

**Garfield County, Colorado
Glenwood Springs, Colorado**

**Financial Statements
December 31, 2005**



**Garfield County, Colorado, Colorado
December 31, 2005**

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 - A2
Management's Discussion and Analysis (Unaudited)	B1 – B12
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	C1
Statement of Activities	C2
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	C3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	C4
Statement of Revenues, Expenditures and Changes in Fund Balances	C5
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	C6
Proprietary Funds:	
Statement of Net Assets	C7
Statement of Revenues, Expenses and Changes in Fund Net Assets	C8
Statement of Cash Flows	C9
Fiduciary Funds:	
Comparative Statement of Fiduciary Assets and Liabilities	C10
Notes to the Financial Statements	D1 - D17
Required Supplementary Information:	
Major Funds:	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual:	
<i>General Fund</i>	E1
<i>Road and Bridge Fund</i>	E2
<i>Social Services Fund</i>	E3
Capital Expenditures Fund	E4
Supplementary Information:	
Governmental Funds:	
Non-major Special Revenue Funds:	
Combining Balance Sheet	F1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	F2

**Garfield County, Colorado, Colorado
December 31, 2005**

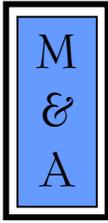
Table of Contents

	Page
Supplementary Information (continued):	
Governmental Funds (continued):	
Non-major Special Revenue Funds (continued):	
<i>Public Library Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	F3
<i>Fair Board Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	F4
<i>Conservation Trust Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	F5
<i>Emergency Reserve Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	F6
<i>Airport Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	F7
<i>Clerk and Recorder Fund:</i>	
Schedule of Revenues and Changes in Fund Balances - Budget and Actual	F8
<i>Off-site Road Improvement Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	F9
<i>Commissary Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	F10
<i>Retirement Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	F11
<i>Search and Rescue Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	F12

**Garfield County, Colorado, Colorado
December 31, 2005**

Table of Contents

	Page
Supplementary Information (continued):	
Proprietary Funds:	
Major Enterprise Funds:	
<i>Solid Waste Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Net Assets – Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis	F13
Internal Service Funds:	
<i>Motor Pool Fund:</i>	
Schedule of Revenues, Expenditures and Changes in Net Assets – Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis	F14
Fiduciary Funds:	
<i>Agency Funds:</i>	
Combining Statement of Changes in Assets and Liabilities	F15
Local Highway Finance Report	F16 - 17
Special Reports Section:	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	G1
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	G2 - G3
Schedule of Findings and Questioned Costs	G4
Schedule of Prior Audit Findings and Questioned Costs	G5
Schedule of Expenditures of Federal Awards	G6 – G7



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

SUITE 222/AVON CENTER
100 WEST BEAVER CREEK BLVD.
P.O. Box 5850 AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
TELEPHONE: (970) 845-8800
FACSIMILE: (970) 845-0851
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners Garfield County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Garfield County, Colorado (the "County"), as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2006, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grants. That report is an integral part of and audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis found in Section B is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The budgetary comparison statements found in Section E are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Performing services for local governments throughout Colorado

*D. Jerry McMahan, C.P.A.
Paul J. Backes, C.P.A.*

*Daniel R. Cudahy, C.P.A.
Michael N. Jenkins, C.A., C.P.A.*

Members: American Institute of Certified Public Accountants/Colorado Society of Certified Public Accountants
National and Colorado Government Finance Officers Association/Colorado Municipal League

*Board of County Commissioners
Garfield County, Colorado*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying financial information found in Section F is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying financial information presented as special reports and the Schedule of Expenditures of Federal Awards on pages G8 and G9 is presented for purposes of additional analysis and as required by the U.S. Office of Management Budget Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements of Garfield County, Colorado. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McMahan and Associates, LLC.

**McMahan and Associates, L.L.C.
March 17, 2006**

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of Garfield County's (the County) annual financial report, the County's management is pleased to provide this narrative discussion and analysis of the financial activities of the County for the calendar year ended December 31, 2005. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The County's total assets (\$114 million) exceeded its total liabilities (\$49.7 million) by \$64,673,084 (total net assets) for the calendar year reported. Net assets increased by \$7,748,840 or 13.6% over 2004.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, totaled \$32,705,492 including property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$1,469,842 are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net assets of \$30,497,750 represent the portion available to maintain the County's continuing obligations to citizens and creditors.
- Total government **revenues** in 2005 were \$50,452,758 which compares with 2004 total revenues of \$43,600,604. This represents a 15.7% increase revenue.
- Total government **expenditures** in 2005 were \$42,703,918 which compares with 2004 total expenditures of \$38,599,777. This represents a 10.6% increase in expenditures.
- The County's governmental funds reported total ending fund balance of \$27,971,010 this year. This compares to the prior year ending fund balance of \$24,713,594 showing an increase of \$3,257,416 or 13.2% during 2005.
- At the end of the current calendar year, fund balance for the General Fund was \$11,147,142, or 53.4% of total General Fund expenditures. This compares to the prior year ending fund balance of \$7,313,941 showing an increase of \$3,833,201 or 52.4% during 2005.
- Overall, the County continues to maintain a strong financial position. We expect revenues to continue to increase for the foreseeable future. Currently, we are directing much of these revenues toward:
 - Addressing growing programmatic needs and infrastructure enhancement to address our increased growth and activities;
 - Studies to analyze the various impacts of growth, including industrial and energy development;
 - Paying down long-term certificates of participation; and
 - Establishing a budget reserve in case of an economic downturn.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the County's basic financial statements. The basic financial statements include:

- (1) government-wide financial statements,
- (2) fund financial statements, and
- (3) notes to the basic financial statements.

The County also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The County's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the County's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the County's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County as a whole is improving or deteriorating. Evaluation of the overall health of the County would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of County infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the County's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both government-wide financial statements distinguish governmental activities of the County that are principally supported by sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government; public safety; health and welfare; culture and recreation; and maintenance and improvement of transportation, infrastructure, buildings, grounds, fleet and facilities ("public works"). Business-type activities include the solid waste operations and the County's motor pool.

The government-wide financial statements are presented on pages C1 and C2 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The County has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the County's governmental funds. These statements report short-term calendar accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages C3 and C6 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. The two County proprietary funds are classified as enterprise funds. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the County organization for gas, water and sewer utilities.

The basic enterprise fund financial statements are presented on pages C7 through C9 of this report.

The County's *fiduciary funds* are custodial in nature and are classified as agency funds.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page D1 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the County's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund the road and bridge fund and the social services fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the County's adopted and final revised budget. As discussed, the County reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page F1 of this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County implemented the new financial reporting model used in this report beginning with the calendar year ended December 31, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the County as a whole.

Total Assets for the County on 12/31/2005 were \$114,383,935 and Total Liabilities were \$49,710,851. The County's Net Assets at calendar year-end are \$64,673,084. The following provides a summary of the County's Net Assets.

	Summary of Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets:						
Current assets	\$ 57,688,970	\$ 45,746,833	\$ 4,054,473	\$ 3,293,025	\$ 61,743,443	\$ 49,039,858
Capital assets	51,972,931	48,692,424	667,561	612,028	52,640,492	49,304,452
Total assets	109,661,901	94,439,257	4,722,034	3,905,053	114,383,935	98,344,310
Liabilities:						
Current liabilities	28,224,356	20,330,455	48,843	25,467	28,273,199	20,355,922
Long-term liabilities	21,185,546	20,846,146	252,106	217,999	21,437,652	21,064,145
Total liabilities	49,409,902	41,176,601	300,949	243,466	49,710,851	41,420,067
Net assets:						
Invested in capital assets, net of debt	32,037,931	28,117,424	667,561	612,028	32,705,492	28,729,452
Restricted	1,469,842	17,430,984	-	-	1,469,842	17,430,984
Unrestricted	26,744,226	7,714,249	3,753,524	3,049,559	30,497,750	10,763,808
Total net assets	\$ 60,251,999	\$ 53,262,657	\$ 4,421,085	\$ 3,661,587	\$ 64,673,084	\$ 56,924,244

The County continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 2.0 to 1 and 83.0 to 1 for business type activities. For the County overall, the current ratio is 2.2 to 1. These ratios are strong.

The County reported positive balances in net assets for both governmental and business-type activities. **Net assets increased \$6,989,342 for governmental activities and by \$759,498 for business-type activities.** The County's overall financial position improved during calendar year 2005.

Note that approximately 53% of the governmental activities' net assets are invested in capital. The County uses these capital assets to provide services to its citizens. However, with business type activities, the County has spent approximately 15% of its net assets on capital. Capital assets in the business-type activities also generate revenues for this fund.

Changes in Net Assets. Governmental and business-type activities increased the County's net assets by \$7,748,840 or 13.6%. The following table provides a summary of the County's changes in net assets for governmental and business-type activities in 2004 and 2005:

SUMMARY OF CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program:						
Charges for services	\$ 5,773,200	\$ 4,750,469	\$ 1,363,199	\$ 1,448,091	\$ 7,136,399	\$ 6,198,560
Operating grants	15,765,710	15,503,101			15,765,710	15,503,101
Capital Grants & Contri	1,102,656	1,875,910	29,505		1,132,161	1,875,910
General:						
Taxes	25,366,651	19,010,387			25,366,651	19,010,387
Other	1,051,837	1,012,646			1,051,837	1,012,646
Total revenues	49,060,054	42,152,513	1,392,704	1,448,091	50,452,758	43,600,604
Program Expenses:						
General government	8,908,172	9,336,872			8,908,172	9,336,872
Public safety	11,418,247	9,602,933			11,418,247	9,602,933
Public works	7,754,095	4,572,600			7,754,095	4,572,600
Health and welfare	10,420,656	11,199,914			10,420,656	11,199,914
Culture and recreation	2,502,182	2,289,927			2,502,182	2,289,927
Interest	1,067,360	1,088,290			1,067,360	1,088,290
Solid waste			633,206	509,241	633,206	509,241
Total expenses	42,070,712	38,090,536	633,206	509,241	42,703,918	38,599,777
Excess (deficiency)	6,989,342	4,061,977	759,498	938,850	7,748,840	5,000,827
Transfers	-	-	-	-	-	-
Change in net assets	6,989,342	4,061,977	759,498	938,850	7,748,840	5,000,827
Beginning net assets	53,262,657	49,200,680	3,661,587	2,722,737	56,924,244	51,923,417
Ending net assets	\$ 60,251,999	\$ 53,262,657	\$ 4,421,085	\$ 3,661,587	\$ 64,673,084	\$ 56,924,244

GOVERNMENTAL REVENUES

The County is heavily reliant on intergovernmental revenue, property taxes, and sales taxes to support governmental operations and capital.

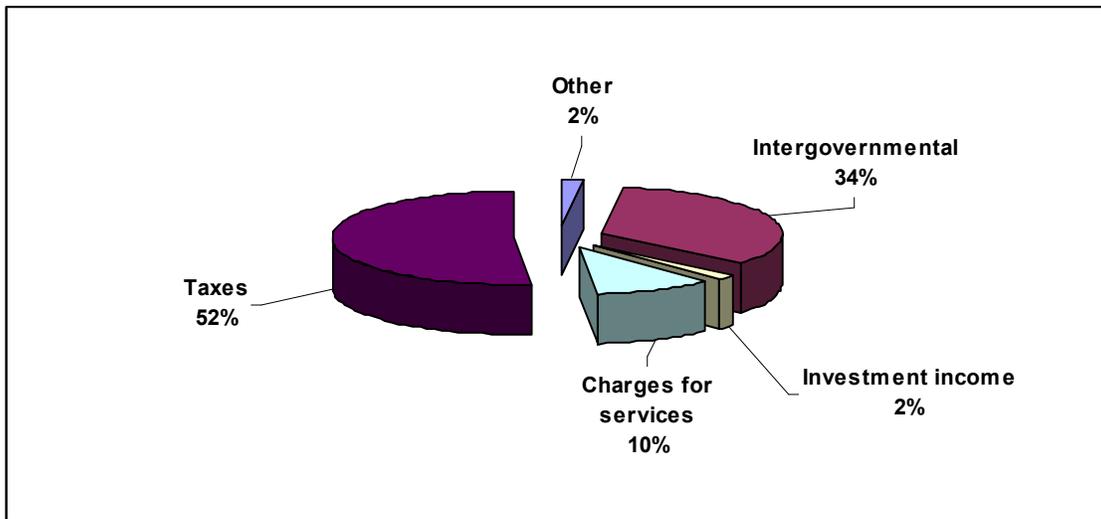
Intergovernmental revenue provided 27% of the County's total governmental revenues. \$8.2 million of this revenue relates to social services programs.

Property taxes are the second largest revenue source with over \$17 million of revenues or 35% of the total. Sales Taxes are the third largest revenue source of governmental revenues with over \$6.6 million or 14% of the total.

Because of the County's healthy financial position, we have been able to earn over \$1 million in interest earnings to support governmental activities. Also, note that program revenues cover 55% of governmental operating expenses. This is a very high percentage and again relates to the social services grants. This means that the government's taxpayers and the County's other general governmental revenues fund 45% of the governmental activities. As a result, the general economy and the county businesses have a major impact on the County's revenue streams.

Revenues by Source – Governmental Activities – year ended December 31, 2005.

Taxes	\$25.4 million
Intergovernmental	\$16.5 million
Charges for Services	\$5.1 million
Investment Income	\$1.1 million
Other Revenue	\$993 thousand

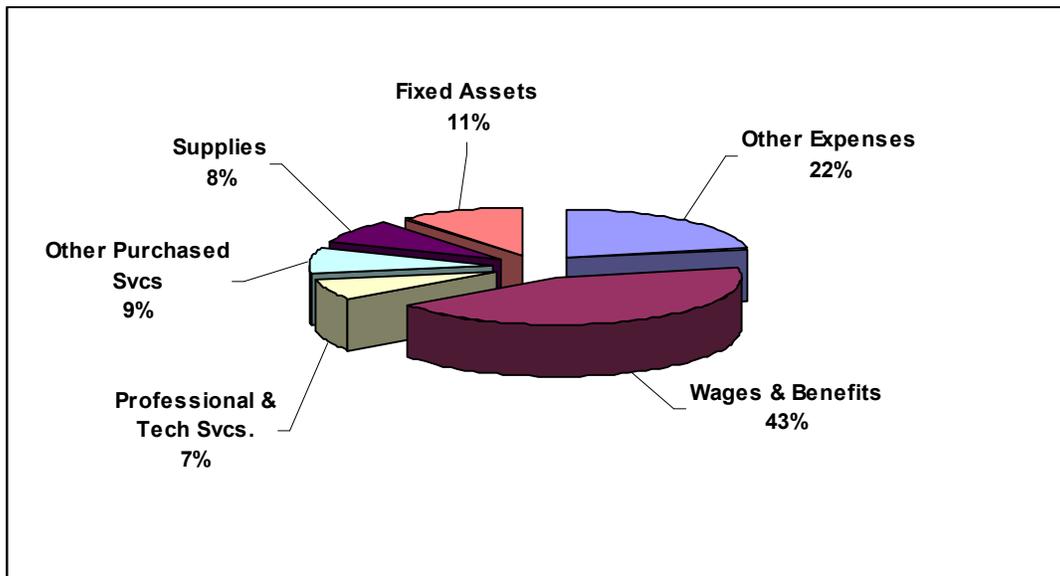


GOVERNMENTAL EXPENSES

Total Governmental Expenses

Total governmental expenses in 2005 were predominantly for employee wages and benefits at 43%. The remaining 57% was divided between property & fixed assets, supplies, purchased services, professional & technical services, and other expenses.

Expenses by Type – Governmental Activities – year ended December 31, 2005



Governmental Functional Expenses

The health and welfare, public safety and the general government functions make up approximately three-fourths of the total governmental activities expenses. Public Safety leads the costs with over 27% of the total governmental activities costs, with Health and Welfare coming in second at 25%.

This table presents the cost of each of the County’s programs, including the net costs (total cost of service less revenues generated by the activities). The net costs illustrate the financial burden placed on the County’s taxpayers by each of these functions.

	Governmental Activities			
	Total Cost of Services	% of Total	Net Cost of Services	% of Total
General government	8,908,172	21%	\$ 1,908,127	10%
Public safety	11,418,247	27%	9,660,114	50%
Public works	7,754,095	18%	4,049,742	21%
Health and welfare	10,420,656	25%	570,563	3%
Culture and recreation	2,502,182	6%	2,173,240	11%
Interest	1,067,360	3%	1,067,360	5%
Total	\$ 42,070,712		\$ 19,429,146	

Total net cost of services (\$19.3 million) is 46% of total costs of services (\$42 million). This means 46% of these services are paid for with taxpayer dollars and 54% is funded with charges/fees for services, grants and contributions (program revenues).

BUSINESS-TYPE ACTIVITIES
Revenues vs. Costs

The only enterprise fund is the County's solid waste management program. Operating revenues were \$1,363,199 and operating expenses were \$633,206 (a positive variance of \$759,498). Although operating revenues for the solid waste management fund were 5.9% less than 2004 and operating expenses were 24.3% higher, the fund balance still grew at a 21% growth rate over last year. Two of the three major waste disposal companies in the County continue to dump exclusively at the County landfill.

BRIEF ANALYSIS OF THE COUNTY'S GOVERNMENTAL FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$27,971,010. Of this year-end total, \$26,447,672 is unreserved indicating availability for continuing County service requirements. Legally restricted fund balances (i.e., the reserved fund balances) includes: \$48,496 committed to inventories and \$1,183,434 committed to emergencies.

The total ending fund balances of governmental funds show an increase of \$3,257,416 over 2004 or an 13.2% increase .

Major Governmental Funds

The **General Fund** is the County's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by over \$3.8 million, or 53.1%. Total revenues increased by 16.4% over 2004. Specifically, General Fund property taxes revenue increased 38.8% over the prior year. General fund sales taxes increased 28.3% over calendar 2004. This increase resulted from an overall improved economy in the County in 2005. We experienced a healthy hunting, skiing and tourist season in 2005.

General Fund expenditures increased by 9.8% over 2004 due to generally increased costs of goods and services. From 2004 to 2005, the functional costs in this Fund changed by these amounts:

General government:	\$286,397 (3.5%) increase
Public safety:	\$1,799,008 (19.8%) increase
Public works:	\$258,549 (72.2%) decrease
Health and welfare:	\$19,716 (1.7%) increase
Culture and recreation:	\$32,234 (14.0%) increase

The **Road and Bridge** Fund performs construction, maintenance and snow removal for all County roads and bridges. The fund balance decreased by \$256,417, however, it still maintains a strong fund balance of \$7.5 million to be used for future road and bridge construction and maintenance. Total revenues in this fund decreased by 2.4% and total expenditures increased by 1.6% over 2004. Expenditures in the Road and Bridge Fund were as follows:

➤ Wages & Employee Benefits	\$2.2 million
➤ Purchased Services	\$928 thousand
➤ Professional & Technical Services	\$928 thousand
➤ Property/Fixed Assets	\$792 thousand
➤ Supplies	\$1.7 million
➤ Other Expenses	\$273 thousand

The **Human Services Fund** (DHS) provides and coordinates a variety of State mandated social services including public assistance, child support and family service programs. This fund balance grew from \$1.3 million in 2004 to \$1.9 million in 2005. Total revenues decreased by 7.2% and total expenditures dropped by 6.4% compared with 2004. Even though total revenues dropped, the decrease in expenditures resulted in an excess of revenues over expenditures of \$594 thousand, resulting in the increase of fund balance between 2004 and 2005. Expenditures in the DHS Fund were as follows:

➤ Wages & Employee Benefits	\$3.1 million
➤ Purchased Services	\$322 thousand
➤ Professional & Technical Services	\$361 thousand
➤ Property/Fixed Assets	\$396 thousand
➤ Supplies	\$105 thousand
➤ Other Expenses (specific to DHS services)	\$4.8 million

The **Capital Expenditures Fund** accounts for financial resources to be used for the acquisition or construction of major capital facilities and capital projects. This fund balance dropped from \$5.5 million in 2004 to \$3.7 million in 2005, or a 33% decrease. This drop in fund balance is primarily because the County spent \$2.8 million on building a new human services facilities in Rifle, Colorado. Total revenues increased by 115% and total expenditures increased by or 93.7% over 2004.

Major capital expenditures during 2005 included the following:

➤ Improvements and equipment purchases	\$1.2 million
➤ New Human Services building	\$2.7 million
➤ Certificate of Participation principal and interest payments	\$1.7 million

General Fund Budgetary Highlights

The **General Fund** received 112.5% of estimated revenue:

	<u>Budgeted</u>	<u>Received</u>	<u>Over/Under</u>
Taxes	\$15,204,340	15,829,536	625,196
Charges/Fees for Services	\$3,260,687	4,585,810	1,325,123
Intergovernmental	\$2,883,437	3,434,814	551,377
Investment Income	\$400,000	820,866	420,866
Other Revenue	<u>\$483,528</u>	<u>344,161</u>	<u>(139,367)</u>
TOTAL	<u>\$22,231,992</u>	<u>\$25,015,187</u>	<u>\$2,783,195</u>

On the expenditure side, the originally adopted budget was \$21,808,518. During 2005, an additional \$1,062,360 was added to the budget (revised by 4.9%). At year-end, 92.6% of the total budget was expended, or \$21,181,985.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets, net of accumulated depreciation, for governmental (i.e., including the motor pool fund) and business-type activities as of December 31, 2005, was \$51,972,931 and \$667,561 respectively. The total increase in this net investment was 6.1% for governmental activities and a 9.1% increase for business-type activities. The overall increase was 7.6% for the County as a whole. See Note 3-D for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	CAPITAL ASSETS					
	Governmental Activities		Business Activities		Total	
	2005	2004	2005	2004	2005	2004
Non-depreciable assets:						
Land	\$ 8,744,326	\$ 8,707,250	\$ 2,596	\$ 2,596	\$ 8,746,922	\$ 8,709,846
Depreciable assets:						
Land improvements	3,253,520	3,054,229	5,364	-	3,258,884	3,054,229
Buildings	41,623,954	38,932,087	91,048	91,048	41,715,002	39,023,135
Building improvements	1,039,287	322,195	-	-	1,039,287	322,195
Machinery and equipment	15,973,330	14,605,478	936,840	787,896	16,910,170	15,393,374
Infrastructure	965,867	965,866	-	-	965,867	965,866
Total depreciable assets	62,855,958	57,879,855	1,033,252	878,944	63,889,210	58,758,799
Less accumulated depreciation	19,627,353	17,631,702	368,287	269,512	19,995,640	17,901,214
Book value - depreciable assets	43,228,605	40,248,153	664,965	609,432	43,893,570	40,857,585
Percentage depreciated	31%	30%	36%	31%	31%	30%
Book value - all assets	\$ 51,972,931	\$ 48,955,403	\$ 667,561	\$ 612,028	\$ 52,640,492	\$ 49,567,431

At December 31, 2005, the depreciable capital assets for governmental activities were 31% depreciated. This compares with 30% to the December 31, 2004 percentage. This comparison indicates that the County replaced its governmental activities at a greater amount than the 2005 depreciation expense.

With the County's business type activities, 36% of the asset values were depreciated at December 31, 2005 compared to 31% at December 31, 2004. During calendar 2005, the County replaced its business-type activities capital assets at a greater amount than the 2004 depreciation expense.

Long-term Debt

During 2005, the County retired \$640,000 in certificates of participation.

Outstanding Borrowings

	Governmental Activities		Business-type Activities		Totals		% Change
	2005	2004	2005	2004	2005	2004	
Certificates of participation	\$ 19,935,000	\$ 20,575,000	\$ -	\$ -	\$ 19,935,000	\$ 20,575,000	-3%
Landfill closure and postclosure care	-	-	236,521	204,985	236,521	204,985	15%
Compensated absences	1,137,430	978,237	15,585	16,267	1,153,015	994,504	16%
Total	<u>\$ 21,072,430</u>	<u>\$ 21,553,237</u>	<u>\$ 252,106</u>	<u>\$ 221,252</u>	<u>\$ 21,324,536</u>	<u>\$ 21,774,489</u>	-2%

See Note 43-G for additional information about the County's long-term debt. We discuss the landfill closure and postclosure care liability in Note 3-F.

OTHER MATTERS

The following factors are expected to have a significant effect on the County's financial positions or results of operations and were taken into account in developing the 2006 budget.

- Continued growth in Garfield County is resulting in increased demands in all service areas of the county, especially in public safety, human services and transportation. Personnel, operational and capital expenditure costs are all expected to rise in the foreseeable future.
- The County is experiencing unprecedented development of oil and gas reserves. Currently, there are over 3,000 gas wells in operation in the county and the expectation is that 1,000 new wells will be drilled each year in the near future. This results in enormous economic benefit to the county that must be balanced by the impacts to local residents and the environment. The County is taking a leadership role in attempting to mitigate the adverse impacts of gas drilling on residents including a number of environmental studies in the areas of air quality, health risks, hydrogeological and land issues, and other socio-economic impacts.
- Increased property and sales tax revenues must be wisely directed to address growing programmatic needs and infrastructure enhancement.
- The airport and the surrounding areas have been identified as targets for economic development in the western end of the county. A cornerstone of that development is the complete upgrade of the airport runway to encourage large jet traffic into the area.
- The County landfill will need to build a new cell in order to handle its growing waste disposal needs.
- Information technology will be improved in order to have County information more readily accessible to citizens.

- The increased demand in the County Jail is creating the need for the community corrections program to relocate outside of the jail. The County will need to build a new facility to house the growing community corrections program.
- The need for a County animal shelter still exists.
- Facilities maintenance needs are continually considered, especially in the older County buildings (i.e., the County Court House).
- A good portion of County growth is attributable to the oil and gas industry. In the past, this industry has grown and then unexpectedly exited the County, resulting in financial setbacks. We must establish a budget reserve in case of a similar economic downturn.

In summary, Garfield County currently enjoys a strong financial position. We are the 83rd fastest growing county in the United States. In October, 2005, the County unemployment rate is the sixth lowest in the state, at 3.2 percent.

The future is very promising. We expect continued growth in the economy on all fronts. The challenge will be to harness that growth to achieve appropriate balance between economic benefit and quality of life.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have questions about this report or would like to request additional information, contact

Patsy Hernandez
Garfield County Finance Director
108 8th Street, Suite 201
Glenwood Springs, Colorado, 81601

The telephone is 970/945-7284, extension #1 and the email is address is phernandez@garfield-county.com.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

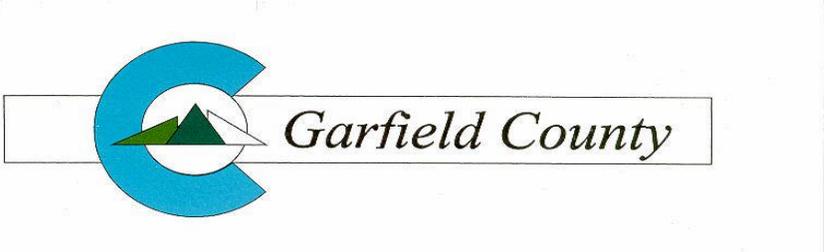


Garfield County, Colorado
Statement of Net Assets
December 31, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and investments	\$ 29,607,921	\$ 3,826,257	\$ 33,434,178
Due from other governments	222,275	-	222,275
Accounts, taxes, and other receivables	26,153,570	129,710	26,283,280
Prepaid expenses	5,000	-	5,000
Inventory	48,496	-	48,496
Internal balances	(98,506)	98,506	-
Restricted Assets			
Cash and investments	1,750,214	-	1,750,214
Capital Assets			
Capital assets, cost	71,600,284	1,035,848	72,636,132
Accumulated depreciation, net	(19,627,353)	(368,287)	(19,995,640)
Total Assets	109,661,901	4,722,034	114,383,935
Liabilities			
Current Liabilities			
Accounts payable	2,128,297	40,086	2,168,383
Accrued expenses	1,535,284	8,757	1,544,041
Unearned revenue	24,560,775	-	24,560,775
Non-current Liabilities			
Due within one year			
COP	605,000	-	605,000
Accrued Interest	113,116	-	113,116
Due longer than one year			
Accrued Comp. Abs.	1,137,430	15,585	1,153,015
COP	19,330,000	-	19,330,000
Landfill	-	236,521	236,521
Total Liabilities	49,409,902	300,949	49,710,851
Net Assets			
Invested in capital assets, net of related debt	32,037,931	667,561	32,705,492
Restricted for:			
Emergencies	1,183,434	-	1,183,434
Other Purposes	286,408	-	286,408
Unrestricted	26,744,226	3,753,524	30,497,750
Total Net Assets	\$ 60,251,999	\$ 4,421,085	\$ 64,673,084

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

FUND FINANCIAL STATEMENTS



Garfield County, Colorado
Balance Sheet
Governmental Funds
December 31, 2005

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Capital Expenditures</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and investments, unrestricted	\$ 12,091,500	\$ 7,751,942	\$ 2,746,607	\$ 2,145,765	\$ 3,396,391	\$ 28,132,205
Cash and investments, restricted	-	-	-	1,750,214	-	1,750,214
Accounts receivable	12,654,340	3,546,028	2,633,398	6,021,730	1,298,074	26,153,570
Due from other governments	-	-	222,275	-	-	222,275
Prepaid expenses	5,000	-	-	-	-	5,000
Due from other funds	10,176	75	250	-	253,192	263,693
Inventory	-	48,496	-	-	-	48,496
Total Assets	\$ 24,761,016	\$ 11,346,541	\$ 5,602,530	\$ 9,917,709	\$ 4,947,657	\$ 56,575,453
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 964,364	\$ 312,769	\$ 107,639	\$ 93,057	\$ 155,577	\$ 1,633,406
Accrued expenditures	625,659	566,938	625,349	112,036	45,978	1,975,960
Due to other funds	147,070	9,688	3,713	7,150	266,681	434,302
Deferred revenue	11,876,781	2,931,072	2,924,394	6,021,730	806,798	24,560,775
Total Liabilities	13,613,874	3,820,467	3,661,095	6,233,973	1,275,034	28,604,443
Fund Balances						
Reserved for:						
Emergencies	-	-	-	-	1,183,434	1,183,434
Prepays	5,000	-	-	-	-	5,000
Inventory	-	48,496	-	-	-	48,496
Other	-	-	-	-	286,408	286,408
Unreserved:						
Undesignated, reported in:						
General Fund	11,142,142	-	-	-	-	11,142,142
Special revenue funds	-	7,477,578	1,941,435	3,683,736	2,202,781	15,305,530
Total Fund Balances	11,147,142	7,526,074	1,941,435	3,683,736	3,672,623	27,971,010
Total Liabilities and Fund Balances	\$ 24,761,016	\$ 11,346,541	\$ 5,602,530	\$ 9,917,709	\$ 4,947,657	\$ 56,575,453

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

Garfield County, Colorado
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2005

Total Governmental Fund Balances	\$	27,971,010
 Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities (excluding the Motor Pool Fund) are not financial resources and therefore not reported in the funds. However, in the Statement of Net Assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense:		
Cost of capital assets	69,261,183	
Less accumulated depreciation	(18,049,104)	51,212,079
 Interfund receivables and payables between governmental funds are reported on the fund Balance Sheet but eliminated on the government-wide Statement of Net Assets:		
Interfund receivables	434,302	
Interfund payables	<u>(434,302)</u>	-
 An internal service fund is used by management to charge the costs of the motor pool to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets.		
		2,254,456
 Liabilities, including certificates of participation, compensated absences and interest are not due and payable in the current period and therefore are not reported in the funds but are reported in the government-wide Statement of Net Assets:		
Certificates of participation	(19,935,000)	
Compensated absences	(1,137,430)	
Accrued interest	<u>(113,116)</u>	<u>(21,185,546)</u>
 Net Assets of Governmental Activities	 \$	 <u><u>60,251,999</u></u>

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

Garfield County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Road and Bridge	Human Services	Capital Expenditure	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 15,829,536	\$ 3,533,517	\$ 1,369,959	\$ 1,783,790	\$ 2,849,849	\$ 25,366,651
Licenses and permits	12,453	394,358	-	-	-	406,811
Intergovernmental	3,663,360	2,458,811	8,257,217	1,895,667	258,311	16,533,366
Charges for services	4,585,810	74,352	-	71,560	377,413	5,109,135
Fines and forfeitures	33,684	-	-	-	-	33,684
Investment income	820,866	-	85,883	99,628	45,460	1,051,837
Contributions	35,184	-	-	-	6,072	41,256
Miscellaneous	33,849	111,649	34,055	-	331,873	511,426
Total Revenues	25,014,742	6,572,687	9,747,114	3,850,645	3,868,978	49,054,166
Expenditures						
Current						
General government	8,555,099	-	-	3,766,551	205,181	12,526,831
Public safety	10,803,496	-	-	-	327,811	11,131,307
Public works	99,571	6,829,104	-	-	601,823	7,530,498
Health and welfare	1,156,567	-	9,152,635	123,335	145,794	10,578,331
Culture and recreation	262,553	-	-	62,673	2,000,191	2,325,417
Debt Service						
Principal retirement	-	-	-	640,000	-	640,000
Interest	-	-	-	1,070,254	-	1,070,254
Total Expenditures	20,877,286	6,829,104	9,152,635	5,662,813	3,280,800	45,802,638
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,137,456	(256,417)	594,479	(1,812,168)	588,178	3,251,528
Other Financing Sources (Uses)						
Sale of capital assets	444	-	-	-	5,444	5,888
Transfers in	-	-	-	-	304,699	304,699
Transfers out	(304,699)	-	-	-	-	(304,699)
Total Other Financing Sources (Uses)	(304,255)	-	-	-	310,143	5,888
Net Change in Fund Balances	3,833,201	(256,417)	594,479	(1,812,168)	898,321	3,257,416
Fund Balances Beginning of Year	7,313,941	7,782,491	1,346,956	5,495,904	2,774,302	24,713,594
Fund Balances End of Year	\$ 11,147,142	\$ 7,526,074	\$ 1,941,435	\$ 3,683,736	\$ 3,672,623	\$ 27,971,010

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

Garfield County, Colorado
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2005

Net Changes In Fund Balances - Total Governmental Funds		\$ 3,257,416
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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	(2,234,297)	
Capital outlay	<u>5,331,455</u>	3,097,158
The cost of capital assets sold is not reported on the governmental operating statement but is reported on the government-wide Statement of Activities		(79,631)
Elimination of transfers between governmental funds:		
Transfers in	\$ 304,699	
Transfers out	<u>(304,699)</u>	-
The internal service fund, used by management to charge the costs of the motor pool to individual funds, is not reported in the government-wide Statement of Activities. Governmental fund expenditures are reduced and the related internal service fund profit is eliminated.		230,698
Interest expense reported in the Statement of Activities does not require the use of current financial resources and therefore, is not reported as expenditures in governmental funds.		
Liability @ December 31, 2005	(113,116)	
Liability @ December 31, 2004	<u>116,010</u>	2,894
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		640,000
Compensated absences 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.		
Liability @ December 31, 2005	(1,137,430)	
Liability @ December 31, 2004	<u>978,237</u>	<u>(159,193)</u>
Change In Net Assets of Governmental Activities		<u>\$ 6,989,342</u>

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

Garfield County, Colorado
Statement of Net Assets
Proprietary Funds
December 31, 2005

	Business-type Activities Enterprise Fund	Governmental Activities - Internal Service Fund
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,826,257	\$ 1,475,716
Accounts receivables	129,710	51
Due from other funds	98,506	72,161
Total Current Assets	4,054,473	1,547,928
Non-Current Assets		
Capital Assets:		
Land	2,596	-
Land Improvements	5,364	-
Buildings	91,048	-
Machinery and Equipment	936,840	2,339,101
Accumulated depreciation	(368,287)	(1,578,249)
Total Non-Current Assets	667,561	760,852
Total Assets	4,722,034	2,308,780
Liabilities		
Current Liabilities		
Accounts payable	40,086	46,416
Accrued expenses	8,757	7,850
Due to other funds	-	58
Total Current Liabilities	48,843	54,324
Long-term Liabilities		
Non-current liabilities due longer than one year:		
Accrued compensated absences	15,585	-
Closure and postclosure obligations	236,521	-
Total Long-term Liabilities	252,106	-
Total Liabilities	300,949	54,324
Net Assets		
Invested in capital assets	667,561	760,852
Restricted	-	426,323
Unrestricted	3,753,524	1,067,281
Total Net Assets	\$ 4,421,085	\$ 2,254,456

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

Garfield County, Colorado
Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

	Business-type Activities Enterprise Fund	Governmental Activities - Internal Service Fund
Operating Revenues		
Charges for services	\$ 1,363,199	\$ 960,864
Total Operating Revenues	<u>1,363,199</u>	<u>960,864</u>
Operating Expenses		
Personnel	225,104	102,724
Purchased services	207,759	48,477
Materials & Supplies	67,043	328,806
Depreciation	98,775	258,491
Other	34,525	-
Total Operating Expenses	<u>633,206</u>	<u>738,498</u>
Operating Income	729,993	222,366
Non-Operating Revenues		
Sale of Capital Assets	-	8,332
Income Before Capital Contributions and Transfers In	729,993	230,698
Capital contributions	29,505	-
Change in Net Assets	759,498	230,698
Net Assets Beginning of Year	<u>3,661,587</u>	<u>2,023,758</u>
Net Assets End of Year	<u>\$ 4,421,085</u>	<u>\$ 2,254,456</u>

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

Garfield County, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005

	Business-type Activities Enterprise Fund	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities		
Cash received from customers	\$ 1,419,074	\$ 959,751
Cash payments personal services	(225,786)	(102,724)
Cash payments for goods and services	(251,165)	(345,984)
Net Cash Provided by Operating Activities	<u>942,123</u>	<u>511,043</u>
Cash Flows from Non-Capital Financing Activities		
Transfers in (out)	<u>1,348</u>	<u>(39,839)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from the sale of capital assets	-	30,887
Payments for capital acquisitions	(124,803)	(544,025)
Net Cash (Used in) Capital and Related Financing Activities	<u>(124,803)</u>	<u>(513,138)</u>
Net Increase (decrease) in Cash and Cash Equivalents	818,668	(41,934)
Cash and Cash Equivalents Beginning of Year	<u>3,007,589</u>	<u>1,517,650</u>
Cash and Cash Equivalents End of Year	<u>\$ 3,826,257</u>	<u>\$ 1,475,716</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 729,993	\$ 222,366
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation	98,775	258,491
(Increase) decrease in Accounts receivable	55,872	(1,111)
Increase (decrease) in Accounts payable	26,547	28,053
Accrued expenses	82	3,244
Landfill closure and postclosure care	31,536	-
Net Cash Provided by Operating Activities	<u>\$ 942,123</u>	<u>\$ 511,043</u>
Non-Cash Capital Items		
Capital assets contributed	<u>\$ 29,505</u>	<u>\$ -</u>

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

Garfield County, Colorado
Comparative Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash and investments	<u>\$ 3,160,301</u>	<u>\$ 3,607,977</u>
Liabilities		
Due to other governments	<u>\$ 3,160,301</u>	<u>\$ 3,607,977</u>

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

NOTES TO THE FINANCIAL STATEMENTS



Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Index

Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Basis of Presentation	1-B
Measurement Focus	1-C
Basis of Accounting	1-D
Assets, Liabilities and Fund Equity	1-E
Cash, Cash Equivalents and Investments	1-E-1
Receivables	1-E-2
Interfund Balances	1-E-3
Consumable Inventories	1-E-4
Prepaid Expenses	1-E-5
Capital Assets	1-E-6
Compensated Absences	1-E-7
Accrued Liabilities and Long-term Obligations	1-E-8
Bond Premiums, Discounts and Issuance Costs	1-E-9
Fund Equity	1-E-10
Operating Revenues and Expenses	1-E-11
Contributions of Capital	1-E-12
Interfund Activity	1-E-13
Estimates	1-E-14
Comparative Data	1-E-15
 Stewardship, Compliance and Accountability	 2
Budgetary Information	2-A
 Detailed Notes on All Funds	 3
Deposits and Investments	3-A
Receivables	3-B
Property Taxes	3-C
Capital Assets	3-D
Interfund Balances and Transfers	3-E
Landfill Closure and Postclosure Care Costs	3-F
Long-term Debt	3-G
Retirement Plans	3-H
 Other Notes	 4
Risk Management	4-A
Contingent Liabilities	4-B
Labor Amendments	4-C
Other items	4-D

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005

Garfield County ("County") was established by State statute. The governing body of the County is a three-member Board of County Commissioners. The County provides the following services directly: general administration, sheriff, jail, coroner, roads and bridges, parks and open space, solid waste landfill, airport, and health and Human services.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP") as applied to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for governmental accounting and financial reporting. The County also applies Financial Accounting Standards Board ("FASB") statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise fund at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the County's accounting policies are described below.

1-A. Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

Blended component units, although legally separate from the County, meet the above criterion and are reported as part of the County. Each blended component unit has a December 31 year end. Brief descriptions of the blended component units follow:

Garfield County Building Corporation – The Garfield County Building Corporation (the "Corporation") was incorporated in September 1999 and formed for the purpose of facilitating County financings, including the acquisition of real estate, property and improvements for lease to the County. The Corporation issued Certificates of Participation in October 1999 for the construction of a Jail Facility. The financial data of the Corporation is reported as part of the primary government because it is fiscally dependent upon the County and provides financing solely to the County. Although the Corporation is a separate legal entity, for financial reporting purposes, it is part of the County and is included in the Capital Expenditures Fund.

Garfield County Finance Authority – The Garfield County Finance Authority (the "Authority") was incorporated in October, 2001 and formed for the purpose of facilitating County financings, including the acquisition of real estate, property and improvements for lease to the County. The Authority issued certificates of participation in October 2001 for the construction of an administration building and a maintenance facility. The financial data of the Authority is reported as part of the primary government because it is fiscally dependent upon the County and provides financing solely to the County. Although the Authority is a separate legal entity, for financial reporting purposes, it is part of the County and is included in the Capital Expenditures Fund.

Other Related Entity - The Public Trustee is a State statutorily mandated position, appointed by the Board of County Commissioners, but whose financial transactions are independent of the County. However, all expenditures and associated funding transactions relating to the operations of the County Office of the Public Trustee are included in the General Fund.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

1-B. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements report financial information for the County as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and County's general revenues, from business-type activities, generally financed in whole or in part with tipping fees charged to external customers.

The Statement of Net Assets presents the financial position of the governmental and business-type activities of the County.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted. Other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental, proprietary and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting - The County uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County uses three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - County funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance. The following are the County's major governmental funds:

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

The General Fund – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund's fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Colorado.

Road and Bridge Fund – State law empowers the County to levy property taxes for the purposes of construction and maintenance of County roads and bridges. This fund accounts for those taxes and all State and Federal monies received to maintain County roads and bridges.

Human Services Fund – This fund accounts for federal and State welfare grant revenue. In addition, the County is required by Colorado Revised Statutes to levy a property tax to defray a portion of the cost of administering the grants.

Capital Expenditure Fund – This fund accounts for resources to be used to acquire capital assets and for the construction of major capital projects, excluding capital assets acquired by proprietary funds.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The two proprietary funds are classified as an enterprise fund and as an internal service fund.

Solid Waste Fund (Enterprise Fund) – The Solid Waste Fund accounts for the County's landfill operations which are primarily funded by site collections.

Motor Pool Fund (Internal Service Fund) - The Motor Pool Fund accounts for transportation services provided by the Motor Pool Department to all other departments or agencies of the County on a cost reimbursement basis.

Fiduciary Funds – The County's fiduciary fund reporting focuses on assets and liabilities. The County's fiduciary funds are classified as agency funds.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the Statement of Net Assets. The Statement of Activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the Statements of Net Assets. The statements of changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. The assets and liabilities of the fiduciary funds (i.e., agency funds) are accounted for on the accrual basis. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 4-C). Property taxes are levied in December for the subsequent year’s operations and are reported as a receivable and deferred revenue on December 31. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes and federal and state grants.

Deferred/Unearned Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

Deferred revenue is reclassified as “*unearned revenue*” on the government-wide Statement of Net Assets.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents, and Investments

Except for cash held for third parties (i.e., the Clerk and Recorder and Sheriff's Contraband Funds) and cash held by separate legal entities which are included in the County reporting entity, all cash is deposited with the County Treasurer. The Treasurer invests this cash to achieve the best possible return on the investments. Investments in short-term certificates of deposit or cash equivalents are accounted for as cash in all funds. Interest revenue is allocated to funds as designated by the Board of County Commissioners.

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Investments are stated at fair value based on quoted market prices.

Colorado law authorizes the County to invest in the following type of obligations:

- Obligations of the United States and certain U.S. government agencies securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local government entities
- Bankers' acceptance of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-E-4 Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

1-E-5 Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

1-E-6 Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide Statement of Net Assets but does not report these assets in the County fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide Statement of Net Assets and in the enterprise funds' Statement of Net Assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars. The County has capitalized its infrastructure prospectively, beginning January 1, 2003. All other governmental infrastructure, retroactive to 1980 will be capitalized no later than calendar year 2007. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land Improvements	20 Years	20 Years
Buildings	50 Years	5 - 20 Years
Building Improvements	5 - 20 Years	5 - 20 Years
Machinery and equipment	3 - 15 Years	3 Years
Infrastructure	20 Years	---

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

1-E-7 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

1-E-8 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Certificates of participation and capital leases are recognized as liabilities in the governmental fund financial statements "when due."

1-E-9 Bond Premiums, Discounts and Issuance Costs

On the government-wide Statement of Net Assets and the proprietary fund type Statement of Net Assets, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type Statement of Activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method. At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure.

1-E-10 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific services.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net asset amount also is adjusted by any bond issuance deferred amounts. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

1-E-11 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for solid waste and the use of vehicles in the motor pool. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund.

1-E-12 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

1-E-13 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

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 governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

1-E-14 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, 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.

1-E-15 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information – The County adopts an annual operating budget for all governmental and proprietary funds. Budgets for the governmental fund types are adopted on a basis consistent with GAAP. The proprietary fund types adopt budgets using a non-GAAP budgetary basis.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the individual fund level. Any change in total to a fund requires approval of the County Commissioners. Also, any transfer of appropriations within a fund requires the approval of the County Commissioners. The County approved monthly changes to budgeted appropriations for the year ended December 31, 2005.

All unexpended annual appropriations lapse at year-end.

Note 3 – Detailed Notes in All Funds

3-A. Deposits and Investments

The County' deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$100,000 of the County's deposits at each financial institution. Deposit balances over \$100,000 are collateralized as required by PDPA. The carrying amount of the County's demand deposits was \$16,515,008 at year end. The County had the following investments and maturities:

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

	<u>Standard & Poors Rating</u>	<u>Carrying Amounts</u>	<u>Less than one year</u>	<u>Less than five years</u>
<i>Deposits:</i>				
Cash on Hand	<i>Not Rated</i>	\$ 15,893	\$ 15,893	
Checking	<i>Not Rated</i>	12,578,069	12,578,069	
Savings	<i>Not Rated</i>	1,120,832	1,120,832	
CD	<i>Not Rated</i>	1,050,000	1,050,000	
Deposits held by Trustee	<i>Not Rated</i>	1,750,214	1,750,214	
<i>Investments:</i>				
Pools	<i>AAAm</i>	2,893,999	2,893,999	
Repurchase agreements		-	-	
Municipal bonds		-	-	
Agencies	<i>AAA</i>	16,039,995	9,030,400	\$ 7,009,595
Treasuries	<i>AAA</i>	<u>2,895,691</u>		2,895,691
Total		<u>\$ 38,344,693</u>		

The Investment Pool represents investments in COLOTRUST and CSAFE which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The County has no regulatory oversight for the pool.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the County diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The County coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the County has limited its interest rate risk.

Credit Risk. State law and County policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The County's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The County diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured or issued by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding County funds must provide the County a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

3-B. Receivables

Receivables at December 31, 2005, consisted of taxes, interest, and accounts, and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility. The County had the following receivables at year end:

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

Governmental Funds					
	General Fund	Road and Bridge	Human Services	Capital Expenditures	Other Governmental Funds
Accounts	\$ 776,489	\$ 614,908	\$ 74,695	\$ -	\$ 18,452
Taxes	11,876,781	2,931,072	2,558,703	6,021,730	1,275,494
Other	1,070	48	-	-	4,128
Allowance	-	-	-	-	-
Total	\$ 12,654,340	\$ 3,546,028	\$ 2,633,398	\$ 6,021,730	\$ 1,298,074
Proprietary Funds					
	Solid Waste Disposal	Motor Pool			
Accounts	\$ 129,710	\$ 51			
Allowance	-	-			
Total	\$ 129,710	\$ 51			

3-C. Property Taxes

Property taxes are levied on or before December 15 of each year and attach as an enforceable lien on the property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County bills and collects its own property taxes and the taxes for various other governmental entities.

3-D. Capital Assets

Governmental Activities Capital asset activity for the year ended December 31, 2005 was as follows:

	Balance 1/1/05	Additions	Deductions	Balance 12/31/05
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,707,250	\$ 37,076	\$ -	\$ 8,744,326
Total assets not being depreciated	8,707,250	37,076	-	8,744,326
Depreciable capital assets:				
Land improvements	3,054,229	199,291	-	3,253,520
Buildings	38,932,087	2,691,867	-	41,623,954
Building improvements	322,195	717,092	-	1,039,287
Machinery and equipment	14,605,478	1,686,129	(318,277)	15,973,330
Infrastructure	965,867	-	-	965,867
Total depreciable capital assets	57,879,856	5,294,379	(318,277)	62,855,958
Total capital assets	66,587,106	5,331,455	(318,277)	71,600,284
Accumulated depreciation:				
Land improvements	(702,056)	(140,581)	-	(842,637)
Buildings	(10,610,495)	(960,178)	-	(11,570,673)
Building improvements	(58,117)	(75,395)	-	(133,512)
Machinery and equipment	(6,228,406)	(1,026,575)	238,646	(7,016,335)
Infrastructure	(32,628)	(31,568)	-	(64,196)
Total accumulated depreciation	(17,631,702)	(2,234,297)	238,646	(19,627,353)
Governmental activities capital assets, net	\$ 48,955,404	\$ 3,097,158	\$ (79,631)	\$ 51,972,931

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

Governmental activities depreciation expense classified by function follows:

General government	\$ 341,987
Public safety	377,782
Public works	878,497
Culture and recreation	359,665
Health and welfare	<u>276,366</u>
 Total governmental activities depreciation expense	 <u><u>\$ 2,234,297</u></u>

Business-Type Activities Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>Balance 1/1/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/05</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,596	\$ -	\$ -	\$ 2,596
Total assets not being depreciated	<u>2,596</u>	<u>-</u>	<u>-</u>	<u>2,596</u>
Depreciable capital assets:				
Land improvements	-	5,364	-	5,364
Buildings	91,048	-	-	91,048
Machinery and equipment	787,896	148,944	-	936,840
Total depreciable capital assets	<u>878,944</u>	<u>154,308</u>	<u>-</u>	<u>1,033,252</u>
Total capital assets	<u>881,540</u>	<u>154,308</u>	<u>-</u>	<u>1,035,848</u>
Accumulated depreciation:				
Land improvements	-	(268)	-	(268)
Buildings	(32,175)	(4,972)	-	(37,147)
Machinery and equipment	(237,337)	(93,535)	-	(330,872)
Total accumulated depreciation	<u>(269,512)</u>	<u>(98,775)</u>	<u>-</u>	<u>(368,287)</u>
Business-type activities capital assets, net	<u>\$ 612,028</u>	<u>\$ 55,533</u>	<u>\$ -</u>	<u>\$ 667,561</u>

3-E. - Interfund Balances and Transfers

Interfund balances at December 31, 2005, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 10,176	\$ 147,070
Road and Bridge Fund	75	9,688
Human Services Fund	250	3,713
Capital Expenditures Fund	-	7,150
Non-major governmental funds	253,192	266,681
Solid Waste Fund	98,506	-
Motor Pool Fund	<u>72,161</u>	<u>58</u>
 Total	 <u>\$ 434,360</u>	 <u>\$ 434,360</u>

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

Interfund transfers for the year ended December 31, 2005, consisted of the following:

	Transfer In	Transfer (Out)
General Fund	\$ -	\$ (304,699)
Non-major governmental funds	304,699	-
Total	\$ 304,699	\$ (304,699)

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

All County transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

3-F. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the County to place final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each Balance Sheet date. Total closure and postclosure care costs are currently estimated to be \$1,576,805, with closure costs estimated to be \$940,634 and postclosure care cost estimated to be \$636,171. The \$236,521 reported as landfill closure and postclosure care liability at December 31, 2005, represents the cumulative amount reported to date based on the use of 15% of the capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,340,284 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. The County expects to close the landfill in the year 2049. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by State and Federal laws and regulations to provide assurance that the County has the ability to meet its financial obligations relating to closure and postclosure monitoring of the landfill. The County is in compliance with these requirements. However, if the County's financial position significantly changes in the future and resources are not available, or costs significantly change (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

3-G. Long-term Debt

1999 Certificates of Participation - On October 1, 1999, the County, through the Garfield County Building Corporation, issued \$12,780,000 in Certificates of Participation with interest ranging from 4.30% to 5.75%. The net proceeds of \$12,263,869 (after payment of \$516,131 in underwriting fees and other issuance costs) were used to purchase U.S. Government Securities. The securities were deposited with a bond agent to provide for construction of a jail facility. The Certificates of Participation are paid through a lease purchase agreement with the County. The lease is subject to annual appropriation.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

2001 Certificates of Participation – On October 15, 2001 the County, through the Garfield County Finance Authority, issued \$9,460,000 in Certificates of Participation with interest ranging from 3% to 5.25%. The net proceeds of \$9,197,501 (after payment of \$357,191 in underwriting fees and other issuance costs, and a premium of \$94,692) were used to purchase U.S. Government Securities. The securities were deposited with a bond agent to provide for construction of an administration building and a maintenance facility. The Certificates of Participation are paid through a lease purchase agreement with the County. The lease is subject to annual appropriation.

Annual lease requirements to amortize all certificates of participation outstanding, as of December 31, 2005 follow:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 650,000	\$ 1,043,604	\$ 1,693,604
2007	685,000	1,015,379	1,700,379
2008	720,000	984,416	1,704,416
2009	735,000	948,416	1,683,416
2010	785,000	908,666	1,693,666
2011 - 2015	4,555,000	3,907,460	8,462,460
2016 - 2020	5,865,000	2,597,988	8,462,988
2021 - 2024	5,940,000	827,775	6,767,775
	<u>\$ 19,935,000</u>	<u>\$ 12,233,704</u>	<u>\$ 32,168,704</u>

Changes in Long-term Obligations - Changes in the County's long-term obligations consisted of the following for the year ended December 31, 2005:

	<u>Outstanding</u> <u>1/1/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>12/31/05</u>	<u>Amounts Due</u> <u>in One Year</u>
Governmental Activities:					
Certificates of participation	\$ 20,575,000	\$ -	\$ 640,000	\$ 19,935,000	\$ 605,000
Compensated absences	978,237	159,193	-	1,137,430	-
Total Governmental Activities	<u>\$ 21,553,237</u>	<u>\$ 159,193</u>	<u>\$ 640,000</u>	<u>\$ 21,072,430</u>	<u>\$ 605,000</u>
Business-type Activities:					
Landfill closure & postclosure	\$ 204,985	\$ 31,536	\$ -	\$ 236,521	\$ -
Compensated absences	16,267	-	682	15,585	-
Total Business-type Activities	<u>\$ 221,252</u>	<u>\$ 31,536</u>	<u>\$ 682</u>	<u>\$ 252,106</u>	<u>\$ -</u>

The Capital Expenditure Fund is retiring the certificates of participation. The landfill closure and postclosure care liability is being retired by the Solid Waste Fund. The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

Conduit Debt Obligations - From time to time, the County has issued Private Activity Bonds to provide financial assistance to private sector entities for the acquisition and construction of housing and commercial facilities deemed to be in the public interest.

The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Local Improvement District 1997-1 – Residents of Canyon Creek Estates approved a ballot question that created a local improvement district for the purpose of constructing, installing, completing, and acquiring certain local improvements. The local improvement district used proceeds from bond sales to pay for the road improvements. Bonds payable as of December 31, 2005 in the amount of \$12,000 were outstanding. Unspent cash totaling \$3,345 is being held by the County Treasurer and is included in the agency funds' account title "due to other governments." The County has no obligation for repayment of this debt.

3-H. Retirement Plans

Defined Contribution Plan 401(a): The County participates in the County Officials and Employees Retirement Association ("CCOERA"), a multiple-employer public employee retirement system which is a qualified plan as defined by IRS Code Section 401(a) and Colorado Revised Statutes (CRS) 24.54. The plan provides retirement benefits through a defined contribution plan to participating Colorado counties, municipalities and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings.

There are no unfunded past service liabilities. All full-time employees are required to participate beginning on the date of hire. The County is required to contribute 5.0% of employee compensation, excluding overtime. The employee is required to contribute an amount equal to the County's contribution, and may contribute up to an additional 10% of after-tax compensation. The County's contribution for each employee, including earnings thereon allocated to the employee's account, vest at the rate of 20% for each year of participation in the plan. County contributions and earnings forfeited by employees who leave employment before fully vesting are returned to the County.

During 2005, the County and employees made the required 5.0% contribution amounting to \$684,499 each.

Defined Contribution Plan 457: The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by Waddell and Reed, Inc. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries. Plan investment purchases are determined by the plan participant and therefore, the plan's investment concentration varies between participants.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 4 - Other Notes

4-A. Risk Management

The County participates in two risk management pools.

County Workers' Compensation Pool - The County is exposed to various risks of loss related to injuries of employees while on the job. The County joined together with other counties in the State of Colorado to form the County Workers' Compensation Pool ("CWCP"), a public entity risk pool currently operating as a common risk management and insurance program for member counties. 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.

Colorado Counties Casualty and Property Pool - The County is exposed to various risks of loss related to casualty and property 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 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 prior year, and there have been no settlements that exceed the County's insurance coverage during the past three years.

4-B. Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the County believes such disallowances, if any, will be immaterial.

The County was a defendant in several lawsuits at December 31, 2005. In the opinion of County management, the outcome of these contingencies will not have a material effect on the financial position of the County.

4-C. Tabor Amendment

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 County has made certain interpretations of the amendment's language in order to determine its compliance. The County placed a question on the November 1994 ballot that would permit the County to keep and spend state grants, all sales tax and property tax revenues without limiting in any year the amount of other revenues that may be collected. The ballot question was approved by the County's voters.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2005
(Continued)

4-D. Other Items

The following fund's expenditures exceed appropriations. This may be violations of state statutes.

<u>Fund</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Exceeded Appropriations</u>
Fair Board	\$ 63,113	\$ 65,054	\$ (1,941)
Commissary	74,820	102,251	(27,431)

The County's financial statements were restated to reflect the consolidation of the Oil and Gas Impact Fund into the General Fund. This change had no impact on total County balances.

REQUIRED SUPPLEMENTARY INFORMATION



Garfield County, Colorado
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Taxes				
Property tax revenue	\$ 12,946,112	\$ 12,946,112	\$ 12,916,010	(30,102)
Specific ownership tax	975,000	975,000	1,184,221	209,221
Delinquent tax and interest	-	-	24,716	24,716
Sales tax	1,283,228	1,283,228	1,704,589	421,361
Licenses and permits	6,100	6,100	12,453	6,353
Intergovernmental				
Federal Grants	1,435,416	1,435,416	2,058,709	623,293
State Grants	1,351,521	1,351,521	1,583,223	231,702
Local Grants	96,500	96,500	21,428	(75,072)
Charges for services				
Clerk and recorder	1,079,300	1,079,300	1,307,040	227,740
Building and Planning	602,000	602,000	968,995	366,995
Sheriff's fees	315,200	315,200	426,175	110,975
Treasurer's fees	586,213	586,213	1,140,683	554,470
Other Fees	677,974	677,974	742,917	64,943
Fines and forfeitures	16,000	16,000	33,684	17,684
Investment income	400,000	400,000	820,866	420,866
Contributions	1,500	1,500	35,184	33,684
Miscellaneous	494,928	459,928	33,849	(426,079)
Total Revenues	<u>22,266,992</u>	<u>22,231,992</u>	<u>25,014,742</u>	<u>2,782,750</u>
Expenditures				
Current				
General government				
General	604,236	649,711	499,064	150,647
Board of County Commissioners	382,712	396,456	352,826	43,630
Assessor	986,903	1,076,365	986,131	90,234
Clerk and recorder	1,009,421	1,148,934	1,029,487	119,447
Treasurer	416,216	483,613	446,034	37,579
Surveyor	35,638	35,648	27,002	8,646
County attorney	562,715	581,326	539,207	42,119
County manager	432,058	444,752	418,268	26,484
Finance	323,802	424,393	395,200	29,193
Human resources	337,357	365,223	320,390	44,833
Information technology	502,950	660,110	634,179	25,931
Purchasing	394,817	398,487	397,628	859
Oil and gas	476,007	476,663	263,791	212,872
General services	169,597	205,432	150,834	54,598
Facilities management	939,245	964,685	925,082	39,603
Building & planning	879,683	890,103	694,337	195,766
Engineering	175,455	183,082	165,199	17,883
Contingency & fund administration	2,062,203	538,216	310,440	227,776
Public safety				
District attorney	736,072	1,145,913	1,082,933	62,980
Sheriff	3,359,208	3,716,065	3,816,811	(100,746)
Animal rescue	213,873	216,340	212,150	4,190
Emergency management	112,025	117,884	119,342	(1,458)
Fire suppression	38,539	38,539	14,494	24,045
Jail	3,712,263	4,297,283	4,237,247	60,036
Search and rescue	31,770	31,770	31,557	213
Victims advocate	66,518	69,502	46,830	22,672
Coroner	136,125	133,825	141,728	(7,903)
Emergency medical	15,071	14,469	15,003	(534)
Criminal justice services	1,248,190	1,375,263	1,085,401	289,862
Public works				
Extension	89,640	111,998	99,571	12,427
Health and welfare				
Health & welfare grants	-	-	53,663	(53,663)
Public health	1,124,236	1,219,755	1,102,904	116,851
Culture and recreation				
Fairgrounds	233,973	254,372	262,553	(8,181)
Total Expenditures	<u>21,808,518</u>	<u>22,666,177</u>	<u>20,877,286</u>	<u>1,788,891</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>458,474</u>	<u>(434,185)</u>	<u>4,137,456</u>	<u>4,571,641</u>
Other Financing Sources (Uses)				
Sale of capital assets	67,000	-	444	444
Transfers out	-	(204,699)	(304,699)	(100,000)
Total Other Financing Sources (Uses)	<u>67,000</u>	<u>(204,699)</u>	<u>(304,255)</u>	<u>(99,556)</u>
Net Change in Fund Balances	<u>\$ 525,474</u>	<u>\$ (638,884)</u>	<u>\$ 3,833,201</u>	<u>\$ 4,472,085</u>
Fund Balances Beginning of Year			7,313,941	
Fund Balances End of Year			<u>\$ 11,147,142</u>	

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

Garfield County, Colorado
Road and Bridge Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues				
Taxes				
Property tax revenue	\$ 1,089,935	\$ 1,089,935	\$ 1,089,596	\$ (339)
Specific ownership tax	-	-	99,678	99,678
Sales tax	1,924,842	1,924,842	2,344,243	419,401
Licenses and permits	373,278	373,278	394,358	21,080
Intergovernmental				
State Grants	2,686,334	2,686,334	2,456,324	(230,010)
Local Grants	-	-	2,487	2,487
Charges for services	47,000	47,000	74,352	27,352
Miscellaneous	500,000	500,000	111,649	(388,351)
Total Revenues	<u>6,621,389</u>	<u>6,621,389</u>	<u>6,572,687</u>	<u>(48,702)</u>
Expenditures				
Current				
Public works				
Operations	1,222,499	1,332,793	1,298,058	34,735
Construction	2,359,847	905,847	955,832	(49,985)
Maintenance	5,219,987	4,986,391	4,290,732	695,659
Weed & pest	293,632	230,353	284,482	(54,129)
Contingency	185,529	4,692	-	4,692
Total Expenditures	<u>9,281,494</u>	<u>7,460,076</u>	<u>6,829,104</u>	<u>630,972</u>
Net Change in Fund Balances	<u>\$ (2,660,105)</u>	<u>\$ (838,687)</u>	<u>\$ (256,417)</u>	<u>\$ 582,270</u>
Fund Balances Beginning of Year	<u>7,782,491</u>	<u>7,782,491</u>	<u>7,782,491</u>	
Fund Balances End of Year	<u>\$ 5,122,386</u>	<u>\$ 6,943,804</u>	<u>\$ 7,526,074</u>	

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

Garfield County, Colorado
Human Services Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues				
Taxes				
Property tax revenue	\$ 1,255,685	\$ 1,255,685	\$ 1,252,766	\$ (2,919)
Specific ownership tax	-	-	114,888	114,888
Delinquent tax and interest	-	-	2,305	2,305
Intergovernmental				
Payment in lieu of taxes	-	-	-	-
Federal Grants	9,061,869	9,061,869	7,455,461	(1,606,408)
State Grants	763,359	763,359	780,826	17,467
Local Grants	41,721	41,721	20,930	(20,791)
Investment income	-	-	85,883	85,883
Miscellaneous	112,200	112,200	34,055	(78,145)
Total Revenues	<u>11,234,834</u>	<u>11,234,834</u>	<u>9,747,114</u>	<u>(1,487,720)</u>
Expenditures				
Current				
Health and welfare				
Administration	934,760	998,684	616,562	382,122
Child care assistance	781,100	782,332	462,157	320,175
Child care quality & licensing	239,319	246,929	197,561	49,368
Child support enforcement	587,894	621,461	575,632	45,829
Child welfare block grant	3,565,107	3,626,840	3,033,911	592,929
Colorado works	1,270,860	1,245,301	966,529	278,772
CORE services	475,982	466,225	331,831	134,394
Expedited planning	97,159	97,159	16,513	80,646
Aid to needy disabled	52,500	52,500	48,561	3,939
Food benefits assistance	2,000,000	2,000,000	1,739,797	260,203
General assistance	6,000	6,000	6,000	-
Home care allowance	55,000	55,000	38,712	16,288
LEAP	213,470	220,240	223,730	(3,490)
Old age pension	356,000	356,000	386,335	(30,335)
Senior equip / caregiver	83,133	83,872	55,134	28,738
Single entry point	476,867	491,721	453,670	38,051
Contingency	426,098	266,084	-	266,084
Total Expenditures	<u>11,621,249</u>	<u>11,616,348</u>	<u>9,152,635</u>	<u>2,463,713</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (386,415)</u>	<u>\$ (381,514)</u>	594,479	<u>\$ 975,993</u>
Fund Balances Beginning of Year			<u>1,346,956</u>	
Fund Balances End of Year			<u>\$ 1,941,435</u>	

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

Garfield County, Colorado
Capital Expenditures Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Taxes				
Property tax revenue	\$ 1,308,424	\$ 1,308,424	\$ 1,308,044	\$ (380)
Specific ownership tax	-	-	119,678	119,678
Delinquent tax and interest	-	-	(82)	(82)
Sales tax	315,389	315,389	356,150	40,761
State Grants	1,000,000	1,000,000	1,845,667	845,667
Local Grants	-	-	50,000	50,000
Charges for services	-	-	71,560	71,560
Investment income	40,000	40,000	99,628	59,628
Total Revenues	<u>2,663,813</u>	<u>2,663,813</u>	<u>3,850,645</u>	<u>1,186,832</u>
Expenditures				
Current				
General government	4,014,598	4,416,378	3,766,551	649,827
Health and welfare	103,000	111,000	123,335	(12,335)
Culture and recreation	312,500	282,500	62,673	219,827
Debt Service				
Principal retirement	640,000	640,000	640,000	-
Interest	1,070,255	1,070,255	1,070,254	1
Total Expenditures	<u>6,140,353</u>	<u>6,520,133</u>	<u>5,662,813</u>	<u>857,320</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (3,476,540)</u>	<u>\$ (3,856,320)</u>	(1,812,168)	<u>\$ 2,044,152</u>
Fund Balances Beginning of Year			<u>5,495,904</u>	
Fund Balances End of Year			<u>\$ 3,683,736</u>	

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

SUPPLEMENTARY INFORMATION



Garfield County, Colorado
Combining Balance Sheet
Non-major Special Revenue Funds
December 31, 2005

	Public Library	Fair Board	Conservation Trust	Emergency Reserve	Airport	Clerk and Recorder	Off-site Road Improvement	Commissary	Retirement Fund	Search & Rescue	Total Non-major Special Revenue Funds
Assets											
Cash and investments	\$ 1,299,840	\$ 86,523	\$ 114,782	\$ 1,183,434	\$ 147,693	\$ 48,543	\$ 303,508	\$ 93,393	\$ 108,986	\$ 9,689	\$ 3,396,391
Accounts receivable	468,696	2,275	-	-	16,177	-	-	-	810,926	-	1,298,074
Due from other funds	-	-	200,000	-	376	-	-	52,816	-	-	253,192
Total Assets	\$ 1,768,536	\$ 88,798	\$ 314,782	\$ 1,183,434	\$ 164,246	\$ 48,543	\$ 303,508	\$ 146,209	\$ 919,912	\$ 9,689	\$ 4,947,657
Liabilities and Fund Balances											
Liabilities											
Accounts payable	\$ 46,936	\$ 100	\$ -	\$ -	\$ 90,078	\$ 4,001	\$ 1	\$ 13,300	\$ -	\$ 1,161	\$ 155,577
Accrued expenditures	42,363	-	-	-	3,615	-	-	-	-	-	45,978
Due to other funds	-	-	265,000	-	597	-	-	1,084	-	-	266,681
Deferred revenue	-	-	-	-	-	-	-	-	806,798	-	806,798
Total Liabilities	89,299	100	265,000	-	94,290	4,001	1	14,384	806,798	1,161	1,275,034
Fund Balances											
Reserved for:											
Emergencies	-	-	-	1,183,434	-	-	-	-	-	-	1,183,434
Other	286,408	-	-	-	-	-	-	-	-	-	286,408
Unreserved	1,392,829	88,698	49,782	-	69,956	44,542	303,507	131,825	113,114	8,528	2,202,781
Total Fund Balances	1,679,237	88,698	49,782	1,183,434	69,956	44,542	303,507	131,825	113,114	8,528	3,672,623
Total Liabilities and Fund Balances	\$ 1,768,536	\$ 88,798	\$ 314,782	\$ 1,183,434	\$ 164,246	\$ 48,543	\$ 303,508	\$ 146,209	\$ 919,912	\$ 9,689	\$ 4,947,657

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

Garfield County, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended December 31, 2005

	Public Library	Fair Board	Conservation Trust	Emergency Reserve	Airport	Clerk and Recorder	Off-site Road Improvement	Commissary	Retirement Fund	Search & Rescue	Total Non-major Special Revenue Funds
Revenues											
Taxes	\$ 2,249,742	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,107	\$ -	\$ 2,849,849
Intergovernmental	-	-	154,940	-	103,285	-	-	-	86	-	258,311
Charges for services	-	11,918	-	-	231,691	-	133,655	-	-	149	377,413
Investment income	31,502	2,432	2,265	-	-	-	8,934	-	-	327	45,460
Contributions	-	2,455	-	-	-	-	-	-	-	3,617	6,072
Miscellaneous	64,022	35,000	-	-	-	20,518	-	189,147	23,186	-	331,873
Total Revenues	2,345,266	51,805	157,205	-	334,976	20,518	142,589	189,147	623,379	4,093	3,868,978
Expenditures											
Current											
General government	-	-	-	-	-	6,400	-	-	198,781	-	205,181
Public safety	-	-	-	-	-	-	-	102,251	221,963	3,597	327,811
Public works	-	-	-	-	414,571	-	101,799	-	85,453	-	601,823
Culture and recreation	1,791,706	65,054	100,000	-	-	-	-	-	43,431	-	2,000,191
Total Expenditures	1,791,706	65,054	100,000	-	414,571	6,400	101,799	102,251	695,422	3,597	3,280,800
Excess (Deficiency) of Revenues Over (Under) Expenditures	553,560	(13,249)	57,205	-	(79,595)	14,118	40,790	86,896	(72,043)	496	588,178
Other Financing Sources (Uses)											
Sale of capital assets	443	-	-	-	5,001	-	-	-	-	-	5,444
Transfers in	-	-	-	204,699	100,000	-	-	-	-	-	304,699
Total Other Financing Sources (Uses)	443	-	-	204,699	105,001	-	-	-	-	-	310,143
Net Change in Fund Balances	554,003	(13,249)	57,205	204,699	25,406	14,118	40,790	86,896	(72,043)	496	898,321
Fund Balances Beginning of Year	1,125,234	101,947	(7,423)	978,735	44,550	30,424	262,717	44,929	185,157	8,032	2,774,302
Fund Balances End of Year	\$ 1,679,237	\$ 88,698	\$ 49,782	\$ 1,183,434	\$ 69,956	\$ 44,542	\$ 303,507	\$ 131,825	\$ 113,114	\$ 8,528	\$ 3,672,623

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

Garfield County, Colorado
Public Library Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Final Budget Variance Positive (Negative)
Revenues				
Taxes				
Sales tax	\$ 1,834,445	\$ 1,834,445	\$ 2,249,742	\$ 415,297
Investment income	8,000	8,000	31,502	23,502
Miscellaneous	56,546	63,133	64,022	889
Total Revenues	<u>1,898,991</u>	<u>1,905,578</u>	<u>2,345,266</u>	<u>439,688</u>
Expenditures				
Current				
Culture and recreation				
General operations	1,582,427	1,773,551	1,533,724	239,827
Capital improvement	114,000	250,926	139,615	111,311
Contingency	130,946	(12,216)	-	(12,216)
Library administration	-	-	18,279	(18,279)
Carbondale	-	-	12,857	(12,857)
Glenwood Springs	-	-	23,224	(23,224)
New Castle	-	-	14,714	(14,714)
Parachute	-	-	12,947	(12,947)
Rifle	-	-	18,579	(18,579)
Silt	-	-	11,989	(11,989)
Reference	-	-	5,778	(5,778)
Total Expenditures	<u>1,827,373</u>	<u>2,012,261</u>	<u>1,791,706</u>	<u>220,555</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	71,618	(106,683)	553,560	660,243
Other Financing Sources				
Sale of capital assets	-	-	443	443
Net Change in Fund Balances	<u>\$ 71,618</u>	<u>\$ (106,683)</u>	554,003	<u>\$ 660,686</u>
Fund Balances Beginning of Year			<u>1,125,234</u>	
Fund Balances End of Year			<u>\$ 1,679,237</u>	

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

Garfield County, Colorado
Fair Board Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Charges for services	\$ -	\$ -	\$ 11,918	\$ 11,918
Investment income	1,000	1,000	2,432	1,432
Contributions	53,500	53,500	2,455	(51,045)
Miscellaneous	-	-	35,000	35,000
Total Revenues	<u>54,500</u>	<u>54,500</u>	<u>51,805</u>	<u>(2,695)</u>
Expenditures				
Current				
Culture and recreation				
Operating Costs	63,113	63,113	64,911	(1,798)
Other expenses	-	-	143	(143)
Total Expenditures	<u>63,113</u>	<u>63,113</u>	<u>65,054</u>	<u>(1,941)</u>
Net Change in Fund Balances	<u>\$ (8,613)</u>	<u>\$ (8,613)</u>	(13,249)	<u>\$ (4,636)</u>
Fund Balances Beginning of Year			<u>101,947</u>	
Fund Balances End of Year			<u>\$ 88,698</u>	

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

Garfield County, Colorado
Conservation Trust
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Final Budget Variance Positive (Negative)
Revenues				
Taxes				
State grants	\$ 150,000	\$ 150,000	\$ 154,940	\$ 4,940
Investment income	-	-	2,265	2,265
Total Revenues	<u>150,000</u>	<u>150,000</u>	<u>157,205</u>	<u>7,205</u>
Expenditures				
Current				
Culture and recreation	<u>85,000</u>	<u>150,000</u>	<u>100,000</u>	<u>50,000</u>
Total Expenditures	<u>85,000</u>	<u>150,000</u>	<u>100,000</u>	<u>50,000</u>
Net Change in Fund Balances	<u>\$ 65,000</u>	<u>\$ -</u>	57,205	<u>\$ 57,205</u>
Fund Balances Beginning of Year			<u>(7,423)</u>	
Fund Balances End of Year			<u>\$ 49,782</u>	

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

Garfield County, Colorado
Emergency Reserve
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Final Budget Variance Positive (Negative)
Other Financing Sources				
Transfers in	\$ -	\$ -	\$ 204,699	\$ 204,699
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	204,699	<u>\$ 204,699</u>
Fund Balances Beginning of Year			<u>978,735</u>	
Fund Balances End of Year			<u>\$ 1,183,434</u>	

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

Garfield County, Colorado
Airport Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Federal grants	\$ 120,000	\$ 120,000	\$ -	\$ (120,000)
State grants	40,000	40,000	103,285	63,285
Charges for services	247,750	247,750	231,691	(16,059)
Miscellaneous	4,000	4,000	-	(4,000)
Total Revenues	411,750	411,750	334,976	(76,774)
Expenditures				
Current				
Public works				
Personnel Costs	121,842	152,785	128,604	24,181
Purchased Services	173,624	173,624	133,110	40,514
Operating Costs	139,084	139,084	141,344	(2,260)
Other Expenses	-	-	3,161	(3,161)
Contingency	28,968	(1,786)	-	(1,786)
Capital Outlay	9,000	9,000	8,352	648
Total Expenditures	472,518	472,707	414,571	58,136
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,768)	(60,957)	(79,595)	(18,638)
Other Financing Sources				
Sale of capital assets	-	-	5,001	5,001
Transfers in	-	-	100,000	100,000
Net Change in Fund Balances	\$ (60,768)	\$ (60,957)	25,406	\$ 86,363
Fund Balances Beginning of Year			44,550	
Fund Balances End of Year			\$ 69,956	

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

Garfield County, Colorado
Clerk & Recorder
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Miscellaneous	\$ -	\$ -	\$ 20,518	\$ 20,518
Total Revenues	-	-	20,518	20,518
Expenditures				
Current				
General government				
Clerk & recorder	-	8,000	6,400	1,600
Total Expenditures	-	8,000	6,400	1,600
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (8,000)</u>	14,118	<u>\$ 22,118</u>
Fund Balances Beginning of Year			<u>30,424</u>	
Fund Balances End of Year			<u>\$ 44,542</u>	

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

Garfield County, Colorado
Off-Site Road Improvement Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Charges for services	\$ 22,300	\$ 22,300	\$ 133,655	\$ 111,355
Investment income	2,200	2,200	8,934	6,734
Total Revenues	<u>24,500</u>	<u>24,500</u>	<u>142,589</u>	<u>118,089</u>
Expenditures				
Current				
Public works	-	101,799	101,799	-
Total Expenditures	<u>-</u>	<u>101,799</u>	<u>101,799</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 24,500</u>	<u>\$ (77,299)</u>	40,790	<u>\$ 118,089</u>
Fund Balances Beginning of Year			<u>262,717</u>	
Fund Balances End of Year			<u>\$ 303,507</u>	

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

Garfield County, Colorado
Commissary Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Miscellaneous	\$ -	\$ 102,000	\$ 189,147	\$ 87,147
Total Revenues	-	102,000	189,147	87,147
Expenditures				
Current				
Public safety				
Commissary operations	-	74,820	102,251	(27,431)
Total Expenditures	-	74,820	102,251	(27,431)
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ 27,180</u>	86,896	<u>\$ 59,716</u>
Fund Balances Beginning of Year			44,929	
Fund Balances End of Year			<u>\$ 131,825</u>	

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

Garfield County, Colorado
Retirement Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Final Budget Variance Positive (Negative)
Revenues				
Taxes				
Property tax revenue	\$ 546,223	\$ 546,223	\$ 544,953	\$ (1,270)
Specific ownership tax	-	-	54,096	54,096
Delinquent tax and interest	-	-	1,058	1,058
State Grants	-	-	86	86
Miscellaneous	-	-	23,186	23,186
Total Revenues	<u>546,223</u>	<u>546,223</u>	<u>623,379</u>	<u>77,156</u>
Expenditures				
Current				
General government	251,170	266,247	198,781	67,466
Public safety	191,357	217,245	221,963	(4,718)
Public works	83,334	94,061	85,453	8,608
Health and welfare	144,126	155,756	145,794	9,962
Culture and recreation	40,154	46,831	43,431	3,400
Total Expenditures	<u>710,141</u>	<u>780,140</u>	<u>695,422</u>	<u>84,718</u>
Net Change in Fund Balances	<u>\$ (163,918)</u>	<u>\$ (233,917)</u>	(72,043)	<u>\$ 161,874</u>
Fund Balances Beginning of Year			<u>185,157</u>	
Fund Balances End of Year			<u>\$ 113,114</u>	

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

Garfield County, Colorado
Search and Rescue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Charges for services	\$ -	\$ -	\$ 149	\$ 149
Investment income	-	-	327	327
Contributions	-	-	3,617	3,617
Total Revenues	-	-	4,093	4,093
Expenditures				
Current				
Public safety	10,000	10,000	3,597	6,403
Total Expenditures	10,000	10,000	3,597	6,403
Net Change in Fund Balances	\$ (10,000)	\$ (10,000)	496	\$ 10,496
Fund Balances Beginning of Year			8,032	
Fund Balances End of Year			\$ 8,528	

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

Garfield County, Colorado
Solid Waste Fund
Schedule of Revenues, Expenditures and Changes in Net Assets -
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Final Budget Variance Positive (Negative)
Revenues				
Charges for services	\$ 1,100,000	\$ 1,100,000	\$ 1,363,199	\$ 263,199
Total Revenues	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,363,199</u>	<u>263,199</u>
Expenditures				
Personell	219,597	237,395	225,104	12,291
Purchased services	309,500	310,200	207,759	102,441
Materials & Supplies	49,600	49,600	67,043	(17,443)
Other	8,768	(5,639)	2,989	(8,628)
Capital outlay	115,885	115,885	148,944	(33,059)
Total Expenditures	<u>703,350</u>	<u>707,441</u>	<u>651,839</u>	<u>55,602</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 396,650</u>	<u>\$ 392,559</u>	711,360	<u>\$ 318,801</u>
Add: Capitalized purchases			148,944	
Less:				
Capital contributions			29,505	
Depreciation expense			(98,775)	
Closure/post-closure care			<u>(31,536)</u>	
Change in Net Assets - GAAP Basis			<u>\$ 759,498</u>	

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

Garfield County, Colorado
Motor Pool Fund
Schedule of Revenues, Expenditures and Changes in Net Assets -
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Charges for services	\$ 739,720	\$ 739,720	\$ 960,864	\$ 221,144
Sale of capital assets	24,000	24,000	8,332	(15,668)
Total Revenues	763,720	763,720	969,196	205,476
Expenditures				
Personnel	97,746	104,284	102,724	1,560
Purchased services	48,200	48,200	48,477	(277)
Materials & Supplies	287,820	307,820	328,806	(20,986)
Other	3,608	585	-	585
Capital outlay	435,000	545,000	544,027	973
Total Expenditures	872,374	1,005,889	1,024,034	(18,145)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (108,654)	\$ (242,169)	(54,838)	\$ 187,331
Add: Capitalized purchases			544,027	
Less:				
Depreciation expense			(258,491)	
Change in Net Assets - GAAP Basis			\$ 230,698	

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

Garfield County, Colorado
Combining Statement of Changes in Assets and Liabilities
Agency Funds
December 31, 2005

125 Plan	Balance 1/1/05	Additions	Deductions	Balance 12/31/05
Assets				
Cash and investments	\$ 17,039	\$ 128,021	\$ (107,629)	\$ 37,431
Liabilities				
Due to others	\$ 17,039	\$ 128,021	\$ (107,629)	\$ 37,431
Jail Inmate Trust				
Assets				
Cash and investments	\$ 23,667	\$ 11,472	\$ -	\$ 35,139
Liabilities				
Due to others	\$ 23,667	\$ 11,472	\$ -	\$ 35,139
County Treasurer				
Assets				
Cash and investments	\$ 1,824,245	\$ 161,220	\$ -	\$ 1,985,465
Liabilities				
Due to other governments	\$ 1,824,245	\$ 161,220	\$ -	\$ 1,985,465
Canyon Creek Estates				
Assets				
Cash and investments	\$ 1,240	\$ 28,040	\$ (25,935)	\$ 3,345
Liabilities				
Due to others	\$ 1,240	\$ 28,040	\$ (25,935)	\$ 3,345
County Clerk				
Assets				
Cash and investments	\$ 1,741,786	\$ -	\$ (642,865)	\$ 1,098,921
Liabilities				
Due to other governments	\$ 1,741,786	\$ -	\$ (642,865)	\$ 1,098,921
Total				
Assets				
Cash and investments	\$ 3,607,977	\$ 328,753	\$ (776,429)	\$ 3,160,301
Liabilities				
Due to others	\$ 41,946	\$ 167,533	\$ (133,564)	\$ 75,915
Due to other governments	3,566,031	161,220	(642,865)	3,084,386
	<u>\$ 3,607,977</u>	<u>\$ 328,753</u>	<u>\$ (776,429)</u>	<u>\$ 3,160,301</u>

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

**ANNUAL SCHEDULE OF REVENUES AND EXPENDITURES
FOR ROADS, BRIDGES AND STREETS**



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

LOCAL HIGHWAY FINANCE REPORT		City or County: Garfield
		YEAR ENDING : December 2005
This Information From The Records Of Garfield County, Colorado	Prepared By: Phone:	Patsy Hernandez, Finance Director (970) 945-7284 x1

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	976,947
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	4,471,914
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+ b.)		a. Traffic control operations	0
2. General fund appropriations	0	b. Snow and ice removal	18,794
3. Other local imposts (from page 2)	3,927,875	c. Other (weed and pest control)	284,481
4. Miscellaneous local receipts (from page 2)	188,488	d. Total (a. through c.)	303,275
5. Transfers from toll facilities		4. General administration & miscellaneous	1,035,708
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	6,787,845
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	4,116,363	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,456,324	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	6,572,687	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	6,787,845

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	7,782,490	6,572,687	6,787,845	7,567,331	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2005

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,089,596	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	2,344,243	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses (permits)	394,358	f. Charges for Services	74,352
5. Specific Ownership &/or Other	99,678	g. Other Misc. Receipts	9,850
6. Total (1. through 5.)	2,838,279	h. Other	104,286
c. Total (a. + b.)	3,927,875	i. Total (a. through h.)	188,488
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,404,119	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	0	d. Federal Transit Admin	
d. Other (Specify) DOW PILT	171	e. U.S. Corps of Engineers	
e. Other (Specify) Grant for Airport Rd	52,034	f. Other Federal	
f. Total (a. through e.)	52,205	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	2,456,324	3. Total (1. + 2.g)	
			(Carry forward to page 1)

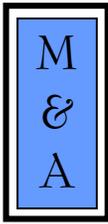
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		14,669	14,669
c. Construction:			
(1). New Facilities		592,995	592,995
(2). Capacity Improvements		8,509	8,509
(3). System Preservation		339,594	339,594
(4). System Enhancement & Operation		21,180	21,180
(5). Total Construction (1) + (2) + (3) + (4)	0	962,278	962,278
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	976,947	976,947
			(Carry forward to page 1)

Notes and Comments:

SINGLE AUDIT REPORTS AND SCHEDULES





MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

SUITE 222/AVON CENTER
100 WEST BEAVER CREEK BLVD.
P.O. Box 5850 AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
TELEPHONE: (970) 845-8800
FACSIMILE: (970) 845-0851
E-MAIL: MCMAHAN@MCMAHANCPA.COM

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

Board of County Commissioners Garfield County, Colorado

We have audited the financial statements of Garfield County, Colorado (the "County") as of and for the year ended December 31, 2005, and have issued our report thereon dated March 17, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

McMahan and Associates, LLC.

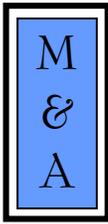
**McMahan and Associates, L.L.C.
March 17, 2006**

Performing services for local governments throughout Colorado

*D. Jerry McMahan, C.P.A.
Paul J. Backes, C.P.A.*

*Daniel R. Cudahy, C.P.A.
Michael N. Jenkins, C.A., C.P.A.*

Members: American Institute of Certified Public Accountants/Colorado Society of Certified Public Accountants
National and Colorado Government Finance Officers Association/Colorado Municipal League



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

SUITE 222/AVON CENTER
100 WEST BEAVER CREEK BLVD.
P.O. Box 5850 AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
TELEPHONE: (970) 845-8800
FACSIMILE: (970) 845-0851
E-MAIL: MCMAHAN@MCMAHANCPA.COM

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

**Board of County Commissioners
Garfield County, Colorado**

Compliance

We have audited the compliance of Garfield County, Colorado (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Performing services for local governments throughout Colorado

*D. Jerry McMahan, C.P.A.
Paul J. Backes, C.P.A.*

*Daniel R. Cudahy, C.P.A.
Michael N. Jenkins, C.A., C.P.A.*

Members: American Institute of Certified Public Accountants/Colorado Society of Certified Public Accountants
National and Colorado Government Finance Officers Association/Colorado Municipal League

**Board of County Commissioners
Garfield County, Colorado**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants, caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

McMahan and Associates, LLC.

**McMahan and Associates, L.L.C.
March 17, 2006**

Garfield County, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2005

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	None noted
Reportable condition identified that is not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	None noted

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Reportable conditions identified that is not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	None noted
Major program - Food Stamps	CFDA #10.551
Major program - WIC	CFDA #10.557
Major program - TANF Works	CFDA #93.558
Major program - Child Support Enforcement IV-D	CFDA #93.563
Major program - Child Care Development	CFDA #93.596
Major program - Foster Care - IVE	CFDA #93.658
Major program - Medicaid Assistance Program	CFDA #93.778
Dollar threshold used to identify Type A from Type B programs	\$300,000
Identified as low-risk auditee	No

Part II: Findings Related to Financial Statements

Findings related to financial statements as required by Government Auditing Standards	None noted
Auditor-assigned reference number	Not applicable

Part III: Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

Garfield County, Colorado
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2005

Findings - 2004

2004-1 The County did not have findings related to this program in 2005. Concerns regarding this issue have been addressed with the County's new Quality Assurance procedures and additional improvements in the States Colorado Benefit Management System.

2005-1 The County did not have findings related to this program in 2005. Concerns regarding this issue have been addressed with the County's new Quality Assurance procedures and additional improvements in the States Colorado Benefit Management System.

Garfield County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
Department of Agriculture:			
Passed through Colorado Department of Human Services:			
Temporary Emergency Food Assistance Program (TEFAP) Administratic	10.568	No	22,032
Food Donation	10.569	No	4,868
Food Assistance	10.551	Yes	1,739,797
State Administrative Matching Grants for Food Stamp Program	10.561	Yes	165,881
Passed through Colorado Department of Public Health and Environment:			
Special Supplemental Nutrition Program for Women, Infants and Childre	10.557	Yes	186,520
Special Supplemental Nutrition Program for Women, Infants and Children - Non-cash vouchers	10.557	Yes	648,239
Total Department of Agriculture			<u>2,767,337</u>
Department of Health and Human Services:			
Passed through Colorado Department of Health Care Policy and Financing:			
Medical Assistance Program	93.778	No	226,431
Passed through Colorado Department of Human Services:			
Temporary Assistance for Needy Families	93.558	Yes	808,417
Child Support Enforcement (Title IV-D - Administration)	93.563	Yes	536,364
Low-Income Home Energy Assistance	93.568	No	171,160
Child Care and Development Block Grant	93.575	No	40,568
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Yes	444,559
Child Welfare Services - State Grants	93.645	No	31,618
Foster Care - Title IV-E	93.658	Yes	499,453
Adoption Assistance	93.659	No	105,520
Social Services Block Grant	93.667	No	292,680
Independent Living	93.674	No	17,203
Medicaid Assistance Program	93.778	Yes	542,271
Adjustment to Federal Assistance	93.XXX	No	(26,810)
Passed through Colorado Department of Public Health and Environment:			
Maternal and Child Health Federal Consolidated Programs	93.110	No	3,478
Family Planning Services	93.217	No	
Immunization Grants	93.268	No	17,851
Center for Disease Control and Prevention - Investigations and Technical Assistance	93.283	No	45,676
Childhood Immunization Grants	93.268	No	152,745
Maternal and Child Health Block Grant	93.994	No	81,389
Passed through Area Aging Council of Northwest Colorado:			
National Family Caregiver Support	93.052	No	48,930
Total Department of Health and Human Services			<u>4,039,503</u>
Department of Transportation:			
Airport Improvement Program	20.106	No	141,551
Total Department of Transportation			<u>141,551</u>

(Continued)

Garfield County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
Department of Justice:			
Passed through Colorado Department of Public Safety:			
State Criminal Alien Assistance Program	16.606	No	100,232
TRIDENT Grant	16.579	No	53,500
Passed through City of Glenwood Springs, Colorado:			
High Intensity Drug Trafficking Assistance	16.729	No	14,772
Total Department of Justice			<u>168,504</u>
Department of Homeland Security:			
Passed through Colorado Department of Local Affairs:			
Hazardous Materials Training Program	97.020	No	54,040
Total Department of Homeland Security			<u>54,040</u>
Department of Veterans Affairs:			
Veterans Information and Assistance	64.115	No	1,200
Total Department of Veterans Affairs			<u>1,200</u>
Total Federal Financial Assistance			<u>\$ 7,172,135</u>

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2005

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Garfield County and is presented on the modified 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 general purpose financial statements.

Note 2. Determining the Name of Non-cash Awards Expended:

Fair market value of assistance at the time of disbursement to the recipient, or the assessed value provided by the state or federal agency.

Note 3. Pass Through Sub recipients:

The County had no sub recipients as of December 31, 2005