets	<u>110,551</u>	<u>37,912</u>	<u>204,517</u>	<u>732,587</u>	<u>1,085,567</u>	<u>101,123</u>	<u>1,186,690</u>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>							
Accounts payable	721	-	-	10,452	11,173	-	11,173
Deferred revenue	-	-	-	267,673	267,673	-	267,673
Total liabilities	<u>721</u>	<u>-</u>	<u>-</u>	<u>278,125</u>	<u>278,846</u>	<u>-</u>	<u>278,846</u>

**Fund balances:**

Assigned	109,830	37,912	204,517	454,462	806,721	101,123	907,844
Total fund balances	<u>109,830</u>	<u>37,912</u>	<u>204,517</u>	<u>454,462</u>	<u>806,721</u>	<u>101,123</u>	<u>907,844</u>
Total liabilities and fund balances	<u>\$ 110,551</u>	<u>\$ 37,912</u>	<u>\$ 204,517</u>	<u>\$ 732,587</u>	<u>\$ 1,085,567</u>	<u>\$ 101,123</u>	<u>\$ 1,186,690</u>

Kit Carson County, Colorado

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

For the Year Ended December 31, 2012

	<u>E911</u>	<u>Conservation</u> <u>Trust</u>	<u>Contingent</u>	<u>Solid Waste</u>	<u>Total Special</u> <u>Revenue Funds</u>	<u>Capital Projects</u>	<u>Total-Other</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES</b>							
Property Taxes	\$ -	\$ -	\$ -	\$ 259,883	\$ 259,883	\$ 30	\$ 259,913
SO Taxes	-	-	-	33,307	33,307	-	33,307
Intergovernmental	5,442	22,771	-	-	28,213	-	28,213
Charges for services	72,730	-	-	190,039	262,769	-	262,769
Investment earnings	-	43	-	-	43	-	43
Miscellaneous	-	-	-	88	88	-	88
Total revenues	<u>78,172</u>	<u>22,814</u>	<u>-</u>	<u>483,317</u>	<u>584,303</u>	<u>30</u>	<u>584,333</u>
<b>EXPENDITURES</b>							
Current:							
General government	18,081	-	-	-	18,081	1	18,082
Public Safety	99,612	-	-	-	99,612	-	99,612
Health and sanitation	-	-	-	326,017	326,017	-	326,017
Culture and recreation	-	14,249	-	-	14,249	-	14,249
Debt Service							
Principal	55,914	-	-	-	55,914	-	55,914
Interest and other charges	1,722	-	-	-	1,722	-	1,722
Capital Outlay	14,498	24,182	-	215,774	254,454	-	254,454
Total Expenditures	<u>189,827</u>	<u>38,431</u>	<u>-</u>	<u>541,791</u>	<u>770,049</u>	<u>1</u>	<u>770,050</u>
Excess (deficiency) of revenues over expenditures	<u>(111,655)</u>	<u>(15,617)</u>	<u>-</u>	<u>(58,474)</u>	<u>(185,746)</u>	<u>29</u>	<u>(185,717)</u>
Net change in fund balances	(111,655)	(15,617)	-	(58,474)	(185,746)	29	(185,717)
Fund balances - beginning	221,485	53,529	204,517	512,936	992,467	101,094	1,093,561
Fund balances - ending	<u>\$ 109,830</u>	<u>\$ 37,912</u>	<u>\$ 204,517</u>	<u>\$ 454,462</u>	<u>\$ 806,721</u>	<u>\$ 101,123</u>	<u>\$ 907,844</u>

**Kit Carson County, Colorado**  
**Budget and Actual**  
**E911**  
**For the year ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ 5,442
Charges for services	62,400	62,400	72,730
Total revenues	<u>62,400</u>	<u>62,400</u>	<u>78,172</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	18,082
Public Safety	58,000	58,000	99,612
Debt Service:			
Principal	-	-	55,914
Interest and other charges	-	-	1,722
Capital Outlay	5,000	5,000	14,498
Total Expenditures	<u>63,000</u>	<u>63,000</u>	<u>189,828</u>
Excess (deficiency) of revenues over expenditures	<u>(600)</u>	<u>(600)</u>	<u>(111,656)</u>
Net change in fund balances	(600)	(600)	(111,656)
Fund balances - beginning	136,000	136,000	221,486
Fund balances - ending	<u>\$ 135,400</u>	<u>\$ 135,400</u>	<u>\$ 109,830</u>

**Kit Carson County, Colorado**  
**Budget and Actual**  
**Conservation Trust**  
**For the year ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
<b>REVENUES</b>			
Intergovernmental	\$ 23,750	\$ 23,750	\$ 22,771
Investment earnings	-	-	43
Total revenues	<u>23,750</u>	<u>23,750</u>	<u>22,814</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	23,750	23,750	14,249
Capital Outlay	-	-	24,182
Total Expenditures	<u>23,750</u>	<u>23,750</u>	<u>38,431</u>
Excess (deficiency) of revenues over expenditures	-	-	(15,617)
Net change in fund balances	-	-	(15,617)
Fund balances - beginning	52,000	52,000	53,529
Fund balances - ending	<u>\$ 52,000</u>	<u>\$ 52,000</u>	<u>\$ 37,912</u>

**Kit Carson County, Colorado**  
**Budget and Actual**  
**Contingent**  
**For the year ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
<b>REVENUES</b>			
Property Taxes	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current:			
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balances - beginning	204,518	204,518	204,517
Fund balances - ending	<u>\$ 204,518</u>	<u>\$ 204,518</u>	<u>\$ 204,517</u>

**Kit Carson County, Colorado**  
**Budget and Actual**  
**Solid Waste**  
**For the year ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
<b>REVENUES</b>			
Property Taxes	\$ 254,715	\$ 254,715	\$ 259,883
SO Taxes	30,800	30,800	33,307
Charges for services	250,000	250,000	190,039
Miscellaneous	-	-	88
Total revenues	<u>535,515</u>	<u>535,515</u>	<u>483,317</u>
<b>EXPENDITURES</b>			
Current:			
Health and sanitation	416,545	416,545	326,017
Debt Service:			
Interest and other charges	6,011	6,011	-
Capital Outlay	<u>202,500</u>	<u>202,500</u>	<u>215,774</u>
Total Expenditures	<u>625,056</u>	<u>625,056</u>	<u>541,791</u>
Excess (deficiency) of revenues over expenditures	<u>(89,541)</u>	<u>(89,541)</u>	<u>(58,474)</u>
Net change in fund balances	<u>(89,541)</u>	<u>(89,541)</u>	<u>(58,474)</u>
Fund balances - beginning	550,000	550,000	512,936
Fund balances - ending	<u>\$ 460,459</u>	<u>\$ 460,459</u>	<u>\$ 454,462</u>

**Kit Carson County, Colorado**  
**Budget and Actual**  
**Capital Projects**  
**For the year ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
<b>REVENUES</b>			
Property Taxes	\$ -	\$ -	\$ 30
Miscellaneous	10,000	10,000	-
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>30</u>
<b>EXPENDITURES</b>			
Current:			
General government	29,663	29,663	2
Debt Service:			
Interest and other charges	5,000	5,000	-
Capital Outlay	90,000	90,000	-
Total Expenditures	<u>124,663</u>	<u>124,663</u>	<u>2</u>
Excess (deficiency) of revenues over expenditures	<u>(114,663)</u>	<u>(114,663)</u>	<u>28</u>
Net change in fund balances	(114,663)	(114,663)	28
Fund balances - beginning	217,300	217,300	101,095
Fund balances - ending	<u>\$ 102,637</u>	<u>\$ 102,637</u>	<u>\$ 101,123</u>

**Kit Carson County, Colorado**  
**Budget and Actual**  
**Kit Carson County Facility Fund**  
**For the year ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u> <u>Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Capital Contribution	\$ -	\$ -	\$ 10,000
Total revenues	<u>-</u>	<u>-</u>	<u>10,000</u>
<b>OPERATING EXPENSES</b>			
Depreciation	<u>36,834</u>	<u>36,834</u>	<u>36,834</u>
Total Operating Expenses	<u>36,834</u>	<u>36,834</u>	<u>36,834</u>
Operating income (loss)	<u>(36,834)</u>	<u>(36,834)</u>	<u>(26,834)</u>
Net change in fund balances	(36,834)	(36,834)	(26,834)
Fund balances - beginning	<u>53,211</u>	<u>53,211</u>	<u>1,453,021</u>
Fund balances - ending	<u>\$ 16,377</u>	<u>\$ 16,377</u>	<u>\$ 1,426,187</u>

**Kit Carson County, Colorado**  
**Budget and Actual**  
**Ambulance**  
**For the year ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u> <u>Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Charges for services	\$ 303,000	\$ 303,000	\$ 296,573
Miscellaneous	-	-	18,501
Total revenues	<u>303,000</u>	<u>303,000</u>	<u>315,074</u>
<b>OPERATING EXPENSES</b>			
Personal services	231,694	231,694	207,277
Contractual services	25,000	25,000	14,499
Utilities	7,000	7,000	8,089
Repairs and maintenance	11,543	11,543	15,307
Other supplies and expenses	76,823	76,823	45,570
Depreciation	-	-	19,261
Capital outlay	48,000	48,000	
Total Operating Expenses	<u>400,060</u>	<u>400,060</u>	<u>310,003</u>
Operating income (loss)	<u>(97,060)</u>	<u>(97,060)</u>	<u>5,071</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	137,600
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>137,600</u>
Net change in fund balances	(97,060)	(97,060)	142,671
Fund balances - beginning	97,060	97,060	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,671</u>

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Kit Carson County, Colorado
	YEAR ENDING : December 31, 2012
This Information From The Records Of County of Kit Carson	Prepared By: Paula Weeks Phone: 719-346-8133

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	3,345,772
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		b. Snow and ice removal	
3. Other local imposts (from page 2)	1,219,032	c. Other	
4. Miscellaneous local receipts (from page 2)	68,724	d. Total (a. through c.)	0
5. Transfers from toll facilities:		4. General administration & miscellaneous:	0
6. Proceeds of sale of bonds and notes		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	3,345,772
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,287,756	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	2,567,149	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	0	a. Interest	2,958
<b>E. Total receipts (A.7 + B + C + D)</b>	3,854,905	b. Redemption	228,210
		c. Total (a. + b.)	231,168
		3. Total (1.c + 2.c)	231,168
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	3,576,940

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	270,853	0	228,210	42,643

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,152,085	3,854,905	3,576,940	1,430,050	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December-12

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	1,078,589	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	48,397
4. Licenses		f. Charges for Services	13,919
5. Specific Ownership &/or Other	140,443	g. Other Misc. Receipts	6,408
6. Total (1. through 5.)	140,443	h. Other	0
c. Total (a. + b.)	1,219,032	i. Total (a. through h.)	68,724
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	2,540,860	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	26,289	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	26,289	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	2,567,149	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)
<b>A.1. Capital outlay:</b>			
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, 2012**

**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
10.557 Women, Infant & Children

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, 2012**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE DEPARTMENT OF HEALTH & HUMAN SERVICES	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL DISBURSEMENTS/ EXPENDITURES
TANF - Colo Works	93.558	Dept. of Human Services	* \$ 172,814
PSSF	93.556	Dept. of Human Services	27,546
LEAP	93.568	Dept. of Human Services	108,500
CCDF	93.596	Dept. of Human Services	48,781
IV-B Child Welfare	93.645	Dept. of Human Services	2,064
Title IV-E - Foster Care	93.658	Dept. of Human Services	61,910
Title XX Block Grant	93.667	Dept. of Human Services	21,428
IV-D Admin	93.601	Dept. of Human Services	56,522
CCDF Discr	93.575	Dept. of Human Services	(20,062)
TANF ARRA	93.714	Dept. of Human Services	2,984
Title XIX Medicaid	93.778	Dept. of Human Services	41,719
IV - E Adoption	93.659	Dept. of Human Services	5,832
IV-E Independent Living	93.674	Dept. of Human Services	4,744
Subtotal Department of Human Services			<u>534,782</u>
<b>DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT</b>			
ARRA Rizo	93.712	Dept. of Public Health & Envir.	1,459
Family Planning	93.217	Dept. of Public Health & Envir.	13,700
Immunization	93.268	Dept. of Public Health & Envir.	3,472
MCH Care Coordination	93.994	Dept. of Public Health & Envir.	2,429
Immunization	93.539	Dept. of Public Health & Envir.	17,555
Public Health Emergency Preparedness	93.069	Dept. of Public Health & Envir.	41,783
Subtotal Department of Public Health & Environment			<u>80,398</u>
<b>DEPARTMENT OF AGRICULTURE</b>			
Food Stamp Administration	10.561	Dept. of Human Services	79,572
Women, Infant & Children	10.557	Dept. of Public Health & Envir.	* 301,586
Subtotal Department of Agriculture			<u>381,158</u>
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
Office of Emergency Management	97.042	Dept. of Local Affairs	<u>11,258</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Division of Criminal Justice - Victims of Crime Act (VOCA)	16.575	Division of Criminal Justice	53,979
Violence Against Women Formula Grant	16.738	Division of Criminal Justice	3,785
Subtotal U. S. Department of Justice			<u>57,764</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$ 1,065,360</u>

\* Major Programs

The County had no subrecipients during the year.

**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*.

**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*

County Commissioners  
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, 2012, and have issued our report thereon dated August 8, 2013. 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***

Management of Kit Carson County, Colorado is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Kit Carson, 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, Colorado's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Kit Carson, 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. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Kit Carson, 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*.

***Restricted Use***

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control over financial reporting and compliance. Accordingly, this report is not suitable for any other purpose.

***rfarmer, llc***

August 8, 2013

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

*Independent Auditor's Report*

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, 2012. 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.

***Management's Responsibility***

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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on Kit Carson County, Colorado's compliance with the applicable compliance requirements based on our compliance audit.

We conducted our compliance audit 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 compliance 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. A compliance 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 compliance audit provides a reasonable basis for our opinion. Our compliance audit does not provide a legal determination on Kit Carson County, Colorado's compliance with those requirements.

### ***Opinion on Major Programs***

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, 2012.

### ***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 compliance 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 compliance 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. However, material weaknesses may exist that have not been identified.

### ***Restricted Use***

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control over financial reporting and compliance. Accordingly, this report is not suitable for any other purpose.

***rfarmer, llc***

August 8, 2013