

Ouray County, Colorado  
Financial Statements and  
Independent Auditor's Report  
as of  
December 31, 2010

Ouray County  
Table of Contents

	Page
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	15
Statement of Activities.....	16
Fund Financial Statements:	
Governmental Funds Balance Sheet.....	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	18
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.....	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	20
Statement of Fiduciary Net Assets.....	21
Notes to Basic Financial Statements.....	22
Required Supplementary Information – (Major Funds)	
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual:	
General Fund.....	41
Road and Bridge Fund.....	42
Social Services Fund.....	43
Public Health Fund.....	44
Other Supplementary Information	
Combining Balance Sheet – Non Major Government Funds.....	45
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	46
Schedule of Revenues, Expenditures and Changes in Fund Balance	
Conservation Trust Fund.....	47
Contingent Fund.....	48
Fairgrounds Fund.....	49
Special Grant Fund.....	50
Road and Bridge Impact Fund.....	51
E-911 Authority Fund.....	52
Samson Law Fund.....	53
Road and Bridge 361 Fund.....	54
Emergency Medical Services Fund.....	55
Public Access Group Fund.....	56
Road and Bridge Sales Tax Fund.....	57
Local Highway Finance Report.....	58

Single Audit Section	
Independent Auditor's Report on Schedule of Expenditures of Federal Awards.....	60
Schedule of Expenditures of Federal Awards.....	61
Notes to Schedule of Expenditures of Federal Awards.....	62
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	63
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	65
Schedule of Findings and Questioned Costs.....	67
Summary Schedule of Prior Year Audit Findings.....	69

Independent Auditor's Report

August 8, 2011

To the Board of Commissioners  
Ouray County, Colorado

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the Ouray County, Colorado, as of December 31, 2010, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 14 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The budgetary comparisons information for the major funds on page 41 through 44 is not a required part of the basic financial statements but is required supplementary information required by the Governmental Accounting Standards Board. The combining and individual nonmajor fund financial statements and supplementary schedules on pages 45-59 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The required supplementary information, other than management's discussion and analysis, and the combining and individual nonmajor fund financial statements and supplementary schedules, and local highway financial report have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Blair and Associates, P.C.*

**OURAY COUNTY**  
Management's Discussion and Analysis  
Fiscal Year Ended December 31, 2010

As management of Ouray County (the "County"), we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

**FINANCIAL HIGHLIGHTS**

- The County's assets exceeded its liabilities by \$ 7,020,028 (i.e. net assets) as of December 31, 2010, an increase of \$ 488,830 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of \$ 2,968,095, an increase of \$ 523,799 in comparison with the prior year.
- The County's fund balance for the General Fund was \$ 677,017, an increase of \$ 214,103 in comparison to the prior year.
- Total long-term liabilities decreased by \$ 164,536 during the 2010 fiscal year, with no new debt issued.
- General property tax, sales tax, and other tax totaled \$ 3,932,057, or 62% of general revenues.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

***Government-wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

The **statement of net assets** presents information on all the County's assets and liabilities, with the difference between the two being reported as net assets. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the County include general government, judicial, public safety, health and welfare, public works, and recreation and culture.

### ***Fund Financial Statements***

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

**Governmental Funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *short-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. The accounting method is called *modified accrual* accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains four major government funds, the General, Road and Bridge, Public Health and the Social Services Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for those funds.

**Fiduciary Funds**-The County maintains one type of fiduciary fund, the County Treasurer's Agency Fund.

### ***Notes to Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Assets**

As noted previously, net assets may serve over time as a useful indicator of the County’s financial position. For the year ended December 31, 2010, the County’s combined assets exceeded liabilities by \$ 7,020,028. Of this amount, \$ 2,625,997 is unrestricted and available to meet the County’s ongoing financial obligations.

By far the largest portion of net assets is the investment in capital assets (net of related debt) of \$4,219,150 (60% of net assets). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of 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 following table summarizes the County’s governmental activities net assets for 2010:

	Governmental Activities	
	2010	2009
<b>Assets</b>		
Current and other assets	\$ 6,055,029	\$ 5,501,279
Capital assets	4,606,733	4,763,350
<b>Total assets</b>	<u>\$ 10,661,762</u>	<u>\$ 10,264,629</u>
<b>Current Liabilities</b>	\$ 3,086,934	\$ 3,056,983
<b>Non-current liabilities</b>		
Compensated absences	167,217	124,329
Loans payable	387,583	552,119
<b>Total liabilities</b>	<u>3,641,734</u>	<u>3,733,431</u>
<b>Net Assets</b>		
Investment in capital assets, net of related debt	4,219,150	4,211,231
Restricted	174,881	174,881
Unrestricted	2,625,997	2,145,086
<b>Total net assets</b>	<u>\$ 7,020,028</u>	<u>\$ 6,531,198</u>

An additional portion of net assets, \$ 174,881, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$ 2,625,997 (37% of net assets), may be used to meet the government’s ongoing obligations to citizens and creditors.

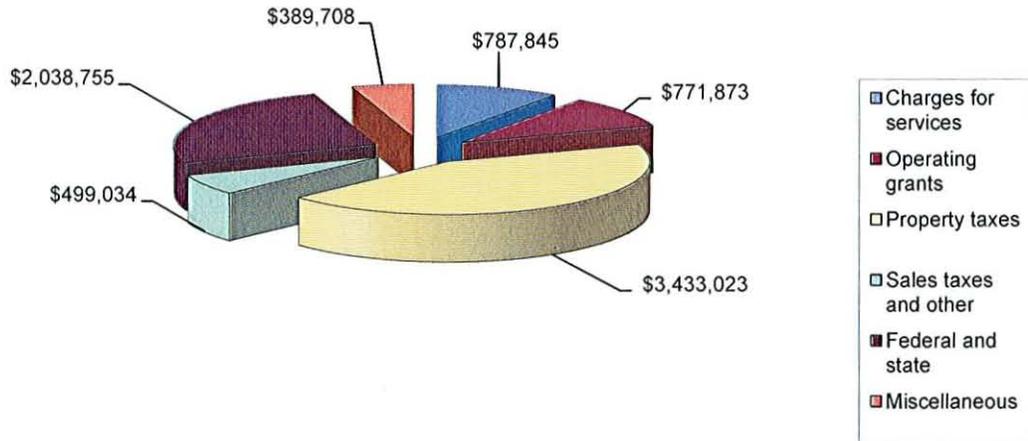
## Change in Net Assets

Governmental activities increase the County's net assets by \$ 488,830 in 2010.

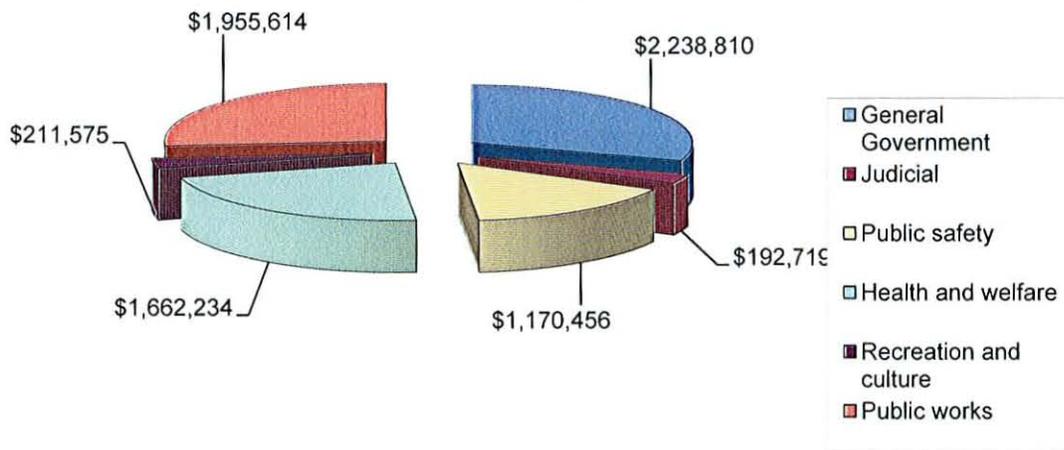
	Governmental Activities	
	2010	2009
<b>Revenues</b>		
<b>Program revenues</b>		
Charges for services	\$ 787,845	\$ 826,544
Operating grants	771,873	1,850,129
<b>General Revenues</b>		
Property taxes	3,433,023	2,791,910
Sales taxes and other	499,034	943,479
Federal and state	2,038,755	744,535
Miscellaneous	389,708	268,579
<b>Totals</b>	<u>7,920,238</u>	<u>7,425,176</u>
<b>Expenses</b>		
General Government	2,238,810	2,185,631
Judicial	192,719	194,444
Public safety	1,170,456	1,317,531
Health and welfare	1,662,234	1,520,008
Recreation and culture	211,575	188,444
Public works	1,955,614	1,704,229
<b>Total Expenses</b>	<u>7,431,408</u>	<u>7,110,287</u>
<b>Increase in net assets</b>	488,830	314,889
<b>Prior period adjustment</b>	-	(300)
<b>Beginning</b>	6,531,198	6,216,609
<b>Ending</b>	<u>\$ 7,020,028</u>	<u>\$ 6,531,198</u>

## Governmental Activities

Revenues by Source-Governmental Activities



Expenses by Department-Governmental Activities



## FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

**Governmental funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of the end of 2010, the County's governmental funds reported combined ending fund balances of \$ 2,968,095, an increase of \$ 523,799 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 90% of this total amount, \$ 2,679,917, constitutes unreserved fund balance, which is available for appropriation at the County's discretion. The remainder of the fund balances are reserved for State constitution mandated emergency reserve, trust funds and inventory.

The County has four major governmental funds, the General, Road and Bridge, Public Health and Social Services Funds. At the end of 2010, unreserved fund balance of the General Fund was \$ 591,849. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The fund balance of the County's General Fund increased by \$ 214,103 during 2010.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The County budgeted \$ 3,598,668 for 2010 expenditures. Actual expenditures were \$3,354,333.

### CAPITAL ASSET AND DEBT ADMINISTRATION

The County's investment in capital assets for its governmental activities as of December 31, 2010, was \$ 4,606,733. As required for this year by GASB34, the investment in capital assets includes land, buildings, building improvements, equipment and furniture and infrastructure assets.

#### **Long-term Debt**

As of December 31, 2010, the County had long-term debt as follows:

Governmental Activities	Balance 1/1/2010	Additions	Reductions	Balance 12/31/2010	Due Within One Year
Capital leases					
2006 Ambulance	22,227	-	22,227	-	-
2006 Dodge Durango	10,920	-	10,920	-	-
Lobby Trailer	8,495	-	8,495	-	-
Land Use Building	87,636	-	42,896	44,740	44,740
2008 Toyotal FJ Cruiser	19,893	-	4,688	15,205	4,873
Backhoe and 2008 Truck	57,609	-	18,528	39,081	19,195
2008 Toyotal FS Cruiser (2)	32,704	-	10,482	22,222	10,896
Boiler	190,636	-	17,399	173,237	16,037
2009 Ambulance	101,403	-	24,058	77,345	24,900
2009 Silverado Pickup	20,596	-	4,843	15,753	5,044
Total	<u>\$ 552,119</u>	<u>\$ -</u>	<u>\$ 164,536</u>	<u>\$ 387,583</u>	<u>\$ 125,685</u>

## **ECONOMIC FACTORS AND FUTURE YEAR'S BUDGET**

### Service Levels:

Calendar year 2010 was a challenging year for local governments due to the economy and the recession, and also due to the anticipation of the outcome of the 2010 ballot questions; Amendments 60, 61 and Proposition 101, which were defeated. Ouray County took a proactive approach to the 2010 ballot questions by preparing two draft budgets for 2011, the "Doing Business As Usual" Budget (DBU) and the "Impact" Budget. In-depth financial analysis was undertaken in order to understand the impacts that might have occurred if these questions had passed. Department Heads and Elected Officials were educated on the potential impacts of the ballot questions and Ouray County was proactively prepared to operate under a less favorable financial condition.

The 2011 General Fund budget mirrors the 2010 projected budget reflecting a decrease in building activity and a reduction in revenue from building permit activity. Ouray County has been planning ahead and exercising financial planning for future years due to the economic condition. The 2009 and 2010 budgets were developed using a conservative approach and necessary adjustments were made to departmental operating budgets in advance to create departmental efficiencies that have allowed the County to maintain service levels without impacting public service provision. This same practice has been followed for the 2011 budget year.

### Revenue Estimates:

Revenue projections are conservative and are based on the following:

1. Property tax revenue estimates are based on current assessed valuations provided by the County Assessor multiplied by the current mill levy.
2. Other revenues are based on projected prior year revenues.
3. Budgeted revenues for 2010 were based for the most part on projected 2009 revenues, considering an expectation of continued decreases in building permit revenue and revenue derived from other fees.
4. State revenues from HUTF were conservatively estimated for the 2010 budget year due to continued severe State budget constraints; although, revenues received exceeded budgeted estimates.
5. Budgeted revenues for 2011 were based for the most part on projected 2010 revenues, taking into consideration an expectation of reduced construction activity reflecting a reduced, flat revenue base similar to 2010 for building permit revenue and revenue derived from other fees.
6. A close watch is being kept on State revenues due to continued State budget constraints, which may reduce our allocations in the future from historic levels.
7. Budgeted property tax revenues for the 2012 budget year are estimated to decrease by 12.5% based upon the County Assessor's preliminary assessed valuations, which are now reflecting the decline in values due to the economic downturn over the past couple of years.

### Expenditure Calculations:

Expenditure calculations are derived annually through the budget process. Department Heads and Elected Officials receive their budget packets and budget guidelines in July, and submit their completed budget packets and requests to the County Administrator in August. All requests are compiled and prepared by the County Administrator for submittal and review by the Board of County Commissioners. Budget workshops are scheduled with Elected Officials and Department Heads in September to review the initial draft budget and to help prioritize capital expenditures and new position requests.

In addition to the budget workshops with elected officials and department heads, the Board of County Commissioners met with the County Administrator in budget work sessions to discuss and provide direction for the continued development of the 2010 budget. Creation of the 2010 budget required additional financial strategy due to economic conditions.

In preparation of the 2011 budget, two budget workshops were held with Elected Officials and Department Heads, one prior to the November 2010 election, and one after the election, to discuss: 1) the proposed impacts of the 2010 ballot questions that were on the November election ballot (Amendments 60, 61 and Proposition 101, which were defeated.), and 2) the initial results of departmental budget requests after election results were received in order to discuss and prioritize personnel and capital requests, and to discuss employee health insurance premium increases and other employee benefits.

**Property Valuation:**

The net assessed property valuation for budget year 2010 was \$210,386,000.

The net assessed property valuation for budget year 2011 was \$210,799,580.

**Ouray County Mill Levies:**

**2010 Mill Levies:**

County General Fund:	9.074
Road and Bridge Fund:	1.500
Social Services Fund:	.552
EMS Fund:	<u>2.000</u>
<b>Subtotal:</b>	<b>13.126</b>
Recovery of Taxes Abated:	<u>.012</u>
<b>Total 2010 Mill Levy:</b>	<b><u>13.138</u></b>

**2011 Mill Levies:**

County General Fund:	9.074
Road and Bridge Fund:	1.500
Social Services Fund:	.552
EMS Fund:	<u>2.000</u>
<b>Subtotal:</b>	<b>13.126</b>
Recovery of Taxes Abated:	<u>.014</u>
<b>Total 2011 Mill Levy</b>	<b><u>13.140</u></b>

**Human Resources:**

Employee development is an ongoing, important element, as is attracting and retaining quality staff. A major accomplishment that commenced in 2004 was the development and implementation of Employee Performance Evaluations.

A bonus merit award, not to exceed 1%, was provided to employees in 2005, 2006, 2007, 2008, 2009 and 2010 as a result of performance evaluations. This practice is being continued for the 2011 budget year.

Through adoption of Resolution 2010-048, the Board will be continuing its practice of evaluating vacated positions for 2011 and annually thereafter that may arise as a result of resignation or termination in order to decide if a position is an essential position to the organization that should be replaced. The Board began this practice in 2008 by and through Resolution 2008-055 and has adopted resolutions annually thereafter continuing this procedure. The Board believes that it is good fiscal and organizational policy to evaluate positions as they are vacated to examine the position need and funding in order to determine if the position is an essential position to the organization for various reasons such as health, safety and welfare, and to consider organizational efficiencies and effectiveness.

It is an organizational goal to minimize budgetary increases to the County for health insurance costs, while at the same time avoiding exorbitant employee contributions. Ouray County solicited a request for proposal (RFP) for employee health insurance benefits in 2009 for the 2010 budget year. After analysis and meeting with the Personnel / Employee Benefits Committee, the Board of County Commissioners authorized award to County Technical Services, Inc. (CTSI), for the provision of employee health insurance. Premium rates were maintained at the same level for 2010 as they were in 2009; however, premium rates reflected an 8% increase for 2011; in part, due to changes in the nation-wide health care plan. It is a standing goal to offer preventative medical options and education to all employees in order to decrease risk and premium costs in the future.

Over the past several years Ouray County has budgeted cost of living adjustments (COLA's) for its employees as illustrated below. However, after fully examining the County's budget status in preparation of the 2011 budget, and being aware of the economic outlook for 2011, the County was unable to offer a cost of living adjustment (COLA) to its employees in 2011. This is the second year of no COLAs as this same practice was followed in 2010.

- 2006: 3.0% COLA, reflective of an adjusted 3.0% salary matrix,
- 2007: 3.0% COLA, reflective of an adjusted 3.0% salary matrix,
- 2008: 3.5% COLA, reflective of an adjusted 3.5% salary matrix,
- 2009: 2.0% COLA, reflective of an adjusted 2.0% salary matrix,
- 2010: 0.0% COLA, with no adjustment to the salary matrix, and
- 2011: 0.0% COLA, with no adjustment to the salary matrix.

**Contributions to Outside Agencies and Programs:**

Funding contribution requests to outside agencies and programs increased for the 2010 budget year in order to help fund the services of a Ranger position to patrol the high mountain jeep roads for the health, safety and welfare of the Ouray County citizenry and visitors enjoying outdoor summer recreational activities. This same policy decision carried through for the 2011 budget year.

	2010 Budget	2011 Budget
Ouray Historical Society	\$ 200.00	\$ 200.00
Ridgway Railroad Museum	\$ 100.00	\$ 100.00
Public Lands Partnership	\$ 1,000.00	\$ 1,000.00
Tri-County Water Cons. Dist.	\$ 100.00	\$ 100.00
Fair Board	\$ 5,500.00	\$ 5,500.00
Yankee Boy Cons. Association (YBCA)	\$ 0.00	\$ 0.00
High Country Rec. Support	\$ 4,000.00	\$ 4,000.00
Second Chance Humane Society	\$ 100.00	\$ 100.00
Voyager Program	\$ 500.00	\$ 500.00
	\$ 11,500.00	\$ 11,500.00

**Capital and Operating Reserves:**

Allocated reserves have been established by the Board of County Commissioners to reflect three months emergency operating reserves for the General Fund, Road and Bridge Fund, and EMS Fund. Additional reserves have been established as well for these funds reflecting dedicated reserves, and dollars allocated towards future capital projects and purchases. Allocation of capital reserves has been an on-going priority for the Board.

**Capital Budget Purchases and Improvements:**

**Note:** Due to the 2010 ballot questions (Amendments 60 and 61 and Proposition 101) that were on the 2010 General Election ballot, the County deferred new lease purchase arrangements for 2010 for capital expenditures pending the outcome of the election. For this report, I have provided the capital expenditures approved in the 2011 budget.

**2011 Capital Budget Purchases and Improvements:**

**General Fund Capital: (020 - 195, 295, 395, 495, 595)**

The General Fund Capital Purchases and Improvements Budget consists of capital purchases, lease purchases and capital project items totaling \$147,810.

Capital Purchase, Lease Purchase and Purchase of Service items include:

<u>Fund &amp; Department</u>	<u>Description</u>	<u>Amount</u>
	<u>Existing Lease Purchases</u>	
020-195	Land Use / R & B Facility (final payment)	\$ 46,664
020-195	Courthouse ESCO – Boiler	\$ 26,216
020-295	Sheriff's Dept. Vehicle Payments	\$ 22,930
	 <u>New Lease Purchase and Purchase</u>	
020-195	Weed Dept. Vehicle (estimated)	\$ 5,000
020-295	Sheriff's Office New Vehicle Payment plus equipment (estimated)	<u>\$ 7,000</u>
	Subtotal:	<u>\$ 107,810</u>

Capital Project items include:

<u>Fund &amp; Department</u>	<u>Description</u>	<u>Amount</u>
020-595	The following capital project items will be funded with Conservation Trust Fund dollars:	<u>\$ 40,000</u>
	<ul style="list-style-type: none"> <li>• Partial Roof Repair of Ouray County 4-H Event Center, and</li> <li>• Fairgrounds Grandstands Shoring and Safety Issues</li> </ul>	

**Total General Fund Capital: \$ 147,810**

**Road and Bridge Fund Capital: (040 - 895)**

The Road and Bridge Fund, Capital Purchases and Improvements Budget consists of lease purchase payments for equipment, vehicles, and new equipment purchases for a total capital budget of \$195,602.

Capital Purchase and Lease Purchase items include:

<u>Fund &amp; Department</u>	<u>Description</u>	<u>Amount</u>
040-895	<u>Existing Lease Purchases</u> 4 x 4 Cab & Chassis and Backhoe	\$ 20,602
040-895	<u>New Lease Purchases</u> Estimated new lease purchases for the following equipment	<u>\$ 50,000</u>
	<ul style="list-style-type: none"> <li>• (2) Water Tanks</li> <li>• (1) Tractor</li> <li>• (1) Pickup (reg. cab &amp; chassis)</li> <li>• (1) Roller</li> </ul>	
	Subtotal:	\$ 70,602

Capital project items include:

<u>Fund and Department</u>	<u>Description</u>	<u>Amount</u>
040-895	County Road 1 Repair and Drainage Work	\$125,000

**Total Road and Bridge Fund Capital: \$195,602**

Beginning in 2003, a Road and Bridge Impact Fees Fund was established for the deposit of impact fees collected at the building permit stage. The creation of this fund enabled the segregation of these dollars to be used specifically for capital facilities to serve new development. Such capital facilities expenditures include capital equipment lease purchase payments and capital road improvements. In 2011, \$100,000 will be transferred from this fund to the Road and Bridge Fund to be used for County Road 1 repairs and drainage work.

It is important to note that the demands of road improvements and maintenance continue to far exceed the resources of the County with the current available funds. Passage of the 1% sales tax for Road and Bridge has allowed the Road and Bridge Department to alleviate some of its resource shortfalls in order to crush more aggregate, assist with capital purchases and leases, improve road surfaces, and hire an additional 1.5 FTE. The amounts utilized for 2009, 2010, and appropriated for 2011 from the Road and Bridge Sales Tax Fund are as follows:

2009: \$299,397      2010: \$435,000      2011: \$475,000

**EMS Fund Capital: (800-295)**

The EMS Fund Capital Budget consists of a lease purchase payment for one ambulance in the amount of \$66,257.

Capital Lease Purchase items include:

<u>Department &amp; Fund</u>	<u>Description</u>	<u>Amount</u>
	<u>Existing Lease Purchase</u>	
800-295	2007 Ambulance purchased in 2009	\$ 27,607
Subtotal		\$ 27,607

Capital project items include:

<u>Department &amp; Fund</u>	<u>Description</u>	
800-295	Extrication Equipment	\$ 38,650
<b>Total EMS Fund Capital:</b>		<b><u>\$ 66,257</u></b>

The EMS Fund was created in 2005 as a result of a voter-approved mill levy to fund emergency medical services. Commencing in 2007, the fund was able to accumulate and establish three months of emergency reserves as per policy adopted by the Board of County Commissioners.

**Social Services Fund (050):**

The Social Services Budget increased slightly for the 2010 budget year and increased again for the 2011 budget year. Due to the economic conditions, the department has seen increased human services needs particularly in the food benefits area. Increased human services activities have caused the department to exceed budgeted expenditures for a second year utilizing its fund balance and other State and Federal funds to meet expenses in order to provide the much needed services. A supplemental appropriations resolution was adopted to amend the budget for 2010. The department continues to provide well-needed services to the communities and citizens of Oury County and has been served well by its Director and staff.

**Special Grant Fund (690):**

The Special Grant Fund is being utilized for grants that are not General Fund, Road and Bridge Fund, EMS Fund, or Public Health Fund related. In 2010, the fund was used to manage the CDOT Enhancement Grant (wildlife ramps and fencing), which later was fully funded by the Federal Government with ARRA dollars in the amount of \$166,666.

Grant funded projects for 2010 are listed below:

- Voyager Grant: \$ 75,000
  - Wildlife Mitigation Project: \$166,666  
(Along eight miles of Highway 550 via ARRA funding)
- \$241,666

Grants funded projects for 2011 are listed below:

- Voyager Grant: \$ 31,812

### **Public Access Group (PAG) Fund (860):**

A separate fund was established in 2008 to begin the segregation and accounting of grant and donation dollars received and expended on behalf of the Public Access Group (PAG). The PAG consists of multi-agency partners inclusive of Ouray County, United States Forest Service, Bureau of Land Management, Ouray Trail Group, Thunder Mountain Wheelers, Uncompahgre Valley Trail Riders, Western Slope Four Wheelers, and Ouray County Historical Society. *The purpose of PAG is "to preserve public access on existing and historical public trails and roads for the future use and enjoyment of all citizens, users and visitors."* The PAG is currently working on a project funded by a State of Colorado Trails Grant. A project coordinator is working diligently with PAG members, Board of County Commissioners, Staff and the public to complete the scope of work. The County has asked for an extension of the grant from December, 31, 2011 to May, 31, 2012.

### **Road and Bridge Sales Tax Fund (870):**

A new fund was created in 2009, entitled the "Road and Bridge Sales Tax Fund" (Fund 870). This fund was created to segregate the collection of the 1% sales tax passed exclusively for Road and Bridge by the electorate in the 2008 General Election. These monies are collected and placed in this fund for efficiency of use, tracking, and accountability. Funding has and will be transferred from this fund to the Road and Bridge Fund (Fund 040) annually, as appropriated by the Board of County Commissioners. Transfers from the Road and Bridge Sales Tax Fund to the Road and Bridge Fund have occurred as follows: \$299,397 in 2009 and \$435,000 in 2010. In the 2011 budget, \$475,000 has been appropriated by the Board for transfer to the Road and Bridge Fund to help offset the cost of providing services, funding capital purchases and leases, crushing additional aggregate, and improving road surfaces.

### **Public Health Fund (890)**

A new fund was created in 2010 for the Public Health Department to segregate public health dollars and its associated programs pursuant to SB 08-194 and C.R.S. 25-1-511 (2). Monies are appropriated from the County General Fund, and are received from State and Federal governmental agencies, grants, gifts, donations, and from client services fees for public health services. Approximately 50% of the revenue supporting the Public Health Fund is transferred from the General Fund. The Public Health Department provides an essential service to the communities and citizens of Ouray County.

### **Contingency Fund (030):**

This fund contains a balance of \$174,882 to meet the TABOR contingency requirement. TABOR requires that the county retain 3% of the prior year's operating expenses for emergencies. These dollars are designated in a fund and earmarked as part of the County's reserve dollars.

### **Conclusion:**

The Board of County Commissioners and the County Administrator will continue to administer the County budget using a conservative approach. Adequate reserves are in place for emergency operations for the County General Fund, Road and Bridge Fund, and EMS Fund. Lifting of the TABOR and 5.5% limitation restrictions as approved by the electorate of Ouray County has preserved the mill levy for the County. This "DeBrucing" action has been crucial to the County's continued provision of essential public services. The Board of County Commissioners and County Staff have made it a practice in the past and will continue to do so into the future to seek efficiencies and improvements to maintain our expected and mandated level of county services. In addition, the Board of County Commissioners continues to seek input from Elected Officials, Department Heads, Staff and the general public concerning the improvement of County operations and services.

*Connie J. Hunt  
County Administrator  
Ouray County*

**OURAY COUNTY, COLORADO**  
**STATEMENT OF NET ASSETS**  
**December 31, 2010**

---

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,690,617
Restricted cash	302,824
Escrow account	-
Property taxes receivable	2,809,506
Accrued interest receivable	478
Accounts receivable	103,719
Due from other governmental units	119,756
Due from other funds	-
Inventories	28,129
Capital assets, net	<u>4,606,733</u>
<b>Total assets</b>	<u><u>10,661,762</u></u>
<b>LIABILITIES</b>	
Accounts payable	257,948
Due to other governmental units	14,200
Deferred revenue	2,814,786
Long-term liabilities	
Due more than one year:	
Leases payable	387,583
Compensated absences	<u>167,217</u>
<b>Total liabilities</b>	<u><u>3,641,734</u></u>
<b>NET ASSETS</b>	
Invested in capital assets	4,219,150
Restricted for:	
Emergencies	174,881
Unrestricted	<u>2,625,997</u>
<b>Total net assets</b>	<u><u>\$ 7,020,028</u></u>

See accompanying notes to the basic financial statements

**OURAY COUNTY, COLORADO**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Service and Fees	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Governmental Activities
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ 2,238,810	\$ 555,604	\$ -	\$ -	\$ (1,683,206)
Judicial	192,719	-	-	-	(192,719)
Public Safety	1,170,456	140,046	-	-	(1,030,410)
Heath and welfare	1,662,234	56,627	-	-	(1,605,607)
Recreation and culture	211,575	35,568	22,373	-	(153,634)
Public Works	1,955,614	-	749,500	-	(1,206,114)
<b>Total governmental activities</b>	<u>\$ 7,431,408</u>	<u>\$ 787,845</u>	<u>\$ 771,873</u>	<u>\$ -</u>	<u>(5,871,690)</u>

**General Revenues**

Taxes:

Property taxes	3,433,023
Sales taxes and miscellaneous	499,034
Federal and state	2,038,755
Miscellaneous	389,708
<b>Total General Revenues</b>	<u>6,360,520</u>

**Changes in Net Assets**

Net Assets-January 1	488,830
Net Assets-December 31	<u>6,531,198</u>
	<u>\$ 7,020,028</u>

See accompanying notes to the basic financial statements

**OURAY COUNTY, COLORADO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2010**

	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Social Services Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 657,544	\$ 457,250	\$ 205,071
Restricted Cash	85,168	215,125	2,531
Property taxes receivable	1,915,747	355,799	116,361
Accrued interest receivable	478	-	-
Accounts receivable	-	-	81,819
Due from other governmental	26,353	33,630	30,729
Due from other funds	4,210	-	-
Inventories	-	28,129	-
<b>Total assets</b>	<u>\$ 2,689,500</u>	<u>\$ 1,089,933</u>	<u>\$ 436,511</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 96,736	\$ 47,924	\$ 81,030
Due to other funds	-	4,210	-
Due to other governmental units	-	-	14,200
Deferred revenue	1,915,747	355,799	121,641
<b>Total liabilities</b>	<u>2,012,483</u>	<u>407,933</u>	<u>216,871</u>
<b>Fund balances:</b>			
Reserved for:			
Trust accounts	85,168	-	-
Emergencies	-	-	-
Inventories	-	28,129	-
Unreserved:			
Designated	-	-	-
Undesignated	591,849	653,871	219,640
<b>Total fund balances</b>	<u>677,017</u>	<u>682,000</u>	<u>219,640</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,689,500</u>	<u>\$ 1,089,933</u>	<u>\$ 436,511</u>

See accompanying notes to the basic financial statements

<u>Public Health Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 36,923	\$ 1,333,829	\$ 2,690,617
-	-	302,824
-	421,599	2,809,506
-	-	478
-	21,900	103,719
-	29,044	119,756
-	-	4,210
-	-	28,129
<u>\$ 36,923</u>	<u>\$ 1,806,372</u>	<u>\$ 6,059,239</u>
\$ 10,256	\$ 22,002	\$ 257,948
-	-	4,210
-	-	14,200
-	421,599	2,814,786
<u>10,256</u>	<u>443,601</u>	<u>3,091,144</u>
-	-	85,168
-	174,881	174,881
-	-	28,129
-	-	-
26,667	1,187,890	2,679,917
<u>26,667</u>	<u>1,362,771</u>	<u>2,968,095</u>
<u>\$ 36,923</u>	<u>\$ 1,806,372</u>	<u>\$ 6,059,239</u>

See accompanying notes to the basic financial statements

**OURAY COUNTY, COLORADO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS**  
**December 31, 2010**

---

<b>Total governmental fund balances</b>	\$ 2,968,095
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,606,733
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(167,217)
Leases payable	(387,583)
	<hr/>
<b>Net assets of governmental activities</b>	<u><u>\$ 7,020,028</u></u>

**OURAY COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2010**

	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Social Services Fund</u>
<b>REVENUES</b>			
Property Taxes	\$ 2,031,436	\$ 334,711	\$ 123,170
Sales Taxes	499,034	-	-
Intergovernmental	307,848	960,037	1,139,543
Licenses and permits	151,394	5,777	-
Charges for services	35,568	-	-
Fees, fines and forfeits	381,063	17,370	-
Miscellaneous	73,693	199,102	1,867
<b>Total revenues</b>	<u>3,480,036</u>	<u>1,516,997</u>	<u>1,264,580</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,863,473	-	-
Judicial	192,719	-	-
Public safety	640,520	-	-
Health and welfare	45,066	-	1,231,532
Recreation and culture	192,481	-	-
Public Works	97,517	1,764,844	-
Debt Service	95,991	29,435	-
Capital outlay	60,450	38,965	-
<b>Total expenditures</b>	<u>3,188,217</u>	<u>1,833,244</u>	<u>1,231,532</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>291,819</u>	<u>(316,247)</u>	<u>33,048</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	88,400	499,435	-
Transfers out	(166,116)	(35,655)	-
<b>Total other financing sources (uses)</b>	<u>(77,716)</u>	<u>463,780</u>	<u>-</u>
<b>Net change to fund balance</b>	214,103	147,533	33,048
<b>Fund balance, January 1</b>	462,914	534,467	186,592
<b>Prior period adjustments</b>	-	-	-
<b>Fund balance, December 31</b>	<u>\$ 677,017</u>	<u>\$ 682,000</u>	<u>\$ 219,640</u>

See accompanying notes to the basic financial statements

<u>Public Health Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 943,706	\$ 3,433,023
-	-	499,034
118,182	285,018	2,810,628
-	-	157,171
-	196,673	232,241
-	-	398,433
64,621	50,425	389,708
<u>182,803</u>	<u>1,475,822</u>	<u>7,920,238</u>
-	250,365	2,113,838
-	-	192,719
-	504,917	1,145,437
316,252	-	1,592,850
-	-	192,481
-	-	1,862,361
-	62,077	187,503
-	9,835	109,250
<u>316,252</u>	<u>827,194</u>	<u>7,396,439</u>
<u>(133,449)</u>	<u>648,628</u>	<u>523,799</u>
164,116	6,000	757,951
(4,000)	(552,180)	(757,951)
<u>160,116</u>	<u>(546,180)</u>	<u>-</u>
26,667	102,448	523,799
-	1,260,323	2,444,296
-	-	-
<u>\$ 26,667</u>	<u>\$ 1,362,771</u>	<u>\$ 2,968,095</u>

See accompanying notes to the basic financial statements

OURAY COUNTY, COLORADO  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2010

---

<b>Net change in fund balances - total governmental funds</b>	\$ 523,799
---	------------

**Amounts reported for governmental activities in the statement of activities are different because:**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Fixed assets current additions	\$ 99,386	
Depreciation expense	(256,003)	
Excess of capital outlay over depreciation		(156,617)

The issuance of long-term debt provides current resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which issuance of long-term debt exceeded principal payments on debt in the current period.

Loan proceeds	\$ -	
Increase in accrued vacation and sick leave	(42,888)	
Principal payment on long-term debt	164,536	121,648

<b>Change in net assets of governmental funds</b>	<b><u>\$ 488,830</u></b>
---	--------------------------

**OURAY COUNTY, COLORADO**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**December 31, 2010**

---

**Treasurer's**  
**Agency Fund**

<b>Cash and investments</b>	<b><u>\$ 863,912</u></b>
<b>Due to other governments</b>	<b><u>\$ 863,912</u></b>

**See accompanying notes to the basic financial statements**

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

---

**Note 1 – Summary of Significant Accounting Policies**

The accounting and reporting policies of Ouray County, Colorado conform to generally accepted accounting principles (GAAP) as applicable to government 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.

**A. Reporting Entity**

Ouray County is located in western Colorado with a population of approximately 4000. The principal town and city are Ridgway and Ouray. Ouray County is a political subdivision of the State of Colorado, governed by an elected three-member Board of County Commissioners. The County has six other elected officials; the Assessor, the Clerk and Recorder, the Coroner, the Sheriff, the Surveyor and the Treasurer. Ouray County is included in the Seventh Judicial District. An elected District Attorney for the District serves Montrose, Delta, Gunnison, San Miguel, Hinsdale and Ouray Counties. The County's General Fund accounts for all financial operating transactions of the offices of the elected officials and all Ouray County contributions to the Seventh Judicial District Attorney's office.

Blended presented component unit. E-911 Authority serves all the citizens of the County for emergency telephone services.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from 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 user 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 segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers 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 as *general revenues*.

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

---

**Note 1 – Summary of Significant Accounting Policies** (continued)

**B. Government-wide and Fund Financial Statements** (continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as eligibility requirements imposed by the provider have been met.

Governmental fund 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. The County considers revenues to be available if they are collectible within 180 days except for property taxes which are considered available if they are collectible within sixty days after year-end. Property taxes, sales taxes, licenses, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. 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 when payment is due.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The government reports the following major governmental funds:

- The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

---

**Note 1 – Summary of Significant Accounting Policies** (continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(continued)

- The *Road and Bridge Fund* records costs related to County road and bridge construction and maintenance. By State law, Colorado counties are required to maintain a road and bridge fund. A portion of road and bridge taxes is allocated to cities and towns for use in their road and street activities.
- The *Social Services Fund* accounts for the administration and operations of the County's public health and welfare system.
- The *Public Health Fund* accounts for the administration and operations of the County's public health department.

The government reports the following non-major governmental funds:

- *Conservation Trust Fund* reflects the receipt of the County's share of Colorado Lottery funds and money from other sources to be used for recreation purposes within the County.
- *Contingent Fund* reflects the accumulation and disbursement of funds set aside to be used as needed for unforeseen contingencies.
- *Fairgrounds Fund* reflects the accumulation and disbursement of funds set aside to be used as needed for operation and maintenance of the fairgrounds.
- *Special Grant Administration Fund* reflects receipts and disbursements of funds from special grants.
- *E-911 Authority* reflects receipts from service users to be used for emergency telephone services.
- *Road and Bridge Impact Fees Fund* reflects receipts from impact fees to be used for road projects.
- *Samson Law Fund* reflects receipt of court fees.
- *Road and Bridge 361* reflects principal and interest to be used to maintain Highway 361.
- *Public Access Group Fund* reflects receipts from grants and donations to be used to preserve public access on existing and historical public trails and roads.
- *Road and Bridge Sales Tax Fund* reflects the collection of 1% sales tax to be used for additional road and bridge expenditures.

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

---

**Note 1 – Summary of Significant Accounting Policies** (continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfold activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are certain charges between the County's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues included all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Liabilities, and Net Assets or Equity**

*1. Cash and Investments*

The County considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits. In addition, because the treasury pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

---

**Note 1 – Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Net Assets or Equity (continued)**

*1. Cash and Investments*

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments with an original maturity of one year or less to be cash equivalents.

*2. Receivable and Payable Balances*

Significant components of receivables and payables are disaggregated in the financial statements. All receivables are expected to be collected within one year. All material payables are expected to be paid within one year with the exception of the amounts for the accrual for compensated absences and capital leases.

*3. Property Taxes*

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable either in two installments due on February 28 and June 15 or in full on April 30. The County, through the Ouray County Treasurer, bills and collects its own property taxes as well as property taxes of all other taxing authorities within the County. Taxes levied in 2010 for collection in 2011 are recorded in governmental funds as taxes receivable and deferred revenue as of December 31, 2010 since the amount is measurable but not available until 2011. An allowance for uncollectible taxes is not provided as the uncollectible amounts were determined to be negligible based upon an analysis of historical trends.

*4. 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 expenses 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." These amounts are eliminated in the Total Column on the "statement of net assets" column. Any residual balances outstanding between "discrete presented component units" and the "primary government" are reported on a separate line.

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

---

**Note 1 – Summary of Significant Accounting Policies** (continued)

**D. Assets, Liabilities, and Net Assets or Equity** (continued)

*5. Inventories*

Inventories are valued at cost which is determined using the first-in, first-out method. Inventories in most Governmental funds are recorded as expenditures when purchased. Inventories in the Road and Bridge Fund and are recorded as expenditures when consumed rather than when purchased.

*6. Capital Assets*

Capital assets, which include property, plant equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and a useful life of more than one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation on capital assets, with the exception of infrastructure, is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	20 to 50 Years
Land improvements (depreciable)	25 to 30 Years
Equipment and Furniture	5 to 7 Years

For reporting infrastructure assets, a modified approach is allowed by GASB 34. This approach is in lieu of the depreciation of infrastructure assets. The County has elected to use this method of reporting infrastructure assets. The County must maintain two requirements in order to qualify to use this approach:

1. The County must manage the eligible infrastructure assets using an asset management system with specific characteristics.
2. The County must document that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the County.

The County has developed and will implement an asset management system to measure, at least every third year by class of infrastructure asset, if the minimum standards are being maintained. Additional required disclosures are included as part of the Required Supplementary Information.

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

---

**Note 1 – Summary of Significant Accounting Policies** (continued)

**D. Assets, Liabilities, and Net Assets or Equity** (continued)

Ouray qualifies as a Phase III county as per GASB Statement 34 and has elected not to report infrastructure assets which were acquired and in service at January 1, 2004. Infrastructure assets, which were acquired during 2005, are included with other fixed assets and the disclosure provisions are shown below.

At December 31, 2010, Ouray County has recognized only one item of infrastructure, a chip and seal project completed in 2005. The road improvement has been recorded as an infrastructure addition during 2005. The following information is presented in regards to this asset:

1. The Ouray County Commissioners have made the commitment to preserve and maintain this eligible infrastructure asset at a level of five (5) on a maintenance scale of one (1) to ten (10).
2. The Ouray County Commissioners are responsible for determining the appropriate condition level at which this asset is to be maintained.
3. No depreciation expense is reported for this asset, nor is amounts capitalized in connection with improvements that lengthen the life of the asset, unless the improvement also increases the service potential of this asset.
4. Ouray County maintains an inventory of this asset and will perform periodic condition assessments to establish that the specified condition level (1 above) is maintained.
5. The County's estimate of the amount to be expended to preserve and maintain this asset, at the stated condition level, for the subsequent year (2009) is zero dollars. For all subsequent years, this cost will be estimated in the County's annual budget.

*7. Future Compensated Absences*

The personnel rules policy manual state that all vacation may accrue up to 192 hours. Sick leave is accrued at twelve (12) days per year. Upon resignation, termination, retirement or separation from employment an employee with 20 years of employment shall be eligible for payment at the rate of one-fourth ( $\frac{1}{4}$ ) of the employee's current hourly rate for accumulated sick leave up to 1440 hours.

*8. Long-term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. At December 31, 2010 the only long term debt that Ouray County had was from the accrual of compensated absences and capital leases.

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

---

**Note 1 – Summary of Significant Accounting Policies** (continued)

**D. Assets, Liabilities, and Net Assets or Equity** (continued)

*9. Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

*10. Net Assets*

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are constraints placed on their use either by law through constitutional provisions or enabling legislation or through restrictions externally imposed by creditors, grantors, laws, or regulations of other governments.

The reserve for emergencies as required by Section 20 to Article X of the Colorado Constitution, also known as the Taxpayer's Bill of Rights (TABOR) is classified as restricted net assets on the entity-wide statements. The County, through voter approval, has been authorized to retain, expand, and benefit from all non-property tax revenues collected during 1995, and each subsequent year.

*11. Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles 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.

*12. Contraband Proceeds*

The Colorado Contraband Forfeiture Act requires the proceeds from the seizure of contraband be audited although they are not subject to the appropriations process. During 2010, the County had no proceeds from the seizures of contraband.

**Note 2- Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

Annual budgets are adopted for all funds, except agency funds, of the County. The Budget Office submits a proposed operating budget for the following calendar year to the County Commissioners prior to October 15 of each year. The budget is prepared using the modified accrual basis of accounting. The operating budget includes

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

---

**Note 2- Stewardship, Compliance, and Accountability** (continued)

A. Budgetary Information (continued)

proposed expenditures/expenses and the anticipated revenues. As required by statute, public hearings are conducted to obtain citizen's comments. Prior to the levy of property tax, the budget is legally adopted through the passage of a budget adoption and appropriation resolution.

B. Budgeted Level of Expenditures

The budgetary control is maintained at the department level for the general fund and at specific fund level for all other funds. Although the budget shows various classifications by object and by function, the department directors are authorized to transfer budgeted amounts within each of the object classifications. All annual appropriations lapse at year end.

For the budget to actual reporting required by state statutes the proprietary funds present the adjustments necessary to reconcile ending net income (loss) on the budgetary basis to the GAAP basis net change in fund equity.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget.

**Note 3- Cash and Investments**

A. Deposits

Title II, Article 10.5 of the Colorado Revised Statutes, (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 a single financial institution collateral pool 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. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At year end the carrying amount of the County's Primary Government's Funds deposits were \$ 2,374,235 and the bank balance was \$ 2,357,638. Of the bank balance \$ 842,121 was covered by FDIC insurance. The remaining \$ 1,515,517 was collateralized under the above referenced statute.

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

**Note 3- Cash and Investments** (continued)

B. Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; written repurchase agreements collateralized by certain authorized securities; certain money market funds; guaranteed investments contracts and local government investment pools. The local government investment pool is the Colorado Government Liquid Asset Trust (COLOTRUST). This pooled investment vehicle was established by local government entities in Colorado to pool surplus funds for investment purposes. This pool is overseen by the State Securities Commission. COLOTRUST operate similarly to money market funds and each share valued at \$1.00. The investment pool is routinely monitored by the Colorado Division of Securities with regard to operations and investments. Investments consist of U.S. Treasury bills, notes 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. These pools are not required to and are not registered with the SEC. COLOTRUST'S funds are rated AAA by Standard and Poor's, Fitch's and Moody's rating services.

Table 1 - Summary of Combined Cash and Investments Held By Primary Government and Component Unit

Description	Cost
Cash on hand	\$ 400
Wells Fargo Money Market Escrow Account	50,586
Demand deposits	1,613,613
Colostrust	1,492,107
Certificates of deposit and savings	760,622
Outstanding Warrants – Social Services	(9,389)
<b>Total</b>	<b>\$ 3,907,939</b>

**Note 4- Interfund Transactions**

Due to/Due From

The County reports interfund balances between many of its funds. The sum of all balances presented in this table agrees with the sum of interfund balances presented in the balance sheets for governmental and proprietary funds.

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

**Note 4- Interfund Transactions** (continued)

Due to/Due From (continued)

Inter-fund receivable and payable balances at December 31, 2010 were as follows:

Fund	Inter-fund Receivable	Inter-fund Payable
General Fund	\$ 4,210	
Road and Bridge		\$ 4,210

Transfers

Transfers are indicative of funding for various County operations and re-allocation of special revenues. The following schedule briefly summarizes the County's transfer activity:

Fund	Transfers In	Transfers (Out)
General Fund	\$ 88,4000	\$ 166,116
Conservation Trust		\$ 33,512
Road and Bridge	\$ 499,435	\$ 35,655
Public Health	\$ 164,116	\$ 4,000
Road and Bridge Impact		\$ 64,435
EMS	\$ 6,000	\$ 19,233
Road and Bridge Sales Tax		\$ 435,000

\*These transfers were eliminated in the consolidation for governmental activities.

**Note 5- Capital Assets**

	Balance 1/1/10	Additions	Dispositions	Balance 12/31/2010
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 631,934	\$	\$	\$ 631,934
Land improvements	741,070			741,070
Infrastructure	96,064			96,064
	<u>1,469,068</u>			<u>1,469,068</u>
Capital assets being depreciated				
Buildings and improvements	3,009,174	50,586		3,059,760
Equipment and furniture	3,284,811	48,800		3,333,611
	<u>6,293,985</u>	<u>99,386</u>		<u>6,393,371</u>
Less accumulated depreciation				
Buildings and improvements	(596,003)	(52,517)		(648,520)
Equipment and furniture	(2,403,700)	(203,486)		(2,607,186)
	<u>(2,999,703)</u>	<u>(256,003)</u>		<u>(3,255,706)</u>
Capital assets being depreciated, net	<u>3,294,282</u>	<u>(156,617)</u>		<u>3,137,665</u>
Total governmental Activities capital assets	<u>\$ 4,763,350</u>	<u>\$ (156,617)</u>	<u>\$ -</u>	<u>\$ 4,606,733</u>

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

---

**Note 5- Capital Assets (continued)**

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

<i>Governmental activities:</i>	
General government	\$ 62,018
Public safety	85,898
Public works	88,993
Culture and Recreation	19,094
<u>Total depreciation expense-governmental activities</u>	<u>\$ 256,003</u>

**Note 6- Long-Term Liabilities**

Long-term obligations

The County has entered into various capital leases and financed the following items:

Land use/Road and Bridge Facility \$ 206,000 due in five annual payments of \$ 46,664 including interest at 4.30% beginning May 26, 2007.

2008 Toyota FJ Cruiser \$ 24,402 due in five annual payments of \$ 5,474 including interest at 3.95%, beginning June 23, 2009.

Backhoe and 2008 Pickup Truck \$ 95,645 due in five annual payments of \$ 20,602, including interest at 3.6% beginning May 15, 2008

2008 Toyota FJ Cruisers (2) \$ 53,928 due in five annual payments of \$ 11,774 including interest at 3.95% beginning May 15, 2008.

Boiler \$ 190,636 due in ten annual payments of \$ 23,832.95, including interest at 4.5% beginning July 15, 2010.

2009 Ford 450-Med Tech Ambulance \$ 125,691 due in five annual payments of \$ 27,606.99, including interest at 3.5% beginning September 1, 2009.

2009 Chevrolet Silverado Crew Cab Pickup \$ 15,753, due in 4 payments of \$ 5,682.64, including interest at 4% beginning August 5, 2010

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

**Note 6- Long-Term Liabilities** (continued)

The annual requirements to amortize the above debt are as follows:

Landuse/Road and Bridge Facility

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 44,740	\$ 1,924	\$ 46,664
	<u>\$ 44,740</u>	<u>\$ 1,924</u>	<u>\$ 46,664</u>

2008 Toyota FJ Cruiser

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 4,873	\$ 601	\$ 5,474
2012	5,066	408	5,474
2013	<u>5,266</u>	<u>208</u>	<u>5,474</u>
Total	<u>\$ 15,205</u>	<u>\$ 1,217</u>	<u>\$ 16,422</u>

Backhoe and 2008 Pickup Truck

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 19,195	\$ 1,407	\$ 20,602
2012	<u>19,886</u>	<u>716</u>	<u>20,602</u>
Total	<u>\$ 39,081</u>	<u>\$ 2,123</u>	<u>\$ 41,204</u>

2008 Toyota FJ Cruiser

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 10,896	\$ 878	\$ 11,774
2012	<u>11,326</u>	<u>448</u>	<u>11,774</u>
Total	<u>\$ 22,222</u>	<u>\$ 1,326</u>	<u>\$ 23,548</u>

Boiler

	Principal	Interest	Total
2011	\$ 16,037	\$ 7,796	\$ 23,833
2012	16,759	7,074	23,833
2013	17,513	6,320	23,833
2014	18,301	5,532	23,833
2015	19,125	4,708	23,833
2016	19,985	3,848	23,833
2017	20,885	2,948	23,833
2018	21,825	2,008	23,833
2019	<u>22,807</u>	<u>1,026</u>	<u>23,833</u>
	<u>\$ 173,237</u>	<u>\$ 41,260</u>	<u>\$ 214,497</u>

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

**Note 6- Long-Term Liabilities** (continued)

2009 Ford 450-Med Tech Ambulance

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 24,900	\$ 2,707	27,607
2012	25,772	1,835	27,607
2013	<u>26,673</u>	<u>934</u>	<u>27,607</u>
Total	<u>\$ 77,345</u>	<u>\$ 5,476</u>	<u>\$ 88,821</u>

2009 Chevrolet Silverado Crew Cab Pickup

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 5,044	\$ 639	\$ 5,683
2012	5,248	435	5,683
2013	<u>5,461</u>	<u>222</u>	<u>5,683</u>
Total	<u>\$ 15,753</u>	<u>\$ 1,296</u>	<u>\$ 17,049</u>

The following is a summary of capitalized leases for the year ended December 31, 2010

Governmental Activities	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>1/1/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2010</u>	<u>One Year</u>
Capital leases					
2006 Ambulance	\$ 22,227	\$ -	\$ 22,227	\$ -	-
2006 Dodge Durango	10,920	-	10,920	-	-
Loboy Trailer	8,495	-	8,495	-	-
Land use Building	87,636	-	42,896	44,740	44,740
2008 Toyota FJ Cruiser	19,893	-	4,688	15,205	4,873
Backhoe and 2008 Truck	57,609	-	18,528	39,081	19,195
2008 Toyota FS Cruiser (2)	32,704	-	10,482	22,222	10,896
Boiler	190,636	-	17,399	173,237	16,037
2009 Ambulance	101,403	-	24,058	77,345	24,900
2009 Silverado Pickup	<u>20,596</u>	<u>-</u>	<u>4,843</u>	<u>15,753</u>	<u>5,044</u>
Total	<u>\$552,119</u>	<u>\$ -</u>	<u>\$ 164,536</u>	<u>\$ 387,583</u>	<u>\$ 125,685</u>

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

---

**Note 7- Reservations and Designations of Fund Balance**

Reservations

Reservations of fund balance either indicate that a portion of fund balance is legally segregated for a specific future use or indicate that a portion of fund balance is not appropriate.

Fund balances reserved for prepaid expenditures and inventories do not represent available, spendable resources even though they are a component of net current assets. Fund balances reserved for capital projects indicates the fund balance is restricted for the payment of sales tax distributions, open lands purchases, and major facilities construction. Fund balances reserved for debt service indicates the fund balance is restricted for the payment of debt principal and interest maturing in future years. Fund balance reserved for emergencies represents a 3% legal restriction pursuant to Article X, Section 20 of the State Constitution (Tabor Amendment).

Reserved fund balances consist of the following:  
December 31, 2010

Special Revenue Funds:	
Contingent	\$ 174,881
General Fund	85,168
Road and Bridge	28,129

**Note 8- Retirement Plan**

Ouray County is a member employer of the Colorado County Officials and Employees Retirement Association (CCOERA). This association was formed by Colorado State Statute to provide retirement benefits to employees of Colorado local governments. CCOERA administers two different retirement plans a 401(a) Defined Contribution Plan and a 457 Deferred Compensation Plan.

Ouray County provides pension benefits for all of its full-time employees with the Colorado County Officials and Employees Retirement Association Retirement Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate one year from the date of employment. Elected officials are eligible to participate immediately. Participation is mandatory for all eligible employees and for all elected officials. Both the County and the employee contribute 5% of the employee's monthly base salary to the plan. Employees may also make additional contributions up to a maximum of 10% of compensation.

The County's contribution for each employee (and interest allocated to the employee's account) is 100% vested after ten years. If an elected official fails to become re-elected, they immediately become fully vested. Any non-vested County contributions forfeited by an employee who leaves the County's employment are remitted to the County. The County's total payroll was \$ 2,845,756 in 2010. The total payroll covered by the pension plan was \$ 2,675,320 in 2010. The total contribution paid was \$ 338,189 in 2010 (12 % of covered payroll), \$ 204,423 by the employees and \$ 133,766 by the County.

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

**Note 8- Retirement Plan** (continued)

The County has no liability for losses under the plan.

Complete financial statements for the retirement plans may be obtained from the CCOERA, 4949 S. Syracuse St., Suite 400, Denver, Colorado, 80237.

**Note 9- Post Employment Benefits**

The County provides no post employment benefits to employees who retire from the County other than those mandated by the State and Federal governments.

The "Consolidated Omnibus Budget Reconciliation Act of 1985" (COBRA), that is mandated by the Federal Government, requires that employers allow eligible employees the opportunity to purchase medical and dental insurance for various periods of time after their employment is discontinued. Ouray County complies with the Federal Statutes.

**Note 10- Noncash Program Activity**

Schedule of EBT Authorizations, Warrant Expenditures and Total Expenditures  
For the Year Ended December 31, 2010

Ouray County Department of Social Services  
Expenditure/Revenue Report  
For the Year Ended December 2010

	County EBT Expended Authorizations	State & Fed Share of All Authorizations	Expenditures By County Warrant	County EBT Authorizations Plus Expend By Co. Warrant	Total County Expenditures
TANF	\$ 22,693.10	\$ (30,529.89)	\$ 12,888.67	\$ 35,581.77	\$ 5,051.88
Child Care	6,106.68	(6,107.07)	4,919.55	11,026.23	4,919.16
Child Welfare	51,411.66	(173,380.90)	162,485.89	213,897.55	40,516.65
Administration		(72,852.99)	141,963.97	141,963.97	69,110.98
CORE Services		(285,505.66)	288,623.73	288,623.73	3,118.07
IV-D Administration		2,543.67	(4,958.26)	(4,958.26)	(2,414.59)
Aid to Need Disabled	2,222.79	(1,778.23)		2,222.79	444.56
Old Age Pension	39,929.77	(42,133.40)	2,221.63	42,151.40	18.00
Home Care Allowance	13,359.62	(12,691.57)		13,359.62	668.05
LEAP	96,157.20	(98,179.41)	2,022.21	98,179.41	
General Assistance			7,518.00	7,518.00	7,518.00
TANF Collections		(381.13)			(381.13)
Miscellaneous	1,573.84	(187,469.58)	24,189.52	25,763.36	(161,706.22)
Subtotal	233,454.66	(908,466.16)	641,874.91	875,329.57	(33,136.59)
Food Assistance	356,202.34	(356,202.34)		356,202.34	
Grant Total	<u>\$ 589,657.00</u>	<u>\$ (1,264,668.50)</u>	<u>\$ 641,874.91</u>	<u>\$ 1,231,531.91</u>	<u>\$ (33,136.59)</u>

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

**Note 10- Noncash Program Activity** (continued)

Welfare payments authorized by the Ouray County Department of Human Services. These County authorizations are paid by the Colorado Department of Human Services by QUEST debit cards or by electronic funds transfer (EFT).

- A. County share of EBT authorizations - these amounts are settled monthly by a reduction of State cash advances to the County.
- B. Expenditures made by County warrants or other County payment methods
- C. This represents the total cost of the welfare programs that are administered by Ouray County.
- D. This total matches the expenditures on the Social Services Department Fund Statement of Revenues, Expenditures, and Changes in Fund Balance.

In addition to the revenue and expenditures included in the financial statements, the County determines eligibility for various benefits funded by Federal and State programs and paid electronically to the beneficiaries by the State. Amounts for 2009 are as follows:

Health and Environment	WIC Food Vouchers	\$ 19,918
Health and Environment	VFC Vaccines	-
Health and Human Services	TEFAP Commodities	4,452

**Note 11- Budget Amendment**

During 2010 the County amended its budget. The following is a schedule of the changes to the original budget:

Fund	Original Budget	Amendment	Final Budget
General	\$ 3,598,668	\$	\$ 3,598,668
Road and Bridge	1,837,288	143,391	1,980,679
Social Services	1,028,685	235,984	1,264,669
Public Health	328,465		328,465
Conservation Trust	58,000		58,000
Road and Bridge Sales Tax	450,300		450,300
Special Grant	241,666		241,666
Road and Bridge Impact Fees	65,080		65,080
E-911	79,800		79,800
EMS	665,666		665,666
Samson Law Fund	5,012		5,012
Public Access Group	24,000		24,000
Totals	\$ 8,382,630	\$379,375	\$ 8,762,005

**Ouray County, Colorado**  
**Notes to Basic Financial Statements**  
**December 31, 2010**

---

**Note 12-Risk Management**

*Colorado Counties Casualty and Property Pool*

The County is exposed to various risks of loss related to property and casualty losses. The County has 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 Pool provides the County with general property, vehicle comprehensive and collision, and various liability insurance coverage. 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, and that the Pool will purchase insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

**Note 13 -Special Assessment**

On September 1, 1996, a special assessment bond for Local Improvement District No. 1995-1 was issued. This bond does not constitute a debt or an indebtedness of Ouray County within the meaning of any constitutional or statutory limitation or provision, and shall not be considered or held to be a general obligation of the County. No property of the County shall be liable to be forfeited or taken in payment of the special assessment bonds.

In 1997 a special assessment bond for Local Improvement District No. 1997-1 was issued. This bond does not constitute a debt of an indebtedness of Ouray County within the meaning of any constitutional or statutory limitations or provision, and shall not be considered or held to be a general obligation of the County. No property of the County shall be liable to be forfeited or taken in payment of the special assessment bonds.

**Note 14 –Tax, Spending and Debt Limitations**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. However, the County had made certain interpretations of the amendment's language in order to determine its compliance.

The County, through voter approval, has been authorized to retain, expand and benefit from all non-proprietary tax revenues collected during 1995 and each subsequent year. Also, the County's reserve for emergencies is classified as restricted net assets and is the Contingent Fund.

**OURAY COUNTY, COLORADO**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

REVENUES	Budgeted		Actual	Variance
	Original	Final		
Property taxes	\$ 2,065,667	\$ 2,065,667	\$ 2,031,436	\$ (34,231)
Sales taxes and other	511,500	511,500	499,034	(12,466)
Intergovernmental	235,458	235,458	307,848	72,390
Licenses and permits	156,100	156,100	151,394	(4,706)
Charges for services	71,500	71,500	35,568	(35,932)
Fees, fines and forfeits	367,100	367,100	381,063	13,963
Miscellaneous	102,984	102,984	73,693	(29,291)
<b>Total revenues</b>	<u>3,510,309</u>	<u>3,510,309</u>	<u>3,480,036</u>	<u>(30,273)</u>
<b>EXPENDITURES</b>				
Assessor	249,633	249,633	243,818	5,815
Administration other	165,962	165,962	162,409	3,553
Administrator	237,008	237,008	210,564	26,444
Board of County Commissioners	196,980	196,980	182,598	14,382
Clerk and Recorder	239,438	239,438	222,288	17,150
County Attorney	136,275	136,275	126,788	9,487
County Coroner	35,141	35,141	43,198	(8,057)
County Jail	121,000	121,000	53,202	67,798
Courthouse Security	43,233	43,233	40,306	2,927
District Attorney	65,931	65,931	65,931	-
Elections	43,970	43,970	37,365	6,605
Employee Benefits	70,070	70,070	64,194	5,876
Extension Services	4,673	4,673	4,612	61
Fairgrounds	211,207	211,207	178,374	32,833
Information Technology	174,006	174,006	163,497	10,509
Juvenile Diversion	12,000	12,000	12,000	-
Land Use	244,804	244,804	238,842	5,962
Maintenance of Buildings	155,040	155,040	158,078	(3,038)
Public Telecommunications	4,600	4,600	3,946	654
Public Trustee	27,203	27,203	19,019	8,184
Recreation and Culture	11,500	11,500	10,161	1,339
Sheriff	551,596	551,596	535,012	16,584
Social Programs	1,000	1,000	1,098	(98)
Surveyor	3,368	3,368	2,368	1,000
Transfer Station	1,200	1,200	770	430
Treasurer	171,305	171,305	153,821	17,484
Weed department	93,482	93,482	97,517	(4,035)
<b>Total department expenses</b>	<u>3,271,625</u>	<u>3,271,625</u>	<u>3,031,776</u>	<u>239,849</u>
Debt service payments	95,927	95,927	95,991	(64)
Capital Outlay	65,000	65,000	60,450	4,550
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	112,888	112,888	88,400	(24,488)
Transfers out	(166,116)	(166,116)	(166,116)	-
<b>Total other financing sources and uses</b>	<u>(53,228)</u>	<u>(53,228)</u>	<u>(77,716)</u>	<u>(24,488)</u>
<b>Net change to fund balance</b>	24,529	24,529	214,103	189,574
<b>Fund balance, January 1</b>	314,145	314,145	462,914	148,769
<b>Fund balance, December 31</b>	<u>\$ 338,674</u>	<u>\$ 338,674</u>	<u>\$ 677,017</u>	<u>\$ 338,343</u>

**OURAY COUNTY, COLORADO**  
**ROAD AND BRIDGE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 338,729	\$ 338,729	\$ 334,711	\$ (4,018)
Intergovernmental:				
Federal shared revenues	232,309	232,309	232,053	(256)
State shared revenues	627,103	627,103	727,984	100,881
State Grants	-	-	-	-
Total intergovernmental revenues	<u>859,412</u>	<u>859,412</u>	<u>960,037</u>	<u>100,625</u>
Licenses and permits	<u>1,000</u>	<u>1,000</u>	<u>5,777</u>	<u>4,777</u>
Miscellaneous:				
Refund of expenditures	112,000	112,000	163,603	51,603
Other miscellaneous revenues	<u>32,000</u>	<u>32,000</u>	<u>35,499</u>	<u>3,499</u>
Total miscellaneous revenues	<u>144,000</u>	<u>144,000</u>	<u>199,102</u>	<u>55,102</u>
Fees	<u>16,000</u>	<u>16,000</u>	<u>17,370</u>	<u>1,370</u>
<b>Total revenues</b>	<u>1,359,141</u>	<u>1,359,141</u>	<u>1,516,997</u>	<u>157,856</u>
<b>EXPENDITURES</b>				
Operations	1,702,198	1,845,589	1,764,844	80,745
Debt service	29,435	29,435	29,435	-
Capital outlay	<u>70,000</u>	<u>70,000</u>	<u>38,965</u>	<u>31,035</u>
<b>Total expenditures</b>	<u>1,801,633</u>	<u>1,945,024</u>	<u>1,833,244</u>	<u>111,780</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(442,492)</u>	<u>(585,883)</u>	<u>(316,247)</u>	<u>269,636</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	499,435	499,435	499,435	-
Transfers out	<u>(35,655)</u>	<u>(35,655)</u>	<u>(35,655)</u>	-
<b>Total other financing sources (uses)</b>	<u>463,780</u>	<u>463,780</u>	<u>463,780</u>	<u>-</u>
<b>Net change to fund balance</b>	21,288	(122,103)	147,533	269,636
<b>Fund balance, January 1</b>	<u>297,088</u>	<u>297,088</u>	<u>534,467</u>	<u>237,379</u>
<b>Fund balance, December 31</b>	<u>\$ 318,376</u>	<u>\$ 174,985</u>	<u>\$ 682,000</u>	<u>\$ 507,015</u>

**OURAY COUNTY, COLORADO**  
**SOCIAL SERVICES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 123,233	\$ 123,133	\$ 123,170	\$ 37
County administration	75,000	75,000	123,623	48,623
Old age pension	72,300	72,300	54,826	(17,474)
Aid to the needy and disabled	-	-	1,778	1,778
Child care	32,000	32,000	6,107	(25,893)
Food assistance	250,000	250,000	356,202	106,202
Child welfare	113,459	113,459	173,381	59,922
Core services	251,588	251,588	285,505	33,917
Leap	83,300	83,300	98,179	14,879
CSBG grant	15,000	15,000	10,168	(4,832)
Colorado works	28,000	28,000	30,530	2,530
Child support	5,000	5,000	(756)	(5,756)
Miscellaneous	100	100	1,867	1,767
<b>Total revenues</b>	<u>1,048,980</u>	<u>1,048,880</u>	<u>1,264,580</u>	<u>215,700</u>
<b>EXPENDITURES</b>				
County funded grants	25,000	25,000	15,394	9,606
County administration	100,000	100,000	141,964	(41,964)
Old age pension	72,800	72,800	55,512	17,288
Colorado works	32,000	32,000	35,582	(3,582)
Aid to the needy and disabled	-	-	2,223	(2,223)
Child care	36,000	36,000	11,027	24,973
General assistance	7,500	7,500	7,518	(18)
Leap	93,300	93,300	98,179	(4,879)
Child welfare	139,059	139,059	213,897	(74,838)
Core services	255,026	255,026	288,623	(33,597)
CSBG grant	15,000	15,000	8,795	6,205
Child support	3,000	3,000	(4,958)	7,958
CHP + In Reach	-	-	1,574	(1,574)
Food assistance	250,000	250,000	356,202	(106,202)
Supplemental Budget	-	235,984	-	235,984
<b>Total expenditures</b>	<u>1,028,685</u>	<u>1,264,669</u>	<u>1,231,532</u>	<u>33,137</u>
<b>Excess (deficiency) of revenues over expenditures</b>	20,295	(215,789)	33,048	248,837
<b>Fund balance, January 1</b>	153,082	153,082	186,592	33,510
<b>Prior period adjustments</b>	-	-	-	-
<b>Fund balance, December 31</b>	<u>\$ 173,377</u>	<u>\$ (62,707)</u>	<u>\$ 219,640</u>	<u>\$ 282,347</u>

**OURAY COUNTY, COLORADO**  
**PUBLIC HEALTH FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal shared revenues	\$ 71,817	\$ 71,817	\$ 88,847	\$ 17,030
State shared revenues	25,778	25,778	29,335	3,557
Total intergovernmental revenues	<u>97,595</u>	<u>97,595</u>	<u>118,182</u>	<u>20,587</u>
Miscellaneous:				
Refund of expenditures	32,502	32,502	33,783	1,281
Other miscellaneous revenues	34,252	34,252	30,838	(3,414)
Total miscellaneous revenues	<u>66,754</u>	<u>66,754</u>	<u>64,621</u>	<u>(2,133)</u>
<b>Total revenues</b>	<u>164,349</u>	<u>164,349</u>	<u>182,803</u>	<u>18,454</u>
<b>EXPENDITURES</b>				
Public Health	328,465	328,465	316,252	12,213
Capital Outlay	-	-	-	-
<b>Total expenditures</b>	<u>328,465</u>	<u>328,465</u>	<u>316,252</u>	<u>12,213</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(164,116)</u>	<u>(164,116)</u>	<u>(133,449)</u>	<u>30,667</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	164,116	164,116	164,116	-
Transfers out	-	-	(4,000)	(4,000)
<b>Total other financing sources (uses)</b>	<u>164,116</u>	<u>164,116</u>	<u>160,116</u>	<u>(4,000)</u>
<b>Net change to fund balance</b>	-	-	26,667	26,667
<b>Fund balance, January 1</b>	-	-	-	-
<b>Fund balance, December 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,667</u>	<u>\$ 26,667</u>

**OURAY COUNTY, COLORADO**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**December 31, 2010**

	<u>Conservation Trust</u>	<u>Contingent</u>	<u>Fairgrounds</u>	<u>Special Grant</u>	<u>Road and Bridge Impact</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 93,462	\$ 174,881	\$ 38,606	\$ 21,444	\$ 147,851
Taxes receivable	-	-	-	-	-
Due from other governmental	-	-	-	-	-
Accounts receivables	-	-	-	-	-
<b>Total assets</b>	<u>93,462</u>	<u>174,881</u>	<u>38,606</u>	<u>21,444</u>	<u>147,851</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>					
Reserved for:					
Emergencies	-	174,881	-	-	-
Unreserved:	93,462	-	38,606	21,444	147,851
<b>Total fund balances</b>	<u>93,462</u>	<u>174,881</u>	<u>38,606</u>	<u>21,444</u>	<u>147,851</u>
<b>Total liabilities and fund balances</b>	<u>\$ 93,462</u>	<u>\$ 174,881</u>	<u>\$ 38,606</u>	<u>\$ 21,444</u>	<u>\$ 147,851</u>

<u>Samson Law</u>	<u>E-911 Authority</u>	<u>Emergency Medical Services</u>	<u>Road and Bridge 361</u>	<u>Public Access Group</u>	<u>Road and Bridge Sales Tax</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 5,165	\$ 90,941	\$ 465,759	\$ 135,662	\$ 82	\$ 159,976	\$ 1,333,829
-	-	421,599	-	-	-	421,599
-	-	-	-	2,691	26,353	29,044
-	-	21,900	-	-	-	21,900
<u>5,165</u>	<u>90,941</u>	<u>909,258</u>	<u>135,662</u>	<u>2,773</u>	<u>186,329</u>	<u>1,806,372</u>
\$ -	\$ -	\$ 22,002	\$ -	\$ -	\$ -	\$ 22,002
-	-	421,599	-	-	-	421,599
-	-	443,601	-	-	-	443,601
-	-	-	-	-	-	174,881
5,165	90,941	465,657	135,662	2,773	186,329	1,187,890
5,165	90,941	465,657	135,662	2,773	186,329	1,362,771
<u>\$ 5,165</u>	<u>\$ 90,941</u>	<u>\$ 909,258</u>	<u>\$ 135,662</u>	<u>\$ 2,773</u>	<u>\$ 186,329</u>	<u>\$ 1,806,372</u>

**OURAY COUNTY, COLORADO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**Year Ended December 31, 2010**

	Conservation			Special	Road and
	Trust	Contingent	Fairgrounds	Grant Fund	Bridge Impact
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	22,373	-	-	235,390	-
Charges for services	-	-	-	-	-
Interest earnings	255	-	-	-	-
Miscellaneous	-	-	-	-	42,175
<b>Total revenues</b>	<u>22,628</u>	<u>-</u>	<u>-</u>	<u>235,390</u>	<u>42,175</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	230,707	422
Public safety	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,707</u>	<u>422</u>
<b>Excess (deficiency) of revenues over expenditures</b>	22,628	-	-	4,683	41,753
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	-	-	-	-	-
Transfer out	(33,512)	-	-	-	(64,435)
<b>Total other financing sources (uses)</b>	<u>(33,512)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,435)</u>
<b>Net change to fund balance</b>	(10,884)	-	-	4,683	(22,682)
<b>Fund balance, January 1</b>	104,346	174,881	38,606	16,761	170,533
<b>Fund balance, December 31</b>	<u>\$ 93,462</u>	<u>\$ 174,881</u>	<u>\$ 38,606</u>	<u>\$ 21,444</u>	<u>\$ 147,851</u>

<u>Samson Law</u>	<u>E-911 Authority</u>	<u>Emergency Medical Services</u>	<u>Road and Bridge 361</u>	<u>Public Access Group</u>	<u>Road and Bridge Sales Tax</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 446,234	\$ -	\$ -	\$ 497,472	\$ 943,706
1,145	-	23,419	-	2,691	-	285,018
-	56,627	140,046	-	-	-	196,673
-	96	30	7,857	-	-	8,238
-	-	12	-	-	-	42,187
<u>1,145</u>	<u>56,723</u>	<u>609,741</u>	<u>7,857</u>	<u>2,691</u>	<u>497,472</u>	<u>1,475,822</u>
1,079	-	-	-	3,233	14,924	250,365
-	51,422	453,495	-	-	-	504,917
-	-	9,835	-	-	-	9,835
-	-	62,077	-	-	-	62,077
<u>1,079</u>	<u>51,422</u>	<u>525,407</u>	<u>-</u>	<u>3,233</u>	<u>14,924</u>	<u>827,194</u>
66	5,301	84,334	7,857	(542)	482,548	648,628
-	-	6,000	-	-	-	6,000
-	-	(19,233)	-	-	(435,000)	(552,180)
-	-	(13,233)	-	-	(435,000)	(546,180)
66	5,301	71,101	7,857	(542)	47,548	102,448
5,099	85,640	394,556	127,805	3,315	138,781	1,260,323
<u>\$ 5,165</u>	<u>\$ 90,941</u>	<u>\$ 465,657</u>	<u>\$ 135,662</u>	<u>\$ 2,773</u>	<u>\$ 186,329</u>	<u>\$ 1,362,771</u>

**OURAY COUNTY, COLORADO**  
**CONSERVATION TRUST FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 24,500	\$ 24,500	\$ 22,373	\$ (2,127)
Interest income	1,500	1,500	255	(1,245)
<b>Total revenues</b>	<u>26,000</u>	<u>26,000</u>	<u>22,628</u>	<u>(3,372)</u>
<b>EXPENDITURES</b>				
Recreation	-	-	-	-
Fairgrounds	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	26,000	26,000	22,628	(3,372)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	32,000	32,000	-	
Transfers out	<u>(58,000)</u>	<u>(58,000)</u>	<u>(33,512)</u>	24,488
<b>Net change to fund balance</b>	-	-	<b>(10,884)</b>	21,116
<b>Fund balance, January 1</b>	104,346	104,346	<b>104,346</b>	-
<b>Fund balance, December 31</b>	<u>#####</u>	<u>\$104,346</u>	<u>\$ 93,462</u>	<u>\$ 21,116</u>

**OURAY COUNTY, COLORADO**  
**CONTINGENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

---

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>	-	-	-	-
<b>Net change to fund balance</b>	-	-	-	-
<b>Fund balance, January 1</b>	<u>174,881</u>	<u>174,881</u>	<u>174,881</u>	-
<b>Fund balance, December 31</b>	<u><u>\$ 174,881</u></u>	<u><u>\$ 174,881</u></u>	<u><u>\$ 174,881</u></u>	<u><u>\$ -</u></u>

**OURAY COUNTY, COLORADO**  
**FAIRGROUNDS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

---

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Recreation	-	-	-	-
Capital outlay (for recreation)	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change to fund balance</b>	-	-	-	-
<b>Fund balance, January 1</b>	<u>38,606</u>	<u>38,606</u>	<u>38,606</u>	<u>-</u>
<b>Fund balance, December 31</b>	<u><u>\$ 38,606</u></u>	<u><u>\$ 38,606</u></u>	<u><u>\$ 38,606</u></u>	<u><u>\$ -</u></u>

**OURAY COUNTY, COLORADO**  
**SPECIAL GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

---

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 241,666	\$ 241,666	\$ 235,390	\$ (6,276)
<b>EXPENDITURES</b>				
General Government	241,666	241,666	230,707	10,959
<b>Total expenditures</b>	<b>241,666</b>	<b>241,666</b>	<b>230,707</b>	<b>10,959</b>
Excess (deficiency) of revenues over expenditures	-	-	4,683	4,683
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	-
<b>Net change to fund balance</b>	-	-	4,683	4,683
<b>Fund balance, January 1</b>	16,761	16,761	16,761	-
<b>Fund balance, December 31</b>	<b>\$ 16,761</b>	<b>\$ 16,761</b>	<b>\$ 21,444</b>	<b>\$ 4,683</b>

**OURAY COUNTY, COLORADO**  
**ROAD AND BRIDGE IMPACT FEES**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Impact fees	\$ 65,080	\$ 65,080	\$ 42,175	\$ (22,905)
<b>EXPENDITURES</b>				
General Government	645	645	422	223
<b>Total expenditures</b>	<u>645</u>	<u>645</u>	<u>422</u>	<u>223</u>
<b>Excess (deficiency) of revenues over expenditures</b>	64,435	64,435	41,753	(22,682)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(64,435)</u>	<u>(64,435)</u>	<u>(64,435)</u>	<u>-</u>
<b>Net change to fund balance</b>	-	-	(22,682)	(22,682)
<b>Fund balance, January 1</b>	170,533	170,533	170,533	-
<b>Fund balance, December 31</b>	<u>\$ 170,533</u>	<u>\$ 170,533</u>	<u>\$ 147,851</u>	<u>\$ (22,682)</u>

**OURAY COUNTY, COLORADO**  
**E-911 AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

---

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 50,000	\$ 50,000	\$ 56,627	\$ 6,627
Interest income	2,500	2,500	96	(2,404)
<b>Total revenues</b>	<u>52,500</u>	<u>52,500</u>	<u>56,723</u>	<u>4,223</u>
<b>EXPENDITURES</b>				
Public safety	79,800	79,800	51,422	28,378
<b>Total expenditures</b>	<u>79,800</u>	<u>79,800</u>	<u>51,422</u>	<u>28,378</u>
<b>Net change to fund balance</b>	(27,300)	(27,300)	5,301	32,601
<b>Fund balance, January 1</b>	97,830	97,830	85,640	(12,190)
<b>Fund balance, December 31</b>	<u>\$ 70,530</u>	<u>\$ 70,530</u>	<u>\$ 90,941</u>	<u>\$ 20,411</u>

**OURAY COUNTY, COLORADO**  
**SAMSON LAW FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

---

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State revenues	\$ 5,012	\$ 5,012	\$ 1,145	\$ (3,867)
<b>Total revenues</b>	<u>5,012</u>	<u>5,012</u>	<u>1,145</u>	<u>(3,867)</u>
<b>EXPENDITURES</b>				
General government	5,012	5,012	1,079	3,933
<b>Total expenditures</b>	<u>5,012</u>	<u>5,012</u>	<u>1,079</u>	<u>3,933</u>
<b>Net change to fund balance</b>	-	-	66	66
<b>Fund balance, January 1</b>	5,099	5,099	5,099	-
<b>Fund balance, December 31</b>	<u>\$ 5,099</u>	<u>\$ 5,099</u>	<u>\$ 5,165</u>	<u>\$ 66</u>

**OURAY COUNTY, COLORADO**  
**ROAD AND BRIDGE 361 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

---

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest Earnings	\$ -	\$ -	\$ 7,857	\$ 7,857
<b>EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	-
Net change to fund balance	-	-	7,857	7,857
Fund balance, January 1	127,805	127,805	127,805	-
Fund balance, December 31	<u>\$ 127,805</u>	<u>\$ 127,805</u>	<u>\$ 135,662</u>	<u>\$ 7,857</u>

**OURAY COUNTY, COLORADO**  
**EMERGENCY MEDICAL SERVICES**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 449,872	\$ 449,872	\$ 446,234	\$ (3,638)
Intergovernmental	295	295	178	(117)
Charges for services	139,200	139,200	140,046	846
Interest income	-	-	30	30
Grants	80,831	80,831	23,241	(57,590)
Miscellaneous	-	-	12	12
<b>Total revenues</b>	<u>670,198</u>	<u>670,198</u>	<u>609,741</u>	<u>(60,457)</u>
<b>EXPENDITURES</b>				
Public safety	520,718	520,718	453,495	67,223
Capital outlay	63,638	63,638	9,835	53,803
Debt service payments	62,077	62,077	62,077	-
<b>Total expenditures</b>	<u>646,433</u>	<u>646,433</u>	<u>525,407</u>	<u>121,026</u>
Excess (deficiency) of revenues over expenditures	23,765	23,765	84,334	60,569
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(19,233)	(19,233)	(19,233)	-
Transfers in	6,000	6,000	6,000	-
Total other financing sources (uses)	<u>(13,233)</u>	<u>(13,233)</u>	<u>(13,233)</u>	<u>-</u>
<b>Net change to fund balance</b>	10,532	10,532	71,101	60,569
<b>Fund balance, January 1</b>	356,875	356,875	394,556	37,681
<b>Fund balance, December 31</b>	<u>\$ 367,407</u>	<u>\$ 367,407</u>	<u>\$ 465,657</u>	<u>\$ 98,250</u>

**OURAY COUNTY, COLORADO**  
**PUBLIC ACCESS GROUP FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

---

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grants	\$ 24,880	\$ 24,880	\$ 2,691	\$ (22,189)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>24,880</u>	<u>24,880</u>	<u>2,691</u>	<u>(22,189)</u>
<b>EXPENDITURES</b>	<u>24,000</u>	<u>24,000</u>	<u>3,233</u>	<u>20,767</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
 <b>Net change to fund balance</b>	 880	 880	 (542)	 (1,422)
<b>Fund balance, January 1</b>	<u>3,315</u>	<u>3,315</u>	<u>3,315</u>	<u>-</u>
<b>Fund balance, December 31</b>	<u>\$ 4,195</u>	<u>\$ 4,195</u>	<u>\$ 2,773</u>	<u>\$ (1,422)</u>

**OURAY COUNTY, COLORADO**  
**ROAD AND BRIDGE SALES TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**Year Ended December 31, 2010**

---

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Sales Taxes	\$ 510,000	\$ 510,000	\$ 497,472	\$ (12,528)
<b>EXPENDITURES</b>	15,300	15,300	14,924	376
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(435,000)	(435,000)	(435,000)	-
<b>Net change to fund balance</b>	59,700	59,700	47,548	(12,152)
<b>Fund balance, January 1</b>	112,431	112,431	138,781	26,350
<b>Fund balance, December 31</b>	<u>\$ 172,131</u>	<u>\$ 172,131</u>	<u>\$ 186,329</u>	<u>\$ 14,198</u>

The public report burden for this information collection is estimated to average 380 hours annually.

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: <b>OURAY</b>
	YEAR ENDING : December 2010
This Information From The Records Of (example - City of _ or County of _) Ouray County	Prepared By: <b>Connie Hunt</b> Phone: 970-325-7263

**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)	88,400
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,299,904
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	209,606	b. Snow and ice removal	
3. Other local imposts (from page 2)	382,849	c. Other	
4. Miscellaneous local receipts (from page 2)	879,817	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	410,263
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	277,538
a. Bonds - Original Issues		6. Total (1 through 5)	2,076,105
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)	1,472,272	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	731,316	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	2,203,588	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<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>	2,076,105

**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>				0

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	514,260	2,203,588	2,076,105		641,743

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2010

**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	316,609	a. Interest on investments	3,092
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	64,435	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	1,805	g. Other Misc. Receipts	
6. Total (1. through 5.)	66,240	h. Other	876,725
c. Total (a. + b.)	382,849	i. Total (a. through h.)	879,817
	(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	693,461	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	37,701	d. Federal Transit Admin	
d. Other (Specify)	154	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	37,855	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	731,316	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		68,400	68,400
(2). Capacity Improvements			0
(3). System Preservation		20,000	20,000
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	88,400	88,400
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	88,400	88,400
			(Carry forward to page 1)

Notes and Comments:

**INDEPENDENT AUDITOR'S REPORT  
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

August 8, 2011

Board of County Commissioners  
Ouray County, Colorado

We have audited the basic financial statements of Ouray County, Colorado as of and for the year ended December 31, 2010, and have issued our report thereon dated August 8, 2011. These basic financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ouray County, Colorado's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

***Blair and Associates, P.C.***

Ouray County, Colorado  
Schedule of Expenditures of Federal Awards  
Year ended December 31, 2010

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Department of Health and Human Services		
Passed through the Colorado Department of Human Services		
Low Income Energy Assistance	93.568	\$ 98,179
TANF	93.558	211,099
IV -D Administration	93.563	24,724
Medicaid-Title XIX	93.778	15,024
CCDF	93.596	15,435
CCDF-Discretion	93.575	(17,494)
Child Welfare-IV-B	93.645	2,689
Foster Care-IV-E	93.658	28,433
Adoption-IV-E	93.659	1,825
Title XX-Block	93.667	24,127
CCDF-ARRA	93.713	35,815
ADAD Safe/Drug Free Schools	93.XXX	<u>59,212</u>
		<u>499,068</u>
Passed through Colorado Department of Public Health and Environment		
Public Health Emergency Preparedness	93.069	48,383
Immunization Grants	93.268	<u>5,846</u>
		<u>54,229</u>
Department of Agriculture		
Passed through Colorado Department of Human Services		
Food Assistance-Admin	10.561	16,976
Emergency Food Assistance Program (Admin)-ARRA	10.568	4,452
Passed through Colorado Department of Public Health and Environment		
Special Supplemental Nutrition program Women, Infants, and Children	10.557	16,007
Special Supplemental Nutrition program Women, Infants, and Children-Non Cash	10.557	<u>19,918</u>
		<u>57,353</u>
Department of transportation		
Passed through Colorado Department of Transportation		
Wildlife Escape Ramps Project	20.205	<u>162,962</u>
Total Federal Assistance		<u>\$ 773,612</u>

The accompanying notes are an integral part of this schedule.

**Ouray County, Colorado**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year ended December 31, 2010**

---

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Schedule of Expenditures of Federal Awards is not prepared on the accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources.

Federal awards provided to subrecipients are treated as expenditures when paid or distributed to the subrecipients.

**NOTE B - REPORTING ENTITY**

The financial reporting entity consists of Ouray County, Colorado (the County) as the primary government; organizations for which the County is financially accountable; and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

**NOTE C - PASS-THROUGH AWARDS**

The County has no pass through awards

**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**

August 8, 2011

Board of County Commissioners  
Ouray County, Colorado

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Ouray County, Colorado as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 8, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's basic 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.

Board of County Commissioners  
Ouray County, Colorado  
Page Two

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

*Blair and Associates, P.C.*

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

August 8, 2011

Board of County Commissioners  
Ouray County, Colorado

**Compliance**

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

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

In our opinion, Ouray County, Colorado complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

### **Internal Control Over Compliance**

The management of Ouray County, Colorado is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Ouray County, Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB 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 the County'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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

*Blair and Associates, P.C.*

**Ouray County, Colorado**  
**Schedule of Findings and Questioned Costs**  
**Year ended December 31, 2010**

---

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:				<u>Unqualified Opinion</u>
Internal control over financial reporting:				
Material weakness (es) identified?	_____	yes	_ <u>X</u> _	no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	yes	_ <u>X</u> _	none
Noncompliance material to financial statements noted?	_____	yes	_ <u>X</u> _	no

Federal Awards

Internal Control over major programs:				
Material weakness(es) identified?	_____	yes	_ <u>X</u> _	no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	yes	_ <u>X</u> _	none

Type of auditor's report issued on compliance for major programs:				<u>Unqualified Opinion</u>
--	--	--	--	----------------------------

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____	yes	_ <u>X</u> _	no
---	-------	-----	--------------	----

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.558	TANF
20.205	CDOT-Wildlife Escape Ram Project

Dollar threshold used to distinguish between Type A and Type B programs:				\$ 300,000
---	--	--	--	------------

Auditee qualified as low-risk auditee?	_____	yes	_ <u>X</u> _	no
--	-------	-----	--------------	----

**Ouray County, Colorado**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS — CONTINUED**  
**Year ended December 31, 2010**

---

SECTION II — FINDINGS UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

There are no findings under Generally Accepted Government Auditing Standards.

SECTION III — FINDINGS AND QUESTIONED COSTS UNDER OMB CIRCULAR A-133

There are no findings under OMB Circular A-133.

**Ouray County, Colorado**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year ended December 31, 2010**

---

SECTION II— FINDINGS UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING  
STANDARDS

None

SECTION III — FINDINGS AND QUESTIONED COSTS UNDER OMB CIRCULAR A-133

None