



Rio Blanco County  
Colorado  
Basic Financial Statements  
And  
Supplementary Information

December 31, 2012



RIO BLANCO COUNTY  
*FINANCIAL STATEMENTS*  
December 31, 2012

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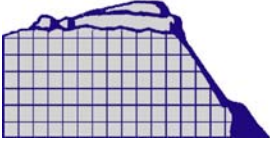
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Paul D. Miller CPA, LLC.

Certified Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners  
Rio Blanco County, Colorado  
Meeker, CO

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, Colorado as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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 from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***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, each major fund, and the aggregate remaining fund information of Rio Blanco County, Colorado, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### Required Supplementary Information

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-13 and D-1 through D-6 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.

### Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rio Blanco County, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, Local Highway Finance Report, are presented for purposes of additional analysis and are not required part of the County's financial statements. The combining fund financial statements, individual fund budgetary information, and the Local highway finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Additionally, the Schedule of Expenditures of Federal Awards included in the single audit section is presented for the purpose of additional analysis, as required by the U S Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the county's financial statements. Such 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 American. In my opinion the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 8, 2013, on my consideration of Rio Blanco County, Colorado'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* in considering Rio Blanco County, Colorado's internal control over financial reporting and compliance.

*Paul D. Miller, CPA, LLC*

Grand Junction, CO  
July 8, 2013



## 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, 2012. 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 (\$131.1 million) exceeded liabilities (\$15.4 million) by \$115.7 million at the end of 2012. This compares to \$98.8 million in 2011. The difference of \$16.9 million is an increase of 17.1%. Net capital assets increased by \$13.4 million while restricted funds decreased by \$2.4 million and unrestricted funds increased by \$5.9 million. Growth in capital assets is indicative of developing momentum in the capital investment plan. At the end of 2012, costs of \$12.6 million had been spent on capital projects that were still in progress for which an additional \$5.2 million was set aside to complete. In addition, \$12.4 million has been set aside for projects that had not started by year end.
- Revenues of \$38.8 million exceeded expenditures of \$21.8 million for the current year change in net position. This was an increase of \$0.9 million in revenue and an increase of \$0.3 million in expenditures from the prior year. \$9.5 million was recognized in 2009 as an expenditure/liability for use tax refunds. \$6.8 million in associated revenues were recorded from 2010 to 2012, recognizing the expiration of each year's 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 there will be no additional claims after 2012.
- Rio Blanco County formed a Federal Mineral Lease District in 2011 and subsequently dissolved it in 2012. The activity of the district is included as a separate governmental fund in these financial statements since the 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 E-16 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 2012, 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 \$116,057 in landfill closure and post-closure costs were paid out for 2012. As of December 31, 2012, the County recognized future closure and post-closure care liability in the total amount of \$135,057 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 \$72.2 million, an increase of \$1.3 million in comparison with the prior year. The County's General Fund balance was \$20.8 million as of December 31, 2012 and December 31, 2011 (virtually no change over the course of the year).
- 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, 2012 the County's unassigned General Fund balance was \$19.2 million or 223% 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 required and 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 position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position 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, grant expenditures 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 solid waste landfills, weed and pest control, and the Fairfield Complex. The landfill is considered a major fund while the latter two are combined into a single aggregate presentation for 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 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, 2012, assets exceeded liabilities by \$115.7 million.

The following table provides a summary comparison of the County's governmental and business-type net position for 2012 and a comparison to 2011.

	Net Position					
	Governmental Activities		Business Type Activities		Total Primary Government (Net of Internal Balances)	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current and other assets	\$ 88,510,472	\$ 87,947,824	\$ 6,488,304	\$ 3,827,642	\$ 94,998,776	\$ 91,775,466
Capital assets	32,459,482	18,876,758	3,656,250	3,816,787	36,115,732	22,693,545
Total assets	<u>120,969,954</u>	<u>106,824,582</u>	<u>10,144,554</u>	<u>7,644,429</u>	<u>131,114,508</u>	<u>114,469,011</u>
<b>Liabilities</b>						
Current and other liabilities	14,094,355	15,062,169	729,062	16,901	14,823,417	15,079,070
Long-term liabilities	454,993	480,240	157,772	159,079	612,765	639,319
Total liabilities	<u>14,549,348</u>	<u>15,542,409</u>	<u>886,834</u>	<u>175,980</u>	<u>15,436,182</u>	<u>15,718,389</u>
Invested in capital assets	32,459,482	18,876,757	3,656,250	3,816,787	36,115,732	22,693,544
Restricted	22,425,619	24,891,240	729,455	669,778	23,155,074	25,561,018
Unrestricted	51,535,505	47,514,176	4,872,015	2,981,884	56,407,520	50,496,060
Total net position	<u>\$106,420,606</u>	<u>\$91,282,173</u>	<u>\$9,257,720</u>	<u>\$7,468,449</u>	<u>\$115,678,326</u>	<u>\$98,750,622</u>

Rio Blanco County's total assets were 8.5 times the County's total liabilities at December 31, 2012. 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 2012, Rio Blanco County had a total net position of \$115.7 million. 31% was invested in capital assets. 18% was held by the General Fund, 16% by the County Capital Improvement Trust Fund, 10% by the Capital Improvement Plan Fund, 8% by the Use Tax Fund, 7% by the Road & Bridge Fund, and a balance of 10% in the remaining governmental funds and business-type funds. Within the Capital Improvement Plan Fund and the Use Tax Fund, a total of \$12.4 million has been set aside for construction of a justice center and remodel of the courthouse.

The 31% invested in capital is being used in the operation of the County and includes 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 capital 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 condition of eligible infrastructure assets beyond that which is attributable to normal use.

The portion of total net position which may be used to meet the County's ongoing obligations to citizens (unrestricted) is 49% of the total. This is comparable to 51% in the prior year. The use of 20% was restricted as of December 31, 2012 as compared to 26% the prior year. Current restrictions are generally statutory, but some are imposed by an outside entity relative to grant requirements or specific requirements placed on private contributions.

**Changes in Net Position** - Governmental and business-type activities increased the County's net position by \$16.9 million in 2012. The following table indicates the changes in net position for governmental and business-type activities for 2012. Comparative data is provided for analysis.

	Changes in Net Position					
	Governmental Activities		Business Type Activities		Total Primary Government (Net of Internal Balances)	
	2012	2011	2012	2011	2012	2011
<b>REVENUES</b>						
<b>Program revenues:</b>						
Charges for services	\$ 4,782,556	\$ 4,630,503	\$ 2,602,615	\$ 1,764,336	\$ 7,385,171	\$ 6,394,839
Operating grants/contrib.	5,210,300	5,161,636	52,291	60,816	5,262,591	5,222,452
Capital grants/contrib.	3,742,070	2,569,062	30,000	478,592	3,772,070	3,047,654
<b>General revenues:</b>						
Property taxes	11,481,002	10,186,093	597,284	336,265	12,078,286	10,522,358
Other taxes	4,661,429	5,816,150	16,272	12,669	4,677,701	5,828,819
Other revenues	5,589,624	6,843,742	-	-	5,589,624	6,843,742
Total revenues	<u>35,466,981</u>	<u>35,207,186</u>	<u>3,298,462</u>	<u>2,652,678</u>	<u>38,765,443</u>	<u>37,859,864</u>
<b>EXPENSES</b>						
General government	4,773,967	4,532,646	-	-	4,773,967	4,532,646
Health and welfare	3,059,521	3,694,514	-	-	3,059,521	3,694,514
Intergovernmental	504,494	352,149	-	-	504,494	352,149
Judicial and public safety	3,665,974	3,684,397	-	-	3,665,974	3,684,397
Public works	7,928,873	7,468,051	-	-	7,928,873	7,468,051
Recreation and culture	200,719	367,616	-	-	200,719	367,616
Solid waste landfill	-	-	742,961	540,222	742,961	540,222
Weed and pest control	-	-	681,187	624,687	681,187	624,687
Fairfield complex	-	-	280,043	280,094	280,043	280,094
Total expenditures	<u>20,133,548</u>	<u>20,099,373</u>	<u>1,704,191</u>	<u>1,445,003</u>	<u>21,837,739</u>	<u>21,544,376</u>
Increase before transfers	15,333,433	15,107,813	1,594,271	1,207,675	16,927,704	16,315,488
Transfers	(195,000)	(245,000)	195,000	245,000	-	-
Increase in net position	<u>\$15,138,433</u>	<u>\$14,862,813</u>	<u>\$1,789,271</u>	<u>\$1,452,675</u>	<u>\$16,927,704</u>	<u>\$16,315,488</u>

During 2012, total revenues for combined governmental and business-type activities were 42% direct program revenues and 58% general revenues. This is a 2% shift from general revenues to program revenues compared to the prior year.

- The major program revenues for governmental activities were as follows:
  - ❖ Charges for services were 13% of total revenues. Sources of this revenue are charges for permits, fees, fines, goods and services. A significant portion of this revenue is Treasurer's fees, Public Trustee activity, Clerk fees and impact fees.
  - ❖ Operating grants and contributions were 15% of total revenues. Major funding came from State shared Highway Users Taxes of \$2.8 million. Federal and state grants are significant revenue sources for operations of Social Services, Public Health and senior nutrition totaling more than \$2.1 million.
  - ❖ Capital grants and contributions were 11% of total revenues. The majority of this revenue was for airport projects funded by a combination of federal and state aviation grants, state funding for design of a new intersection at CR5 & SH64, and a federal grant that funded a portion of the radio tower project.
- The major program revenues for business-type activities were:
  - ❖ Charges for services were 79% of total revenues for 2012 as compared to 67% of total revenues for 2011. The majority of revenues for each business-type activity are charges for the specific products and/or services for which the fund was established, the landfill being \$2.4 million.
  - ❖ Operating grants and contributions were 2% of total revenues. The Weed and Pest Control Fund received \$22,291 while the Fairfield Complex Fund received \$30,000.
  - ❖ Capital grants and contributions were 1% of total revenues. The Fairfield Complex Fund received \$30,000.
- All general revenues except for those collected on behalf of two pest control districts of \$613,556 were credited to governmental activities. A transfer of \$100,000 was made from the Use Tax Fund to the Weed and Pest Control Fund, a transfer of \$65,000 was made from the General Fund to the Fairfield Complex Fund, and a 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. The contribution of the General Fund to the Fairfield Complex Fund is less than it had been in previous years because rent of \$82,709 was paid for the space the county government offices occupy in the community center.

The major sources of general revenues for 2012 were:

- ❖ Property taxes were 31% of total revenues (vs. 28% for 2011), 54% of general revenues (vs. 45% for 2011).
- ❖ Other taxes included \$2,779,675 of sales tax (vs. \$3,467,931 for 2011) and \$925,613 of use tax (vs. \$1,088,912 for 2011). These two taxes were 17% of general revenues (vs. 20% for 2011).
- ❖ All other general revenues combined were 30% of general revenues (vs. 36% for 2011). The sources of these revenues were: investment earnings \$195,143, Mineral Leasing revenue \$3,079,064, Payment in Lieu of Taxes \$508,911, Severance Taxes \$624,240, and \$2,154,680 of miscellaneous revenues which included \$1,630,378 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 \$20,133,548 of expenditures for governmental activities (an increase of \$34,175 over 2011) and \$1,704,191 of expenses for business-type activities (an increase of \$259,188 over 2011). Of the total expenditures 92% were for governmental activities and 8% for business-type activities.

- The percentage of total County expenses for each type of governmental activity is:
  - ❖ 24% – Governmental
  - ❖ 15% – Health and welfare
  - ❖ 3% – Intergovernmental
  - ❖ 18% – Judicial and public safety
  - ❖ 39% – Public works
  - ❖ 1% – Recreation and culture

- The percentage of total County expenses for each business-type activity is:
  - ❖ 44% – Solid Waste Landfill
  - ❖ 40% – Weed and Pest Control (includes activity of two pest control districts)
  - ❖ 16% – Fairfield Complex (Community Center)
- During 2012 the County’s combined business-type activities earned income of \$1,594,271 from normal operations. This is a 32% increase when compared to the combined income in 2011 of \$1,207,675.

## FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

Rio Blanco County uses fund accounting to ensure and demonstrate 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 resources. Such information is useful in assessing the County’s financing requirements.

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. “Nonspendable” is for those resources that are not in the form of cash. “Restricted” can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. “Committed” 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 operation of the Road & Bridge Fund, the Social Services Fund and the Public Health Fund. “Assigned” are intended uses by the government for specific purposes that do not meet the criteria to be classified as either 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” is the last category. 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.

As of the end of 2012, the combined ending fund balance of Rio Blanco County’s governmental funds was \$72,189,363, an increase of 2% (\$1,331,768) over the prior year. 1.3% is nonspendable, 31.0% restricted, 11.1% is committed, 30.0% is assigned and 26.6% is unassigned. Rio Blanco County had no governmental funds reporting negative unassigned fund balances at December 31, 2012.

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 \$20,808,833 at December 31, 2012. This was a 0% change from 2011. 92% or \$19,182,382 of the total balance was unassigned. 4% or \$814,945 was assigned for projects from electric sales taxes and to cover budgeted deficit spending in 2013. 3% or \$724,394 was reserved for emergencies in compliance with Title-X of the Colorado constitution, and \$87,112 was nonspendable in the form of inventories and prepaids. The General Fund transferred \$780,134 to the Capital Improvement Plan Fund in 2012 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 233% of the General Fund expenditures for the year ended December 31, 2012. This ratio indicates funds for expenditures for approximately twenty-seven months were available at December 31, 2012 vs. twenty-four months at the end of 2011. 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, 2012:

a. **Working Capital: \$19,997,327**

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) **5.4:1**

**Modified Current Ratio** (current assets less property tax accrual and less long-term prepaid expenses divided by current liabilities less property tax deferral) **123.7:1**. 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. The district was dissolved by the end of 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 prior to dissolution, 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). The FML District made grants to each town and the county for projects in 2012 with all of the fund balance at December 31, 2011 being distributed by December 31, 2012.

The FML District has to be shown as a separate special revenue fund until it has no activity and can be eliminated.

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, 2012 was \$7,580,826. Of the total fund balance: 11% was invested in inventory, 3% was held for future Federal Forest Reserve Title III projects, 30% was assigned to cover budgeted deficit spending, and the remaining 56% committed to the general purpose of the fund.

The fund balance increased \$3,587,449 over the prior year. \$3,079,064 was Federal Mineral Leasing revenues set aside in 2012 for two specific projects in 2013. The balance of the increase of \$508,385 was generated by a greater portion of the County's mills being allocated to Road and Bridge for the third year in a row to increase minimum working capital in this fund from three months to six months.

The total of committed fund balances was 61% of the 2012 expenditures. This could provide working capital (in addition to inventory) for seven 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 some 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, 2012 was \$9,441,230. This was an increase of \$1,920,475 over 2011. 72% of the fund balance is assigned for future capital projects. 26% 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 each year since by the payment of refunds and the expiration of opportunity to file claims (resulting in \$2,186,440 of recognized revenue in 2010, \$3,017,155 in 2011 and \$1,630,378 in 2012, previously recorded as part of the total expense recorded in 2009).

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 \$18,620,186 is restricted by statute for capital improvement projects. None of the fund balance is committed to awards outstanding as of December 31, 2012. The fund balance increased by \$528,420 in 2012 due to the direct distribution of severance tax revenues of \$624,240 being directed to this fund to help return the principal to the approximate \$20 million the fund was originally formed with.

Prior to 2012, premiums paid or discounts received on the purchase of U.S. Treasury Notes were recognized at maturity as the timing was considered immaterial. Due to the size of premiums paid on more recent purchases, the method of accounting was changed in 2012 to amortize premiums and/or discounts over the number of months held. This resulted in recognition of net premiums on notes that matured in 2012 plus a portion of net premiums on notes that will mature in future years.

During the year 2012, actual interest earnings excluding premiums/discounts was \$137,048, and \$120,000 in grants were paid out. Future grants are dependent on future investment earnings. Due to the state of the economy the amount of annual grants has dropped significantly (\$799,000 in 2009, \$313,000 in 2010, \$136,000 in 2011).



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, 2012 was \$2,367,546 (as compared to \$5,422,544 in 2011). The decrease of \$3,054,998 is mainly related to \$5.9 million in two road construction projects on CR5. A grant received from the Federal Mineral Leasing District was combined with available impact fees to make doing both projects in 2012 possible.

There are three capital categories these funds can be expended in: Administrative, Law Enforcement and Road and Bridge. In 2012, the County also utilized \$814,006 of the Road and Bridge funds on continued planning and engineering for improvements to County Road 5 (mostly on the design of the CR5 & SH64 intersection). The County also used about \$11,500 of the Administrative and Law Enforcement funds on preliminary design efforts for the courthouse remodel and new justice center.

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, 2012 was \$334,789 (as compared to \$624,096 in 2011). 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 \$4.0 million to the Capital Improvement Plan Fund in 2012 to fund larger projects (Treasurer’s fees in excess of \$210,000 on all property tax collections were paid by the Capital Expenditures Fund before transfer to the Capital Improvement Plan Fund).

During 2012, a number of projects were completed at Columbine Park including a fan installed in the quonset barn for \$9,228, a sound system was installed for arena events for \$26,526, the announcer’s booth was replaced for \$55,754, and a horse stall barn was built for \$201,835. This fund also purchased combination DTR radios for Sheriff vehicles for \$47,283, purchased a trailer for Search and Rescue at \$30,883, completed a court security enhancement for \$2,968, and purchased equipment for the Meeker Area Network (MAN) Disaster Recovery Center (DRC) for \$38,852. And, this fund paid for new siding on the Radino building at \$35,445 and new roofing on the museum center building at \$28,581.

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, 2012 was \$11,477,589 (as compared to \$10,110,776 in 2011).

2012 projects included: design was completed for a geothermal system at the courthouse for \$44,072; additional fixtures were installed in the bathrooms and the concession stand fitted at the multi-purpose building at the Meeker Fairgrounds for \$10,320; planning continued on a bridge on CR 10 for \$5,558; construction of towers for a DTR 800 radio system continued for an additional \$2,843,518 (with the help of a FEMA grant); the Meeker airport finished the design/bidding phase on the runway reconstruction for \$149,622 and construction began for \$3,328,000 (both have grants from the US Department of Transportation/Federal Aviation Administration and the Colorado Department of Transportation); a parcel was purchased for the runway protection zone at the Meeker airport for \$213,530 (with a grant from CDOT also); design of the Rangely airport automated weather observation system (AWOS) was completed at \$26,980; and work began to replace two obstruction lights at the Rangely airport for \$1,397; and, DTR radios were purchased for fleet vehicles and equipment for \$217,125.

**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.

The County has one major proprietary fund – the *Solid Waste Landfill Fund*. 2012 is the first year the Solid Waste Landfill is classified as a major fund which is due to its growing total assets from the collection of commercial user fees. The fund balance in the Solid Waste Landfill at December 31, 2012 was \$5,134,814 (as compared to \$3,448,558 in 2011).

## BUDGETARY HIGHLIGHTS

The County’s budget was prepared in compliance with the State of Colorado statutes. In December of 2011, the Rio Blanco County Commissioners budgeted total expenditures (including transfers out) of \$64,832,765 for 2012. During 2012 supplemental budgets were approved, increasing the budgeted expenditures by \$6,239,190 to \$71,071,955. At year end, 65% of the total budget was utilized, or \$46,000,976.

The original budget for the General Fund was \$11,908,375 and it was increased by amendments of \$310,500 for a final budget of \$12,218,875. The majority of the increase is attributable to incorporating the activity of the Public Trustee’s bank account into the County’s budget for which equal offsetting revenues were also added.

	Original Budget	Amendments	Final Budget	Actual	%	Variance (Under)/Over
<b>Revenues &amp; Transfers In</b>						
General	\$ 8,871,570	\$ 347,000	\$ 9,218,570	\$ 9,583,261	104%	\$ 364,691
Federal Mineral Lease District	0	0	0	0	0%	0
Road and Bridge	7,975,079	3,229,064	11,204,143	11,166,972	100%	(37,171)
Use Tax	2,472,334	0	2,472,334	2,683,879	109%	211,545
County Capital Imp. Trust	120,000	624,240	744,240	649,119	87%	(95,121)
Impact Fee Trust	1,448,991	2,640,635	4,089,626	3,646,670	89%	(442,956)
Capital Expenditure	4,376,049	154,000	4,530,049	4,400,927	97%	(129,122)
Capital Improvement Plan	20,434,705	0	20,434,705	8,221,269	40%	(12,213,436)
Social Services	2,217,456	0	2,217,456	2,085,794	94%	(131,662)
Public Health	589,470	0	589,470	495,263	84%	(94,207)
Conservation Trust	9,520	0	9,520	9,143	96%	(377)
Contingent	0	0	0	0	0%	0
Solid Waste Landfill	625,000	1,225,510	1,850,510	2,429,217	131%	578,707
Weed and Pest Control	908,651	0	908,651	816,799	90%	(91,852)
Fairfield Complex	249,709	178,000	427,709	247,446	58%	(180,263)
Central Services	131,890	0	131,890	122,113	93%	(9,777)
Fleet Management	2,747,986	0	2,747,986	2,603,215	95%	(144,771)
	<u>\$ 53,178,410</u>	<u>\$ 8,398,449</u>	<u>\$ 61,576,859</u>	<u>\$ 49,161,087</u>	<u>80%</u>	<u>\$ (12,415,772)</u>
<b>Expenditures &amp; Transfers Out</b>						
General	\$ 11,908,375	\$ 310,500	\$ 12,218,875	\$ 9,589,078	78%	\$ (2,629,797)
Federal Mineral Lease District	0	2,725,635	2,725,635	2,725,635	100%	0
Road and Bridge	8,316,429	154,500	8,470,929	7,579,524	89%	(891,405)
Use Tax	808,062	8,000	816,062	763,404	94%	(52,658)
County Capital Imp. Trust	121,197	0	121,197	120,698	100%	(499)
Impact Fee Trust	6,204,887	2,640,635	8,845,522	6,701,669	76%	(2,143,854)
Capital Expenditure	4,816,961	185,330	5,002,291	4,690,234	94%	(312,057)
Capital Improvement Plan	24,514,421	(31,330)	24,483,091	6,854,456	28%	(17,628,635)
Social Services	2,564,754	0	2,564,754	2,129,189	83%	(435,565)
Public Health	602,099	0	602,099	454,820	76%	(147,279)
Conservation Trust	30,000	0	30,000	1,823	6%	(28,177)
Contingent	100,000	0	100,000	0	0%	(100,000)
Solid Waste Landfill	631,269	110,919	742,188	742,961	100%	773
Weed and Pest Control	775,736	111,000	886,736	681,187	77%	(205,549)
Fairfield Complex	247,134	0	247,134	280,043	113%	32,909
Central Services	262,780	24,000	286,780	241,979	84%	(44,801)
Fleet Management	2,928,661	0	2,928,661	2,444,274	83%	(484,387)
	<u>\$ 64,832,765</u>	<u>\$ 6,239,190</u>	<u>\$ 71,071,955</u>	<u>\$ 46,000,976</u>	<u>65%</u>	<u>\$ (25,070,979)</u>

In general, Rio Blanco County budgets revenue conservatively and includes additional expenditures (like contingency) to prevent budget law violations and to insure adequate fund balance (and cash) availability. Both revenues and expenditures can be significantly impacted by capital projects. Capital projects are normally budgeted in full to insure the County's match has been fully appropriated, but some projects cannot be completed in one year. Unused expenditures and related grant reimbursements are rebudgeted in the following year. In 2012, there was significant capital carryover to 2013 related to the Meeker airport runway reconstruction, the DTR radio towers, the CR10 bridge and the design of a new justice center that are all reflected as budget variances in the Capital Improvement Plan Fund.

## CAPITAL ASSET AND DEBT ADMINISTRATION

The County's capital assets at December 31, 2012 are presented in the following table.

	Governmental Activities	Business Type Activities	Total
Land	\$ 1,378,576	\$ 303,605	\$ 1,682,181
Land improvements	964,845	398,382	1,363,226
Buildings and building improvements	4,380,038	2,355,676	6,735,714
Equipment and furniture	4,788,372	598,586	5,386,959
Infrastructure	8,314,087	-	8,314,087
Construction-in-progress	12,633,564	-	12,633,564
	<u>\$ 32,459,482</u>	<u>\$ 3,656,249</u>	<u>\$ 36,115,731</u>

None of the above capital assets have any associated debt as of December 31, 2012.

Rio Blanco County uses the modified approach to account for infrastructure and, since the modified approach does not require depreciation of these assets, the County committed to preserving and maintaining eligible road and bridge assets at a level of 5 on a scale of 1 to 10 with 10 being very good. All of the eligible assets are fairly new and normal use has not yet brought any of them near to a rating of 5 (no amounts have been estimated to prevent ratings from dropping below a 5).

## FUTURE SIGNIFICANCE

Property tax accounted for 31% of the County's total revenues in 2012. This source of revenue increased 19% or \$1,892,193 over 2011, and also increased as a percentage of total revenues by 4%. Property valuations in the oil and gas industry within the County are fluctuating. Oil and gas was 57% of total assessed value in 2011, and increased to 60% in 2012. Industrial valuations had been 25% of total assessed value in 2011, and decreased to 23% in 2012. Together, at 82% in 2011 and 83% in 2012, these two classifications have a significant impact on County property tax revenues. The preliminary certification of values for 2013 that will be the basis for the revenues collected in 2014 will not be distributed until late August; thus expected decline cannot yet be quantified.

Sales taxes decreased 20% in 2012 after a 17% decline in 2011. Use taxes also decreased in 2012 by 15%. Transactions recorded up through May of 2013 shows further declines in both of these revenue streams of 57% and 20% respectively.

Impact fees decreased by 32% in 2012, after declines of 36% in 2011 and 37% in 2010. Transactions recorded up through May of 2013 show a further decline of 34%.

The federal government has announced "sequester" impacts of approximately 5%. The County has been warned Forest Service distributions (under the Secure Rural Schools program), payment-in-lieu of taxes, and federal mineral leasing could be impacted.

After being suspended for 2010 and 2011, in late 2012 the Department of Local Affairs began accepting grant applications for the Energy and Mineral Impact Assistance Fund (the state's share of federal mineral leasing and severance tax revenues). The County applied for a \$1 million grant for an overlay on CR24, was awarded the full amount and signed the agreement.

In these uncertain economic times, Rio Blanco County's management remains conservative. There were no cost of living increases in 2010, 2011 or 2012. A 2% adjustment was made in January 2013. Departments have been managing within flat budgets from year-to-year. The budgets for 2013 operations are also "flat".

In 2013, planning will continue for the needed Criminal Justice facility and courthouse remodel. The Meeker Airport will continue runway reconstruction and begin construction of a new apron. The development of DTR 800 radio tower sites should be complete by year's end. After several years of planning and engineering, focus remains on projects along County Road 5 -- efforts continue to leverage impact fees and other County revenues to secure additional grants for these projects. The CR10 bridge has been in the works for several years and is planned for construction. New software implementation in the offices of the Assessor and the Treasurer started in 2010 and was completed in early 2013. Updates to information systems began in 2012 and continue in 2013.

In 2012, the Wray Gulch landfill continued to receive considerable amounts of commercial user fee revenue. If special waste generators find a successful alternate method of disposal, these revenues would be expected to decline. Final closure of the Rangely landfill is expected to be certified by the state in 2013.

## **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.

## ***BASIC FINANCIAL STATEMENTS***



**RIO BLANCO COUNTY, COLORADO**  
**STATEMENT OF NET POSITION**  
**December 31, 2012**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 72,770,049	\$ 5,426,897	\$ 78,196,946
Property taxes receivable	12,517,762	707,969	13,225,731
Other receivables	334,441	296,888	631,329
Due from other governmental units	1,491,722	190	1,491,912
Prepays and deposits	258,749	-	258,749
Inventories	1,137,749	56,360	1,194,109
Capital assets, net	32,459,482	3,656,250	36,115,732
Total assets	120,969,954	10,144,554	131,114,508
<b>LIABILITIES</b>			
Accounts payable	1,090,376	17,621	1,107,997
Due to other governmental units	346,314	-	346,314
Deferred revenue	12,657,665	711,441	13,369,106
Long-term liabilities			
Due more than one year:			
Compensated absences	454,993	22,715	477,708
Closure and postclosure care	-	135,057	135,057
Total liabilities	14,549,348	886,834	15,436,182
<b>NET POSITION</b>			
Invested in capital assets, net of debt	32,459,482	3,656,250	36,115,732
Restricted	22,425,619	729,455	23,155,074
Unrestricted	51,535,505	4,872,015	56,407,520
Total net position	\$ 106,420,606	\$ 9,257,720	\$ 115,678,326

See accompanying notes to the basic financial statements.

**RIO BLANCO COUNTY, COLORADO**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Fees	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 4,773,967	\$ 3,159,669	\$ -	\$ -
Health and welfare	3,059,521	27,696	2,111,408	-
Intergovernmental - Grants, etc.	504,494	87,580	-	-
Judicial and public safety	3,665,974	278,491	35,535	218,954
Public works	7,928,873	1,200,501	3,054,228	3,523,116
Recreation and culture	200,719	28,619	9,129	-
<b>Total governmental activities</b>	<b>20,133,548</b>	<b>4,782,556</b>	<b>5,210,300</b>	<b>3,742,070</b>
Business-type activities:				
Solid Waste Landfill	742,961	2,429,217	-	-
Weed and Pest Control	681,187	80,952	22,291	-
Fairfield Complex	280,043	92,446	60,000	-
<b>Total business type activities</b>	<b>1,704,191</b>	<b>2,602,615</b>	<b>82,291</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 21,837,739</b>	<b>\$ 7,385,171</b>	<b>\$ 5,292,591</b>	<b>\$ 3,742,070</b>

General revenues:
Taxes:
Property
Sales
Use
Specific ownership
Other
Unrestricted investment earnings
Federal - unrestricted
Other general revenues
Gain/(loss) on disposition of assets
Transfers in/(out) -- internal activities
<b>Total general revenues and transfers</b>
Changes in net position
<b>Net position, January 1</b>
<b>Net position, December 31</b>

See accompanying notes to the basic financial statements.



<b>Net (Expense)/Revenue and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,614,298)	\$ -	\$ (1,614,298)
(920,417)	-	(920,417)
(416,914)	-	(416,914)
(3,132,994)	-	(3,132,994)
(151,028)	-	(151,028)
(162,971)	-	(162,971)
(6,398,622)	-	(6,398,622)
-	1,686,256	1,686,256
-	(577,944)	(577,944)
-	(127,597)	(127,597)
-	980,715	980,715
(6,398,622)	980,715	(5,417,907)
11,481,002	597,284	12,078,286
2,779,675		2,779,675
925,613		925,613
320,770	16,241	337,011
635,371	31	635,402
195,143		195,143
3,689,760		3,689,760
1,720,270		1,720,270
(15,549)	-	(15,549)
(195,000)	195,000	-
21,537,055	808,556	22,345,611
15,138,433	1,789,271	16,927,704
91,282,173	7,468,449	98,750,622
\$ 106,420,606	\$ 9,257,720	\$ 115,678,326

See accompanying notes to the basic financial statements.

**RIO BLANCO COUNTY, COLORADO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2012**

	<b>Major Special Revenue Funds</b>			
	<b>General Fund</b>	<b>Federal Mineral Lease District</b>	<b>Road and Bridge Fund</b>	<b>Use Tax Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,562,106	\$ -	\$ 6,644,050	\$ 9,192,124
Taxes receivable	4,564,488	-	4,841,123	-
Accrued interest receivable	8,594	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	307,994	-	103,236	9,535
Other receivables	17,170	-	21,205	245,208
Inventories	18,105	-	813,030	-
Prepays and deposits	69,007	-	20,742	-
<b>Total assets</b>	<b>\$ 25,547,464</b>	<b>\$ -</b>	<b>\$ 12,443,386</b>	<b>\$ 9,446,867</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 169,193	\$ -	\$ 21,437	\$ 5,637
Due to other funds	-	-	-	-
Due to other governmental units	-	-	-	-
Deferred revenue	4,569,438	-	4,841,123	-
<b>Total liabilities</b>	<b>4,738,631</b>	<b>-</b>	<b>4,862,560</b>	<b>5,637</b>
Fund balances:				
Nonspendable	87,112	-	833,772	-
Restricted	724,394	-	224,569	-
Committed	-	-	4,220,769	2,476,710
Assigned	814,945	-	2,301,716	6,964,520
Unassigned	19,182,382	-	-	-
<b>Total fund balances</b>	<b>20,808,833</b>	<b>-</b>	<b>7,580,826</b>	<b>9,441,230</b>
<b>Total liabilities and fund balances</b>	<b>\$ 25,547,464</b>	<b>\$ -</b>	<b>\$ 12,443,386</b>	<b>\$ 9,446,867</b>

See accompanying notes to the basic financial statements.

<b>Major Capital Projects Funds</b>					
<b>County Capital Improvement Trust Fund</b>	<b>Impact Fee Trust Fund</b>	<b>Capital Expenditure Fund</b>	<b>Capital Improvement Plan Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 18,595,971	\$ 2,306,720	\$ 333,441	\$ 11,799,393	\$ 1,575,905	\$ 71,009,710
-	-	2,351,403	-	760,748	12,517,762
24,215	-	-	-	-	32,809
-	-	-	-	-	-
-	87,730	1,348	508,517	473,362	1,491,722
-	4,646	-	-	2,607	290,836
-	-	-	-	-	831,135
-	-	-	-	-	89,749
<b>\$ 18,620,186</b>	<b>\$ 2,399,096</b>	<b>\$ 2,686,192</b>	<b>\$ 12,307,910</b>	<b>\$ 2,812,622</b>	<b>\$ 86,263,723</b>
\$ -	\$ 31,550	\$ -	\$ 830,321	\$ 12,243	\$ 1,070,381
-	-	-	-	-	-
-	-	-	-	346,314	346,314
-	-	2,351,403	-	895,701	12,657,665
-	31,550	2,351,403	830,321	1,254,258	14,074,360
-	-	-	-	-	920,884
18,620,186	2,367,546	-	356,002	132,922	22,425,619
-	-	-	-	1,283,810	7,981,289
-	-	334,789	11,121,587	141,632	21,679,189
-	-	-	-	-	19,182,382
<b>18,620,186</b>	<b>2,367,546</b>	<b>334,789</b>	<b>11,477,589</b>	<b>1,558,364</b>	<b>72,189,363</b>
<b>\$ 18,620,186</b>	<b>\$ 2,399,096</b>	<b>\$ 2,686,192</b>	<b>\$ 12,307,910</b>	<b>\$ 2,812,622</b>	<b>\$ 86,263,723</b>

See accompanying notes to the basic financial statements.

**RIO BLANCO COUNTY, COLORADO  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO THE STATEMENT OF NET POSITION  
December 31, 2012**

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<b>Total governmental fund balances</b>	\$ 72,189,363
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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.	28,678,988
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Long-term liabilities and compensated absences, are not due and payable in the current period and therefore are not reported in the governmental funds.	(419,113)
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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.	<u>5,971,368</u>
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<b>Net position of governmental activities</b>	<u><u>\$ 106,420,606</u></u>
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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, 2012**

	<b>Major Special Revenue Funds</b>			
	<b>General Fund</b>	<b>Federal Mineral Lease District</b>	<b>Road and Bridge Fund</b>	<b>Use Tax Fund</b>
<b>REVENUES</b>				
Property taxes	\$ 2,402,279	\$ -	\$ 4,440,168	\$ -
Specific ownership taxes	67,346	-	124,057	-
Sales taxes	2,779,675	-	-	-
Use taxes	-	-	-	925,613
Other taxes	(8,039)	-	(12,132)	-
Intergovernmental revenues	666,735	-	6,104,194	54,746
Licenses and permits	67,265	-	-	-
Charges for services	635,127	-	-	31,796
Interest earnings	119,328	-	-	39,177
Fees, fines and forfeits	2,757,104	-	112,843	-
Inter-fund charges	-	-	244,751	-
Miscellaneous	96,441	-	153,092	1,632,548
Total revenues	9,583,261	-	11,166,973	2,683,880
<b>EXPENDITURES</b>				
Current:				
General government	4,188,796	-	-	97,976
Judicial and public safety	3,685,841	-	-	-
Health and welfare	61,769	-	-	378,501
Recreation and culture	59,942	-	-	64,328
Intergovernmental (Grants, etc)	91,894	200,000	-	92,600
Public Works	182,776	-	7,579,524	-
Capital outlay	317,927	-	-	-
Total expenditures	8,588,945	200,000	7,579,524	633,405
Excess (deficiency) of revenues over expenditures	994,316	(200,000)	3,587,449	2,050,475
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers in	-	-	-	-
Transfers out	(999,134)	(2,525,635)	-	(130,000)
Transfers in/(out) from/to int. service funds	(1,000)	-	-	-
Total other financing sources/(uses)	(1,000,134)	(2,525,635)	-	(130,000)
Net change to fund balance	(5,818)	(2,725,635)	3,587,449	1,920,475
Fund balance, January 1	20,814,651	2,725,635	3,993,377	7,520,755
Fund balance, December 31	\$ 20,808,833	\$ -	\$ 7,580,826	\$ 9,441,230

See accompanying notes to the basic financial statements.

<b>Major Capital Projects Funds</b>					
<b>County Capital Improvement Trust Fund</b>	<b>Impact Fee Trust Fund</b>	<b>Capital Expenditure Fund</b>	<b>Capital Improvement Plan Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 4,137,650	\$ -	\$ 500,905	\$ 11,481,002
-	-	115,201	-	14,167	320,771
-	-	-	-	-	2,779,675
-	-	-	-	-	925,613
-	-	(8,891)	-	(2,279)	(31,341)
624,240	297,968	2,968	3,441,135	2,034,490	13,226,476
-	-	-	-	9,744	77,009
-	-	-	-	11,052	677,975
24,879	11,745	-	-	15	195,144
-	811,322	-	-	5,700	3,686,969
-	-	-	-	-	244,751
-	-	-	-	16,406	1,898,487
<u>649,119</u>	<u>1,121,035</u>	<u>4,246,928</u>	<u>3,441,135</u>	<u>2,590,200</u>	<u>35,482,531</u>
698	10,457	212,868	14,334	-	4,525,129
-	-	-	-	-	3,685,841
-	-	41,256	-	2,584,009	3,065,535
-	-	28,581	-	1,823	154,674
120,000	-	-	-	-	504,494
-	-	-	1,397	-	7,763,697
-	6,691,211	407,530	6,838,725	-	14,255,393
<u>120,698</u>	<u>6,701,668</u>	<u>690,235</u>	<u>6,854,456</u>	<u>2,585,832</u>	<u>33,954,763</u>
528,421	(5,580,633)	3,556,693	(3,413,321)	4,368	1,527,768
-	2,525,635	154,000	4,780,134	-	7,459,769
-	-	(4,000,000)	-	-	(7,654,769)
-	-	-	-	-	(1,000)
-	2,525,635	(3,846,000)	4,780,134	-	(196,000)
528,421	(3,054,998)	(289,307)	1,366,813	4,368	1,331,768
18,091,765	5,422,544	624,096	10,110,776	1,553,996	70,857,595
<u>\$ 18,620,186</u>	<u>\$ 2,367,546</u>	<u>\$ 334,789</u>	<u>\$ 11,477,589</u>	<u>\$ 1,558,364</u>	<u>\$ 72,189,363</u>

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, 2012**

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**Net change in fund balances - total governmental funds** \$ 1,331,768

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	14,281,725	
Depreciation expense	(519,653)	
Excess of capital outlay over depreciation and other adjustments		13,762,070

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations and dispositions) is to decrease net assets	(15,549)
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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	21,071
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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.	39,073
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<b>Change in net position of governmental activities</b>	<b>\$ 15,138,433</b>
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See accompanying notes to the basic financial statements.



**RIO BLANCO COUNTY, COLORADO**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**December 31, 2012**

	<b>Business-type Activities</b>			<b>Governmental</b>
	<b>Solid Waste Landfill Fund</b>	<b>Non-major Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 4,410,687	\$ 1,016,210	\$ 5,426,897	\$ 1,760,339
Taxes receivable	-	707,969	707,969	-
Due from other governmental units	-	190	190	-
Other receivables	295,363	1,525	296,888	10,794
Inventories	-	56,360	56,360	306,614
Prepays and deposits	-	-	-	169,000
<b>Total current assets</b>	<b>4,706,050</b>	<b>1,782,254</b>	<b>6,488,304</b>	<b>2,246,747</b>
Noncurrent assets:				
Capital assets:				
Land	33,395	270,210	303,605	-
Buildings, improvements, equipment, net	551,906	2,800,739	3,352,645	3,780,493
<b>Total noncurrent assets</b>	<b>585,301</b>	<b>3,070,949</b>	<b>3,656,250</b>	<b>3,780,493</b>
<b>Total assets</b>	<b>5,291,351</b>	<b>4,853,203</b>	<b>10,144,554</b>	<b>6,027,240</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 5,544	\$ 12,077	\$ 17,621	\$ 19,992
Deferred revenue	-	711,441	711,441	-
<b>Total current liabilities</b>	<b>5,544</b>	<b>723,518</b>	<b>729,062</b>	<b>19,992</b>
Noncurrent liabilities:				
Accrued compensated absences	15,936	6,779	22,715	35,880
Closure and postclosure care	135,057	-	135,057	-
<b>Total noncurrent liabilities</b>	<b>150,993</b>	<b>6,779</b>	<b>157,772</b>	<b>35,880</b>
<b>Total liabilities</b>	<b>156,537</b>	<b>730,297</b>	<b>886,834</b>	<b>55,872</b>
<b>NET ASSETS</b>				
Invested in capital assets	585,301	3,070,949	3,656,250	3,780,492
Restricted for closure & post-closure care	729,455	-	729,455	-
Unrestricted	3,820,058	1,051,957	4,872,015	2,190,876
<b>Total net assets</b>	<b>\$ 5,134,814</b>	<b>\$ 4,122,906</b>	<b>\$ 9,257,720</b>	<b>\$ 5,971,368</b>

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, 2012**

	Business-type Activities			Governmental
	Solid Waste Landfill Fund	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues:				
Property taxes	\$ -	\$ 597,284	\$ 597,284	\$ -
Specific ownership taxes	-	16,241	16,241	-
Other taxes	-	32	32	-
Charges for services	2,429,217	173,397	2,602,614	2,639,017
Grants and private contributions	-	61,987	61,987	-
Intergovernmental revenues	-	20,304	20,304	-
<b>Total operating revenues</b>	<b>2,429,217</b>	<b>869,245</b>	<b>3,298,462</b>	<b>2,639,017</b>
Operating expenses:				
Personnel	210,554	149,080	359,634	503,402
Supplies	11,463	176,514	187,977	946,631
Purchased services	33,036	406,276	439,312	126,449
Special dues, permits and fees	25,906	-	25,906	-
Closure and post-closure costs	123,099	-	123,099	-
Rent and utilities	5,613	31,517	37,130	48,136
Repairs and maintenance	-	29,364	29,364	18,250
Insurance and claims	-	-	-	110,726
Amortization	-	-	-	24,000
Interdepartmental charges	221,998	64,803	286,801	19,617
Depreciation	56,862	103,676	160,538	889,046
<b>Total operating expenses</b>	<b>688,531</b>	<b>961,230</b>	<b>1,649,761</b>	<b>2,686,257</b>
<b>Operating income/(loss)</b>	<b>1,740,686</b>	<b>(91,985)</b>	<b>1,648,701</b>	<b>(47,240)</b>
Nonoperating revenues/(expenses):				
Capital contributed revenue	-	-	-	85,313
Capital contributed expense	(54,430)	-	(54,430)	-
<b>Total nonoperating revenues/(expenses)</b>	<b>(54,430)</b>	<b>-</b>	<b>(54,430)</b>	<b>85,313</b>
Income/(loss) before transfers in/(out)	1,686,256	(91,985)	1,594,271	38,073
Transfers in/(out)	-	195,000	195,000	1,000
<b>Change in net assets</b>	<b>1,686,256</b>	<b>103,015</b>	<b>1,789,271</b>	<b>39,073</b>
Total net assets, January 1	3,448,558	4,019,891	7,468,449	5,932,295
<b>Total net assets, December 31</b>	<b>\$ 5,134,814</b>	<b>\$ 4,122,906</b>	<b>\$ 9,257,720</b>	<b>\$ 5,971,368</b>

See accompanying notes to the basic financial statements.

**RIO BLANCO COUNTY, COLORADO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2012**

	<b>Business-type Activities</b>			<b>Governmental</b>
	<b>Solid Waste Landfill Fund</b>	<b>Non-major Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from external customers	\$ 2,343,973	\$ 748,091	\$ 3,092,064	\$ 111,707
Cash received from internal customers	12,000	123,444	135,444	2,526,437
Cash payments to external suppliers for goods and services	(255,033)	(627,824)	(882,857)	(1,261,965)
Cash payments to internal suppliers for goods and services	(221,998)	(64,803)	(286,801)	(19,617)
Cash payments to employees for services	(211,712)	(156,270)	(367,982)	(507,579)
Net cash provided/(used) by operating activities	1,667,230	22,638	1,689,868	848,983
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	195,000	195,000	1,000
Net cash provided by noncapital financing activities	-	195,000	195,000	1,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of fixed assets	-	-	-	(715,044)
Proceeds from disposal of assets	-	-	-	75,109
Net cash (used) by capital and related financing activities	-	-	-	(639,935)
Net increase/(decrease) in cash and equivalents	1,667,230	217,638	1,884,868	210,048
Cash balances, January 1	2,743,457	798,572	3,542,029	1,550,291
Cash balances, December 31	\$ 4,410,687	\$ 1,016,210	\$ 5,426,897	\$ 1,760,339
<b>Reconciling of operating income/(loss) to net cash provided/(used) by operating activities:</b>				
Operating income/(loss)	\$ 1,740,686	\$ (91,985)	\$ 1,648,701	\$ (47,240)
Adjustments to reconcile operating income/(loss) to net Cash provided/(used) by operating activities:				
Depreciation expense	56,862	103,676	160,538	889,046
Miscellaneous nonoperating revenues/(expenses)	(54,430)	-	(54,430)	-
Assets (increase)/decrease:				
Taxes receivable	-	(707,969)	(707,969)	-
Other receivables	(73,244)	(1,125)	(74,369)	(873)
Due from other governments	-	(57)	(57)	-
Inventories	-	6,600	6,600	(6,600)
Prepays and deposits	-	-	-	23,400
Liabilities increase/(decrease):				
Accounts payable	(8,527)	9,247	720	(4,573)
Deferred revenue	-	711,441	711,441	-
Accrued compensated absences	(1,158)	(7,190)	(8,348)	(4,177)
Closure and postclosure care	7,041	-	7,041	-
Total adjustments	(73,456)	114,623	41,167	896,223
Net cash provided/(used) by operating activities	\$ 1,667,230	\$ 22,638	\$ 1,689,868	\$ 848,983

See accompanying notes to the basic financial statements.

**RIO BLANCO COUNTY, COLORADO**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
**December 31, 2012**

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Treasurer's agency funds	\$ 262,390
Sheriff's inmate balances	<u>1,152</u>
Cash and investments	<u><u>\$ 263,542</u></u>

Due to other governments	\$ 262,390
Due to inmates	<u>1,152</u>
Due to other governments	<u><u>\$ 263,542</u></u>

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See accompanying notes to the basic financial statements.

***NOTES TO THE FINANCIAL STATEMENTS***

Rio Blanco County, Colorado  
**Notes to Basic Financial Statements**  
December 31, 2012

**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 6,500. 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, 2012, Rio Blanco County's total taxable assessed valuation was approximately \$1.38 billion. Of this, approximately \$1.07 million (or 77%) was owned by ten taxpayers: Enterprise Gas Processing LLC, \$280 million; Chevron U. S. A., Inc., \$268 million; ExxonMobil Oil Corp., \$168 million; Willow Creek, \$97 million; WPX Energy, \$81 million; Merit Energy Co., \$57 million; Encana Oil & Gas (USA), Inc., \$56 million; Bargath, LLC, \$27 million; Blue Mountain Energy, Inc., \$21 million; and, Rockies Express Pipeline, \$18 million.

Approximately 60% of the County's assessed value is derived from oil and gas activities, and an additional 23% 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.

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

The government-wide financial statements (i.e., the statement of net position 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

Rio Blanco County, Colorado  
**Notes to Basic Financial Statements**  
December 31, 2012

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.
- 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.

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- 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 major proprietary funds:

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

The government reports the following fund types:

The balance of proprietary funds are considered non-major, and account for 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. Prior to 2012, discounts/premiums on purchase of U.S. Treasury Notes were considered immaterial and recognized at maturity. Beginning in 2012, due to the magnitude of some of the premiums being paid, discounts and/or premiums on U.S. Treasury Notes are amortized over the number of months held.



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*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, 65% (\$168,000) is a prepayment of costs associated with telecommunications charges paid to NC Telecom, Inc. for internet services being amortized over the next seven years, 24% (\$62,571) is an extended warranty for Motorola equipment on the Lobo DTR radio tower to cover the next five years, and 8% (\$20,742) is prepayments of royalties for gravel being extracted from a pit for road material over the next three years. The other 3% (\$7,436) is considered short term and will mostly be charged to 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 2012 for collection in 2013 are recorded in governmental funds as taxes receivable and deferred revenue as of December 31, 2012 since the amount is measurable but not available until 2013. 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 2011 and collected in 2012 are as follows:

Fund	Assessed Valuations	Mill Levy	Taxes Levied	Taxes Collected	Percent Collected
General	\$ 1,303,991,810	1.900	\$ 2,477,584	\$ 2,402,279	97.0%
Road and Bridge	1,303,991,810	3.500	4,563,971	4,440,168	97.3%
Capital Expenditures	1,303,991,810	3.250	4,237,973	4,137,650	97.6%
Social Services	1,303,991,810	0.150	195,599	184,712	94.4%
Public Health Agency	1,303,991,810	0.250	325,998	316,193	97.0%

*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,

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individual cost of more than \$5,000 and a useful life of more than one year. Infrastructure assets are not recorded as 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 the life of the asset 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, acquired subsequent to January 1, 2002, are included with other fixed assets and the disclosure provisions are shown below.

At December 31, 2012 Rio Blanco County has recognized only five items of infrastructure; three bridges and two road sections. 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 rated.
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 2012 to establish that the specified condition level (1 above) has been maintained. The assessment for 2012 provided condition assessments equal to or greater than 8 for all five items currently on the eligible asset. These high levels of condition are primarily due to the very limited use (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 (2013) is zero dollars. This estimate is included in the County's subsequent annual budget.

*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

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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 2012 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, 2012, 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. 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 2012, the County had no proceeds from the seizures of contraband.

*14. 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.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted for all funds, except agency funds, of the County. The Budget Office submits a proposed operating budget for the following calendar year to the County Commissioners prior to October 15 of each year. The budget is prepared using the modified accrual basis of accounting. The operating budget includes proposed expenditures/expenses and the anticipated revenues. As required by statute, public hearings are conducted to obtain

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citizen's comments. Prior to the levy of property tax, the budget is legally adopted through the passage of budget adoption and appropriation resolutions prior to December 15 of each year.

**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 2012, the County Commissioners adopted two supplemental appropriations 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, 2012, the carrying amount of the County's Primary Government's Funds demand account deposits were \$26,969,890 and the bank balance was \$29,469,577. Of the bank balance \$1,000,000 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 held by the Federal Reserve Bank in the account

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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.colotruster.com](http://www.colotruster.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	\$ 43,822
Demand accounts	4,032,044
ColoTrust	34,639,891
Certificates of deposit and money markets	22,937,846
Government National Mortgage Association	215
U.S. Treasury Notes	16,543,130
	<u>\$ 78,196,948</u>

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

Demand accounts	<u>\$ 262,390</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 Position 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 December 31, 2012.

**Interfund Transfers**

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

	Transfers in:						
	Impact Fee Trust Fund	Capital Expenditures Fund	Capital Improvement Plan Fund	Central Services Fund	Weed & Pest Control Fund	Fairfield Complex Fund	Transfers Total
<b>Transfers out:</b>							
General Fund	\$ -	\$ 154,000	\$ 780,134	\$ 1,000	\$ -	\$ 65,000	\$ 1,000,134
FML District	2,525,635	-	-	-	-	-	2,525,635
Capital Expenditure Fund	-	-	4,000,000	-	-	-	4,000,000
Use Tax Fund	-	-	-	-	100,000	30,000	130,000
	<u>\$ 2,525,635</u>	<u>\$ 154,000</u>	<u>\$ 4,780,134</u>	<u>\$ 1,000</u>	<u>\$ 100,000</u>	<u>\$ 95,000</u>	<u>\$ 7,655,769</u>

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**NOTE 5 - CAPITAL ASSETS**

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

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,087,713	\$ 290,863	\$ -	\$ 1,378,576
Land Improvements	24,368	-	-	24,368
Infrastructure	2,062,877	6,251,210	-	8,314,087
Construction-In-Progress	5,632,982	13,436,942	6,436,360	12,633,564
Total capital assets not being depreciated	8,807,940	19,979,015	6,436,360	22,350,594
Capital assets being depreciated:				
Land Improvements	5,391,036	-	-	5,391,036
Buildings and Improvements	6,337,953	359,992	-	6,697,945
Equipment and Furniture	11,198,911	1,179,435	690,677	11,687,669
Total capital assets being depreciated	22,927,900	1,539,427	690,677	23,776,650
Less accumulated depreciation:				
Land Improvements	4,230,479	220,080	-	4,450,559
Buildings and Improvements	2,175,933	141,973	-	2,317,906
Equipment and Furniture	6,452,670	1,046,646	600,019	6,899,297
Total accumulated depreciation	12,859,082	1,408,699	600,019	13,667,763
Total capital assets being depreciated, net	10,068,818	130,728	90,659	10,108,887
Governmental activities capital assets, net	\$ 18,876,758	\$ 20,109,743	\$ 6,527,019	\$ 32,459,482
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 303,605	\$ -	\$ -	\$ 303,605
Construction-In-Progress	-	-	-	-
Total capital assets not being depreciated	303,605	-	-	303,605
Capital assets being depreciated:				
Land Improvements	490,979	-	-	490,979
Buildings and Improvements	3,039,243	-	-	3,039,243
Equipment and Furniture	763,037	-	-	763,037
Total capital assets being depreciated	4,293,259	-	-	4,293,259
Less accumulated depreciation:				
Land Improvements	52,598	39,999	-	92,597
Buildings and Improvements	600,616	82,950	-	683,567
Equipment and Furniture	126,862	37,589	-	164,451
Total accumulated depreciation	780,077	160,538	-	940,615
Total capital assets being depreciated, net	3,513,182	(160,538)	-	3,352,644
Business-type activities capital assets, net	\$ 3,816,787	\$ (160,538)	\$ -	\$ 3,656,249

Included in equipment and furniture are several information system assets that are considered impaired, but the degree of impairment is not reasonably estimated. With personnel turnover in 2012 at the IT Director position came changes in the approach to information systems. A number of fairly new assets were removed from the primary network and are now being used for training and/or in the Data Recovery Center of the Meeker Area Network. These assets had original cost of \$119,866 and have been depreciated by \$29,560; thus, having a net book value of \$90,305.36 at December 31, 2012.

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

<b>Governmental activities:</b>				
General Government				\$ 131,144
Health and Welfare				4,894
Judicial and Public Safety				38,489
Public Works				296,947
Recreation and Culture				48,178
Total depreciation expense - governmental activities				519,654
Central Services				14,893
Fleet Management				874,153
Total depreciation expense - governmental activities including internal servi				\$ 1,408,700
<b>Business-type activities:</b>				
Solid Waste Landfill Fund				\$ 56,862
Weed & Pest Control Fund				643
Fairfield Complex Fund				103,033
Total depreciation expense - business-type activities				\$ 160,538

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 2012, the County paid contributions of \$110,726 as compared to \$126,800 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 2012, the County paid contributions of \$224,552 as compared to \$206,362 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.

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**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 applicable for 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 \$1,049,947. This amount includes \$240,916 for the Rangely Landfill and \$809,031 for the Meeker (Wray Gulch) Landfill. The total expense that has been recognized for the currently operating landfills in all years through 2012 is \$372,087 (\$311,823 for Rangely, \$60,264 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 \$135,057. The Fund has available cash of \$135,057 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)	9.8%	71 years

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 \$864,049 (\$216,824 for Rangely, \$647,225 for Meeker) be held vs. the \$134,594 liability recognition that is required by GAAP for operating landfills. At the end of 2012, reserves are also held in the Solid Waste Landfill Fund in the amount of \$729,455 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.

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

	Meeker	Rangely
Final cover closure cost	\$ 532,948	\$ 120,259 *
Post closure-care cost	276,083	120,657
<b>Total closure and post closure costs</b>	<b>\$ 809,031</b>	<b>\$ 240,916</b>

\*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 can be adjusted to post-closure care only.



Rio Blanco County, Colorado  
**Notes to Basic Financial Statements**  
December 31, 2012

**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 1/1/2012	Changes	Balance 12/31/2012
<b>Governmental activities</b>			
Compensated absences	\$ 480,240	\$ (25,247)	\$ 454,993
Total governmental	480,240	(25,247)	454,993
<b>Business type activities</b>			
Compensated absences	31,063	(8,348)	22,715
Closure/post-closure costs	128,016	7,041	135,057
Total business type	159,079	(1,307)	157,772
Total long-term obligations	\$ 639,319	\$ (26,554)	\$ 612,765

**NOTE 9 – COMMITMENTS**

The County entered into contract agreements during the year with amounts outstanding at December 31, 2012 for the following projects: Justice Center addition and courthouse remodel geothermal design \$14,079; Fairfield HVAC \$9,389; County Road 5 engineering for various projects \$109,912; update of Community Wildfire Protection Plan (CWPP) and 9-1-1 addressing \$101,144; County Road 10 bridge replacement engineering \$34,073; Radio Tower buildings and equipment \$707,419 Meeker Airport runway reconstruction \$6,867,324; and Assessor/Treasurer software upgrade \$74,974. The completion of all of these projects/commitments are included in the 2013 budget.

**NOTE 10 - 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, 2012

	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	
<b>Fund balances:</b>									
Nonspendable:									
Inventory	\$ 18,105	\$ -	\$ 813,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepays	69,007	-	20,742	-	-	-	-	-	-
Nonspendable	87,112	-	833,772	-	-	-	-	-	-
Restricted for:									
General Purpose of Fund	-	-	-	-	-	-	-	-	32,922
Emergencies	724,394	-	-	-	-	-	-	-	100,000
Forest Service Title III Projects	-	-	224,569	-	-	-	-	-	-
Capital Projects	-	-	-	-	18,620,186	2,367,546	-	-	-
Grant Match Requirements	-	-	-	-	-	-	-	356,002	-
Restricted	724,394	-	224,569	-	18,620,186	2,367,546	-	356,002	132,922
Committed to:									
General Purpose of Fund	-	-	4,220,769	2,476,710	-	-	-	-	1,283,809
Committed	-	-	4,220,769	2,476,710	-	-	-	-	1,283,809
Assigned to:									
General Purpose of Fund	-	-	-	-	-	-	222,369	478,676	-
Electric Sales Tax Grants	222,998	-	-	-	-	-	-	-	-
Incomplete Capital Projects	-	-	-	-	-	-	112,420	5,066,082	-
Future Capital Projects	-	-	-	-	-	-	-	5,576,828	-
Projected Budget Deficit	591,947	-	2,301,716	6,833,972	-	-	-	-	141,632
Assigned	814,945	-	2,301,716	130,548	-	-	334,789	11,121,586	141,632
Unassigned:	19,182,382	-	-	-	-	-	-	-	-
Unassigned	19,182,382	-	-	-	-	-	-	-	-
Total funds	\$ 20,808,833	\$ -	\$ 7,580,826	\$ 9,441,230	\$ 18,620,186	\$ 2,367,546	\$ 334,789	\$ 11,477,589	\$ 1,558,364

Rio Blanco County, Colorado  
**Notes to Basic Financial Statements**  
December 31, 2012

**NOTE 11 - 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, 2012 the County's total payroll was \$6,929,190, the total payroll covered by the pension plan was \$6,130,362 and the total contribution paid was \$735,643. The County's portion of the contribution was \$367,822 and the employee's portion was \$367,822. 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 12 - 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.

**NOTE 13 – COMPONENT UNIT TRANSACTIONS**

In 2011, the County formed a Federal Mineral Lease District to increase the amount of PILT payments coming into the county for benefit to the towns. Rio Blanco County's direct distribution of federal mineral leasing went to the new district in 2011 and was distributed to the towns of Meeker and Rangely at \$100,000 each and to the county at \$2,525,635 in the form of project grants in 2012. The increase in PILT payments was not realized and the new district was dissolved in 2012. The district, as a blended component unit, is presented as a major fund in these financial statements (it also appeared similarly in the 2011 financial statements, but will have no activity in future years).

**NOTE 14 - 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.

Rio Blanco County, Colorado  
**Notes to Basic Financial Statements**  
December 31, 2012

**NOTE 15 - BUDGET AMENDMENTS**

During 2012 the County amended its budget. The following is a schedule of the changes to the original budget:

Fund	Original Budget	Amendment	Final Budget
General	\$ 11,908,371	\$ 310,500	\$ 12,218,871
Federal Mineral Lease District	-	2,725,635	2,725,635
Road and Bridge	8,316,429	154,500	8,470,929
Use Tax	808,062	8,000	816,062
County Capital Improvement Trust	121,197		121,197
Impact Fee Trust	6,204,887	2,640,635	8,845,522
Capital Expenditure	4,816,962	185,330	5,002,292
Capital Improvement Plan	24,514,420	(31,330)	24,483,090
Social Services	2,564,754		2,564,754
Public Health	602,098		602,098
Conservation Trust	30,000		30,000
Contingent	100,000		100,000
Solid Waste Landfill	631,269	110,919	742,188
Weed and Pest Control	775,736	111,000	886,736
Fairfield Complex	247,135		247,135
Central Services	262,779	24,000	286,779
Fleet Management	2,928,660		2,928,660
Total expenditures	<u>\$ 64,832,759</u>	<u>\$ 6,239,189</u>	<u>\$ 71,071,948</u>

**NOTE 16 - 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, 2012 were \$724,394.

***REQUIRED SUPPLEMENTARY INFORMATION***



**REQUIRED SUPPLEMENTARY INFORMATION  
FOR GOVERNMENTS USING THE MODIFIED APPROACH  
Year Ended December 31, 2012**

Eligible Asset	Life	Condition (scale of 1 to 10)				Maintenance						Description of Repairs Needed	
	Placed in Service	Condition Assessed				Last Assessment	Actual Cost						
		Average Daily Traffic (ADT)					Estimated Cost						
	Age of Asset (years)	12/31/10	12/31/11	12/31/12	Current Change	Rating and/or comment	2008	2009	2010	2011	2012		2013
<b>County Road 5 Mile Post 10.75 - 11.71</b>	2012	10				Constructed in 2012							None
	0	970				New, excellent (est. ADT)						\$0	
<b>County Road 5 Mile Post 26.6 - 27.3</b>	2012	10				Constructed in 2012							None
	0	611				New, excellent (est. ADT)						\$0	
<b>County Road 14 Bridge RIOB 014-00.23</b>	2004	10	10	9.5	-0.5	Lonco Engineering in 2012	\$0	\$0	\$0	\$0	\$0		None
	8	15	15	23	8	Sufficiency 93.9 (very good)	\$0	\$0	\$0	\$0	\$0	\$0	
<b>County Road 27 Bridge RIOB 027-00.20</b>	2011		10	9.5	-0.5	Lonco Engineering in 2012					\$0		None
	1		50	75	25	Sufficiency 93.6 (very good)					\$0	\$0	
<b>County Road 54 Bridge RIOB 054-00.06</b>	2003	8	8	8	0	Lonco Engineering in 2012	\$0	\$0	\$0	\$0	\$0		Cleaning and spot painting of trusses
	9	66	66	116	50	Sufficiency 83.2 (good)	\$0	\$0	\$0	\$0	\$0	\$0	

The Rio Blanco County Commissioners are responsible for determining the appropriate condition level at which infrastructure assets are to be maintained. They made the commitment to preserve and maintain eligible road and bridge assets at a level of 5 on a maintenance scale of 1 to 10, with 10 being very good condition. The Rio Blanco County Road & Bridge Department maintains an inventory of these assets and performs condition assessments to insure the specified condition level is being maintained.

**RIO BLANCO COUNTY, COLORADO**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 2,477,584	\$ 2,477,584	\$ 2,402,279	\$ (75,305)
Specific ownership taxes	53,116	53,116	67,346	14,230
Sales taxes	2,513,590	2,513,590	2,779,675	266,085
Other taxes	-	-	(8,039)	(8,039)
Intergovernmental revenues	862,602	862,602	666,735	(195,867)
Licenses and permits	116,700	116,700	67,265	(49,435)
Charges for services	307,283	654,283	635,127	(19,156)
Interest earnings	190,000	190,000	119,328	(70,672)
Fees, fines and forfeits	2,284,600	2,284,600	2,757,104	472,504
Miscellaneous	66,095	66,095	96,441	30,346
Total revenues	8,871,570	9,218,570	9,583,261	364,691
<b>EXPENDITURES</b>				
General government				
Assessor	585,093	585,093	488,212	96,881
Board of County Commissioners	1,724,202	1,525,694	839,043	686,651
Clerk and Recorder	736,408	736,408	512,636	223,772
County Attorney	197,308	197,308	186,598	10,710
County Surveyor	56,716	56,716	55,792	924
Financial	359,867	359,867	327,862	32,005
Human Resources	196,234	196,234	175,603	20,631
Information Management	296,262	296,262	298,232	(1,970)
Graphic Information Systems	117,345	117,345	100,544	16,801
Maintenance of Buildings	394,857	394,857	265,269	129,588
Planning	278,588	281,088	266,592	14,496
Treasurer	668,392	1,015,392	672,413	342,979
Total general government	5,611,272	5,762,264	4,188,796	1,573,468
Judicial and public safety				
Building Inspection	249,870	249,870	222,544	27,326
Coroner	87,395	87,395	78,098	9,297
Dispatch	533,363	533,363	474,662	58,701
District Attorney	252,208	254,208	254,208	-
Jail	1,015,870	1,015,870	856,797	159,073
Sheriff	2,300,694	2,300,694	1,799,532	501,162
Total judicial and public safety	4,439,400	4,441,400	3,685,841	755,559
Health and welfare				
Extension	163,163	163,163	153,511	9,652
Veteran Services	11,210	11,210	8,833	2,377
Total health and welfare	174,373	174,373	162,344	12,029
Intergovernmental				
Water Related Programs & Projects	198,190	198,190	91,894	106,296
Total intergovernmental	198,190	198,190	91,894	106,296



**RIO BLANCO COUNTY, COLORADO**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**(Continued)**  
**Year Ended December 31, 2012**

	Budgeted		Actual	Variance
	Original	Final		
Recreation and Culture				
County Fair	35,721	35,721	34,150	1,571
Meeker Fairgrounds	231,164	231,164	177,565	53,599
White River Museum	38,000	41,508	41,508	-
Total recreation and culture	304,885	308,393	253,223	55,170
Public Works				
Meeker Airport	130,768	130,768	77,498	53,270
Rangely Airport	204,353	204,353	129,349	75,004
Total public works	335,121	335,121	206,847	128,274
Total general fund expenditures	11,063,241	11,219,741	8,588,945	2,630,796
Excess (deficiency) of revenues over expenditures	(2,191,671)	(2,001,171)	994,316	2,995,487
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers in	-	-	-	-
Transfers out (internal service funds)	-	-	(1,000)	(1,000)
Transfers out (all other funds)	(845,134)	(999,134)	(999,134)	-
Total other financing sources/(uses)	(845,134)	(999,134)	(1,000,134)	(1,000)
Net change to fund balance	(3,036,805)	(3,000,305)	(5,818)	2,994,487
Fund balance, January 1	19,716,528	19,716,528	20,814,651	1,098,123
Fund balance, December 31	\$ 16,679,723	\$ 16,716,223	\$ 20,808,833	\$ 4,092,610

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, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Intergovernmental (Grants, etc)	-	200,000	200,000	-
Total expenditures	-	200,000	200,000	-
Excess (deficiency) of revenues over expenditures	-	(200,000)	(200,000)	-
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers out	-	(2,525,635)	(2,525,635)	-
Total other financing sources/(uses)	-	(2,525,635)	(2,525,635)	-
Net change to fund balance	-	(2,725,635)	(2,725,635)	-
Fund balance, January 1	-	2,725,635	2,725,635	-
Fund balance, December 31	\$ -	\$ -	\$ -	\$ -

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, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 4,563,971	\$ 4,563,971	\$ 4,440,168	\$ (123,803)
Specific ownership taxes	97,845	97,845	124,057	26,212
Other taxes	-	-	(12,132)	(12,132)
Charges for services	-	-	-	-
Federal shared revenues	155,988	155,988	187,773	31,785
State shared revenues	2,719,099	2,719,099	2,837,357	118,258
Intergovernmental	-	3,079,064	3,079,064	-
Inter-fund charges	63,000	63,000	244,751	181,751
Private contributions	234,992	384,992	150,000	(234,992)
Licenses, permits, fees	135,000	135,000	112,843	(22,157)
Miscellaneous	5,184	5,184	3,092	(2,092)
Total revenues	7,975,079	11,204,143	11,166,973	(37,170)
<b>EXPENDITURES</b>				
Operations	5,589,562	5,589,562	-	5,589,562
Engineering	-	-	-	-
Construction	2,036,877	2,186,877	-	2,186,877
Maintenance of condition	-	-	6,231,621	(6,231,621)
Snow and ice removal	-	-	354,263	(354,263)
Traffic services	-	-	313,242	(313,242)
Administration	689,990	694,490	680,398	14,092
Total expenditures	8,316,429	8,470,929	7,579,524	891,405
Net change to fund balance	(341,350)	2,733,214	3,587,449	854,235
Fund balance, January 1	3,697,181	3,697,181	3,993,377	296,196
Fund balance, December 31	\$ 3,355,831	\$ 6,430,395	\$ 7,580,826	\$ 1,150,431

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, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges/donations for services	\$ 38,320	\$ 38,320	\$ 31,796	\$ (6,524)
Interest earnings	21,615	21,615	39,177	17,562
Intergovernmental revenues	54,298	54,298	54,746	448
Use taxes	593,800	593,800	925,613	331,813
Miscellaneous	1,764,301	1,764,301	1,632,548	(131,753)
Total revenues	2,472,334	2,472,334	2,683,880	211,546
<b>EXPENDITURES</b>				
General Government	105,940	105,940	97,976	7,964
Intergovernmental	93,531	93,531	92,600	931
Public health and welfare	389,255	397,255	378,501	18,754
Recreation and culture	89,336	89,336	64,328	25,008
Total expenditures	678,062	686,062	633,405	52,657
Excess (deficiency) of revenues over expenditures	1,794,272	1,786,272	2,050,475	264,203
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers out	(130,000)	(130,000)	(130,000)	-
Total other financing sources/(uses)	(130,000)	(130,000)	(130,000)	-
Net change to fund balance	1,664,272	1,656,272	1,920,475	264,203
Fund balance, January 1	6,388,461	6,388,461	7,520,755	1,132,294
Fund balance, December 31	\$ 8,052,733	\$ 8,044,733	\$ 9,441,230	\$ 1,396,497

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, 2012**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Interest earnings	\$ 120,000	\$ 120,000	\$ 137,048	\$ 17,048
Amortized Discounts/(Premiums)	-	-	(232,091)	(232,091)
Change in fair value of investments	-	-	119,922	119,922
Intergovernmental	-	624,240	624,240	-
Total revenues	120,000	744,240	649,119	(95,121)
<b>EXPENSES</b>				
Administration and fees	1,197	1,197	698	499
Intergovernmental	120,000	120,000	120,000	-
Total expenditures	121,197	121,197	120,698	499
Net change to fund balance	(1,197)	623,043	528,421	(94,622)
Fund balance, January 1	18,293,105	18,293,105	18,091,765	(201,340)
Fund balance, December 31	\$ 18,291,908	\$ 18,916,148	\$ 18,620,186	\$ (295,962)

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, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Impact fees	\$ 1,143,531	\$ 1,143,531	\$ 811,322	\$ (332,209)
Interest earnings	5,460	5,460	11,745	6,285
Grants	300,000	415,000	297,968	(117,032)
Total revenues	1,448,991	1,563,991	1,121,035	(442,956)
<b>EXPENDITURES</b>				
Administration Capital Projects	164,000	164,000	4,715	159,285
Law Enforcement Capital Projects	236,000	236,000	6,785	229,215
Road & Bridge Capital Projects	5,778,452	8,419,087	6,679,213	1,739,874
Refunds	-	-	498	(498)
Treasury fees	26,435	26,435	10,457	15,978
Total expenditures	6,204,887	8,845,522	6,701,668	2,143,854
Excess (deficiency) of revenues over expenditures	(4,755,896)	(7,281,531)	(5,580,633)	1,700,898
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers in	-	2,525,635	2,525,635	-
Total other financing sources/(uses)	-	2,525,635	2,525,635	-
Net change to fund balance	(4,755,896)	(4,755,896)	(3,054,998)	1,700,898
Fund balance, January 1	4,810,496	4,810,496	5,422,544	612,048
Fund balance, December 31	\$ 54,600	\$ 54,600	\$ 2,367,546	\$ 2,312,946

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, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 4,237,973	\$ 4,237,973	\$ 4,137,650	\$ (100,323)
Specific ownership taxes	90,856	90,856	115,201	24,345
Other taxes	-	-	(8,891)	(8,891)
Intergovernmental revenues	47,220	47,220	2,968	(44,252)
Total revenues	4,376,049	4,376,049	4,246,928	(129,121)
<b>EXPENDITURES</b>				
Treasury fees	218,802	218,802	210,350	8,452
Central Service Charges	2,518	2,518	2,518	-
Contingency	54,149	28,782	-	28,782
General government:				
Board of County Commissioners	20,000	20,000	-	20,000
Maintenance	83,000	83,450	28,581	54,869
Information Systems	121,272	121,272	38,852	82,420
Judicial and public safety:				
District Attorney	20,000	10,000	-	10,000
Sheriff	144,220	144,220	81,134	63,086
Health and welfare:				
Radino Building	90,000	48,143	35,445	12,698
Public works:				
Rangely Airport	25,000	25,000	-	25,000
Recreation and culture:				
Columbine Park	38,000	300,104	293,355	6,749
Total expenditures	816,961	1,002,291	690,235	312,056
Excess (deficiency) of revenues over expenditures	3,559,088	3,373,758	3,556,693	182,935
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers in	-	154,000	154,000	-
Transfers out	(4,000,000)	(4,000,000)	(4,000,000)	-
Total other financing sources/(uses)	(4,000,000)	(3,846,000)	(3,846,000)	-
Net change to fund balance	(440,912)	(472,242)	(289,307)	182,935
Fund balance, January 1	538,402	538,402	624,096	85,694
Fund balance, December 31	\$ 97,490	\$ 66,160	\$ 334,789	\$ 268,629

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, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 15,654,571	\$ 15,654,571	\$ 3,441,135	\$(12,213,436)
Total revenues	15,654,571	15,654,571	3,441,135	(12,213,436)
<b>EXPENDITURES</b>				
Treasury fees	28,759	28,759	14,334	14,425
Contingency	396,106	364,776	-	364,776
Justice Center Preliminary Design	668,382	668,382	-	668,382
Justice Center Geothermal Preparation	795,560	795,560	44,072	751,488
Radio Tower Projects (800 DTR)	5,728,500	5,728,500	2,843,518	2,884,982
Meeker Fairgrounds Multi-purpose Building	42,500	42,500	10,320	32,180
Rangely Airport Projects	210,177	215,654	28,377	187,277
Meeker Airport Projects	15,091,642	15,374,910	3,691,152	11,683,758
CR 10 Bridge	952,795	952,795	5,558	947,237
DSS/PHA Office Space in Rangely	300,000	11,255	-	11,255
800 DTR Radios for Fleet	200,000	200,000	217,125	(17,125)
Generators for Meeker & Rangely Shops	100,000	100,000	-	100,000
Total expenditures	24,514,421	24,483,091	6,854,456	17,628,635
Excess (deficiency) of revenues over expenditures	(8,859,850)	(8,828,520)	(3,413,321)	5,415,199
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers in	4,780,134	4,780,134	4,780,134	-
Total other financing sources/(uses)	4,780,134	4,780,134	4,780,134	-
Net change to fund balance	(4,079,716)	(4,048,386)	1,366,813	5,415,199
Fund balance, January 1	9,735,703	9,735,703	10,110,776	375,073
Fund balance, December 31	\$ 5,655,987	\$ 5,687,317	\$ 11,477,589	\$ 5,790,272

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



***OTHER SUPPLEMENTARY INFORMATION***

**RIO BLANCO COUNTY, COLORADO**  
**EXPLANATION OF NON-MAJOR FUNDS**

**Year Ended December 31, 2012**

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**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 property taxes, 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 *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, 2012**

	<b>Non-Major Special Revenue Funds</b>				<b>Total</b>
	<b>Social Services Fund</b>	<b>Public Health Fund</b>	<b>Conservation Trust Fund</b>	<b>Contingent Fund</b>	<b>Nonmajor Governmental Special Rev. Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,042,434	\$ 400,549	\$ 32,922	\$ 100,000	\$ 1,575,905
Taxes receivable	484,112	276,636	-	-	760,748
Due from other governmental units	441,501	31,861	-	-	473,362
Other receivables	-	2,607	-	-	2,607
<b>Total assets</b>	<b>\$ 1,968,047</b>	<b>\$ 711,653</b>	<b>\$ 32,922</b>	<b>\$ 100,000</b>	<b>\$ 2,812,622</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 12,243	\$ -	\$ -	\$ 12,243
Due to other governmental units	346,314	-	-	-	346,314
Deferred revenue	566,605	329,096	-	-	895,701
<b>Total liabilities</b>	<b>912,919</b>	<b>341,339</b>	<b>-</b>	<b>-</b>	<b>1,254,258</b>
Fund balances:					
Restricted	-	-	32,922	100,000	132,922
Committed	1,024,782	259,028	-	-	1,283,810
Assigned	30,346	111,286	-	-	141,632
<b>Total fund balance</b>	<b>1,055,128</b>	<b>370,314</b>	<b>32,922</b>	<b>100,000</b>	<b>1,558,364</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,968,047</b>	<b>\$ 711,653</b>	<b>\$ 32,922</b>	<b>\$ 100,000</b>	<b>\$ 2,812,622</b>

**RIO BLANCO COUNTY, COLORADO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2012**

	<u>Non-Major Special Revenue Funds</u>				<b>Total Nonmajor Governmental Special Rev. Funds</b>
	<b>Social Services Fund</b>	<b>Public Health Fund</b>	<b>Conservation Trust Fund</b>	<b>Contingent Fund</b>	
<b>REVENUES</b>					
Property taxes	\$ 184,712	\$ 316,193	\$ -	\$ -	\$ 500,905
Specific ownership taxes	5,311	8,856	-	-	14,167
Other taxes	(1,331)	(948)	-	-	(2,279)
Intergovernmental	1,897,102	128,261	9,127	-	2,034,490
Licenses and permits	-	9,744	-	-	9,744
Charges for service	-	11,052	-	-	11,052
Interest earnings	-	-	15	-	15
Fees, fines and forfeits	-	5,700	-	-	5,700
Miscellaneous	-	16,406	-	-	16,406
Total revenues	2,085,794	495,264	9,142	-	2,590,200
<b>EXPENDITURES</b>					
Current:					
Health and welfare	2,129,189	454,820	-	-	2,584,009
Recreation	-	-	1,823	-	1,823
Total expenditures	2,129,189	454,820	1,823	-	2,585,832
Net change to fund balance	(43,395)	40,444	7,319	-	4,368
Fund balance, January 1	1,098,523	329,870	25,603	100,000	1,553,996
Fund balance, December 31	\$ 1,055,128	\$ 370,314	\$ 32,922	\$ 100,000	\$ 1,558,364

**RIO BLANCO COUNTY, COLORADO**  
**SOCIAL SERVICES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 195,599	\$ 195,599	\$ 184,712	\$ (10,887)
Specific ownership taxes	4,193	4,193	5,311	1,118
Other taxes	-	-	(1,331)	(1,331)
Intergovernmental	2,017,664	2,017,664	1,897,102	(120,562)
Total revenues	2,217,456	2,217,456	2,085,794	(131,662)
<b>EXPENDITURES</b>				
Health and welfare	2,564,754	2,564,754	2,129,189	435,565
Total expenditures	2,564,754	2,564,754	2,129,189	435,565
Net change to fund balance	(347,298)	(347,298)	(43,395)	303,903
Fund balance, January 1	1,081,359	1,081,359	1,098,523	17,164
Fund balance, December 31	\$ 734,061	\$ 734,061	\$ 1,055,128	\$ 321,067

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, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 325,998	\$ 325,998	\$ 316,193	\$ (9,805)
Specific ownership taxes	6,989	6,989	8,856	1,867
Other taxes	-	-	(948)	(948)
Intergovernmental	129,483	129,483	128,261	(1,222)
Licenses and permits	9,000	9,000	9,744	744
Charges for service	20,000	20,000	11,052	(8,948)
Fees, fines and forfeits	16,000	16,000	5,700	(10,300)
Miscellaneous	82,000	82,000	16,406	(65,594)
Total revenues	589,470	589,470	495,264	(94,206)
<b>EXPENDITURES</b>				
Health and welfare	602,099	602,099	454,820	147,279
Total expenditures	602,099	602,099	454,820	147,279
Net change to fund balance	(12,629)	(12,629)	40,444	53,073
Fund balance, January 1	321,072	321,072	329,870	8,798
Fund balance, December 31	\$ 308,443	\$ 308,443	\$ 370,314	\$ 61,871

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, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 9,500	\$ 9,500	\$ 9,127	\$ (373)
Interest earnings	20	20	15	(5)
Total revenues	9,520	9,520	9,142	(378)
<b>EXPENDITURES</b>				
Recreation	30,000	30,000	1,823	28,177
Total expenditures	30,000	30,000	1,823	28,177
Net change to fund balance	(20,480)	(20,480)	7,319	27,799
Fund balance, January 1	23,409	23,409	25,603	2,194
Fund balance, December 31	\$ 2,929	\$ 2,929	\$ 32,922	\$ 29,993

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, 2012**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>	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, 2012**

	<b>Weed and Pest Control Fund</b>	<b>Fairfield Complex Fund</b>	<b>Total Non-major Enterprise Funds</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 706,331	\$ 309,879	\$ 1,016,210
Taxes receivable	707,969	-	707,969
Due from other governmental units	190	-	190
Other receivables	215	1,310	1,525
Inventories	56,360	-	56,360
Total current assets	1,471,065	311,189	1,782,254
Noncurrent assets:			
Capital assets:			
Land	-	270,210	270,210
Buildings and equipment, net	11,901	2,788,838	2,800,739
Total noncurrent assets	11,901	3,059,048	3,070,949
Total assets	1,482,966	3,370,237	4,853,203
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 8	\$ 12,069	\$ 12,077
Deferred revenue	711,441	-	711,441
Total current liabilities	711,449	12,069	723,518
Noncurrent liabilities:			
Compensated absences	-	6,779	6,779
Total noncurrent liabilities	-	6,779	6,779
Total liabilities	711,449	18,848	730,297
<b>NET ASSETS</b>			
Invested in capital assets	11,901	3,059,048	3,070,949
Unrestricted (deficit)	759,616	292,341	1,051,957
Total net assets	\$ 771,517	\$ 3,351,389	\$ 4,122,906

**RIO BLANCO COUNTY, COLORADO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**Year Ended December 31, 2012**

	<b>Weed and Pest Control Fund</b>	<b>Fairfield Complex Fund</b>	<b>Total Non-major Enterprise Funds</b>
<b>Operating revenues:</b>			
Property taxes	\$ 597,284	\$ -	\$ 597,284
Specific ownership taxes	16,241	-	16,241
Other taxes	32	-	32
Charges for services	40,006	9,516	49,522
Grants	1,987	-	1,987
Private contributions	-	60,000	60,000
Intergovernmental revenues	20,304	-	20,304
Interdepartmental fees	40,792	82,709	123,501
Miscellaneous operating	153	221	374
Total operating revenues	716,799	152,446	869,245
<b>Operating expenses:</b>			
Salaries and wages	61,606	53,251	114,857
Employee benefits	17,040	17,183	34,223
Supplies	48,221	21,891	70,112
Chemicals	105,275	-	105,275
Purchased services	394,399	11,877	406,276
Utilities	-	31,517	31,517
Repairs and maintenance	-	29,364	29,364
Interdepartmental charges	52,876	11,927	64,803
Depreciation	643	103,033	103,676
Other	1,127	-	1,127
Total operating expenses	681,187	280,043	961,230
Income/(loss) before transfers in/(out)	35,612	(127,597)	(91,985)
Transfers in/(out)	100,000	95,000	195,000
Change in net assets	135,612	(32,597)	103,015
Total net assets, January 1	635,905	3,383,986	4,019,891
Total net assets, December 31	\$ 771,517	\$ 3,351,389	\$ 4,122,906

**RIO BLANCO COUNTY, COLORADO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**Year Ended December 31, 2012**

	<b>Weed and Pest Control Fund</b>	<b>Fairfield Complex Fund</b>	<b>Total Non-major Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from external customers	\$ 679,264	\$ 68,827	\$ 748,091
Cash received from internal customers	40,735	82,709	123,444
Cash payments to external suppliers for goods and services	(542,414)	(85,410)	(627,824)
Cash payments to internal suppliers for goods and services	(52,876)	(11,927)	(64,803)
Cash payments to employees for services	(85,815)	(70,455)	(156,270)
Net cash provided/(used) by operating activities	38,894	(16,256)	22,638
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from/(to) other funds	100,000	95,000	195,000
Net cash provided by noncapital financing activities	100,000	95,000	195,000
Net increase/(decrease) in cash and equivalents	138,894	78,744	217,638
Cash balances, January 1	567,437	231,135	798,572
Cash balances, December 31	\$ 706,331	\$ 309,879	\$ 1,016,210
<b>Reconciling of operating income/(loss) to net cash provided/(used) by operating activities:</b>			
Operating income/(loss)	\$ 35,612	\$ (127,597)	\$ (91,985)
Adjustments to reconcile operating income/(loss) to net cash provided/(used) by operating activities:			
Depreciation expense	643	103,033	103,676
Assets (increase)/decrease:			
Taxes receivable	(707,969)	0	(707,969)
Other receivables	(215)	(910)	(1,125)
Due from other governments	(57)	-	(57)
Inventories	6,600	-	6,600
Liabilities increase/(decrease):			
Accounts payable	8	9,239	9,247
Deferred revenue	711,441	-	711,441
Accrued compensated absences	(7,169)	(21)	(7,190)
Total Adjustments	3,282	111,341	114,623
Net cash provided/(used) by operating activities	\$ 38,894	\$ (16,256)	\$ 22,638

**RIO BLANCO COUNTY, COLORADO**  
**SOLID WASTE LANDFILL FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges for sales and services	\$ 613,000	\$ 1,838,510	\$ 2,417,217	\$ 578,707
Delinquent taxes and penalty, interest	-	-	-	-
Interdepartmental fees	12,000	12,000	12,000	-
Miscellaneous	-	-	-	-
Total revenues	625,000	1,850,510	2,429,217	578,707
<b>EXPENSES</b>				
Salaries and wages	144,351	144,351	145,103	(752)
Employee benefits	66,226	66,226	65,451	775
Supplies	15,000	15,000	11,463	3,537
Purchased services	36,400	36,400	33,036	3,364
Special dues, permits and fees	22,000	22,000	25,906	(3,906)
Closure and post-closure costs	5,000	115,919	123,099	(7,180)
Utilities	8,000	8,000	5,613	2,387
Interdepartmental charges	274,292	274,292	221,998	52,294
Total operating expenses	571,269	682,188	631,669	50,519
Capital outlay	60,000	60,000	54,430	5,570
Total expenses	631,269	742,188	686,099	56,089
Net income/(loss)	\$ (6,269)	\$ 1,108,322	1,743,118	\$ 634,796

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

Capital purchased by this fund	54,430
Capital contributed to another fund from this fund	(54,430)
Depreciation (not budgeted)	(56,862)
Total adjustments to basis	(56,862)
Net change in fund equity	1,686,256
Fund equity, January 1	3,448,558
Fund equity, December 31	\$ 5,134,814

**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, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 597,301	\$ 597,301	\$ 597,284	\$ (17)
Specific ownership taxes	11,391	11,391	16,241	4,850
Other taxes	-	-	32	32
Charges for sales and services	70,300	70,300	40,006	(30,294)
Grants	35,000	35,000	1,987	(33,013)
Private contributions	1,500	1,500	-	(1,500)
Intergovernmental revenues	55,000	55,000	20,304	(34,696)
Interdepartmental charges	38,008	38,008	40,792	2,784
Miscellaneous	151	151	153	2
<b>Total revenues</b>	<b>808,651</b>	<b>808,651</b>	<b>716,799</b>	<b>(91,852)</b>
<b>EXPENSES</b>				
Salaries and Wages	84,146	84,146	61,606	22,540
Employee benefits	20,457	20,457	17,040	3,417
Supplies	27,200	27,200	48,221	(21,021)
Chemicals	110,000	110,000	105,275	4,725
Purchased services	438,800	538,800	394,399	144,401
Interdepartmental charges	37,318	48,318	52,876	(4,558)
Other	7,815	7,815	1,127	6,688
<b>Total operating expenses</b>	<b>725,736</b>	<b>836,736</b>	<b>680,544</b>	<b>156,192</b>
Capital outlay	50,000	50,000	-	50,000
<b>Total expenses</b>	<b>775,736</b>	<b>886,736</b>	<b>680,544</b>	<b>206,192</b>
<b>Income/(loss) before other financing sources/(uses)</b>	<b>32,915</b>	<b>(78,085)</b>	<b>36,255</b>	<b>114,340</b>
<b>TRANSFERS AND CONTRIBUTED CAPITAL</b>				
Transfers in	100,000	100,000	100,000	-
<b>Total other financing sources/(uses)</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>
<b>Net income/(loss)</b>	<b>\$ 132,915</b>	<b>\$ 21,915</b>	<b>136,255</b>	<b>\$ 114,340</b>

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

Depreciation (not budgeted)	(643)
Total adjustments to basis	(643)
Net change in fund equity	135,612
Fund equity, January 1	635,905
Fund equity, December 31	<u>\$ 771,517</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	\$ 329,825	\$ 269,851	\$ 36,229	\$ 635,905
Total revenues	203,090	401,159	212,550	816,799
Total expenses	(231,374)	(287,839)	(161,974)	(681,187)
Fund equity, December 31	<u>\$ 301,541</u>	<u>\$ 383,171</u>	<u>\$ 86,805</u>	<u>\$ 771,517</u>

**RIO BLANCO COUNTY, COLORADO**  
**FAIRFIELD COMPLEX FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Charges for sales and services	\$ 12,000	\$ 12,000	\$ 9,516	\$ (2,484)
Private contributions	60,000	60,000	60,000	-
Interdepartmental charges	82,709	82,709	82,709	-
Miscellaneous	-	-	221	221
Total revenues	154,709	154,709	152,446	(2,263)
<b>EXPENSES</b>				
Salaries and wages	56,658	56,658	53,251	3,407
Employee benefits	17,415	17,415	17,183	232
Supplies	25,000	25,000	21,891	3,109
Purchased services	32,000	32,000	11,877	20,123
Utilities	45,000	45,000	31,517	13,483
Repairs and maintenance	54,900	54,900	29,364	25,536
Interdepartmental charges	16,161	16,161	11,927	4,234
Total expenses	247,134	247,134	177,010	70,124
Income/(loss) before other financing sources/(uses)	(92,425)	(92,425)	(24,564)	67,861
<b>TRANSFERS AND CONTRIBUTED CAPITAL</b>				
Transfers in	95,000	95,000	95,000	-
Capital contributed revenue	-	178,000	-	(178,000)
Total other financing sources/(uses)	95,000	273,000	95,000	(178,000)
Net income/(loss)	\$ 2,575	\$ 180,575	70,436	\$ (110,139)

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

Depreciation (not budgeted)	(103,033)
Total adjustments to basis	(103,033)
Net change in fund equity	(32,597)
Fund equity, January 1	3,383,986
Fund equity, December 31	\$ 3,351,389

**RIO BLANCO COUNTY, COLORADO**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**December 31, 2012**

	<b>Central Service Fund</b>	<b>Fleet Management Fund</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 150,921	\$ 1,609,418	\$ 1,760,339
Other receivables	169	10,625	10,794
Inventories	-	306,614	306,614
Prepays and deposits	169,000	-	169,000
Total current assets	320,090	1,926,657	2,246,747
Noncurrent assets:			
Capital assets:			
Buildings and equipment, net	50,929	3,729,564	3,780,493
Total noncurrent assets	50,929	3,729,564	3,780,493
Total assets	\$ 371,019	\$ 5,656,221	\$ 6,027,240
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 877	\$ 19,115	\$ 19,992
Total current liabilities	877	19,115	19,992
Noncurrent liabilities:			
Compensated absences	-	35,880	35,880
Total noncurrent liabilities	-	35,880	35,880
Total liabilities	877	54,995	55,872
<b>NET ASSETS</b>			
Invested in capital assets	50,929	3,729,563	3,780,492
Unrestricted	319,213	1,871,663	2,190,876
Total net assets	\$ 370,142	\$ 5,601,226	\$ 5,971,368

**RIO BLANCO COUNTY, COLORADO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended December 31, 2012**

	<b>Central Service Fund</b>	<b>Fleet Management Fund</b>	<b>Total Internal Service Funds</b>
Operating revenues:			
Charges for services-internal	\$ 118,890	\$ 2,392,322	\$ 2,511,212
Charges for services-external	2,223	112,580	114,803
Miscellaneous operating	-	13,002	13,002
Total operating revenues	121,113	2,517,904	2,639,017
Operating expenses:			
Salaries and wages	-	339,807	339,807
Employee benefits	-	163,595	163,595
Supplies	14,167	932,464	946,631
Purchased services	74,502	51,947	126,449
Rent	1,593	-	1,593
Utilities	-	46,543	46,543
Repairs and maintenance	2,099	16,151	18,250
Insurance and claims	110,726	-	110,726
Amortization	24,000	-	24,000
Interdepartmental charges	-	19,617	19,617
Depreciation	14,893	874,153	889,046
Total operating expenses	241,980	2,444,277	2,686,257
Operating income/(loss)	(120,867)	73,627	(47,240)
Nonoperating revenues:			
Capital contributions	-	85,313	85,313
Total nonoperating revenues/(expenses)	-	85,313	85,313
Income/(loss) before contributions and transfers in/(out)	(120,867)	158,940	38,073
Transfers in/(out)	1,000	-	1,000
Change in net assets	(119,867)	158,940	39,073
Total net assets, January 1	490,009	5,442,286	5,932,295
Total net assets, December 31	\$ 370,142	\$ 5,601,226	\$ 5,971,368



**RIO BLANCO COUNTY, COLORADO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended December 31, 2012**

	<b>Central Service Fund</b>	<b>Fleet Management Fund</b>	<b>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from external customers	\$ (12)	\$ 111,719	\$ 111,707
Cash received from internal customers	121,113	2,405,324	2,526,437
Cash payments to external suppliers for goods and services	(204,490)	(1,057,475)	(1,261,965)
Cash payments to internal suppliers for goods and services	-	(19,617)	(19,617)
Cash payments to employees for services	-	(507,579)	(507,579)
Net cash provided/(used) by operating activities	(83,389)	932,372	848,983
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from/(to) other funds	1,000	-	1,000
Net cash provided by noncapital financing activities	1,000	-	1,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of fixed assets	(12,522)	(702,522)	(715,044)
Proceeds from disposal of assets and reimbursements	-	75,109	75,109
Net cash (used) by capital and related financing activities	(12,522)	(627,413)	(639,935)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	-	-	-
Net increase/(decrease) in cash and equivalents	(94,911)	304,959	210,048
Cash balances, January 1	245,832	1,304,459	1,550,291
Cash balances, December 31	\$ 150,921	\$ 1,609,418	\$ 1,760,339

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

Operating income/(loss)	\$ (120,867)	\$ 73,627	\$ (47,240)
Adjustments to reconcile operating income/(loss) to net cash provided/(used) by operating activities:			
Depreciation expense	14,893	874,153	889,046
Assets (increase)/decrease:			
Other receivables	(12)	(861)	(873)
Inventories	-	(6,600)	(6,600)
Prepays and deposits	23,400	-	23,400
Liabilities increase/(decrease):			
Accounts payable	(803)	(3,770)	(4,573)
Accrued compensated absences	-	(4,177)	(4,177)
Total Adjustments	37,478	858,745	896,223
Net cash provided/(used) by operating activities	\$ (83,389)	\$ 932,372	\$ 848,983

**RIO BLANCO COUNTY, COLORADO**  
**CENTRAL SERVICES FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Interfund Charges	\$ 118,890	\$ 118,890	\$ 118,890	\$ -
Charges for sales and services	13,000	13,000	2,223	(10,777)
Total revenues	131,890	131,890	121,113	(10,777)
<b>EXPENSES</b>				
Supplies	14,600	17,056	14,167	2,889
Purchased services	12,948	12,948	13,592	(644)
Contracted services	14,100	14,100	14,609	(509)
Audit services	25,500	25,500	25,000	500
Internet service	20,273	22,568	19,078	3,490
Rent	1,771	1,771	1,593	178
Repairs and maintenance	1,788	1,788	2,099	(311)
Pass thru costs	13,000	13,000	2,223	10,777
Insurance	126,800	126,800	110,726	16,074
Contingency	20,000	14,727	-	14,727
Total operating expenses	250,780	250,258	203,087	47,171
Capital outlay	12,000	12,522	12,522	-
Total expenses	262,780	262,780	215,609	47,171
Income/(loss) before other financing sources/(uses)	(130,890)	(130,890)	(94,496)	36,394
<b>TRANSFERS AND CONTRIBUTED CAPITAL</b>				
Transfers in	-	-	1,000	1,000
Total other financing sources/(uses)	-	-	1,000	1,000
Net income/(loss)	\$ (130,890)	\$ (130,890)	(93,496)	\$ 37,394

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

Capital purchased by this fund	12,522
Amortization	(24,000)
Depreciation (not budgeted)	(14,893)
Total adjustments to basis	(26,371)
Net change in fund equity	(119,867)
Fund equity, January 1	490,009
Fund equity, December 31	\$ 370,142

**RIO BLANCO COUNTY, COLORADO**  
**FLEET MANAGEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2012**

	Budgeted		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Interdepartmental fees	\$ 2,647,986	\$ 2,647,986	\$ 2,392,322	\$ (255,664)
Charges for sales and services	100,000	100,000	112,580	12,580
Miscellaneous	-	-	13,002	13,002
Total revenues	2,747,986	2,747,986	2,517,904	(230,082)
<b>EXPENSES</b>				
Salaries and wages	375,103	375,103	339,807	35,296
Employee benefits	179,890	179,890	163,595	16,295
Supplies	1,011,600	1,011,600	932,464	79,136
Purchased services	50,700	50,700	51,947	(1,247)
Utilities	64,000	64,000	46,543	17,457
Repairs and maintenance	40,000	40,000	16,151	23,849
Interdepartmental charges	20,868	20,868	19,617	1,251
Contingency	50,000	50,000	-	50,000
Total operating expenses	1,792,161	1,792,161	1,570,124	222,037
Capital outlay	1,136,500	1,136,500	627,412	509,088
Total expenses	2,928,661	2,928,661	2,197,536	731,125
Net income/(loss)	\$ (180,675)	\$ (180,675)	320,368	\$ 501,043

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

Capital purchased by this fund	627,412
Capital contributed to this fund by another fund	85,313
Depreciation (not budgeted)	(874,153)
Total adjustments to basis	(161,428)
Net change in fund equity	158,940
Fund equity, January 1	5,442,286
Fund equity, December 31	\$ 5,601,226



***ADDITIONAL REPORTS***

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Rio Blanco County
	YEAR ENDING : December 2012
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Chris Singleton, Finance & Budget Director Phone: (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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	6,231,621
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	313,242
2. General fund appropriations		b. Snow and ice removal	354,263
3. Other local imposts (from page 2)	4,664,936	c. Other	
4. Miscellaneous local receipts (from page 2)	397,843	d. Total (a. through c.)	667,505
5. Transfers from toll facilities		4. General administration & miscellaneous	680,398
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	7,579,524
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	5,062,779	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	2,837,357	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	3,266,837	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	11,166,972	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	7,579,524

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

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

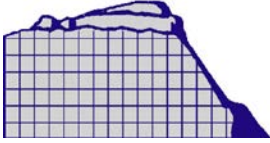
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	3,993,377	11,166,972	7,579,524	7,580,826	0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2012	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	4,428,037	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	112,843	f. Charges for Services	244,751
5. Specific Ownership &/or Other	124,057	g. Other Misc. Receipts	3,092
6. Total (1. through 5.)	236,899	h. Other Private Contribution	150,000
c. Total (a. + b.)	4,664,936	i. Total (a. through h.)	397,843
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	2,815,658	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	187,773
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	19,116	d. Federal Transit Admin	
d. Other (Specify) Imp Asst Wildlife	2,583	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Feder Federal Mineral Lease Rev.	3,079,064
f. Total (a. through e.)	21,699	g. Total (a. through f.)	3,266,837
4. Total (1. + 2. + 3.f)	2,837,357	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	0
			(Carry forward to page 1)
<b>Notes and Comments:</b>			







Paul D. Miller CPA, LLC.

Certified Public Accountant

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INDEPENDENT AUDITOR'S 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

To the Board of County Commissioners  
Rio Blanco County, Colorado  
Meeker, CO

I have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rio Blanco County, Colorado as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Rio Blanco County, Colorado's basic financial statements, and have issued my report thereon dated July 8, 2013

***Internal Control Over Financial Reporting***

In planning and performing my audit of the financial statements, I considered Rio Blanco County, Colorado's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rio Blanco County, Colorado's internal control. Accordingly, I do not express an opinion on the effectiveness of Rio Blanco County, Colorado's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Rio Blanco County, Colorado's financial statements are free from 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*.

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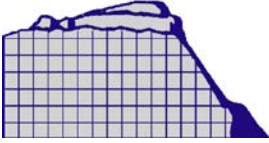
Paul D. Miller, C.P.A.  
[pauldmiller@live.com](mailto:pauldmiller@live.com)

***Purpose of this Report***

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

*Paul D. Miller, CPA, LLC*

Grand Junction, CO  
July 8, 2013



Paul D. Miller CPA, LLC.

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of County Commissioners  
Rio Blanco County, Colorado  
Meeker, CO

***Report on Compliance for Each Major Federal Program***

I have audited Rio Blanco County, Colorado'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, 2012. Rio Blanco County, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of Rio Blanco County, Colorado's major federal programs based on my audit of the types of compliance requirements referred to above. 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, Colorado'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 on compliance for each major federal program. However, my audit does not provide a legal determination of Rio Blanco County, Colorado's compliance.

***Opinion on Each Major Federal Program***

In my opinion, Rio Blanco County, Colorado, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

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Paul D. Miller, C.P.A.  
[pauldmiller@live.com](mailto:pauldmiller@live.com)

## ***Report on Internal Control Over Compliance***

Management of Rio Blanco County, Colorado is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Rio Blanco County, Colorado's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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, Colorado's internal control over compliance.

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

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 material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Paul D. Miller, CPA, LLC*

Grand Junction, CO  
July 8, 2013

RIO BLANCO COUNTY  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2012

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: UNQUALIFIED

Internal control over financial reporting:

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

10.665 Forest service I, II, III

Rio Blanco County  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2012

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, 2012

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal Award Findings or Questioned Costs for the year ending December 31, 2012.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS.

There were no prior year findings or questioned costs.

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Rio Blanco County  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2012

C.F.D.A. PROGRAM TITLE	C.F.D.A. PROGRAM NUMBER	AMOUNT OF EXPENDITURES	Fund
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through State Agencies</i>			
State Administrative Matching Grants for Food Stamp Program	10.561	71,765	24
		<u>71,765</u>	
<i>Passed through CO Dept. Public Health &amp; Environment</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	33,813	23
Special Supplemental Nutrition Program for Women, etc. - Non-Cash	10.557	73,085	23 N/C
		<u>106,898</u>	
<i>Passed through CO Division of Local Affairs</i>			
Forest Service Title I	10.665	101,785	22
Forest Service Title II (projects performed by County)	10.665	85,988	22
Forest Service Title II (projects performed by Others)	10.665	26,114	N/A
Forest Service Title III (2000 Act)	10.665	82,910	22
Forest Service Title III (2008 Reauthorization)	10.665	49,236	22
		<u>346,032</u>	
	<b>Total</b>	<u>524,695</u>	
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
<i>Direct assistance</i>			
Invasive and Noxious Plant Management	15.230	20,304	52
		<u>20,304</u>	
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Direct assistance</i>			
State Criminal Alien Assistance Program	16.606	2,709	10
		<u>2,709</u>	
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Direct assistance</i>			
Airport Improvement Grants (Meeker)	20.106	2,877,211	25
Airport Improvement Grants (Rangely)	20.106	-	25
		<u>2,877,211</u>	
	<b>Total</b>	<u>2,877,211</u>	
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed through CO DOLA - Division of Emergency Management</i>			
Emergency Management Performance Grant (EMS Coordinator)	97.042	35,535	10
<i>Passed through Northwest Colorado Council of Governments</i>			
Homeland Security	97.067	215,986	25
		<u>251,521</u>	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed through CO Dept. Public Health &amp; Environment</i>			
Family Planning	93.217	13,417	23
Immunization Grants	93.268	5,010	23
Emergency Preparedness and Response	93.069	6,965	23
Maternal and Child Health Services Block Grant to the States	93.994	2,162	23
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	525	23 N/C
		<u>28,079</u>	
<i>Passed through Mesa County Department of Human Services</i>			
Special Programs for the Aging Title III, Part C Nutrition	93.045	30,574	27
<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	2,049	27
- Community Food and Nutrition Programs (CDBG)	93.569	7,472	27
		<u>9,521</u>	
<i>Passed through CO Dept. of Human Services</i>			
Temporary Assistance for Needy Families	93.558	116,487	24
Child Support Enforcement	93.563	83,755	24
Low-Income Home Energy Assistance (administered by Moffat County)	93.568	24,568	24
Child Care and Development Block Grant	93.575	(10,071)	24
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	45,257	24
Child Welfare Services - State Grants	93.645	6,329	24
Foster Care - Title IV-E	93.658	117,457	24
Adoption Assistance	93.659	19,604	24
Social Services Block Grant	93.667	79,561	24
Medical Assistance Program	93.778	48,155	24
Adjustment to Federal Assistance	93.XXX	8,930	24
		<u>540,032</u>	
	<b>Total</b>	<u>608,206</u>	
	<b>Grand Total</b>	<u>4,284,645</u>	



Rio Blanco County, Colorado  
**Note to Schedule of Expenditures of Federal Awards**  
December 31, 2012

**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.