



Rio Blanco County
Colorado
Basic Financial Statements
And
Supplementary Information

December 31, 2011

RIO BLANCO COUNTY
FINANCIAL STATEMENTS
December 31, 2011

[Print/View Format](#)

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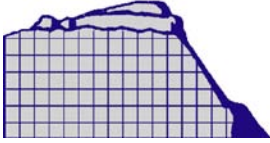
**RIO BLANCO COUNTY, COLORADO
TABLE OF CONTENTS**

Independent Auditor’s Report	I-1
Management’s Discussion and Analysis (RSI).....	A-1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	B-1
Statement of Activities	B-2
Governmental Fund Financial Statements	
Balance Sheet	B-4
Reconciliation of Total Governmental Fund Balances to the Statement of Net Assets.....	B-6
Statement of Revenues, Expenditures and Changes in Fund Balances	B-7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	B-9
Proprietary Fund Financial Statements	
Statement of Net Assets	B-10
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	B-11
Statement of Cash Flows	B-12
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	B-13
Notes to the Financial Statements.....	C-1
Required Supplementary Information Other Than MD&A	
Information for Governments Using The Modified Approach.....	D-1
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Major Governmental Funds	
General Fund.....	D-2
Federal Mineral Lease District	D-4
Road & Bridge Fund	D-5
Use Tax Fund	D-6
County Capital Improvement Trust Fund	D-7
Impact Fee Trust Fund	D-8
Capital Expenditure Fund.....	D-9
Capital Improvement Plan Fund.....	D-10
Supplementary Information	
Combining Statements of Non-major Governmental Funds	
Explanation of Non-major funds	D-11
Combining Balance Sheet	D-12
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	D-13
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Non-major Governmental Funds	
Special Revenue Funds	
Social Services Fund	D-14
Public Health Fund.....	D-15
Conservation Trust	D-16
Contingent	D-17

TABLE OF CONTENTS
Continued

Combining Statements of Non-major Enterprise Funds	
Combining Statement of Net Assets.....	D-18
Combining Statement of Revenues, Expenses, and Changes in Net Assets.....	D-19
Combining Statement of Cash Flows	D-20
Combining Statements of Internal Service Funds	
Combining Statement of Net Assets.....	D-21
Combining Statement of Revenues, Expenses and Changes in Net Assets.....	D-22
Combining Statement of Cash Flows	D-23
Schedule of Revenues, Expenses and Changes in Fund Equity – Budget and Actual Enterprise Funds, Internal Service Funds and Component Unit	
Enterprise Funds	
Solid Waste Landfill	D-24
Weed and Pest Control.....	D-25
(includes Piceance Creek Pest Control District and Lower White River Pest Control District)	
Fairfield Complex	D-26
Internal Service Funds	
Central Services	D-27
Fleet Management.....	D-28
Local Highway Finance Report	E-1
Single Audit Reports and Schedules.....	F-1
Schedule of Expenditures of Federal Awards.....	G-1
Note to the Schedule of Expenditures of Federal Awards	H-1

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Rio Blanco County
Meeker, Colorado

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rio Blanco County, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Rio Blanco County's management. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, blended component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 8, 2012, on my consideration of the County's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages A-1 through A-12 and D-1 through D-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Paul D. Miller, CPA, LLC

Grand Junction, CO

June 8, 2012

Management's Discussion and Analysis

The management of Rio Blanco County presents this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here along with the additional information in the basic financial statements to gain a better understanding of the financial position of Rio Blanco County.

Financial Highlights

- Rio Blanco County's assets (\$114.5 million) exceeded liabilities (\$15.7 million) by \$98.8 million at the end of 2011. This compares to \$82.1 million in 2010. The difference of \$16.7 million is an increase of 20.3%. Net capital assets increased by \$5.5 million while assigned funds increased by \$7.9 million. Growth in both areas is indicative of developing momentum in the capital investment plan. At the end of 2011, costs of \$5.6 million had been spent on capital projects that were still in progress for which an additional \$9.7 million was set aside to complete. In addition, \$10.0 million has been set aside for projects that had not started by year end.
- Revenues of \$37.9 million exceeded expenditures of \$21.5 million for the current year change in net assets. This was an increase of \$0.8 million in revenue and a decrease of \$0.2 million in expenditures from the prior year. \$9.5 million was recognized in 2009 as an expenditure/liability for use tax refunds. \$2.2 million in associated revenues were recorded in 2010 and \$3.0 million in 2011, recognizing the expiration of two years of potential claims for refund. There is a statute of limitation of three years on how far back outstanding use tax refunds can be claimed, thus claims could continue through 2012.
- Rio Blanco County formed a Federal Mineral Lease District in 2011. The activity of the new district is included as a separate governmental fund in these financial statements. The new entity did not meet the requirements to be presented separately from the County. These financial statements also include the activity of the Piceance Creek Pest Control District and the Lower White River Pest Control District within the County's Weed and Pest Control Fund. Page D-25 delineates the activity and ending balances of these two districts.
- Rio Blanco County continues to use the Wray Gulch Landfill as its only active facility for disposal of solid waste. The County's solid waste landfill continued to operate without any County tax revenue transfers. In 2011, the final closure of the Rangely Landfill continued. The County performs maintenance, as needed, on its closed landfills based on monthly inspections. A total of \$9,705 in landfill closure and post-closure costs were paid out for 2011. As of December 31, 2011, the County recognized future closure and post-closure care liability in the total amount of \$128,016 for three landfills, including the one still in use.
- Rio Blanco County has no outstanding long-term debt other than its liability for employees' compensated absences and for the landfill closure and post-closure costs.
- Governmental funds reported combined ending fund balances of \$70.9 million, an increase of \$10.1 million in comparison with the prior year. The County's General Fund balance was \$20.8 million as of December 31, 2011; this is down from the previous year by \$0.1 million.
- The County's General Fund policy is to have an unreserved fund balance equal to at least three months of the annual General Fund expenditures. At December 31, 2011 the County's unassigned General Fund balance was \$16.7 million or 197% of annual expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Rio Blanco County's basic financial statements, which are comprised of: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Rio Blanco County finances and in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, 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 over the past year. All changes in net assets are reported as soon as an "event" causing a change occurs, regardless of when related cash flows actually take place. As a result, revenues and expenses are reported in this statement for some items that will only result in cash flows in future financial periods; for example, grants not yet reimbursed or vacation leave which has been earned but not yet used.

Both of the government-wide financial statements distinguish activities of Rio Blanco County that are primarily supported by taxes and state/federal monies (intergovernmental activities) from activities that are intended to be funded primarily from user fees and charges (business-type activities). The governmental activities of the County include general government, health and welfare, judicial and public safety, public works, and recreation and culture. The business-type activities of the County include solid waste landfills, weed and pest control, and Fairfield Complex operations.

Reconciling "schedules" are used in the financial statements to reconcile the "government-wide" financial statements to the "fund" financial statements. These schedules show reconciling amounts caused by the differences in measurement focus and basis of accounting between the two types of financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been set aside for specific activities or purposes. Rio Blanco County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the County's funds can be categorized into three fund types: governmental, proprietary, 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, governmental fund financial statements focus on near-term flows of spendable resources, as well as on balances of spendable resources available at the end of the year. This information is helpful in evaluating the County's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements, as readers may better understand the impact of the County's near-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.

Rio Blanco County maintains seven governmental funds plus one district that is presented as a governmental fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the *General Fund*, *the Federal Mineral Lease District*, *the Road and Bridge Fund*, *the Use Tax Fund*, *the County Capital Improvement Trust Fund*, *the Impact Fee Trust Fund*, *the Capital Expenditure Fund*, and *the Capital Improvement Plan Fund*, all of which are considered to be major funds. Information from an additional four governmental funds, *Social Services Fund*, *Public Health Agency Fund*, *Conservation Trust Fund*, and *Contingent Fund*, are combined into a single, aggregated presentation.

Proprietary Funds - Rio Blanco County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the solid waste landfills, weed and pest control, and the Fairfield Complex. These three proprietary funds are combined into a single aggregate presentation in the enterprise fund financial statements.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The *Fleet Management Fund* is used to account for the County's motorized vehicles and the *Central Services Fund* is used to account for shared services like property and casualty insurance, annual audit services, building rent, etc. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the County's operations. Rio Blanco County has two fiduciary funds. The Treasurer's Agency Fund is used to account for cash held by the County Treasurer for distribution to other governments. The Sheriff's Inmate Agency Fund is used to account for inmate cash held by the Sheriff for distribution upon release.

Budgetary Comparisons - Rio Blanco County adopts an annual appropriated budget for all of its funds. Budget to actual comparisons for each fund are provided elsewhere in this report.

Notes to the Financial Statements - These notes provide additional information that is necessary in gaining a full understanding of the data provided in the government-wide and fund financial statements.

Other Information - The combining statements referred to earlier in connection with non-major governmental, enterprise and internal service funds are presented immediately following the notes to the financial statements. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

COUNTY-WIDE FINANCIAL ANALYSIS

Net Assets - Net assets may serve over time as a useful indicator of a government's financial position. As of December 31, 2011, assets exceeded liabilities by \$98.8 million.

The following table provides a summary comparison of the County's governmental and business-type net assets for 2011 and a comparison to 2010.

Net Assets						
	Governmental Activities		Business Type Activities		Total Primary Government (Net of Internal Balances)	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	\$ 87,947,824	\$80,234,484	\$ 3,827,642	\$2,448,698	\$91,775,466	\$82,683,182
Capital asset	18,876,758	13,782,961	3,816,787	3,365,172	22,693,545	17,148,133
Total assets	106,824,582	94,017,445	7,644,429	5,813,870	114,469,011	99,831,315
Liabilities						
Current and other liabilities	15,062,169	17,142,234	16,901	15,484	15,079,070	17,157,718
Long-term liabilities	480,240	455,851	159,079	149,650	639,319	605,501
Total liabilities	15,542,409	17,598,085	175,980	165,134	15,718,389	17,763,219
Invested in capital assets	18,876,757	13,782,961	3,816,787	3,365,172	22,693,544	17,148,133
Nonspendable	1,146,241	1,995,696	-	-	1,146,241	1,995,696
Restricted	24,891,240	25,262,052	669,778	339,303	25,561,018	25,601,355
Committed	5,560,871	4,224,632	-	-	5,560,871	4,224,632
Assigned	24,550,562	16,216,906	-	-	24,550,562	16,216,906
Unassigned/unrestricted	16,256,502	14,937,113	2,981,884	1,944,261	19,238,386	16,881,374
Total net assets	\$91,282,173	\$76,419,360	\$7,468,449	\$5,648,736	\$98,750,622	\$82,068,096

Rio Blanco County's total assets were 7.3 times the County's total liabilities at December 31, 2011. Rio Blanco County had no long-term liabilities from borrowing or other financing at the end of the year. The total amount of the long-term liabilities was a combination of accrued compensated absences due to employees at December 31 and amounts expensed and accrued for closure and post-closure costs for the County's landfills.

At the end of 2011, Rio Blanco County had positive balances in all categories of net assets. 21% of Rio Blanco County's net assets were held by the General Fund. 18% were held by the County Capital Improvement Trust Fund (CCITF) to provide for County-wide capital improvement projects. 10% were held by the Capital Improvement Plan Fund for County capital improvement projects. 8% were held by the Use Tax Fund. Within the Capital Improvement Plan Fund and the Use Tax Fund net assets, a total of \$10.0 million has been assigned toward construction of a future justice center.

Governmental Accounting Standards Board (GASB), Statement No. 54 developed a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balances invested in capital assets (net of accumulated depreciation and related debt) are 23% of total net assets, while other non-spendable net assets (inventories and prepaids) amount to 1%. GASB 54 does not require business type funds to use the same hierarchy; however, knowledge of non-spendable portions of fund balance is also valuable information in managing the resources of these funds.

The 23% of the County's net assets invested in capital are being used in the operation of the County and include new infrastructure assets that are provided and maintained by the County. Infrastructure assets completed and in place before January 1, 2002 are not included in net assets. The County has elected to use the modified approach of reporting infrastructure assets placed in service since 2001. There have been no significant changes in the assessed conditions of eligible infrastructure assets beyond that which is attributable to normal use.

The remaining 76% of total net assets are spendable as detailed below. 77% was spendable at the end of the prior year.

Restricted net assets are 26% and can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The majority of Rio Blanco County's restricted net assets are the fund balances of the County Capital Improvement Trust Fund, the Impact Fee Trust Fund, the Conservation Trust Fund and the Contingent Fund, all of which are restricted by Colorado Revised Statutes. An amount is restricted for emergencies relative to the requirements of the Tax Payer's Bill of Rights (TABOR). Beyond that, restricted amounts are funds received from outside sources for expenditures that had not taken place by December 31st or amounts the County has committed but not yet spent for grants (all grant funds and associated match requirements are considered restricted).

Committed net assets are 6% and can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Rio Blanco County Commissioners have made a one time commitment of all use taxes collected starting January 1, 2011 to the general purposes of the use tax fund. The RBC Commissioners annually commit a portion of property taxes to the Road & Bridge Fund, the Social Services Fund and the Public Health Fund.

Assigned net assets are 25% and are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Rio Blanco County has assignments as broad as the general purpose of a specific fund, but specific assignments are also made for the completion of projects-in-progress, projects for which funds are being saved over a number of years, and amounts needed to cover budgeted deficits projected for the subsequent year.

Unassigned fund balance in the General Fund plus unrestricted fund balance in enterprise funds make up the remaining 19% of total net assets. Within the governmental funds, the only fund allowed to have an unassigned positive fund balance is the General Fund. Other governmental funds only report unassigned fund balances if they are negative which results from overspending for specific purposes for which amounts had been restricted, committed or assigned. Rio Blanco County had no governmental funds reporting negative unassigned fund balances at December 31, 2011.

Changes in Net Assets - Governmental and business-type activities increased the County's net assets by \$16.7 million in 2011. The following table indicates the changes in net assets for governmental and business-type activities for 2011. Comparative data is provided for analysis.

Changes in Net Assets						
	Governmental		Business Type		Total Primary Government	
	Activities		Activities		(Net of Internal Balances)	
	2011	2010	2011	2010	2011	2010
REVENUES						
Program revenues:						
Charges for services	\$ 4,630,503	\$5,222,869	\$ 2,113,270	\$1,602,154	\$6,743,773	\$6,825,023
Operating grants/contrib.	5,161,636	5,701,313	60,816	75,546	5,222,452	5,776,859
Capital grants/contrib.	2,569,062	1,609,326	478,592	634,296	3,047,654	2,243,622
General revenues:						
Property taxes	10,186,093	10,432,143	-	-	10,186,093	10,432,143
Other taxes	5,816,150	6,071,659	-	-	5,816,150	6,071,659
Other revenues	6,843,742	5,708,666	-	-	6,843,742	5,708,666
Total revenues	35,207,186	34,745,976	2,652,678	2,311,996	37,859,864	37,057,972
EXPENSES						
General government	4,532,646	5,248,227	-	-	4,532,646	5,248,227
Health and welfare	3,694,514	3,200,392	-	-	3,694,514	3,200,392
Intergovernmental	352,149	525,266	-	-	352,149	525,266
Judicial and public safety	3,684,397	3,779,813	-	-	3,684,397	3,779,813
Public works	7,468,051	7,110,159	-	-	7,468,051	7,110,159
Recreation and culture	367,616	365,418	-	-	367,616	365,418
Solid waste landfill	-	-	540,222	644,060	540,222	644,060
Weed and pest control	-	-	624,687	287,895	624,687	287,895
Fairfield complex	-	-	280,094	284,100	280,094	284,100
Total expenditures	20,099,373	20,229,275	1,445,003	1,216,055	21,544,376	21,445,330
Increase before transfers	15,107,813	14,516,701	1,207,675	1,095,941	16,315,488	15,612,642
Transfers	(245,000)	(402,300)	245,000	402,300	-	-
Increase in net assets	\$14,862,813	\$14,114,401	\$1,452,675	\$1,498,241	\$16,315,488	\$15,612,642

During 2011, total revenues for combined governmental and business-type activities were 40% direct program revenues and 60% general revenues. There was no change to the mix from the prior year.

- The major program revenues for governmental activities were as follows:
 - ❖ Charges for services were 13% of total revenues. The major sources of this revenue were various charges for: services, fees, fines, miscellaneous, sales of aviation fuels, rentals and donations and charges to outside organizations for goods and services by internal service funds.
 - ❖ Operating grants and contributions were 15% of total revenues. Major funding came from State shared Highway Users Taxes of \$2,793,260. State grants are significant revenue sources for operations of Social Services and the Public Health Agency.
 - ❖ Capital grants and contributions were 7% of total revenues. The majority of this funding came from energy impact grants through the State for road and bridge projects, several airport projects were funded by a combination of federal and state grants, and a federal grant funded a portion of the radio tower project.
- The major program revenues for business-type activities were:
 - ❖ Charges for services were 80% of total revenues for 2011 as compared to 69% of total revenues for 2010. These percentages are lower than prior years. This is attributable to the addition of capital by the general

government in both years. The majority of revenues for each business-type activity are charges for the specific products and/or services for which the activity was established.

- ❖ Operating grants and contributions were 2% of total revenues. The Weed and Pest Control Fund received a state grant totaling \$25,816 while the Fairfield Complex Fund received grants totaling \$35,000 from the town and a local organization.
- ❖ Capital grants and contributions were 18% of total revenues. The majority of this funding came from the general government for energy improvements at the Fairfield senior apartments and community center.
- All general revenues were credited 100% to governmental activities. However, a revenue transfer of \$150,000 was made from the General Fund to the Weed and Pest Control Fund, a revenue transfer of \$65,000 was made from the General Fund to the Fairfield Complex Fund, and a revenue transfer of \$30,000 was made from the Use Tax Fund to the Fairfield Complex Fund. These transfers represent the County Government's annual contributions to business type operations (beyond any capital contribution). The contribution of the General Fund to the Fairfield Complex Fund is considerably less than it had been in the prior year - partially because rent of \$82,837 was paid for the space the county government offices occupy in the community center (rent being paid to house these offices in their previous location had no benefit to the Fairfield Complex Fund).

The major sources of general revenues for 2011 were:

- ❖ Property taxes were 29% of total revenues (vs. 30% for 2010), 45% of general revenues (vs. 47% for 2010).
- ❖ Other taxes included \$3,467,931 of sales tax (vs. \$4,203,077 for 2010) and \$1,088,912 of use tax (vs. \$908,121 for 2010). These two taxes were 20% of general revenues (vs. 23% for 2010).
- ❖ All other general revenues combined were 35% of general revenues (vs. 30% for 2010). The sources of these revenues were: investment earnings \$406,916, Mineral Leasing revenue \$2,725,652, Payment in Lieu of Taxes \$493,919, Severance Taxes \$780,134, and \$3,696,428 of miscellaneous revenues which included \$3,017,155 in expiration of use tax refund liability previously recorded as an expense in 2009.

The total expenditures for combined governmental and business-type activities were made up of \$20,099,373 of expenditures for governmental activities (a decrease of \$129,902 from 2010) and \$1,445,003 of expenses for business-type activities (an increase of \$228,948 over 2010). Of the total expenditures 93% were for governmental activities and 7% for business-type activities.

- The percentage of total County expenses for each type of governmental activity is:
 - ❖ 23% – Governmental
 - ❖ 18% – Health and welfare
 - ❖ 2% – Intergovernmental
 - ❖ 18% – Judicial and public safety
 - ❖ 37% – Public works
 - ❖ 2% – Recreation and culture
- The percentage of total County expenses for each business-type activity is:
 - ❖ 38% – Solid Waste Landfill
 - ❖ 43% – Weed and Pest Control (includes activity of two pest control districts)
 - ❖ 19% – Fairfield Complex (Community Center)
- During 2011 the County's combined business-type activities earned income of \$729,083 from normal operations (excludes transfer income and capital activity). This is a 58% increase when compared to the combined income in 2010 of \$461,645. Of the \$267,438 net increase, \$229,701 is an increase in Solid Waste Landfill (about half is more fees from commercial activity and half is a decrease in closure costs and equipment use), \$57,694 is an increase in Fairfield Complex (rent revenues for government occupancy), and \$19,957 is a decrease in Weed & Pest Control. Within W&P, county-wide efforts were \$41,002 positive, Piceance Creek was \$14,702 positive, and Lower White River was \$75,661 negative (used remaining fund balance from prior years).

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As mentioned earlier, Rio Blanco County uses fund accounting to ensure and demonstrate the compliance with finance-related legal requirements.

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 a government's net resources available for spending at the end of the year.

As of the end of 2011, the combined ending fund balance of Rio Blanco County's governmental funds was \$70,857,595, an increase of 17% (\$10,085,260) from the prior year. Approximately 97% is technically available for current spending in accordance with the purposes of specific funds. The 3% that is not available is 1.6% that is not in cash form as it is invested in inventories and prepaids and 1.2% that is for emergencies. An additional 26% is held by the County Capital Improvement Trust Fund for which the County's intent is to only spend annual investment earnings. And, 14% is set aside for construction of a justice center that will not be built in the subsequent year. Thus, this takes the effective portion available for spending in 2012 down to 57%. Of that, only 5% is projected to possibly be needed for budgeted deficit spending. In practice, Rio Blanco County does not budget Federal Mineral Lease or Severance Tax distributions, and these additional revenues tend to offset budgeted deficit spending.

The County has eight major governmental funds. These are: (1) General Fund, (2) Rio Blanco County Federal Mineral Lease District, a blended component unit, (3) Road and Bridge Fund, (4) Use Tax Fund, (5) County Capital Improvement Trust Fund, (6) Impact Fee Trust Fund, (7) Capital Expenditure Fund, and (8) Capital Improvement Plan Fund.

1. *General Fund*

The *General Fund* is the primary operating fund for Rio Blanco County. It accounts for many core services and ordinary operations such as public safety, personnel and administration. The fund balance of the general fund was \$20,814,651 at December 31, 2011. This was a decrease of 1% under 2010. 80% or \$16,696,685 of the total balance was unassigned. 16% or \$3,339,451 was assigned for projects from electric sales taxes and to cover budgeted deficit spending in 2012. 4% or \$752,345 was reserved for emergencies in compliance with Title-X of the Colorado constitution, and \$26,170 was nonspendable in the form of inventories and prepaids. The General Fund transferred nearly \$2.5 million to the Capital Improvement Plan Fund in 2011 to fund large projects.

The unassigned fund balance is available for working capital and to be used for subsequent operations. Working capital is: cash, cash equivalents, and receivables (soon to be converted to cash) that can be used to eliminate short-term accrued liabilities and for cash disbursements in subsequent periods.

A comparison of unreserved fund balance to total fund expenditures is often a useful measure of the General Fund's ability to continue financial operations without major changes in spending level and/or additional financing. The total of assigned and unassigned fund balances in the General Fund represented 236% of the General Fund expenditures for the year ended December 31, 2011. This ratio indicates funds for expenditures for approximately twenty-four months were available at December 31, 2011 vs. twenty-eight months at the end of 2010. This is a strong indication the general fund has the resources to continue operations without serious trouble; however, a more detailed analysis of the General Fund's assets, liabilities and cash flow is needed for reliance upon this single statistic.

Most of the ratios that are used to aid in the financial analysis of business organizations provide only very limited information in an analysis of any governmental type fund; however, governmental funds in severely bad liquidity condition can often be recognized by such an analysis. Therefore the following items and relationships are presented for the Rio Blanco County's General Fund at December 31, 2011:

a. **Working Capital: \$20,036,136**

Governmental funds do not show fixed assets or long-term liabilities on the fund balance sheet; therefore the fund balance is the fund's "working capital." However, a portion of the fund balance may not be available for use as working capital. Therefore, the total of assigned and unassigned fund balance is substituted for "working capital" as a measure of liquidity for the General Fund.

- b. **Current Ratio** (current assets divided by current liabilities) **9.1:1**
Modified Current Ratio (current assets less property tax accrual and less long-term prepaid expenses divided by current liabilities less property tax deferral) **239:1**. The current ratio is used, by business organizations, to display the ability to meet currently maturing obligations. This ratio is quite large for the General Fund and is mostly due to the low level of current debt.

While the analysis provided above should be combined with other information in order to develop a certain conclusion as to the liquidity and the probability of continuation of financial operations by the Rio Blanco County General Fund, it is also obvious the County's General Fund has a high level of liquidity and that only a disaster would prevent the General Fund from continuing operations as it has in the past, at least for the subsequent year.

2. *Federal Mineral Lease District*

The *Rio Blanco County Federal Mineral Lease District* was formed in 2011, under new state legislation, to allow County's an option of not directly receiving their annual Federal Mineral Leasing distribution so that it would not be counted against the County's annual Payment in Lieu of Taxes (PILT) distribution. The intent of the new districts was to utilize the FML funds for projects in impacted areas within the County (not necessarily County government projects). The Department of Interior did not consider the structure of the new districts adequately separate from the counties to exclude 2011 FML distributions from the related County's 2012 PILT payment. This prompted an effort to revise the structure of the FML districts through amended legislation in early 2012.

Governmental Accounting Standards Board (GASB), Statement No. 14, defines the financial reporting entity and GASB Statement No. 39 determines whether certain organizations are component units of a primary government. Under these guidelines, the structure of the RBC FML District as it stood on December 31, 2011, per the original legislation, required it be reported as a blended component unit within these financial statements.

FML Districts, per the original legislation, had one year to utilize revenues (revenues were received in early September 2011). Due to the unknowns surrounding the appropriate use of these funds, the FML District did not make any grants for projects by December 31, 2011.

The fund balance in the FML District at December 31, 2011 was \$2,725,635. Had these funds been received by the General Fund (as in prior years), they would have added to the unassigned fund balance. Since these funds were received by the FML District, and the financial statements for this reporting entity can't reflect more than one general fund, the FML District has to be shown as a separate special revenue fund. Special revenue funds can't have unassigned fund balance; thus, by default, these funds are reflected as assigned fund balance.

3. *Road and Bridge Fund*

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 property taxes is allocated to cities and towns for use in their road and street activities.

The fund balance in the Road and Bridge Fund at December 31, 2011 was \$3,993,377. Of the total fund balance: 28% was invested in inventory, 9% was held for future Federal Forest Reserve Title III projects, and the remaining 63% committed to the general purpose of the fund.

The fund balance increased \$469,500 over the prior year. This was generated by a greater portion of the County's mills being allocated to Road and Bridge for the second year in a row to address the working capital shortfall in 2009.

The total of committed and assigned fund balances was 36% of the 2011 expenditures. This could provide working capital (in addition to inventory) for four months of operations. Because of a somewhat regular cash flow for operations, limited working capital is needed for operations to continue as normal, except when the fund is used for large projects. For this reason, cost reimbursement grant funded projects are of special interest, and temporary loans from other sources may be needed in these situations.

4. *Use Tax Fund*

The *Use Tax Fund* accounts for all County use tax collections, the fiscal management of the use tax revenues and for various other special revenues and the associated programs.

The fund balance in the Use Tax Fund at December 31, 2011 was \$7,520,755. This was an increase of \$3,585,028 over 2010. 69% of the fund balance is assigned for future capital projects. The remaining 31% was committed to the general purpose of the fund.

The majority of the change in fund balance is due to the County's involvement in litigation with two major oil and gas companies regarding the collection of use tax on some building and construction projects. In late 2009, the Colorado Supreme Court ruled against Rio Blanco County in its final appeal. Due to this ruling, the County recorded a \$9.5 million liability for use tax refunds in 2009. The statute of limitations on claims for these refunds is three years. The liability has been reduced in 2010 and 2011 to \$2.3 million by the payment of refunds and the expiration of two of the three years for which claims can be filed (resulting in \$2,186,440 of recognized revenue in 2010 and \$3,017,155 in 2011, previously recorded as part of the total expense recorded in 2009). The cash to pay the remaining potential refunds is available in the fund because it was the decision of Rio Blanco County's management when the litigation began not to budget appropriations from the revenues being challenged.

The Use Tax Fund continues to provide internal operating transfers as well as grants to non-taxing public entities. This fund has operated as a funding source for other funds and for sponsored county-wide programs for many years. These grants, programs, and special projects for the citizens of the County are dependent on the continued collection of use tax.

5. *County Capital Improvement Trust Fund*

The *County Capital Improvement Trust Fund* is a special revenue fund established to account for cash received from the State of Colorado Oil Shale Trust Fund (special mineral leasing receipts sources). The original amounts received from the State have been held by the County for investment purposes only. Historically, the income from these investments has been allocated, on an annual basis, to local government organizations, including Rio Blanco County for county-wide capital improvements.

The entire fund balance of \$18,091,765 is restricted by statute for capital improvement projects. None of the fund balance is specifically committed to awards outstanding as of December 31, 2011. All of the fund's assets consist of \$18,033,735 of cash and liquid investments, and \$58,030 of interest receivable net of premiums accrued and prepaid interest. The fund had no liabilities at December 31, 2011.

During the year 2011, \$136,299 in grants was paid out of the current year's investment earnings. Due to the state of the economy the amount of annual grants has dropped significantly in two years (\$798,946 in 2009). Future grants are dependent on future investment earnings with rates of return nearly non-existent now.

6. *Impact Fee Trust Fund*

The *Impact Fee Trust Fund* was created by a resolution to adopt by the Board of County Commissioners on June 9, 2008. The purpose of the fund is to provide accurate accounting of impact fees collected and expended. Impact Fees were established to require new development to pay a reasonable, fair, and equitable share of the growth-related costs incurred by the County. The fund balance in the Impact Fee Trust Fund at December 31, 2011 was \$5,422,544 (as compared to \$5,853,316 in 2010).

There are three capital categories these funds can be expended in: Administrative, Law Enforcement and Road and Bridge. In 2011, the County utilized \$1,832,163 of the Road and Bridge funds on continued planning and engineering for improvements to County Road 5. Although funding for two construction projects was appropriated in 2011, the collection of impact fees declined severely while estimated costs for the projects climbed and delays in obtaining right-of-ways were experienced. Late in the year \$13,740 were expended toward appraisals for land acquisition, but construction was delayed until 2012.

7. *Capital Expenditure Fund*

The *County Capital Expenditure Fund* is used to record the expenditure of specific general governmental capital related projects and acquisition of specific general government capital assets. The fund is primarily designed to

“break even” i.e. for use as a “pass through” accounting tool. The fund is not intended to be used for operations. Specific funding must be provided for each individual purchase. The fund balance in the Capital Expenditure Fund at December 31, 2011 was \$624,096 (as compared to \$1,074,989 in 2010). The decline in the fund balance of the Capital Expenditure Fund is a result of tax revenue collections being less than total project costs and transfers out. The Capital Expenditure Fund transferred \$3.0 million to the Capital Improvement Plan Fund in 2011 to fund larger projects (Treasurer’s fees in excess of \$143,000 on all property tax collections are paid by the Capital Expenditures Fund before transfer to the Capital Improvement Plan Fund).

During 2011 an upgrade to the Assessor and Treasurer’s software continued for \$100,245 (total cost now up to \$150,368 with another \$50,122 to go in 2012); new recording software was installed for the Clerk for \$77,970; content protector was purchased by Information Systems for \$10,435; a wash rack was completed for \$2,975 at Columbine Park (total cost \$7,999); planning for new siding on the Radino building started for \$5,810; court security was enhanced for the second year in a row (provided by a grant from the Colorado Court Security Fund) for \$37,086; and, a second sand shed was purchased for Road and Bridge for \$49,471. This fund also paid for a replacement serial card in Dispatch for \$6,715 that was not capitalized.

8. Capital Improvement Plan Fund

The *Capital Improvement Plan Fund* provides funding for projects that help the County provide for its facility and infrastructure needs based on an annual review of a five year plan. The fund balance in the Capital Improvement Plan Fund at December 31, 2011 was \$10,110,776 (as compared to \$6,182,182 in 2010).

Projects during 2011 included: construction of a multi-purpose building was completed at the Meeker Fairgrounds for an additional \$495,992 (provided primarily by donations); test holes were drilled to plan geothermal for the future justice center addition to the courthouse for \$48,891; construction was completed for a bridge on CR 27 for \$872,915 (having an 82% grant from the state); planning continued on a bridge on CR 10 for \$97,204 (having a 45% federal grant); energy assessment improvements were completed for an additional \$166,667 (provided by a Governor’s Energy Office grant, three different SEP fines, and the Fairfield Trust); construction of towers for a DTR 800 radio system continued for an additional \$1,154,430 (with the help of a FEMA grant totaling \$607,500 spread over 2011 and 2012); and, the Meeker airport finished the environmental assessment phase of a runway reconstruction project for an additional \$41,461 and began the design/bidding phase for \$738,913 (both have 95% provided by a grant from the US Department of Transportation/Federal Aviation Administration and 2.5% provided by a grant from the Colorado Department of Transportation). This fund also paid \$114,460 toward maintenance projects at the Rangely airport that were not capitalized.

Proprietary Funds - The County’s proprietary funds statements provide the same type of information found in the government-wide financial statements, but in greater detail.

As of the end of 2011, the combined ending net assets of Rio Blanco County’s enterprise funds were \$7,468,449 which was an increase of \$1,819,713 from 2010 of \$5,648,736. \$4,344,515 (32%) of this consisted of unrestricted net assets that were available as working capital and for subsequent spending in 2012.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County’s budget was prepared in compliance with the State of Colorado statutes. In December of 2010, the Rio Blanco County Commissioners budgeted \$10,773,649 for 2011 general fund expenditures (excluding other financing uses). During 2011 supplemental budgets were approved, decreasing the budgeted expenditures by \$35,155 to \$10,738,494. At year end, 79% of the total budget was expended, or \$8,493,367.

During the year revenues exceeded budgetary estimates by 7% (excluding other financing sources) and expenditures were 21% less than the final budgetary estimates (excluding other financing uses). These produced a net increase to ending fund balance of \$2.6 million dollars and eliminated the need to draw upon existing fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

The County's capital assets at December 31, 2011 are presented in the following table.

	Governmental	Business Type	Total
	Activities	Activities	
Land	\$ 1,087,713	\$ 303,605	\$1,391,318
Land improvements	1,184,925	438,381	1,623,305
Buildings and building improvements	4,162,020	2,438,627	6,600,646
Equipment and furniture	4,746,241	636,175	5,382,417
Infrastructure	2,062,877	-	2,062,877
Construction-in-progress	5,632,982	-	5,632,982
	<u>\$ 18,876,758</u>	<u>\$ 3,816,787</u>	<u>\$ 22,693,545</u>

None of the above capital assets have any associated debt as of December 31, 2011.

FUTURE BUDGETS AND ECONOMIC FACTORS

Revenue Trends

Property tax accounted for 27% of the County's total revenues in 2011. This source of revenue decreased 2% or \$246,050 under 2010, and also decreased as a percentage of total revenues by 1%. Property valuations in the oil and gas industry within the County are fluctuating. Oil and gas was 51% of total assessed value in 2010, and increased to 57% in 2011. Industrial valuations had been 28% of total assessed value in 2010, and decreased to 25% in 2011. Together, at 79% in 2010 and 82% in 2011, these two classifications have a significant impact on County property tax revenues.

Sales taxes decreased 17% in 2011 while use taxes increased 20% and other taxes were up 31% for a combined net reduction of \$255,507 in these sources. Investment earnings decreased by 11%. Federal unrestricted revenues increased by 24% (all in federal mineral leasing). Charges for services and fees decreased by 1%, while operating grants and contributions decreased by 10% and capital grants and contributions increased by 36%.

State transfers of federal mineral leasing and severance tax revenues from the Department of Local Affairs' Energy and Mineral Impact Assistance Fund did not resume in 2011 and the grant program remained suspended.

Economy

During 2008 the national economy began to spiral downward. It has remained stagnant with few signs of recovery. Rio Blanco County was affected as industry activity slowed and the workforce shrank. Consumer driven revenues have declined since 2009. If the economy is improving, it can't be seen in Rio Blanco County yet.

In these uncertain economic times, Rio Blanco County's management remains conservative. The County has been careful not to add new positions unless absolutely justified, reduced staffing through attrition where less activity warranted such, and started to look at areas that could be trimmed if activity does not begin to pick up. There were no cost of living increases in 2010 or 2011 and none budgeted for 2012. Departments have been vigilant in managing their budgets. In budgeting, the County does not count on revenues that may not materialize. This prevents inadvertent overspending. These measures cause fund balances to grow and provide extra cushion from continued negative economic conditions.

Upcoming Operations Issues

During 2011, final closure at the Rangely landfill continued and is still not complete. It was thought to have been complete in 2010 but that turned out to only be the closure of the most recently completed cells. The Colorado Department of Public Health and Environment has provided a list of outstanding items that must be completed before they will certify the entire landfill closed to where only post-closure monitoring will remain. Wray Gulch is the only landfill currently accepting waste in the county. In 2011, this landfill continued to receive considerable amounts of

commercial revenue. If special waste generators find a successful alternate method of disposal, these revenues would be expected to decline.

In 2012, planning will continue for the needed Criminal Justice facility and associated courthouse remodel in Meeker (amounts are budgeted for geothermal preparation and design/bidding). The Meeker Airport will continue to prepare for runway reconstruction in anticipation of FAA funding being approved at the federal level. The development of DTR 800 radio tower sites will continue with a plan for most if not all construction being complete by year's end. After several years of planning and engineering, construction projects along County Road 5 will finally begin to happen, with a safety enhancement project between mile posts 11 and 12 and intersection improvements where County Road 24 and County Road 5 meet. The County Road 10 bridge that has been in the works for several years could be built if manpower is available beyond the above projects. New software implementation will continue and hopefully be completed in the offices of the Assessor and the Treasurer.

Rio Blanco County will dissolve the Federal Mineral Leasing district that was formed in 2011. The changes in the new legislation are not favorable for Rio Blanco County government, and, the legislation allows District dissolution for those counties that do not wish to continue under the new provisions of the law.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Rio Blanco County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Finance Office, Finance Director, P.O. Box 1047, Meeker, CO 81641.

RIO BLANCO COUNTY, COLORADO
STATEMENT OF NET ASSETS
December 31, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 72,205,745	\$ 3,542,029	\$ 75,747,774
Property taxes receivable	11,801,125	-	11,801,125
Other receivables	541,297	222,520	763,817
Due from other governmental units	1,761,001	133	1,761,134
Prepays and deposits	210,931	-	210,931
Inventories	1,427,725	62,960	1,490,685
Capital assets, net	18,876,758	3,816,787	22,693,545
Total assets	106,824,582	7,644,429	114,469,011
LIABILITIES			
Accounts payable	2,812,732	16,901	2,829,633
Due to other governmental units	354,768	-	354,768
Deferred revenue	11,894,669	-	11,894,669
Long-term liabilities			
Due more than one year:			
Compensated absences	480,240	31,063	511,303
Closure and postclosure care	-	128,016	128,016
Total liabilities	15,542,409	175,980	15,718,389
NET ASSETS			
Invested in capital assets, net of debt	18,876,757	3,816,787	22,693,544
Restricted	24,891,240	669,778	25,561,018
Unrestricted	47,514,176	2,981,884	50,496,060
Total net assets	\$ 91,282,173	\$ 7,468,449	\$ 98,750,622

See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Fees	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,532,646	\$ 2,809,332	\$ -	\$ 35,350
Health and welfare	3,694,514	35,226	2,122,319	139,934
Intergovernmental - Grants, etc.	352,149	83,340	-	88,792
Judicial and public safety	3,684,397	285,185	34,855	428,600
Public works	7,468,051	1,392,190	2,995,768	1,806,386
Recreation and culture	367,616	25,230	8,694	70,000
Total governmental activities	20,099,373	4,630,503	5,161,636	2,569,062
Business-type activities:				
Solid Waste Landfill	540,222	1,604,512	-	-
Weed and Pest Control	624,687	66,122	25,816	2,840
Fairfield Complex	280,094	93,702	35,000	523,294
Total business type activities	1,445,003	1,764,336	60,816	526,134
Total primary government	\$ 21,544,376	\$ 6,394,839	\$ 5,222,452	\$ 3,095,196

General revenues:

Taxes:

Property

Sales

Use

Specific ownership

Other

Unrestricted investment earnings

Federal - unrestricted

State - unrestricted

Other general revenues

Gain/(loss) on disposition of assets

Transfers -- internal activities

Total general revenues and transfers

Changes in net assets

Net assets, January 1

Net assets, December 31

See accompanying notes to the basic financial statements.

Net (Expense)/Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,687,964)	\$ -	\$ (1,687,964)
(1,397,035)	-	(1,397,035)
(180,017)	-	(180,017)
(2,935,757)	-	(2,935,757)
(1,273,707)	-	(1,273,707)
(263,692)	-	(263,692)
(7,738,172)	-	(7,738,172)
-	1,064,290	1,064,290
-	(529,909)	(529,909)
-	371,902	371,902
-	906,283	906,283
(7,738,172)	906,283	(6,831,889)
10,186,093	336,265	10,522,358
3,467,931		3,467,931
1,088,912		1,088,912
296,461	11,407	307,868
962,846	1,262	964,108
406,916		406,916
3,309,783		3,309,783
23,500		23,500
3,103,543		3,103,543
-	(47,542)	(47,542)
(245,000)	245,000	-
22,600,985	546,392	23,147,377
14,862,813	1,452,675	16,315,488
76,419,360	6,015,774	82,435,134
\$ 91,282,173	\$ 7,468,449	\$ 98,750,622

See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	<u>Major Special Revenue Funds</u>			
	General Fund	Federal Mineral Lease District	Road and Bridge Fund	Use Tax Fund
ASSETS				
Cash and cash equivalents	\$ 20,230,411	\$ 2,725,635	\$ 2,754,775	\$ 9,338,372
Taxes receivable	2,477,584	-	4,563,971	-
Accrued interest receivable	10,156	-	-	-
Due from other governmental units	612,870	-	91,737	32,807
Other receivables	22,692	-	31,730	405,683
Inventories	21,640	-	1,106,071	-
Prepays and deposits	4,531	-	14,000	-
Total assets	\$ 23,379,884	\$ 2,725,635	\$ 8,562,284	\$ 9,776,862
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 85,161	\$ -	\$ 4,936	\$ 2,256,107
Due to other governmental units	2,488	-	-	-
Deferred revenue	2,477,584	-	4,563,971	-
Total liabilities	2,565,233	-	4,568,907	2,256,107
Fund balances:				
Nonspendable	26,170	-	1,120,071	-
Restricted	752,345	-	356,714	-
Committed	-	-	2,175,243	2,317,161
Assigned	3,339,451	2,725,635	341,349	5,203,594
Unassigned	16,696,685	-	-	-
Total fund balances	20,814,651	2,725,635	3,993,377	7,520,755
Total liabilities and fund balances	\$ 23,379,884	\$ 2,725,635	\$ 8,562,284	\$ 9,776,862

See accompanying notes to the basic financial statements.

Major Capital Projects Funds					
County Capital Improvement Trust Fund	Impact Fee Trust Fund	Capital Expenditure Fund	Capital Improvement Plan Fund	Other Governmental Funds	Total Governmental Funds
\$ 18,033,735	\$ 5,704,392	\$ 655,723	\$ 9,653,202	\$ 1,559,209	\$ 70,655,454
-	-	4,237,973	-	521,597	11,801,125
58,030	-	-	-	-	68,186
-	35,063	38,175	508,400	441,949	1,761,001
-	364	-	-	2,722	463,191
-	-	-	-	-	1,127,711
-	-	-	-	-	18,531
<u>\$ 18,091,765</u>	<u>\$ 5,739,819</u>	<u>\$ 4,931,871</u>	<u>\$ 10,161,602</u>	<u>\$ 2,525,477</u>	<u>\$ 85,895,199</u>
\$ -	\$ 317,275	\$ 69,802	\$ 50,826	\$ 4,060	\$ 2,788,167
-	-	-	-	352,280	354,768
-	-	4,237,973	-	615,141	11,894,669
-	317,275	4,307,775	50,826	971,481	15,037,604
-	-	-	-	-	1,146,241
18,091,765	5,422,544	-	142,269	125,603	24,891,240
-	-	-	-	1,068,467	5,560,871
-	-	624,096	9,968,507	359,926	22,562,558
-	-	-	-	-	16,696,685
<u>18,091,765</u>	<u>5,422,544</u>	<u>624,096</u>	<u>10,110,776</u>	<u>1,553,996</u>	<u>70,857,595</u>
<u>\$ 18,091,765</u>	<u>\$ 5,739,819</u>	<u>\$ 4,931,871</u>	<u>\$ 10,161,602</u>	<u>\$ 2,525,477</u>	<u>\$ 85,895,199</u>

See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET ASSETS
December 31, 2011

Total governmental fund balances \$ 70,857,595

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 14,932,467

Long-term liabilities and compensated absences, are not due and payable in the current period and therefore are not reported in the governmental funds. (440,183)

Internal service funds are used by management to charge the costs of insurance and other services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 5,932,295

Net assets of governmental activities \$ 91,282,173

See accompanying notes to the basic financial statements.

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RIO BLANCO COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	Major Special Revenue Funds			
	General Fund	Federal Mineral Lease District	Road and Bridge Fund	Use Tax Fund
REVENUES				
Property taxes	\$ 2,475,067	\$ -	\$ 3,939,581	\$ -
Specific ownership taxes	72,183	-	114,588	-
Sales taxes	3,467,931	-	-	-
Use taxes	-	-	-	1,088,912
Other taxes	62,503	-	49,002	-
Intergovernmental revenues	1,566,528	2,725,651	2,904,942	59,747
Licenses and permits	171,127	-	-	-
Charges for services	297,872	-	624	26,617
Interest earnings	237,374	-	-	48,820
Fees, fines and forfeits	2,639,032	-	148,591	-
Inter-fund charges	-	-	22,983	-
Miscellaneous	83,179	-	204,922	3,019,715
Total revenues	11,072,796	2,725,651	7,385,233	4,243,811
EXPENDITURES				
Current:				
General government	4,028,196	-	-	96,552
Judicial and public safety	3,664,727	-	-	-
Health and welfare	155,346	-	-	372,614
Recreation and culture	240,388	-	-	67,303
Intergovernmental (Grants, etc)	123,520	16	-	92,314
Public Works	193,270	-	6,915,733	-
Capital outlay	87,920	-	-	-
Total expenditures	8,493,367	16	6,915,733	628,783
Excess (deficiency) of revenues over expenditures	2,579,429	2,725,635	469,500	3,615,028
OTHER FINANCING SOURCES/(USES)				
Transfers in	-	-	-	-
Transfers out	(2,724,260)	-	-	(30,000)
Total other financing sources/(uses)	(2,724,260)	-	-	(30,000)
Net change to fund balance	(144,831)	2,725,635	469,500	3,585,028
Fund balance, January 1	20,959,482	-	3,523,877	3,935,727
Fund balance, December 31	\$ 20,814,651	\$ 2,725,635	\$ 3,993,377	\$ 7,520,755

See accompanying notes to the basic financial statements.

Major Capital Projects Funds					
County Capital Improvement Trust Fund	Impact Fee Trust Fund	Capital Expenditure Fund	Capital Improvement Plan Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,812,993	\$ -	\$ 958,452	\$ 10,186,093
-	-	81,850	-	27,840	296,461
-	-	-	-	-	3,467,931
-	-	-	-	-	1,088,912
-	-	30,115	-	9,772	151,392
-	227,090	37,086	2,110,744	2,053,762	11,685,550
-	-	-	-	10,213	181,340
-	-	-	-	18,849	343,962
114,780	5,921	-	-	21	406,916
-	1,199,580	-	-	5,164	3,992,367
-	-	-	-	-	22,983
-	-	-	70,000	5,466	3,383,282
114,780	1,432,591	2,962,044	2,180,744	3,089,539	35,207,189
1,188	17,460	145,730	6,977	-	4,296,103
-	-	6,715	-	-	3,671,442
-	-	-	-	2,663,833	3,191,793
-	-	-	-	-	307,691
136,299	-	-	-	-	352,149
-	-	-	114,460	-	7,223,463
-	1,845,903	283,992	3,616,473	-	5,834,288
137,487	1,863,363	436,437	3,737,910	2,663,833	24,876,929
(22,707)	(430,772)	2,525,607	(1,557,166)	425,706	10,330,260
-	-	23,500	-	-	23,500
-	-	(3,000,000)	5,485,760	-	(268,500)
-	-	(2,976,500)	5,485,760	-	(245,000)
(22,707)	(430,772)	(450,893)	3,928,594	425,706	10,085,260
18,114,472	5,853,316	1,074,989	6,182,182	1,128,290	60,772,335
\$ 18,091,765	\$ 5,422,544	\$ 624,096	\$ 10,110,776	\$ 1,553,996	\$ 70,857,595

See accompanying notes to the basic financial statements.

RIO BLANCO 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, 2011

Net change in fund balances - total governmental funds \$ 10,085,260

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	5,831,447	
Depreciation expense	(468,066)	
Excess of capital outlay over depreciation and other adjustments		5,363,380

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and dispositions) is to decrease net assets	(523,294)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Decrease/(increase) in compensated absences	(24,713)
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet services, to individual funds.

The net revenue/(expense) of the internal service funds is reported with activities as a "lookback" adjustment.	(37,820)
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Change in net assets of governmental activities	\$ 14,862,813
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See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2011

	Business-type Activities	Governmental Activities
	Total Enterprise Funds	Internal Service Funds
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,542,029	\$ 1,550,291
Due from other governmental units	133	-
Other receivables	222,520	9,921
Inventories	62,960	300,014
Prepays and deposits	-	192,400
Total current assets	3,827,642	2,052,626
Noncurrent assets:		
Capital assets:		
Land	303,605	-
Buildings, improvements, equipment, net	3,513,182	3,944,291
Total noncurrent assets	3,816,787	3,944,291
Total assets	7,644,429	5,996,917
LIABILITIES		
Current liabilities:		
Accounts payable	16,901	24,565
Total current liabilities	16,901	24,565
Noncurrent liabilities:		
Accrued compensated absences	31,063	40,057
Closure and postclosure care	128,016	-
Total noncurrent liabilities	159,079	40,057
Total liabilities	175,980	64,622
NET ASSETS		
Invested in capital assets, net of debt	3,816,787	3,944,291
Restricted for closure & post-closure care	669,778	-
Unrestricted	2,981,884	1,988,004
Total net assets	\$ 7,468,449	\$ 5,932,295

See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2011

	Business-type Activities	Governmental Activities
	Total Enterprise Funds	Internal Service Funds
Operating revenues:		
Property taxes	\$ 336,265	\$ -
Specific ownership taxes	11,407	-
Other taxes	1,262	-
Charges for services	1,825,151	2,592,009
Total operating revenues	2,174,085	2,592,009
Operating expenses:		
Personnel	363,059	547,482
Supplies	150,868	939,825
Purchased services	430,913	118,727
Special dues, permits and fees	22,934	-
Closure and post-closure costs	15,204	-
Rent and utilities	43,041	56,135
Repairs and maintenance	19,231	24,902
Insurance and claims	-	126,800
Interdepartmental charges	259,338	23,399
Capital outlay	7,574	9,498
Depreciation	132,841	793,061
Total operating expenses	1,445,003	2,639,829
Operating income/(loss)	729,082	(47,820)
Nonoperating revenues/(expenses):		
Gain/(loss) on disposition of assets and inventory	(47,542)	10,000
Capital contributions	526,134	-
Total nonoperating revenues/(expenses)	478,592	10,000
Income/(loss) before transfers in/(out)	1,207,674	(37,820)
Transfers in/(out)	245,000	-
Change in net assets	1,452,674	(37,820)
Total net assets, January 1	6,015,775	5,970,115
Total net assets, December 31	\$ 7,468,449	\$ 5,932,295

See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2011

	Governmental Activities	
	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from external customers	\$ 2,026,431	\$ 104,059
Cash received from internal customers	114,094	2,486,927
Cash payments to external suppliers for goods and services	(714,426)	(1,263,631)
Cash payments to internal suppliers for goods and services	(259,338)	(23,399)
Cash payments to employees for services	(359,129)	(547,805)
Net cash provided/(used) by operating activities	807,632	756,151
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	245,000	-
Net cash provided by noncapital financing activities	245,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of fixed assets	(568,721)	(1,268,240)
Proceeds from disposal of assets	462,856	231,471
Net cash (used) by capital and related financing activities	(105,865)	(1,036,769)
Net increase/(decrease) in cash and equivalents	946,767	(280,618)
Cash balances, January 1	2,595,261	1,830,909
Cash balances, December 31	\$ 3,542,028	\$ 1,550,291

Reconciling of operating income/(loss) to net cash provided/(used) by operating activities:		
Operating income/(loss)	\$ 729,082	\$ (47,820)
Adjustments to reconcile operating income/(loss) to net Cash provided/(used) by operating activities:		
Depreciation expense	132,841	793,060
Miscellaneous nonoperating revenues/(expenses)	-	-
Assets (increase)/decrease:		
Other receivables	(33,560)	(1,023)
Due from other funds	-	-
Inventories	(31,578)	(21,795)
Prepays and deposits	-	23,600
Liabilities increase/(decrease):		
Accounts payable	1,418	10,452
Accrued compensated absences	3,930	(323)
Closure and postclosure care	5,499	-
Total adjustments	78,550	803,971
Net cash provided/(used) by operating activities	\$ 807,632	\$ 756,151

See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
December 31, 2011

Treasurer's agency funds	\$ 878,732
Sheriff's inmate balances	<u>3,504</u>
Cash and investments	<u><u>\$ 882,236</u></u>
Due to other governments	\$ 878,732
Due to inmates	<u>3,504</u>
Due to other governments	<u><u>\$ 882,236</u></u>

See accompanying notes to the basic financial statements.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Rio Blanco 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

Rio Blanco County is located in northwestern Colorado with a population of approximately 6,000. The two principal towns are Rangely and Meeker. Rio Blanco 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. Rio Blanco County is included in the Ninth Judicial District. An elected District Attorney for the District serves Garfield, Pitkin and Rio Blanco Counties.

The County's General Fund accounts for all financial operating transactions of the offices of elected officials and all Rio Blanco County contributions to the Ninth Judicial District Attorney's office. The County's Capital Expenditure Fund and Capital Improvement Plan Fund account for the capital expenditures and capital projects for the elected offices and the County government in general. The County's Impact Fee Trust Fund accounts for certain capital projects made necessary by new development. The County Capital Improvement Trust Fund contributes to capital projects within the boundaries of the county – occasionally projects for the County government, but usually projects for the municipalities, school districts and special taxing districts in the form of grants.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board, and (1) the County is able to significantly influence the programs or services performed or provided by the organizations or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes, or issues their debt.

These financial statements include three legal entities in addition to the County: (1) Rio Blanco County Federal Mineral Lease District, (2) Piceance Creek Pest Control District, and (3) Lower White River Pest Control District. The Federal Mineral Lease District is presented as a separate major special revenue fund. The two Pest Control Districts are integrated into the Weed & Pest Control Fund, with all moneys being tracked by separate departments to keep activity and running balances for each district separate from each other and separate from county-wide pursuits as required by state statute.

At December 31, 2011, Rio Blanco County's total taxable assessed valuation was approximately \$1.30 billion. Of this, approximately \$992 million (or 76%) was owned by ten taxpayers: Enterprise Gas Processing LLC, \$274 million; Chevron U. S. A., Inc., \$225 million; ExxonMobil Oil Corp., \$169 million; Willow Creek, \$87 million; Encana Oil & Gas (USA), Inc., \$66 million; Williams Production RMT Co., \$52 million; Merit Energy Co., \$50 million; Bargath, LLC, \$28 million; Blue Mountain Energy, Inc., \$23 million; and, Rockies Express Pipeline, \$18 million.

Approximately 57% of the County's assessed value is derived from oil and gas activities, and an additional 25% is derived from industrial activities. The assessed value of this property is dependent, to a large extent, on quantities of oil and gas production and upon the market price.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

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 non-fiduciary 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 that are not properly included among program revenues are reported as *general revenues*.

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.
- The Federal Mineral Lease District accounts for the County's annual distribution of federal mineral leasing proceeds. Due to the extent of control the Commissioners have over the District, the District is reported as a blended component unit of the County.
- 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 Use Tax Fund accounts for all County use tax collections, the fiscal management of the use tax revenues and various other special revenues.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

- The County Capital Improvement Trust Fund was established to account for cash received from the State for oil shale mineral leasing receipts. The original State receipts have been held for investment only. The income from these investments has been allocated to local governmental entities, including Rio Blanco County, for countywide capital improvements.
- The Impact Fee Trust Fund accounts for the collection and spending of the impact fees. Impact fees were established to require new development to pay a reasonable, fair, and equitable share of the growth related costs incurred by the County.
- The Capital Expenditure Fund is used to record the expenditures of various capital purchases of general capital assets up to \$100,000.
- The Capital Improvement Plan Fund is used to record the expenditures of various capital purchases of general capital assets over \$100,000.

The government reports the following fund types:

Proprietary funds are considered non-major, and account for solid waste disposal, weed and pest control and Fairfield complex activities.

Internal service funds are considered non-major proprietary funds, and account for insurance, audit fees, rent, telephone and internet services, copies, postage, and fleet management services on a cost reimbursement basis.

Fiduciary funds account for resources held for other parties outside the government. The County has two kinds of fiduciary funds. The Treasurer's agency funds are used to account for cash held by the County Treasurer for distribution to other governments. The Sheriff's inmate balances are cash held for prisoners until release.

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 interfund 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 include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The County considers cash and cash equivalents to be cash on hand in demand accounts. 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.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

2. Disaggregation of 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 liabilities for landfill closure and post-closure costs.

3. Prepaid Expenses and Deposits

Of the prepaid expenses and deposits shown on the statement of net assets, 91% (\$192,000) is a prepayment of costs associated with telecommunications charges paid to NC Telecom, Inc. for phone-card internet services and 7% (\$14,000) is prepayments of gravel being extracted from a pit for road material. These assets will be charged in subsequent years. Estimated life of each asset is more than 5 years. The other 2% (\$4,931) is considered short term and will be charged in the next operating cycle.

4. 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 Rio Blanco 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 un-collectible taxes is not provided as the uncollectible amounts were determined to be negligible based upon an analysis of historical trends.

Current general local property taxes levied in 2010 and collected in 2011 are as follows:

Fund	Assessed	Mill	Taxes	Taxes	Percent
	Valuations	Levy	Levied	Collected	Collected
General	\$ 1,128,334,240	2.200	\$ 2,482,335	\$ 2,475,067	99.7%
Road and Bridge	1,128,334,240	3.500	3,949,170	3,939,581	99.8%
Capital Expenditures	1,128,334,240	2.500	2,820,836	2,812,993	99.7%
Social Services	1,128,334,240	0.500	564,167	563,856	99.9%
Public Health Agency	1,128,334,240	0.350	394,917	394,596	99.9%

5. 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.”

6. Inventories

Inventories in most governmental funds are recorded as expenditures when purchased. Inventories in the Road and Bridge Fund, aviation fuel in the General Fund, and inventories in proprietary funds are adjusted to reflect expenditures when consumed rather than when purchased. The material and supplies inventory (except gravel) held by the Road and Bridge Fund is stated at average cost. The weighted average method is used for the gravel inventory. The inventories of the parts and supplies inventory held by the Fleet Management Fund are stated at the lower of cost or market using the first-in, first-out method. Other inventories are valued at cost, which is determined using the first-in, first-out method.

7. 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. The County defines capital assets, other than infrastructure assets, as assets with an initial, individual cost of more than \$5,000 and a useful life of more than one year. Infrastructure assets are not recorded as

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

capital assets unless the cost is greater than \$5,000. 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 40 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 implemented 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.

Rio Blanco qualified as a Phase III county as per GASB Statement 34 and elected not to report infrastructure assets which were acquired and in service at January 1, 2002. Infrastructure assets, which were acquired subsequent to January 1, 2002, are included with other fixed assets and the disclosure provisions are shown below.

At December 31, 2011 Rio Blanco County has recognized only three items of infrastructure; a bridge that was begun during 2001 and substantially completed in 2003, a bridge that was begun in 2003 and substantially completed in 2004, and a bridge that was begun in 2008 and substantially completed in 2011. The bridges have been recorded as infrastructure additions during the appropriate years. The following information is presented in regard to these assets:

1. The Rio Blanco County Commissioners have made the commitment to preserve and maintain these eligible infrastructure assets at a level of 5 on a maintenance scale of 1 to 10.
2. The Rio Blanco County Commissioners are responsible for determining the appropriate condition level at which these assets are to be maintained.
3. No depreciation expense is reported for these assets, nor are amounts capitalized in connection with improvements that lengthen the life of the assets, unless the improvement also increases the service potential of these assets.
4. Rio Blanco County maintains an inventory of these assets and performed condition assessments during 2011 to establish that the specified condition level (1 above) has been maintained. The assessment for 2011 provided condition assessments equal to 8 for County Road 54 Bridge, 10 for County Road 14 Bridge, and 10 for County Road 27 Bridge. These high levels of condition are primarily due to the very limited usage (low traffic) of the assets and their relatively new installation.
5. The County's estimate of the amount to be expended to preserve and maintain these assets, at the stated condition level of 5, for the subsequent year (2012) is zero dollars. For all subsequent years, this cost will be estimated in the County's annual budget.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

8. Future Compensated Absences

County employees accumulate sick leave and vacation benefits at rates of 8 hours per month and 8 to 16 hours per month, respectively, depending on position and length of service. In the event of retirement or termination, an employee is paid 100% of accumulated vacation pay, and those with five or more years of continuous service are paid a percentage of their accumulated sick leave from 5% to 20% dependent upon number of years of service. 240 hours of annual vacation accrual may be carried over from one year to the next. Compensatory time is granted (except for official, professional, and administrative positions) at the rate of one and one-half hours for each overtime hour worked, with various limitations. The entire compensated absence liability is reported on the government-wide financial statements. The total amount, for the 2011 year, is classified as long-term debt because there is a high probability that this amount will increase during the next few years.

9. 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, 2011, the only long term debt that Rio Blanco County had was from the accrual of compensated absences and the recognition and recording of closure and post-closure costs related to County landfills.

10. Fund Equity

In the fund financial statements, governmental funds report designations of fund balance for amounts that are non-spendable, legally restricted by laws or outside parties, committed internally by the Board of County Commissioners, assigned internally by an appointed body/official (County Finance/Budget Director), or remain unassigned. These classifications comprise a hierarchy based primarily on the extent to which the government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

11. Net Assets

Net assets represent the difference between assets and liabilities in proprietary funds. Net assets invested in capital assets consist of fixed 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.

12. Emergency Reserve

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. It is recorded as restricted in the General Fund even though the calculation of the amount required includes portions for other governmental funds and small amounts for some of the proprietary funds.

13. 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.

14. 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 2011, 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

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

year. The budget is prepared using the modified accrual basis of accounting. The operating budget includes 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 budget adoption and appropriation resolutions.

B. Budgeted Level of Expenditures

The budgetary control is maintained at the department level for the General Fund, Use Tax Fund and Weed & Pest Control 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; however, use of any budgeted contingency amounts must be specifically authorized by the Board of County Commissioners. All annual appropriations lapse at year-end. During 2011, the County Commissioners adopted one supplemental appropriation which included transfer appropriations between funds.

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 required supplementary information reflect the original budget and the final amended budget.

NOTE 3 - CASH AND INVESTMENTS

A. Deposits

Title 11, 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 County's deposits were not exposed to credit risk, as all deposits were insured by the Federal Deposit Insurance Commission (FDIC) or collateralized in accordance with PDPA. As of December 31, 2011, the carrying amount of the County's Primary Government's Funds demand account deposits were \$34,459,863 and the bank balance was \$36,332,886. Of the bank balance \$4,364,448 was covered by FDIC insurance and the excess was collateralized in accordance with PDPA.

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 investment contracts and local government investment pools. Local government investment pools include the Colorado Government Liquid Asset Trust (COLOTRUST). This pool is an investment vehicle established by local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commission oversees this pool. COLOTRUST operates similarly to money market funds and each share is 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 the pooled investments are

Rio Blanco County, Colorado
Notes to Basic Financial Statements
 December 31, 2011

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. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to be (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. Information on COLOTRUST can be obtained at www.colotrust.com.

The County's investment policy follows all statutory requirements, concentrates on investments with maturities of 60 months or less in order to limit principal risk caused by changes in interest rates and encourages diversification of the portfolio. The County invests its funds in a manner which will provide the highest investment return while ensuring preservation of capital and protection of investment principal. The County reports investments at fair value. The County's investments are registered in the name of the government.

Summary of Cash and Investments Held by County for Primary Government's Funds

Cash on hand	\$ 71,519
Demand accounts	8,111,855
ColoTrust	24,407,588
Certificates of deposit and money markets	29,017,025
Government National Mortgage Association	344
U.S. Treasury Notes	14,139,443
	<u>\$ 75,747,774</u>

Cash and Investments Held by County for Others (Treasury Agency Fund)

Demand accounts	<u>\$ 878,732</u>
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NOTE 4 – INTERFUND TRANSACTIONS

The County reports internal transactions between its funds. Certain eliminations have been made in regards to interfund activities. All internal balances in the Statement of Net Assets have been eliminated. Transfers between governmental and business-type activities on the government wide Statement of Activities are reported as general revenues. Transfers between funds reported in the business-type activities column are eliminated.

Due To/Due From Other Funds

Due to and due from balances result from interfund transactions for which the related transfer of cash has not yet occurred, creating a receivable in one fund and an offsetting payable in another fund. There were no outstanding due to/due from interfund transactions at year-end.

Interfund Transfers

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

	Transfers in:				
	Capital Expenditure	Capital Improvement	Weed & Pest Control Fund	Fairfield Complex Fund	Transfers Total
Transfers out:					
General Fund	\$ 23,500	\$ 2,485,760	\$ 150,000	\$ 65,000	\$ 2,724,260
Capital Expenditure Fund	-	3,000,000	-	-	3,000,000
Use Tax Fund	-	-	-	30,000	30,000
	<u>\$ 23,500</u>	<u>\$ 5,485,760</u>	<u>\$ 150,000</u>	<u>\$ 95,000</u>	<u>\$ 5,754,260</u>

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

NOTE 5 - CAPITAL ASSETS

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

	Balance 01/01/2011	Additions	Deletions	Balance 12/31/2011
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,087,713	\$ -	\$ -	\$ 1,087,713
Land Improvements	24,368	-	-	24,368
Infrastructure	992,603	1,070,274	-	2,062,877
Construction-In-Progress	1,657,145	5,642,673	1,666,836	5,632,982
Total capital assets not being depreciated	3,761,829	6,712,947	1,666,836	8,807,940
Capital assets being depreciated:				
Land Improvements	5,379,289	11,747	-	5,391,036
Buildings and Improvements	6,278,662	59,291	-	6,337,953
Equipment and Furniture	10,421,350	1,459,246	681,684	11,198,911
Total capital assets being depreciated	22,079,301	1,530,283	681,684	22,927,900
Less accumulated depreciation:				
Land Improvements	4,010,694	219,785	-	4,230,479
Buildings and Improvements	2,041,657	134,276	-	2,175,933
Equipment and Furniture	6,005,818	907,066	460,214	6,452,670
Total accumulated depreciation	12,058,169	1,261,127	460,214	12,859,082
Total capital assets being depreciated, net	10,021,132	269,156	221,471	10,068,818
Governmental activities capital assets, net	\$ 13,782,961	\$ 6,982,104	\$ 1,888,307	\$ 18,876,758
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 303,605	\$ -	\$ -	\$ 303,605
Construction-In-Progress	354,155	108,703	462,858	-
Total capital assets not being depreciated	657,760	108,703	462,858	303,605
Capital assets being depreciated:				
Land Improvements	40,986	449,992	-	490,979
Buildings and Improvements	3,086,557	12,866	60,180	3,039,243
Equipment and Furniture	239,743	523,294	-	763,037
Total capital assets being depreciated	3,367,287	986,153	60,180	4,293,259
Less accumulated depreciation:				
Land Improvements	31,350	21,249	-	52,598
Buildings and Improvements	529,422	83,833	12,638	600,616
Equipment and Furniture	99,103	27,759	-	126,862
Total accumulated depreciation	659,875	132,840	12,638	780,077
Total capital assets being depreciated, net	2,707,412	853,313	47,542	3,513,182
Business-type activities capital assets, net	\$ 3,365,172	\$ 962,015	\$ 510,400	\$ 3,816,787

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

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

Governmental activities:				
General Government				\$ 124,728
Health and Welfare				1,480
Judicial and Public Safety				29,092
Public Works				274,847
Recreation and Culture				37,919
Total depreciation expense - governmental activities				468,066
Central Services				16,374
Fleet Management				776,687
Total depreciation expense - governmental activities including internal services				<u>\$ 1,261,127</u>
Business-type activities:				
Solid Waste Landfill Fund				\$ 38,112
Weed & Pest Control Fund				322
Fairfield Complex Fund				94,407
Total depreciation expense - business-type activities				<u>\$ 132,840</u>

The County maintains a fixed asset capitalization threshold of \$5,000.

NOTE 6 - RISK MANAGEMENT AND SELF-INSURANCE

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. During 2011, the County paid contributions of \$126,800 as compared to \$173,848 in the prior year. 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. There were no significant reductions in insurance coverage from the prior year by major categories of risk, and there have been no settlements that exceed the County's insurance coverage during the past three years.

County Workers' Compensation Pool

The County is exposed to various risks of loss related to injuries of employees while on the job. In 1985, the County joined together with other Counties in the State of Colorado to form the County Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. During 2011, the County paid contributions of \$206,362 as compared to \$181,182 in the prior year. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for members' claims in excess of specified self-insured retention, which is determined each policy year. There were no significant reductions in insurance coverage from the prior year by major categories of risk, and there have been no settlements that exceed the County's insurance coverage during the past three years.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

NOTE 7 - CLOSURE AND POSTCLOSURE CARE COST OF LANDFILLS

The U. S. Environmental Protection Agency rule of October 9, 1991 is the primary basis for Municipal Solid Waste Landfill (SWL) closure care requirements. The Solid Waste Regulations promulgated by the Colorado Board of Health with authority under the Solid Waste Disposal Act of 30-20-104.5 of the Colorado Revised Statutes also apply.

The costs associated with SWL closure and post closure care are properly accounted for by utilizing procedures that are established to insure compliance with Generally Accepted Accounting Principles as outlined in Statement No. 18 of the Governmental Accounting Standards Board. This statement was published in August of 1993 and is effective for financial statements for all periods beginning after June 15, 1993.

Rio Blanco County's estimates of "current total closure and post-closure costs" are based upon current technology and engineering techniques. New estimates of closure and post-closure costs were obtained in early 2012 from a Registered Professional Engineer. While the estimates at December 31, 2011 are as accurate as possible, changes in these estimates due to inflation or deflation, technology or changes to laws and regulations will continue and will be subject to annual reevaluation and adjustment during each year.

The "current estimate of total combined closure and post closure cost," for all landfills, as last revised, is \$1,031,547. This amount includes \$236,694 for the Rangely Landfill and \$794,853 for the Meeker (Wray Gulch) Landfill. The total expense that has been recognized for the currently operating landfills in all years through 2011 is \$248,988 (\$194,804 for Rangely, \$54,185 for Meeker). The closure and post-closure costs payables shown in the balance sheet include an additional \$464 for payment of expenses related to a closed landfill's post closure costs. All previously recorded expense, which has not been disbursed, is carried in the books as a noncurrent liability of \$128,016. The Fund has available cash of \$128,016 to pay for recognized closure and post-closure costs for all County landfills. The portion of total costs that have been recognized as expense and recorded as a liability is based upon the portion of landfill capacity used.

The percentages of each landfill's capacity used to date and the estimated remaining landfill lives in years are shown below:

<u>Landfill</u>	<u>Percent of capacity used</u>	<u>Remaining life</u>
Rangely	22.8%	0 years
Meeker (Wray Gulch)	9.3%	72years

Expense recognition, for landfill closure and post closure costs, is further complicated by the Colorado State Health Department's requirements that the reserves be based upon time (20-year maximum amortization) rather than upon usage of landfill space as per Generally Accepted Accounting Principles (GAAP). The County continues to hold reserves in excess of recognized expenses per GAAP in order to insure compliance with the State of Colorado's statutes and regulations. The differences in calculations would require that \$797,330 (\$201,190 for Rangely, \$596,140 for Meeker) be held vs. the \$127,552 liability recognition that is required by GAAP for operating landfills. At the end of 2011, reserves are also held in the Solid Waste Landfill Fund in the amount of \$669,778 to insure adequate reserves for all closure/post-closure costs. By providing these reserves, Rio Blanco County has mostly eliminated the risks of not being financially prepared for unanticipated catastrophic losses.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

Calculations of the estimated total current cost of closure and post-closure care applicable to each landfill follows:

	Meeker	Rangely	
Final cover closure cost	\$ 523,609	\$ 118,151	*
Post closure-care cost	271,245	118,543	
Total closure and post closure costs	<u>\$ 794,853</u>	<u>\$ 236,694</u>	

*Rangely closure has been in progress since 2009. The above estimate to complete the final closure is based on a list of outstanding items from the Colorado Department of Public Health and Environment, dated February 8, 2012. When this list of items is certified complete by CDPHE, the estimate will be adjusted to post-closure care only.

NOTE 8 - LONG-TERM LIABILITIES

The only long term debt Rio Blanco County had was from the accrual of compensated absences (vacation, sick and comp time to be used at some future date) and the recognition of closure and post-closure costs for landfills.

	Balance 01/01/2011	Changes	Balance 12/31/2011
Governmental activities			
Compensated absences	\$ 455,850	\$ 24,390	\$ 480,240
Total governmental	<u>455,850</u>	<u>24,390</u>	<u>480,240</u>
Business type activities			
Compensated absences	27,133	3,930	31,063
Closure/post-closure costs	122,517	5,499	128,016
Total business type	<u>149,650</u>	<u>9,429</u>	<u>159,079</u>
Total long-term obligations	<u>\$ 605,500</u>	<u>\$ 33,819</u>	<u>\$ 639,319</u>

NOTE 9 - RESERVATIONS OF FUND BALANCE

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 available for appropriation.

Fund balances reserved for prepaid expenditures and inventories do not represent available resources, thus, they are considered non-spendable. For committed fund balances, the Board of County Commissioners is the decision-making authority, and the action required to commit funds or release committed funds is a resolution. For assigned fund balances, the Board of County Commissioners authorized by resolution the County Finance/Budget Director to designate funds for intended uses to be reviewed bi-annually (for the finalization of financial statements and budget). Also defined by resolution, in any case where there are various components of fund balance available to be spent for a specific purpose, the most restricted funds shall be spent first in the order of restricted, then committed, then assigned and unassigned last.

Fund balance reserved for emergencies represents a 3% legal restriction pursuant to Article X, Section 20 of the State Constitution (Tabor Amendment). This requirement applies to the majority of the funds to some extent, but the total is set aside in the General Fund for the sake of simplicity.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

	Major Special Revenue Funds		Major Capital Projects Funds				Other Governmental Funds		
	General Fund	Federal Mineral Lease District	Road & Bridge Fund	Use Tax Fund	County Capital Improvement Trust Fund	Impact Fee Trust Fund		Capital Expenditure Fund	Capital Improvement Plan Fund
Fund balances:									
Nonspendable:									
Inventory	\$ 21,640	\$ -	\$ 1,106,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepays	4,531	-	14,000	-	-	-	-	-	-
Nonspendable	26,170	-	1,120,071	-	-	-	-	-	-
Restricted for:									
General Purpose of Fund	-	-	-	-	-	-	-	-	25,603
Emergencies	752,345	-	-	-	-	-	-	-	100,000
Forest Service Title III Projects	-	-	356,714	-	-	-	-	-	-
Capital Projects	-	-	-	-	18,091,765	5,422,544	-	-	-
Grant Match Requirements	-	-	-	-	-	-	-	142,269	-
Restricted	752,345	-	356,714	-	18,091,765	5,422,544	-	142,269	125,603
Committed to:									
General Purpose of Fund	-	-	2,175,243	2,317,161	-	-	-	-	1,068,467
Committed	-	-	2,175,243	2,317,161	-	-	-	-	1,068,467
Assigned to:									
General Purpose of Fund	-	2,725,635	-	-	-	-	414,904	1,058,126	-
Electric Sales Tax Grants	302,651	-	-	-	-	-	-	-	-
Incomplete Capital Projects	-	-	-	-	-	-	209,192	4,113,687	-
Future Capital Projects	-	-	-	5,203,594	-	-	-	4,796,694	-
Projected Budget Deficit	3,036,800	-	341,349	-	-	-	-	-	359,926
Assigned	3,339,451	2,725,635	341,349	5,203,594	-	-	624,096	9,968,507	359,926
Unassigned:	16,696,685	-	-	-	-	-	-	-	-
Unassigned	16,696,685	-	-	-	-	-	-	-	-
Total funds	\$ 20,814,651	\$ 2,725,635	\$ 3,993,377	\$ 7,520,755	\$ 18,091,765	\$ 5,422,544	\$ 624,096	\$ 10,110,776	\$ 1,553,996

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

NOTE 10 - RETIREMENT PLAN

Rio Blanco 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.

Rio Blanco County provides pension benefits for all of its full-time employees and all regular part-time employees who work more than 20 hours per week through a defined contribution plan 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 6% 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 five 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. For the year ended December 31, 2011 the County's total payroll was \$6,967,188, the total payroll covered by the pension plan was \$6,311,353 and the total contribution paid was \$757,362. The County's portion of the contribution was \$378,681 and the employee's portion was \$378,681. The County has no liability for losses under the plan. Complete financial statements for the retirement plans may be obtained from CCOERA, 4949 S. Syracuse St., Suite 400, Denver, Colorado, 80237.

NOTE 11 - 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. Rio Blanco County complies with the Federal Statutes.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

NOTE 12 - BUDGET AMENDMENTS

During 2011 the County amended its budget. The following is a schedule of the changes to the original budget:

Fund	Original		Final
	Budget	Amendment	Budget
General	\$ 14,360,386	\$ -	\$ 14,360,386
Federal Mineral Lease District	-	16	16
Road and Bridge	7,344,568	200,000	7,544,568
Use Tax	704,705	700	705,405
County Capital Improvement Trust	141,006	-	141,006
Impact Fee Trust	6,069,042	-	6,069,042
Capital Expenditure	3,828,529	-	3,828,529
Capital Improvement Plan	8,180,294	35,155	8,215,449
Social Services	2,447,845	-	2,447,845
Public Health	559,247	-	559,247
Conservation Trust	15,410	-	15,410
Contingent	100,000	-	100,000
Solid Waste Landfill	822,507	-	822,507
Weed and Pest Control	294,330	508,861	803,191
Fairfield Complex	211,544	-	211,544
Central Services	289,398	-	289,398
Fleet Management	3,016,039	-	3,016,039
Total expenditures	<u>\$ 48,384,850</u>	<u>\$ 744,732</u>	<u>\$ 49,129,582</u>

NOTE 13 - RELATED PARTY TRANSACTIONS

Due to the size of the County, certain related party transactions are unavoidable. During the year various amounts of goods and services were purchased from related parties, these include County Commissioners, elected officials and various department heads. The amounts are not considered to be material to these financial statements.

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. The County believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance. The Amendment requires that emergency reserves be established. These reserves must be at least three percent of fiscal year spending. Emergency reserves at December 31, 2011 were \$752,345.

NOTE 15 – COMMITMENTS

The County entered into contract agreements during the year with amounts outstanding at December 31, 2011 for the following projects: County Road 5 engineering for various projects \$835,639; County Road 10 bridge replacement engineering \$34,073; Radio Tower buildings and equipment \$1,588,233; Meeker Airport reconstruction design and bidding \$1,200,543; and Assessor/Treasurer software upgrade \$74,974.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2011

NOTE 16 – CONTINGENCIES

At the end of 2011, the County has a remaining liability of \$2,237,598 for refunds of use tax on building and construction projects to oil and gas companies as settlement of a lawsuit that originated in 2008.

RIO BLANCO COUNTY, COLORADO
REQUIRED SUPPLEMENTARY INFORMATION
FOR GOVERNMENTS USING THE MODIFIED APPROACH
Year Ended December 31, 2011

	<u>2011</u>	<u>2010</u>	<u>2009</u>
County Road 54 Bridge			
Condition rating of the County's Bridge system as of December 31	8	8	8
Age of Bridge, in years	8	7	6
Estimated daily traffic for year	66	66	148
Repairs made during current year	0	0	0
Estimated repairs needed during 2012: Cleaning & Spot Painting	0	0	0
County Road 14 Bridge			
Condition rating of the County's Bridge system as of December 31	10	10	10
Age of Bridge, in years	7	6	5
Estimated daily traffic for year	15	15	12
Repairs made during current year	0	0	0
Estimated repairs needed during 2012	0	0	0
County Road 27 Bridge			
Condition rating of the County's Bridge system as of December 31	10		
Age of Bridge, in years	0		
Estimated daily traffic for year	50		
Repairs made during current year	0		
Estimated repairs needed during 2012	0		

The Rio Blanco County Commissioners have made the commitment to preserve and maintain these eligible infrastructure assets at a level of 5 on a maintenance scale of 1 to 10, with 10 being very good condition.

The Rio Blanco County Commissioners are responsible for determining the appropriate condition level at which these assets are to be maintained. Rio Blanco County maintains an inventory of these assets and performed condition assessments during 2011 to establish that the specified condition level (5) has been maintained.

These high levels of condition are primarily due to the very limited usage (low traffic) of the assets and their relatively new installation. In 2010, a decrease of 82 in daily traffic for County Road 54 Bridge, and an increase of 3 in daily traffic for County Road 14 Bridge were noted. No changes in traffic were noted in 2011.

The County's estimate of the amount to be expended to preserve and maintain these assets, at the stated condition level of 5, for the subsequent year (2012) is \$0.00 (zero dollars). For all subsequent years, this cost will be estimated in the County's annual budget. No amounts have been expended to maintain and preserve these bridges since 2003.

RIO BLANCO COUNTY, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 2,482,335	\$ 2,482,335	\$ 2,475,067	\$ (7,268)
Specific ownership taxes	77,304	77,304	72,183	(5,121)
Sales taxes	3,230,088	3,230,088	3,467,931	237,843
Other taxes	-	-	62,503	62,503
Intergovernmental revenues	703,466	1,483,600	1,566,528	82,928
Licenses and permits	144,100	144,100	171,127	27,027
Charges for services	348,515	348,515	297,872	(50,643)
Interest earnings	350,000	350,000	237,374	(112,626)
Fees, fines and forfeits	2,158,100	2,158,100	2,639,032	480,932
Miscellaneous	112,050	112,050	83,179	(28,871)
Total revenues	9,605,958	10,386,092	11,072,796	686,704
EXPENDITURES				
General government				
Assessor	566,752	566,752	482,695	84,057
Board of County Commissioners	1,213,033	1,192,878	852,197	340,681
Clerk and Recorder	682,796	682,796	465,314	217,482
County Attorney	207,294	207,294	193,859	13,435
County Surveyor	60,459	60,459	51,767	8,692
Financial	333,932	333,932	304,723	29,209
Human Resources	181,912	181,912	160,296	21,616
Information Management	466,112	466,112	396,746	69,366
Graphic Information Systems	85,711	85,711	73,457	12,254
Maintenance of Buildings	405,858	405,858	260,495	145,363
Planning	360,940	360,940	325,628	35,312
Treasurer	723,678	723,678	461,019	262,659
Total general government	5,288,477	5,268,322	4,028,196	1,240,126
Judicial and public safety				
Building Inspection	257,004	257,004	194,385	62,619
Coroner	87,408	87,408	83,644	3,764
Dispatch	552,630	552,630	478,891	73,739
District Attorney	243,538	243,538	244,288	(750)
Jail	1,042,834	1,042,834	865,831	177,003
Sheriff	2,283,403	2,283,403	1,838,767	444,636
Total judicial and public safety	4,466,817	4,466,817	3,705,806	761,011
Health and welfare				
Extension	164,759	164,759	149,362	15,397
Veteran Services	11,422	11,422	7,812	3,610
Total health and welfare	176,181	176,181	157,174	19,007
Intergovernmental				
USGS Water Monitoring Program	185,280	185,280	126,360	58,920
Total intergovernmental	185,280	185,280	126,360	58,920

RIO BLANCO COUNTY, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
(Continued)
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
Recreation and Culture				
County Fair	31,987	31,987	30,473	1,514
Meeker Fairgrounds	242,083	227,083	201,275	25,808
White River Museum	38,000	38,000	38,000	-
Total recreation and culture	312,070	297,070	269,748	27,322
Public Works				
Meeker Airport	122,745	122,745	75,827	46,918
Rangely Airport	222,079	222,079	130,256	91,823
Total public works	344,824	344,824	206,083	138,741
Total general fund expenditures	10,773,649	10,738,494	8,493,367	2,245,127
Excess (deficiency) of revenues over expenditures	(1,167,691)	(352,402)	2,579,429	2,931,831
OTHER FINANCING SOURCES/(USES)				
Transfers out (all other funds)	(3,586,733)	(3,621,888)	(2,724,260)	897,628
Total other financing sources/(uses)	(3,586,733)	(3,621,888)	(2,724,260)	897,628
Net change to fund balance	(4,754,424)	(3,974,290)	(144,831)	3,829,459
Fund balance, January 1	20,282,249	20,282,249	20,959,482	677,233
Fund balance, December 31	\$ 15,527,825	\$ 16,307,959	\$ 20,814,651	\$ 4,506,692

Note: The basis of budgeting is the same as GAAP. This shedule is presented on a GAAP basis.

RIO BLANCO COUNTY, COLORADO
FEDERAL MINERAL LEASE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ 2,725,651	\$ 2,725,651	\$ -
Total revenues	-	2,725,651	2,725,651	-
EXPENDITURES				
Intergovernmental (Grants, etc)	-	16	16	-
Total expenditures	-	16	16	-
Excess (deficiency) of revenues over expenditures	-	2,725,635	2,725,635	-
OTHER FINANCING SOURCES/(USES)				
Transfers out	-	-	-	-
Total other financing sources/(uses)	-	-	-	-
Net change to fund balance	-	2,725,635	2,725,635	-
Fund balance, January 1	-	-	-	-
Fund balance, December 31	\$ -	\$ 2,725,635	\$ 2,725,635	\$ -

Note: The basis of budgeting is the same as GAAP. This shedule is presented on a GAAP basis.

RIO BLANCO COUNTY, COLORADO
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 3,949,170	\$ 3,949,170	\$ 3,939,581	\$ (9,589)
Specific ownership taxes	122,983	122,983	114,588	(8,395)
Other taxes	-	-	49,002	49,002
Charges for services	56,000	56,000	624	(55,376)
Federal shared revenues	68,630	68,630	90,212	21,582
State shared revenues	2,702,500	2,702,500	2,814,730	112,230
Inter-fund charges	35,265	35,265	22,983	(12,282)
Private contributions	-	200,000	200,000	-
Licenses, permits, fees	170,000	170,000	148,591	(21,409)
Miscellaneous	6,468	6,468	4,922	(1,546)
Total revenues	7,111,016	7,311,016	7,385,233	74,217
EXPENDITURES				
Operations	5,659,320	5,659,320	-	5,659,320
Construction	1,014,920	1,214,920	-	1,214,920
Maintenance of condition	-	-	5,452,354	(5,452,354)
Snow and ice removal	-	-	505,876	(505,876)
Traffic services	-	-	298,744	(298,744)
Administration	670,327	670,327	658,759	11,568
Total expenditures	7,344,567	7,544,567	6,915,733	628,834
Net change to fund balance	(233,551)	(233,551)	469,500	703,051
Fund balance, January 1	3,448,792	3,448,792	3,523,877	75,085
Fund balance, December 31	\$ 3,215,241	\$ 3,215,241	\$ 3,993,377	\$ 778,136

Note: The basis of budgeting is the same as GAAP. This shedule is presented on a GAAP basis.

RIO BLANCO COUNTY, COLORADO
USE TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Charges/donations for services	\$ 24,100	\$ 24,100	\$ 26,617	\$ 2,517
Interest earnings	100,000	100,000	48,820	(51,180)
Intergovernmental revenues	55,500	55,500	59,747	4,247
Use taxes	517,400	517,400	1,088,912	571,512
Miscellaneous	1,000	1,000	3,019,715	3,018,715
Total revenues	698,000	698,000	4,243,811	3,545,811
EXPENDITURES				
General Government	109,280	109,280	96,552	12,728
Intergovernmental	91,636	92,336	92,314	22
Public health and welfare	387,509	387,509	372,614	14,895
Recreation and culture	86,280	86,280	67,303	18,977
Total expenditures	674,705	675,405	628,783	46,622
Excess (deficiency) of revenues over expenditures	23,295	22,595	3,615,028	3,592,433
OTHER FINANCING SOURCES/(USES)				
Transfers out	(30,000)	(30,000)	(30,000)	-
Total other financing sources/(uses)	(30,000)	(30,000)	(30,000)	-
Net change to fund balance	(6,705)	(7,405)	3,585,028	3,592,433
Fund balance, January 1	1,534,449	1,534,449	3,935,727	2,401,278
Fund balance, December 31	\$ 1,527,744	\$ 1,527,044	\$ 7,520,755	\$ 5,993,711

Note: The basis of budgeting is the same as GAAP. This shedule is presented on a GAAP basis.

RIO BLANCO COUNTY, COLORADO
COUNTY CAPITAL IMPROVEMENT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Interest earnings	\$ 140,000	\$ 140,000	\$ 135,998	\$ (4,002)
Change in fair value of investments	-	-	(21,218)	(21,218)
Total revenues	140,000	140,000	114,780	(25,220)
EXPENSES				
Administration and fees	1,175	1,175	1,188	(13)
Intergovernmental	139,831	139,831	136,299	3,532
Total expenditures	141,006	141,006	137,487	3,519
Net change to fund balance	(1,006)	(1,006)	(22,707)	(21,701)
Fund balance, January 1	18,021,497	18,021,497	18,114,472	92,975
Fund balance, December 31	\$ 18,020,491	\$ 18,020,491	\$ 18,091,765	\$ 71,274

Note: The basis of budgeting is the same as GAAP. This shedule is presented on a GAAP basis.

RIO BLANCO COUNTY, COLORADO
IMPACT FEE TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Impact fees	\$ 1,931,854	\$ 1,931,854	\$ 1,199,580	\$ (732,274)
Interest earnings	6,882	6,882	5,921	(961)
Grants	325,075	325,075	227,090	(97,985)
Total revenues	2,263,811	2,263,811	1,432,591	(831,220)
EXPENDITURES				
Construction Projects	6,046,852	6,046,852	1,845,903	4,200,949
Treasury fees	22,190	22,190	17,460	4,730
Total expenditures	6,069,042	6,069,042	1,863,363	4,205,679
Net change to fund balance	(3,805,231)	(3,805,231)	(430,772)	3,374,459
Fund balance, January 1	5,908,942	5,908,942	5,853,316	(55,626)
Fund balance, December 31	\$ 2,103,711	\$ 2,103,711	\$ 5,422,544	\$ 3,318,833

Note: The basis of budgeting is the same as GAAP. This shedule is presented on a GAAP basis.

RIO BLANCO COUNTY, COLORADO
CAPITAL EXPENDITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 2,820,836	\$ 2,820,836	\$ 2,812,993	\$ (7,843)
Specific ownership taxes	87,845	87,845	81,850	(5,995)
Other taxes	-	-	30,115	30,115
Intergovernmental revenues	76,700	76,700	37,086	(39,614)
Total revenues	2,985,381	2,985,381	2,962,044	(23,337)
EXPENDITURES				
Treasury fees	149,269	149,269	143,030	6,239
Central Service Charges	2,700	2,700	2,700	-
General government:				
Maintenance	70,000	70,000	-	70,000
Information Systems	265,368	265,368	188,650	76,718
Judicial and public safety:				
Sheriff	71,320	71,320	43,801	27,519
Health and welfare:				
Radino Building	30,000	30,000	5,810	24,190
Town of Meeker Energy Imp. (DSS/PHA)	85,082	85,082	-	85,082
Public works:				
Road & Bridge	50,000	50,000	49,471	529
Rangely Airport	30,500	30,500	-	30,500
Recreation and culture:				
Columbine Park	74,290	74,290	2,975	71,315
Total expenditures	828,529	828,529	436,437	392,092
Excess (deficiency) of revenues over expenditures	2,156,852	2,156,852	2,525,607	368,755
OTHER FINANCING SOURCES/(USES)				
Transfers in	23,500	23,500	23,500	-
Transfers out	(3,000,000)	(3,000,000)	(3,000,000)	-
Total other financing sources/(uses)	(2,976,500)	(2,976,500)	(2,976,500)	-
Net change to fund balance	(819,648)	(819,648)	(450,893)	368,755
Fund balance, January 1	1,052,555	1,052,555	1,074,989	22,434
Fund balance, December 31	\$ 232,907	\$ 232,907	\$ 624,096	\$ 391,189

Note: The basis of budgeting is the same as GAAP. This shedule is presented on a GAAP basis.

RIO BLANCO COUNTY, COLORADO
CAPITAL IMPROVEMENT PLAN FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 3,361,222	\$ 3,361,222	\$ 2,110,744	\$ (1,250,478)
Contributions	86,000	86,000	70,000	(16,000)
Total revenues	3,447,222	3,447,222	2,180,744	(1,266,478)
EXPENDITURES				
Treasury fees	17,236	17,236	6,977	10,259
Energy Assessment Improvements	284,385	284,385	166,667	117,718
Justice Center Preliminary Design	500,000	500,000	48,891	451,109
Radio Tower Projects (800 DTR)	3,007,500	3,007,500	1,154,430	1,853,070
Meeker Fairgrounds Multi-purpose Building	463,849	499,004	495,992	3,012
Rangely Airport Projects	157,894	157,894	114,460	43,434
Meeker Airport Projects	1,438,537	1,438,537	780,374	658,163
CR 10 Bridge	911,252	911,252	97,204	814,048
CR 27 Bridge	899,641	899,641	872,915	26,726
DSS/PHA Office Space in Rangely	300,000	300,000	-	300,000
800 DTR Radios for Fleet	200,000	200,000	-	200,000
Total expenditures	8,180,294	8,215,449	3,737,910	4,477,539
Excess (deficiency) of revenues over expenditures	(4,733,072)	(4,768,227)	(1,557,166)	3,211,061
OTHER FINANCING SOURCES/(USES)				
Transfers in	6,348,233	6,383,388	5,485,760	(897,628)
Total other financing sources/(uses)	6,348,233	6,383,388	5,485,760	(897,628)
Net change to fund balance	1,615,161	1,615,161	3,928,594	2,313,433
Fund balance, January 1	5,823,735	5,823,735	6,182,182	358,447
Fund balance, December 31	\$ 7,438,896	\$ 7,438,896	\$ 10,110,776	\$ 2,671,880

Note: The basis of budgeting is the same as GAAP. This shedule is presented on a GAAP basis.

RIO BLANCO COUNTY, COLORADO
EXPLANATION OF NON-MAJOR FUNDS

Year Ended December 31, 2011

Governmental Funds - Special Revenue

The *Social Services Fund* accounts for activities and programs related to family and individual independence and well-being in Rio Blanco County. Primary sources of funds are property taxes and federal/state grants.

The *Public Health Agency Fund* accounts for activities and programs related to public health in Rio Blanco County. Primary sources of funds are federal/state grants, charges, and fees.

The *Conservation Trust Fund* accounts for funds received from Colorado Lottery proceeds.

The *Contingent Fund* accounts for the funds the County would use to cover unforeseen contingencies.

Proprietary Funds Enterprise Funds

The *Solid Waste Landfill Fund* accounts for the County's landfill operations.

The *Weed and Pest Control Fund* accounts for the County's weed and pest control programs, cost sharing sales of herbicides to County landowners and to control programs established by Federal, State and local organizations. The *Piceance Creek Pest Control District* and the *Lower White River Pest Control District* are included within this fund.

The *Fairfield Complex Fund* accounts for Meeker's community center which provides a location for the senior nutrition program, meeting rooms and a large hall/kitchen for public use and community activities as well as senior housing. The community center also rents space to the County government for administrative offices.

Proprietary Funds - Internal Service Funds

The *Central Services Fund* accounts for all county wide charges, such as insurances, rent, and audit fees.

The *Fleet Management Fund* accounts for the County's vehicles and heavy equipment.

RIO BLANCO COUNTY, COLORADO
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2011

	Non-Major Special Revenue Funds				Total
	Social Services Fund	Public Health Fund	Conservation Trust Fund	Contingent Fund	Nonmajor Governmental Special Rev. Funds
ASSETS					
Cash and cash equivalents	\$ 1,124,007	\$ 309,621	\$ 25,581	\$ 100,000	\$ 1,559,209
Taxes receivable	195,599	325,998	-	-	521,597
Due from other governmental units	417,304	24,645	-	-	441,949
Other receivables	-	2,700	22	-	2,722
Total assets	\$ 1,736,910	\$ 662,964	\$ 25,603	\$ 100,000	\$ 2,525,477
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 4,060	\$ -	\$ -	\$ 4,060
Due to other governmental units	352,280	-	-	-	352,280
Deferred revenue	286,107	329,034	-	-	615,141
Total liabilities	638,387	333,094	-	-	971,481
Fund balances:					
Restricted	-	-	25,603	100,000	125,603
Committed	751,225	317,242	-	-	1,068,467
Assigned	347,298	12,628	-	-	359,926
Total fund balance	1,098,523	329,870	25,603	100,000	1,553,996
Total liabilities and fund balance	\$ 1,736,910	\$ 662,964	\$ 25,603	\$ 100,000	\$ 2,525,477

RIO BLANCO COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	Non-Major Special Revenue Funds				Total Nonmajor Governmental Special Rev. Funds
	Social Services Fund	Public Health Fund	Conservation Trust Fund	Contingent Fund	
REVENUES					
Property taxes	\$ 563,856	\$ 394,596	\$ -	\$ -	\$ 958,452
Specific ownership taxes	16,376	11,464	-	-	27,840
Other taxes	7,701	2,071	-	-	9,772
Intergovernmental	1,922,868	122,199	8,695	-	2,053,762
Licenses and permits	-	10,213	-	-	10,213
Charges for service	-	18,849	-	-	18,849
Interest earnings	-	-	21	-	21
Fees, fines and forfeits	-	5,164	-	-	5,164
Miscellaneous	-	5,466	-	-	5,466
Total revenues	2,510,801	570,022	8,716	-	3,089,539
EXPENDITURES					
Current:					
Health and welfare	2,177,695	486,138	-	-	2,663,833
Total expenditures	2,177,695	486,138	-	-	2,663,833
Net change to fund balance	333,106	83,884	8,716	-	425,706
Fund balance, January 1	765,417	245,986	16,887	100,000	1,128,290
Fund balance, December 31	\$ 1,098,523	\$ 329,870	\$ 25,603	\$ 100,000	\$ 1,553,996

RIO BLANCO COUNTY, COLORADO
SOCIAL SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 564,167	\$ 564,167	\$ 563,856	\$ (311)
Specific ownership taxes	17,569	17,569	16,376	(1,193)
Other taxes	-	-	7,701	7,701
Intergovernmental	1,917,005	1,917,005	1,922,868	5,863
Total revenues	2,498,741	2,498,741	2,510,801	12,060
EXPENDITURES				
Health and welfare	2,447,846	2,447,846	2,177,695	270,151
Total expenditures	2,447,846	2,447,846	2,177,695	270,151
Net change to fund balance	50,895	50,895	333,106	282,211
Fund balance, January 1	716,056	716,056	765,417	49,361
Fund balance, December 31	\$ 766,951	\$ 766,951	\$ 1,098,523	\$ 331,572

Note: The basis of budgeting is the same as GAAP. This shedule is presented on a GAAP basis.

RIO BLANCO COUNTY, COLORADO
PUBLIC HEALTH AGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 394,917	\$ 394,917	\$ 394,596	\$ (321)
Specific ownership taxes	12,298	12,298	11,464	(834)
Other taxes	-	-	2,071	2,071
Intergovernmental	155,528	155,528	122,199	(33,329)
Licenses and permits	-	-	10,213	10,213
Charges for service	20,000	20,000	18,849	(1,151)
Fees, fines and forfeits	30,000	30,000	5,164	(24,836)
Miscellaneous	5,500	5,500	5,466	(34)
Total revenues	618,243	618,243	570,022	(48,221)
EXPENDITURES				
Health and welfare	559,248	559,248	486,138	73,110
Total expenditures	559,248	559,248	486,138	73,110
Net change to fund balance	58,995	58,995	83,884	24,889
Fund balance, January 1	255,057	255,057	245,986	(9,071)
Fund balance, December 31	\$ 314,052	\$ 314,052	\$ 329,870	\$ 15,818

Note: The basis of budgeting is the same as GAAP. This shedule is presented on a GAAP basis.

RIO BLANCO COUNTY, COLORADO
CONSERVATION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 8,500	\$ 8,500	\$ 8,695	\$ 195
Interest earnings	60	60	21	(39)
Total revenues	8,560	8,560	8,716	156
EXPENDITURES				
Recreation	15,410	15,410	-	15,410
Total expenditures	15,410	15,410	-	15,410
Net change to fund balance	(6,850)	(6,850)	8,716	15,566
Fund balance, January 1	17,073	17,073	16,887	(186)
Fund balance, December 31	\$ 10,223	\$ 10,223	\$ 25,603	\$ 15,380

Note: The basis of budgeting is the same as GAAP. This shedule is presented on a GAAP basis.

RIO BLANCO COUNTY, COLORADO
CONTINGENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	100,000	100,000	-	100,000
Net change to fund balance	(100,000)	(100,000)	-	100,000
Fund balance, January 1	100,000	100,000	100,000	-
Fund balance, December 31	\$ -	\$ -	\$ 100,000	\$ 100,000

Note: The basis of budgeting is the same as GAAP. This shedule is presented on a GAAP basis.

RIO BLANCO COUNTY, COLORADO
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
December 31, 2011

	Solid Waste Landfill Fund	Weed and Pest Control Fund	Fairfield Complex Fund	Total Non-major Enterprise Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 2,743,457	\$ 567,437	\$ 231,135	\$ 3,542,029
Due from other governmental units	-	133	-	133
Other receivables	222,120	-	400	222,520
Inventories	-	62,960	-	62,960
Total current assets	2,965,577	630,530	231,535	3,827,642
Noncurrent assets:				
Capital assets:				
Land	33,395	-	270,210	303,605
Buildings and equipment, net	608,767	12,544	2,891,871	3,513,182
Total noncurrent assets	642,162	12,544	3,162,081	3,816,787
Total assets	3,607,739	643,074	3,393,616	7,644,429
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 14,071	\$ -	\$ 2,830	\$ 16,901
Total current liabilities	14,071	-	2,830	16,901
Noncurrent liabilities:				
Compensated absences	17,094	7,169	6,800	31,063
Closure and post-closure care	128,016	-	-	128,016
Total noncurrent liabilities	145,110	7,169	6,800	159,079
Total liabilities	159,181	7,169	9,630	175,980
NET ASSETS				
Invested in capital assets, net of debt	642,162	12,544	3,162,081	3,816,787
Restricted for closure & post-closure care	669,778	-	-	669,778
Unrestricted (deficit)	2,136,618	623,361	221,905	2,981,884
Total net assets	\$ 3,448,558	\$ 635,905	\$ 3,383,986	\$ 7,468,449

RIO BLANCO COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
Year Ended December 31, 2011

	Solid Waste Landfill Fund	Weed and Pest Control Fund	Fairfield Complex Fund	Total Non-major Enterprise Funds
Operating revenues:				
Property taxes	\$ -	\$ 336,265	\$ -	\$ 336,265
Specific ownership taxes	-	11,407	-	11,407
Other taxes	-	1,262	-	1,262
Charges for services	1,592,509	46,142	10,866	1,649,517
Grants	-	25,816	-	25,816
Private contributions	-	-	30,000	30,000
Interest earnings	-	574	-	574
Intergovernmental revenues	-	-	5,000	5,000
Interdepartmental fees	12,000	19,257	82,837	114,094
Miscellaneous operating	-	150	-	150
Total operating revenues	1,604,509	440,873	128,703	2,174,085
Operating expenses:				
Salaries and wages	142,013	63,503	54,735	260,251
Employee benefits	62,461	23,471	16,876	102,808
Supplies	2,962	24,294	23,141	50,397
Chemicals	-	98,758	-	98,758
Purchased services	28,172	376,390	26,351	430,913
Special dues, permits and fees	22,934	-	-	22,934
Closure and post-closure costs	15,204	-	-	15,204
Utilities	5,638	-	37,403	43,041
Repairs and maintenance	-	-	19,231	19,231
Interdepartmental charges	215,152	36,236	7,950	259,338
Capital outlay	7,574	-	-	7,574
Depreciation	38,112	322	94,407	132,841
Other	-	1,713	-	1,713
Total operating expenses	540,222	624,687	280,094	1,445,003
Operating income/(loss)	1,064,287	(183,814)	(151,391)	729,082
Nonoperating revenues/(expenses):				
Gain/(loss) on disposition of assets and inventory	-	-	(47,542)	(47,542)
Capital contributions	-	2,840	523,294	526,134
Total nonoperating revenues/(expenses)	-	2,840	475,752	478,592
Income/(loss) before transfers in/(out)	1,064,287	(180,974)	324,361	1,207,674
Transfers in/(out)	-	150,000	95,000	245,000
Change in net assets	1,064,287	(30,974)	419,361	1,452,674
Total net assets, January 1	2,384,271	666,879	2,964,625	6,015,775
Total net assets, December 31	\$ 3,448,558	\$ 635,905	\$ 3,383,986	\$ 7,468,449

RIO BLANCO COUNTY, COLORADO
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
Year Ended December 31, 2011

	Solid Waste Landfill Fund	Weed and Pest Control Fund	Fairfield Complex Fund	Total Non-major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from external customers	\$ 1,528,776	\$ 421,483	\$ 76,172	\$ 2,026,431
Cash received from internal customers	12,000	19,257	82,837	114,094
Cash payments to external suppliers for goods and services	(76,489)	(532,733)	(105,204)	(714,426)
Cash payments to internal suppliers for goods and services	(215,152)	(36,236)	(7,950)	(259,338)
Cash payments to employees for services	(201,663)	(85,241)	(72,225)	(359,129)
Net cash provided/(used) by operating activities	1,047,472	(213,470)	(26,370)	807,632
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from/(to) other funds	-	150,000	95,000	245,000
Net cash provided by noncapital financing activities	-	150,000	95,000	245,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of fixed assets	(555,855)	(12,866)	(0)	(568,721)
Proceeds from sale of assets	449,992	12,865	(1)	462,856
Net cash provided by capital and related financing activities	(105,862)	(1)	(1)	(105,865)
Net increase/(decrease) in cash and equivalents	941,610	(63,471)	68,629	946,767
Cash balances, January 1	1,801,847	630,908	162,506	2,595,261
Cash balances, December 31	\$ 2,743,457	\$ 567,437	\$ 231,135	\$ 3,542,028

**Reconciling of operating income/(loss) to net cash
provided/(used) by operating activities:**

Operating income/(loss)	\$ 1,064,287	\$ (183,814)	\$ (151,391)	\$ 729,082
Adjustments to reconcile operating income/(loss) to net cash provided/(used) by operating activities:				
Depreciation expense	38,112	322	94,407	132,841
Assets (increase)/decrease:				
Other receivables	(63,733)	(133)	30,306	(33,560)
Inventories	-	(31,578)	-	(31,578)
Liabilities increase/(decrease):				
Accounts payable	496	-	922	1,418
Accrued compensated absences	2,811	1,733	(614)	3,930
Accrued closure and postclosure care	5,499	-	-	5,499
Total Adjustments	(16,815)	(29,656)	125,021	78,550
Net cash provided/(used) by operating activities	\$ 1,047,472	\$ (213,470)	\$ (26,370)	\$ 807,632

Note: Cash balance, January 1 for Weed & Pest Control Fund has been restated to include beginning balances of County-wide efforts of \$263,869 plus Piceance Creek Pest Control District of \$255,149 and Lower White River Pest Control District of \$111,890 (two pest control districts were not included in the prior year's County financial statements).

RIO BLANCO COUNTY, COLORADO
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2011

	Central Service Fund	Fleet Management Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 245,832	\$ 1,304,459	\$ 1,550,291
Due from other funds	-	-	-
Other receivables	157	9,764	9,921
Inventories	-	300,014	300,014
Prepays and deposits	192,400	-	192,400
Total current assets	438,389	1,614,237	2,052,626
Noncurrent assets:			
Capital assets:			
Buildings and equipment, net	53,300	3,890,991	3,944,291
Total noncurrent assets	53,300	3,890,991	3,944,291
Total assets	\$ 491,689	\$ 5,505,228	\$ 5,996,917
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,680	\$ 22,885	\$ 24,565
Total current liabilities	1,680	22,885	24,565
Noncurrent liabilities:			
Compensated absences	-	40,057	40,057
Total noncurrent liabilities	-	40,057	40,057
Total liabilities	1,680	62,942	64,622
NET ASSETS			
Invested in capital assets, net of related debt	53,300	3,890,991	3,944,291
Unrestricted	436,709	1,551,295	1,988,004
Total net assets	\$ 490,009	\$ 5,442,286	\$ 5,932,295

RIO BLANCO COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2011

	Central Service Fund	Fleet Management Fund	Total Internal Service Funds
Operating revenues:			
Charges for services-internal	\$ 132,714	\$ 2,320,819	\$ 2,453,533
Charges for services-external	4,929	105,082	110,011
Miscellaneous operating	-	28,465	28,465
Total operating revenues	137,643	2,454,366	2,592,009
Operating expenses:			
Salaries and wages	-	369,443	369,443
Employee benefits	-	178,039	178,039
Supplies	11,418	928,407	939,825
Purchased services	91,662	27,065	118,727
Rent	1,602	-	1,602
Utilities	-	54,533	54,533
Repairs and maintenance	1,728	23,174	24,902
Insurance and claims	126,800	-	126,800
Interdepartmental charges	-	23,399	23,399
Capital outlay	-	9,498	9,498
Depreciation	16,374	776,687	793,061
Total operating expenses	249,584	2,390,245	2,639,829
Operating income/(loss)	(111,941)	64,121	(47,820)
Nonoperating revenues:			
Gain/(loss) on disposition of assets and inventory	-	10,000	10,000
Total nonoperating revenues/(expenses)	-	10,000	10,000
Change in net assets	(111,941)	74,121	(37,820)
Total net assets, January 1	601,950	5,368,165	5,970,115
Total net assets, December 31	\$ 490,009	\$ 5,442,286	\$ 5,932,295

RIO BLANCO COUNTY, COLORADO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2011

	Central Service Fund	Fleet Management Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from external customers	\$ 85	\$ 103,974	\$ 104,059
Cash received from internal customers	137,643	2,349,284	2,486,927
Cash payments to external suppliers for goods and services	(208,946)	(1,054,685)	(1,263,631)
Cash payments to internal suppliers for goods and services	-	(23,399)	(23,399)
Cash payments to employees for services	-	(547,805)	(547,805)
Net cash provided/(used) by operating activities	(71,218)	827,369	756,151
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of fixed assets	(20,250)	(1,247,990)	(1,268,240)
Proceeds from disposal of assets and reimbursements	10,350	221,121	231,471
Net cash (used) by capital and related financing activities	(9,900)	(1,026,869)	(1,036,769)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net increase/(decrease) in cash and equivalents	(81,118)	(199,500)	(280,618)
Cash balances, January 1	326,950	1,503,959	1,830,909
Cash balances, December 31	\$ 245,832	\$ 1,304,459	\$ 1,550,291

Reconciling of operating income to net cash provided/(used) by operating activities:

Operating income/(loss)	\$ (111,941)	\$ 64,121	\$ (47,820)
Adjustments to reconcile operating income/(loss) to net cash provided/(used) by operating activities:			
Depreciation expense	16,374	776,686	793,060
Assets (increase)/decrease:			
Other receivables	85	(1,108)	(1,023)
Inventories	-	(21,795)	(21,795)
Prepays and deposits	23,600	-	23,600
Liabilities increase/(decrease):			
Accounts payable	664	9,788	10,452
Accrued compensated absences	-	(323)	(323)
Total Adjustments	40,723	763,248	803,971
Net cash provided/(used) by operating activities	\$ (71,218)	\$ 827,369	\$ 756,151

RIO BLANCO COUNTY, COLORADO
SOLID WASTE LANDFILL FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Charges for sales and services	\$ 665,000	\$ 665,000	\$ 1,592,509	\$ 927,509
Interdepartmental fees	12,000	12,000	12,000	-
Total revenues	677,000	677,000	1,604,509	927,509
EXPENSES				
Salaries and wages	138,526	138,526	142,013	(3,487)
Employee benefits	67,250	67,250	62,461	4,789
Supplies	8,000	8,000	2,962	5,038
Purchased services	40,300	40,300	28,172	12,128
Special dues, permits and fees	22,000	22,000	22,934	(934)
Closure and post-closure costs	1,000	1,000	15,204	(14,204)
Utilities	6,000	6,000	5,638	362
Interdepartmental charges	397,630	397,630	215,152	182,478
Equipment and other	-	-	7,574	(7,574)
Total operating expenses	680,706	680,706	502,110	178,596
Capital outlay	141,801	141,801	105,862	35,939
Total expenses	822,507	822,507	607,972	214,535
Net income/(loss)	\$ (145,507)	\$ (145,507)	996,537	\$ 1,142,044

Adjustments to Reconcile Budgetary Basis to GAAP Basis - Adjustment for:

Capital purchased by this fund	105,862
Depreciation (not budgeted)	(38,112)
Total adjustments to basis	<u>67,750</u>
Net change in fund equity	1,064,287
Fund equity, January 1	<u>2,384,271</u>
Fund equity, December 31	<u>\$ 3,448,558</u>

RIO BLANCO COUNTY, COLORADO
WEED AND PEST CONTROL FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ 345,352	\$ 336,265	\$ (9,087)
Specific ownership taxes	-	9,457	11,407	1,950
Other taxes	-	-	1,262	1,262
Charges for sales and services	75,300	75,300	46,142	(29,158)
Grants	30,000	30,000	25,816	(4,184)
Interest earnings	-	-	574	574
Intergovernmental revenues	55,000	55,000	-	(55,000)
Interdepartmental charges	15,000	15,000	19,257	4,257
Miscellaneous	-	80	150	70
Total revenues	175,300	530,189	440,873	(89,316)
EXPENSES				
Salaries and Wages	84,146	84,146	63,503	20,643
Employee benefits	33,619	33,619	23,471	10,148
Supplies	7,000	29,400	24,294	5,106
Chemicals	110,000	110,000	98,758	11,242
Purchased services	41,400	501,000	376,390	124,610
Interdepartmental charges	18,150	40,011	36,236	3,775
Other	15	5,015	1,713	3,302
Total expenses	294,330	803,191	624,365	178,826
Income/(loss) before other financing sources/(uses)	(119,030)	(273,002)	(183,492)	89,510
OTHER FINANCING SOURCES/(USES)				
Transfers in	150,000	150,000	150,000	-
Total other financing sources/(uses)	150,000	150,000	150,000	-
Net income/(loss)	\$ 30,970	\$ (123,002)	(33,492)	\$ 89,510

Adjustments to Reconcile Budgetary Basis to GAAP Basis - Adjustment for:

Capital contributed to this fund by another fund	2,840
Depreciation (not budgeted)	(322)
Total adjustments to basis	<u>2,518</u>
Net change in fund equity	(30,974)
Fund equity, January 1	<u>666,879</u>
Fund equity, December 31	<u>\$ 635,905</u>

The above includes all county-wide efforts and the efforts of two pest control districts in accordance with Title 35 Agriculture, Article 5 Pest Control Districts. C.R.S. 35-5-111(2) states, "moneys derived from a particular district shall be used only in that district, and moneys derived on a county-wide basis shall be used for the whole county". The segregation of these funds is being tracked in separate departments within this fund.

	County-wide	Piceance Creek Pest Control Dist.	Lower White River Pest Control Dist.	Total
Fund equity, January 1	\$ 299,840	\$ 255,149	\$ 111,890	\$ 666,879
Total revenues	244,054	175,907	173,751	593,712
Total expenses	(214,069)	(161,205)	(249,412)	(624,686)
Fund equity, December 31	<u>\$ 329,825</u>	<u>\$ 269,851</u>	<u>\$ 36,229</u>	<u>\$ 635,905</u>

RIO BLANCO COUNTY, COLORADO
FAIRFIELD COMPLEX FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Charges for sales and services	\$ 12,000	\$ 12,000	\$ 10,866	\$ (1,134)
Private contributions	30,000	30,000	30,000	-
Intergovernmental revenues	15,000	15,000	5,000	(10,000)
Interdepartmental charges	82,837	82,837	82,837	-
Total revenues	139,837	139,837	128,703	(11,134)
EXPENSES				
Salaries and wages	46,999	46,999	54,735	(7,736)
Employee benefits	16,302	16,302	16,876	(574)
Supplies	25,000	25,000	23,141	1,859
Purchased services	32,000	32,000	26,351	5,649
Utilities	55,000	45,000	37,403	7,597
Repairs and maintenance	15,000	25,000	19,231	5,769
Interdepartmental charges	12,743	12,743	7,950	4,793
Total operating expenses	203,044	203,044	185,687	17,357
Capital outlay	8,500	8,500	-	8,500
Total expenses	211,544	211,544	185,687	25,857
Income/(loss) before other financing sources/(uses)	(71,707)	(71,707)	(56,984)	14,723
OTHER FINANCING SOURCES/(USES)				
Transfers in	95,000	95,000	95,000	-
Total other financing sources/(uses)	95,000	95,000	95,000	-
Net income/(loss)	\$ 23,293	\$ 23,293	38,016	\$ 14,723

Adjustments to Reconcile Budgetary Basis to GAAP Basis - Adjustment for:

Capital contributed to this fund by another fund	523,294
Depreciation (not budgeted)	(94,407)
Loss on Disposal of Assets	(47,542)
Total adjustments to basis	<u>381,345</u>
Net change in fund equity	419,361
Fund equity, January 1	2,964,625
Fund equity, December 31	<u>\$ 3,383,986</u>

RIO BLANCO COUNTY, COLORADO
CENTRAL SERVICES FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Interfund Charges	\$ 132,699	\$ 132,699	\$ 132,714	\$ 15
Charges for sales and services	13,000	13,000	4,929	(8,071)
Total revenues	145,699	145,699	137,643	(8,056)
EXPENSES				
Supplies	16,200	16,200	11,418	4,782
Purchased services	19,014	19,014	16,798	2,216
Contracted services	12,405	12,405	8,817	3,588
Audit services	23,500	23,500	23,400	100
Internet service	16,656	16,656	38,352	(21,696)
Rent	1,600	1,600	1,602	(2)
Repairs and maintenance	1,023	1,023	1,728	(705)
Pass thru costs	13,000	13,000	4,295	8,705
Insurance	155,000	155,000	126,800	28,200
Contingency	20,000	20,000	-	20,000
Total operating expenses	278,398	278,398	233,210	45,188
Capital outlay	11,000	11,000	9,900	1,100
Total expenses	289,398	289,398	243,110	46,288
Net income/(loss)	\$ (143,699)	\$ (143,699)	(105,467)	\$ 38,232

Adjustments to Reconcile Budgetary Basis to GAAP Basis - Adjustment for:

Capital purchased by this fund	9,900
Depreciation (not budgeted)	(16,374)
Total adjustments to basis	(6,474)
Net change in fund equity	(111,941)
Fund equity, January 1	601,950
Fund equity, December 31	\$ 490,009

RIO BLANCO COUNTY, COLORADO
FLEET MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL
Year Ended December 31, 2011

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Interdepartmental fees	\$ 2,760,946	\$ 2,760,946	\$ 2,320,819	\$ (440,127)
Charges for sales and services	90,000	90,000	105,082	15,082
Miscellaneous	-	-	28,465	28,465
Total revenues	2,850,946	2,850,946	2,454,366	(396,580)
EXPENSES				
Salaries and wages	373,603	373,603	369,443	4,160
Employee benefits	201,201	201,201	178,039	23,162
Supplies	983,500	983,500	928,407	55,093
Purchased services	50,000	50,000	27,065	22,935
Utilites	65,000	65,000	54,533	10,467
Repairs and maintenance	45,000	45,000	23,174	21,826
Interdepartmental charges	24,575	24,575	23,399	1,176
Equipment and other	-	-	9,498	(9,498)
Contingency	50,000	50,000	-	50,000
Total operating expenses	1,792,879	1,792,879	1,613,558	179,321
Capital outlay	1,223,160	1,223,160	1,036,869	186,291
Total expenses	3,016,039	3,016,039	2,650,427	365,612
Income/(loss) before other financing sources/(uses)	(165,093)	(165,093)	(196,061)	(30,968)
OTHER FINANCING SOURCES/(USES)				
Gain on assets	-	-	10,000	10,000
Total other financing sources/(uses)	-	-	10,000	10,000
Net income/(loss)	\$ (165,093)	\$ (165,093)	(186,061)	\$ (20,968)

Adjustments to Reconcile Budgetary Basis to GAAP Basis - Adjustment for:

Capital purchased by this fund	1,036,869
Depreciation (not budgeted)	(776,687)
Total adjustments to basis	260,182
Net change in fund equity	74,121
Fund equity, January 1	5,368,165
Fund equity, December 31	\$ 5,442,286

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Rio Blanco County
		YEAR ENDING : December 2011
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Phone:	Chris Singleton, Finance & Budget Director (970) 878-9446

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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	5,452,354
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	298,744
2. General fund appropriations		b. Snow and ice removal	505,876
3. Other local imposts (from page 2)	4,251,761	c. Other	
4. Miscellaneous local receipts (from page 2)	228,530	d. Total (a. through c.)	804,620
5. Transfers from toll facilities		4. General administration & miscellaneous	658,759
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	6,915,733
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	4,480,291	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,814,730	2. Notes:	
D. Receipts from Federal Government (from page 2)	90,212	a. Interest	
E. Total receipts (A.7 + B + C + D)	7,385,233	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			6,915,733

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	3,523,877	7,385,233	6,915,733	3,993,377	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2011

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	3,988,583	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	148,591	f. Charges for Services	23,608
5. Specific Ownership &/or Other	114,587	g. Other Misc. Receipts	4,922
6. Total (1. through 5.)	263,179	h. Other Private Contribution	200,000
c. Total (a. + b.)	4,251,761	i. Total (a. through h.)	228,530
	(Carry forward to page 1)		(Carry forward to page 1)

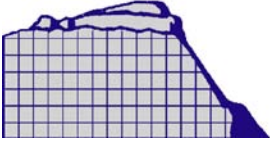
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,793,260	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	90,212
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	18,962	d. Federal Transit Admin	
d. Other (Specify) Imp Asst Wildlife	2,509	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	21,471	g. Total (a. through f.)	90,212
4. Total (1. + 2. + 3.f)	2,814,730	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments:

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Paul D. Miller CPA, LLC.

Certified Public Accountant

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

Board of County Commissioners
Rio Blanco County
Meeker, CO

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rio Blanco County, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued my report thereon dated June 8, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Rio Blanco County's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, I 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rio Blanco County's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain other matters that I reported to management of Rio Blanco County in a separate letter dated June 8, 2012.

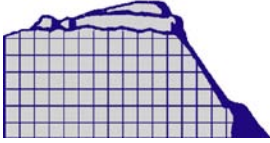
This report is intended solely for the information and use of management, the Board of County Commissioners, others within the entity, State of Colorado, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Paul D. Miller, CPA, LLC

Grand Junction, CO
June 8, 2012

F-1

Paul D. Miller, C.P.A.
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Paul D. Miller CPA, LLC.

Certified Public Accountant

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

Board of County Commissioners
Rio Blanco County
Meeker, CO

Compliance

I have audited Rio Blanco County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The County's major federal programs for the year ended December 31, 2011. Rio Blanco County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Rio Blanco County's management. My responsibility is to express an opinion on the County's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 Rio Blanco County's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Rio Blanco County's compliance with those requirements.

In my opinion, Rio Blanco County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of Rio Blanco County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my 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, I do not express an opinion on the effectiveness of Rio Blanco 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.

F-2

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

This report is intended solely for the information and use of management, the Board of County Commissioners, others within the entity, State of Colorado, 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.

Paul D. Miller, CPA, LLC

Grand Junction, CO
June 8, 2012

RIO BLANCO COUNTY
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2011

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: UNQUALIFIED

Internal control over financial reporting:

Material weakness identified? NO

Significant deficiency identified
 that is not considered material
 weaknesses? NO

Noncompliance material to financial
 Statements noted? NO

Federal Awards

Internal control over major programs:

Material weakness identified? NO

Significant deficiency identified
 that is not considered material
 weaknesses? NO

Type of auditor’s report issued: UNQUALIFIED

Any auditing findings that are
 required to be reported in
 accordance with Section 510(a)
 of OMB Circular A-133 NO

Identification of major program:

20.106 Airport Improvement Program

81.041 ARRA- State Energy Program

97.067 Homeland Security (Pass through Northwest Council of Governments)

Rio Blanco County
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

Dollar threshold used to distinguish between type A and type B programs	\$300,000
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Auditee qualified as low-risk auditee?	NO
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SECTION II – FINANCIAL STATEMENT FINDINGS

There were no financial findings for the year ended December 31, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal Award Findings or Questioned Costs for the year ending December 31, 2011.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS.

There were no prior year findings or questioned costs.

Rio Blanco County
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2011

C.F.D.A. PROGRAM TITLE	C.F.D.A. PROGRAM NUMBER	AMOUNT OF EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed through State Agencies</i>		
State Administrative Matching Grants for Food Stamp Program	10.561	65,294
		<u>65,294</u>
<i>Passed through CO Dept. Public Health & Environment</i>		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	36,432
Special Supplemental Nutrition Program for Women, etc. - Non-Cash	10.557	82,717
		<u>119,149</u>
<i>Passed through CO Division of Local Affairs</i>		
Forest Service Title I	10.665	90,212
Forest Service Title III (2000 Act)	10.665	34
		<u>90,246</u>
	Total	<u><u>274,689</u></u>
U.S. DEPARTMENT OF TRANSPORTATION		
<i>Direct assistance</i>		
Airport Improvement Grants (Meeker)	20.106	741,355
Airport Improvement Grants (Rangely)	20.106	101,905
		<u>843,260</u>
	Total	<u><u>843,260</u></u>
U.S. DEPARTMENT OF ENERGY		
<i>Direct assistance</i>		
ARRA - State Energy Program	81.041	139,934
	Total	<u><u>139,934</u></u>
U.S. DEPARTMENT OF HOMELAND SECURITY		
<i>Passed through CO DOLA - Division of Emergency Management</i>		
Emergency Management Performance Grant (EMS Coordinator)	97.042	34,855
<i>Passed through Northwest Colorado Council of Governments</i>		
Homeland Security	97.067	391,514
	Total	<u><u>426,369</u></u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
<i>Passed through CO Dept. Public Health & Environment</i>		
Family Planning	93.217	8,241
Immunization Grants	93.268	5,339
Emergency Preparedness and Response	93.069	20,933
Maternal and Child Health Services Block Grant to the States	93.994	2,116
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	672
		<u>37,302</u>
<i>Passed through Mesa County Department of Human Services</i>		
Special Programs for the Aging Title III, Part C Nutrition	93.045	29,386
<i>Passed through CO Division of Local Affairs</i>		
Community Services Block Grant Formula and Discretionary Awards		
- Community Food and Nutrition Programs (NSIP)	93.569	8,191
- Community Food and Nutrition Programs (CDBG)	93.569	8,504
		<u>16,695</u>
<i>Passed through CO Dept. of Human Services</i>		
Promoting Safe and Stable Families	93.556	3,022
Temporary Assistance for Needy Families	93.558	2,640
Temporary Assistance for Needy Families	93.558	93,686
Child Support Enforcement	93.563	88,065
Low-Income Home Energy Assistance (administered by Moffat County)	93.568	37,440
Child Care and Development Block Grant	93.575	(20,285)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	103,967
Child Welfare Services - State Grants	93.645	8,383
Foster Care - Title IV-E	93.658	108,676
Adoption Assistance	93.659	16,326
Social Services Block Grant	93.667	58,232
Medical Assistance Program	93.778	47,348
Adjustment to Federal Assisstance	93.XXX	6,828
		<u>554,328</u>
	Total	<u><u>637,711</u></u>
	Grand Total	<u><u><u>2,321,963</u></u></u>

Rio Blanco County, Colorado
Note to Schedule of Expenditures of Federal Awards
December 31, 2011

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity of Rio Blanco County, Colorado and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.