

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

**Financial Statements
December 31, 2007**



**Garfield County, Colorado
December 31, 2007**

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December 31, 2007**

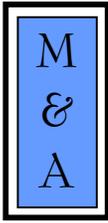
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INDEPENDENT AUDITOR'S REPORT

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, 2007, 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, 2007, 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 June 20, 2008, 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.*

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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, L.L.C.
June 20, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2007. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- As of 12/31/2007, the County's total assets (\$339.3 million) exceeded its total liabilities (\$67.6 million) by \$271,665,154 (total net assets) for the calendar year reported. Net assets increased by \$191,972,535 over 2006, primarily due to a one time GASB 34 Fixed Assets Infrastructure adjustment of \$177,520,955. Taking this adjustment out the net assets increase was \$14,451,580 over 2006 or 18.1% over 2006.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, totaled \$213,075,607 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 \$2,902,000 are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net assets of \$55,687,547 represent the portion available to maintain the County's continuing obligations to citizens and creditors.
- Total governmental **revenues** in 2007 were \$81.8 million which compares with 2006 total revenues of \$77.6 million. This represents a 5.5% increase in revenue.
- Total governmental **expenditures** in 2007 were \$67.9 million which compares with 2006 total expenditures of \$66.1 million. This represents a 2.6% increase in expenditures.
- The County's governmental funds reported total ending fund balance of \$53.3 million this year. This compares to the prior year ending fund balance of \$39.4 showing an increase of \$13.9 million or 35.3% during 2007.
- At the end of the current calendar year, fund balance for the General Fund was \$17,193,347, or 54.6% of total General Fund expenditures. This compares to the prior year ending fund balance of \$16,927,442 showing an increase of \$265,905 or 1.6% during 2007.
- Overall, the County continues to maintain a strong financial position. We expect revenues to continue to increase for the foreseeable future. We are directing much of these revenues toward:
 - Addressing growing programmatic and associated staffing needs throughout the County;
 - Infrastructure enhancement to address our increased growth and activities including constructing several new buildings, road maintenance, and airport runway improvements;
 - 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. 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 property and 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, and public works. Business-type activities include the solid waste operations (landfill) 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 ("major 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.

Garfield County governmental funds are comprised of the General Fund, 13 special revenue funds and the Capital Expenditures Fund. The basic governmental fund financial statements are presented on pages C3 through 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 the Solid Waste Fund (an enterprise fund) and the Motor Pool Fund (an internal services fund). These funds essentially encompass the same functions reported as business-type activities in the government-wide statements. The basic proprietary fund financial statements are presented on pages C7 through C9 of this report.

Fiduciary funds account for funds held in a trustee or agency for another party or entity. These funds do not “belong” to the County; therefore, only balance sheet accounts (assets and liability) accounts are used (not expense or revenue accounts). The County’s has no trustee funds. The County agency fund information is presented on page F17 of this report.

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 data including information concerning the County's budget presentations. Budgetary comparison statements are included as “required supplementary information” for the Major Funds: General Fund, the Road and Bridge Fund, the Human Services Fund and the Capital Expenditures Fund (pages E1 – E4). Budgetary comparison schedules for all other governmental funds (Non-Major Funds) can be found in the Supplementary Information section of this report (pages F1 through F14). The Proprietary Fund budgetary comparison schedules are on pages F15 and F16. 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.

Assets: Total Assets for the County on 12/31/2007 were \$339,283,003 and Total Liabilities were \$67,617,848. The County's Net Assets at calendar year-end are \$271,665,154, which includes a one-time GASB 34 Fixed Assets Infrastructure adjustment of \$177,520,955 without this adjustment there is an 18.1% increase over 12/31/2006. The following provides a summary of the County's Net Assets (as presented on page C1):

SUMMARY OF NET ASSETS						
	Governmental Activities		Business-type Activities		TOTAL	
	2007	2006	2007	2006	2007	2006
Assets:						
Current assets	\$ 99,825,130	\$ 79,965,132	\$ 5,399,649	\$ 4,530,742	\$ 105,224,779	\$ 84,495,874
Restricted assets	1,802,617	1,746,205	-	-	1,802,617	1,746,205
Non-current assets	645,922	758,624	-	-	645,922	758,624
Capital assets	229,846,551	54,137,931	1,763,134	1,215,401	231,609,685	55,353,332
Total Assets	332,120,220	136,607,892	7,162,783	5,746,143	339,283,003	142,354,035
Liabilities:						
Current liabilities	46,115,890	41,382,498	181,051	222,714	46,296,941	41,605,212
Non-current liabilities	20,594,772	20,373,167	726,135	683,039	21,320,907	21,056,206
Total Liabilities	66,710,662	61,755,665	907,186	905,753	67,617,848	62,661,418
Net Assets:						
Invested in capital assets, net of debt	211,312,473	34,906,555	1,763,134	1,215,401	211,803,400	35,397,482
Restricted	2,902,000	3,288,564	-	-	3,940,200	3,288,564
Unrestricted	51,195,085	36,657,110	4,492,462	3,624,989	55,687,547	41,006,573
Total Net Assets	265,409,558	74,852,229	6,255,596	4,840,390	271,665,154	79,692,619

The County continues to maintain a high current ratio. The current ratio compares current assets to current liabilities (for this calculation "Due within one year" is included) and is an indication of the ability to pay current obligations (debt over the next 12 months). The current ratio for governmental activities is 2:1 and 30:1 for business type activities. For the County overall, the current ratio is 2:1 (assets are twice liabilities). These ratios are very strong.

The County reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$13.0 million for governmental activities less the infrastructure adjustment and by \$1.4 million for business-type activities. The County's overall financial position improved during calendar year 2007 by \$14.5 million less the infrastructure adjustment.

Note that approximately 79.6% of the governmental activities' net assets are invested in capital. Capital assets are tangible property used in the operation of the County such as land, roads and bridges, buildings, machinery, furnishings and equipment. The County uses these capital assets to provide services to its citizens. With business type activities, the County has spent approximately 7.9% of its net assets on capital. Capital assets in the business-type activities also generate revenues for this fund.

Changes in Net Assets. Governmental activities less infrastructure adjustment and business-type activities increased the County's net assets by \$14,451,580 or 18.1%. The following table provides a summary of the County's changes in net assets for governmental and business-type activities in 2006 and 2007:

SUMMARY OF CHANGES IN NET ASSETS						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program:						
Charges for services	\$ 7,025,571	\$ 7,319,037	\$ 1,987,931	\$ 1,548,008	\$ 9,013,502	\$ 8,867,045
Operating grants	18,331,005	20,461,821	4,685		18,335,690	20,461,821
Capital Grants & Contri	2,229,017	895,342	-	-	2,229,017	895,342
General:						
Taxes	47,784,502	35,072,798			47,784,502	35,072,798
Other	3,610,476	2,274,513			3,610,476	2,274,513
Total revenues	78,980,571	66,023,511	1,992,616	1,548,008	80,973,187	67,571,519
Program Expenses:						
General government	12,630,123	9,803,166			12,630,123	9,803,166
Public safety	15,519,455	13,091,923			15,519,455	13,091,923
Public works	19,928,299	12,436,163			19,928,299	12,436,163
Health and welfare	12,423,860	11,507,565			12,423,860	11,507,565
Culture and recreation	3,226,937	3,604,810			3,226,937	3,604,810
Interest	1,012,466	979,659			1,012,466	979,659
Solid waste			877,411	1,128,703	877,411	1,128,703
Total expenses	64,741,140	51,423,286	877,411	1,128,703	65,618,551	52,551,989
Excess (deficiency)	14,239,431	14,600,225	1,115,205	419,305	15,354,636	15,019,530
Special Items	(5,894,057)				(5,894,057)	
Transfers	(300,000)		300,000		-	
Transfers	-	-	-	-	-	-
Change in net assets	8,045,374	14,600,225	1,415,205	419,305	9,460,579	15,019,530
Beg. net assets (Restated)	257,364,184	60,252,004	4,840,390	4,421,085	262,204,574	64,673,089
Ending net assets	\$ 265,409,558	\$ 74,852,229	\$ 6,255,595	\$ 4,840,390	\$ 271,665,153	\$ 79,692,619

GOVERNMENTAL REVENUES

The County is heavily reliant on intergovernmental revenue, property taxes, and sales taxes to support governmental operations and capital. Total governmental revenue for 2007 was \$81.8 million compared with \$77.6 in 2006.

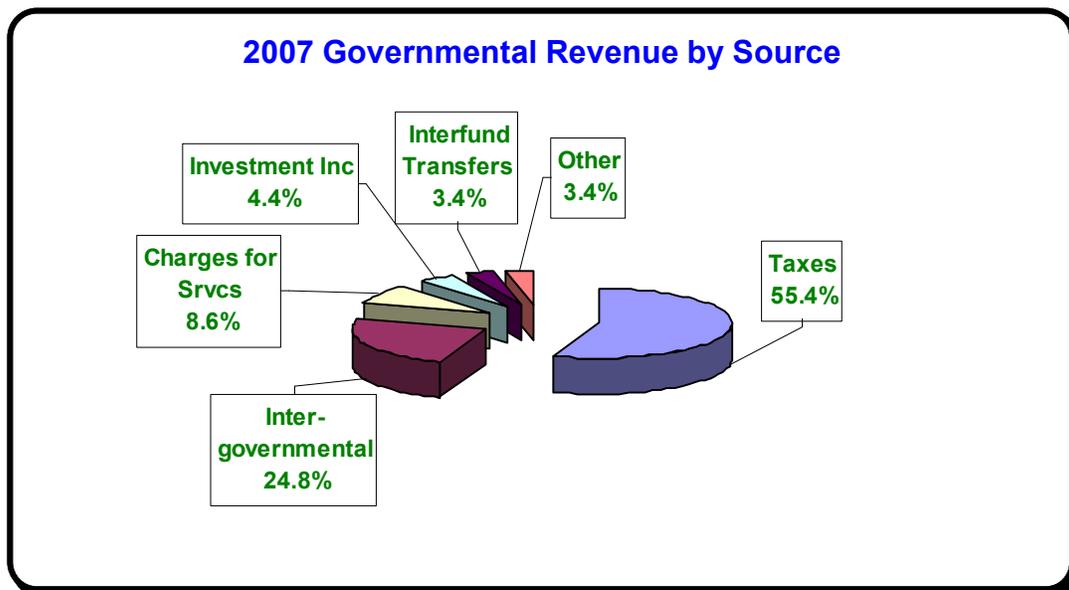
Property taxes are the largest revenue source with about \$35 million of revenues or 43% of the total. Sales Taxes are the third largest revenue source of governmental revenues with about \$7.3 million or 8.9% of the total.

Intergovernmental revenue provided 25.0% of the County's total governmental revenues. \$8.8 million of this revenue relates to human services programs.

Because of the County's healthy financial position, we have been able to earn over \$3.6 million in interest earnings to support governmental activities. Also, note that program revenues cover 43.0% 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 57% 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, 2007.

Taxes	\$45,335,372
Intergovernmental	\$20,279,569
Charges for Services	\$7,000,564
Investment Income	\$3,621,237
Interfund Transfers	\$2,815,000
Other Revenue	<u>\$2,743,833</u>
TOTAL	<u>\$81,795,575</u>

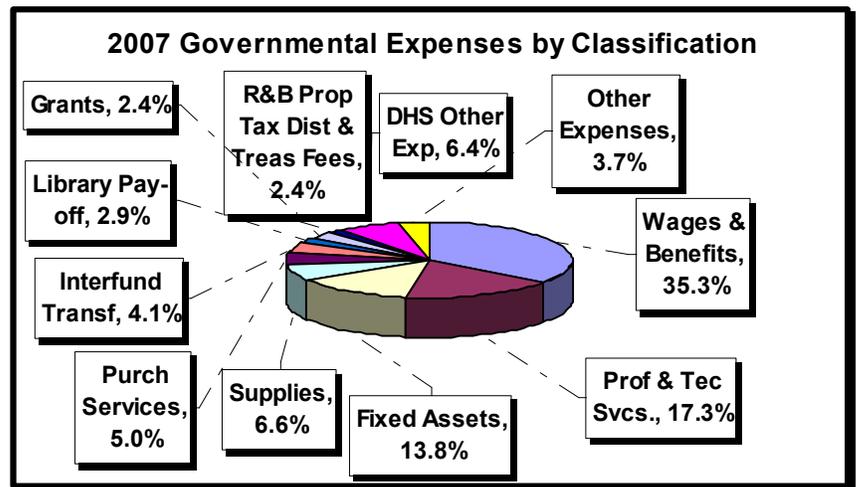


GOVERNMENTAL EXPENSES

Total Governmental Expenses by Classification

Total governmental expenses for 2007 were \$67.9 million compared with \$66.1 million in 2006. 2007 expenses broken down by classification are as follows:

Wages & Benefits	\$23,938,762
Professional & Tec Svcs.	11,729,022
Fixed Assets	9,376,227
Supplies	4,512,200
Purchased Services	3,402,701
Interfund Transfers	2,815,000
Library District Pay-off	1,951,507
Grants	1,650,507
R&B Prop Tax Dist & Treas Fees	1,626,916
DHS Other Expenses	4,364,604
Other Expenses	<u>2,527,925</u>
TOTAL	<u>\$67,895,371</u>



Governmental Functional Expenses

The general government, public safety, public works, and health and welfare functions make up most of the total governmental activities expenses (93%). On a percentage basis, public safety brings in the smallest amount of program revenues with \$14.0 million paid for with taxpayer dollars.

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				
Function	Total Cost of Services	% of Total	Net Cost of Services	% of Total
General government	\$ 12,630,123	19.5%	\$ 4,817,038	13.0%
Public safety	15,519,455	24.0%	14,060,679	37.8%
Public works	19,928,299	30.8%	12,064,346	32.5%
Health and welfare	12,423,860	19.2%	2,678,180	7.2%
Culture and recreation	3,226,937	5.0%	2,522,838	6.8%
Interest	1,012,466	1.5%	1,012,466	2.7%
Total	<u>\$ 64,741,140</u>		<u>\$ 37,155,547</u>	

Total net cost of services (\$37.2 million) is 58.0% of total costs of services (\$64.7 million). This means 58.0% of these services are paid for with taxpayer dollars and 42.0% are 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 (landfill). Operating revenues were \$1,992,616 and operating expenses were \$618,167 (a positive variance of \$1,374,449). This positive amount plus capitalized contribution of \$300,000 less depreciation expense (\$219,483) and landfill closure & post-closure care (\$39,762) resulted in an increase in net assets of \$1,415,204.

Revenues were primarily from tipping fees (99.8%) and the remainder (0.2%) was from recycled goods. Total expenditures were categorized as follows: 47.3% for wages & benefits and the remaining 52.7% are for operating costs. The Landfill's Fund Balance continues to grow primarily due to that two of the three major waste disposal companies in the County dump exclusively at the County Landfill, and the increasing population of the County.

BRIEF ANALYSIS OF THE COUNTY'S GOVERNMENTAL FUNDS

The Governmental Funds with Garfield County are:

<u>Major:</u>	<u>Non-Major:</u>	
General Fund	Airport Fund	Clerk EFTF Fund
Road & Bridge Fund	Fair Fund	Offsite Road Improvement Fund
Human Services Fund	Conservation Trust Fund	Livestock Auction Fund
Capital Expenditures Fund	Emergency Reserve Fund	Commissary Fund
	Search & Rescue Fund	Retirement Fund
	Oil & Gas Mitigation Fund	

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 total ending fund balances of \$265.4 million. Of this year-end total, \$51,195,085 is unreserved indicating availability for continuing County service requirements. Legally restricted fund balances (i.e., the reserved fund balances) primarily includes: \$1,183,434 committed to emergencies; and \$1,718,566 for COPS principal and interest payments.

The total ending fund balances of governmental funds after deducting the one-time GASB 34 Infrastructure adjustment showed an increase of \$13,036,374 over 2006 or a 17.4% increase.

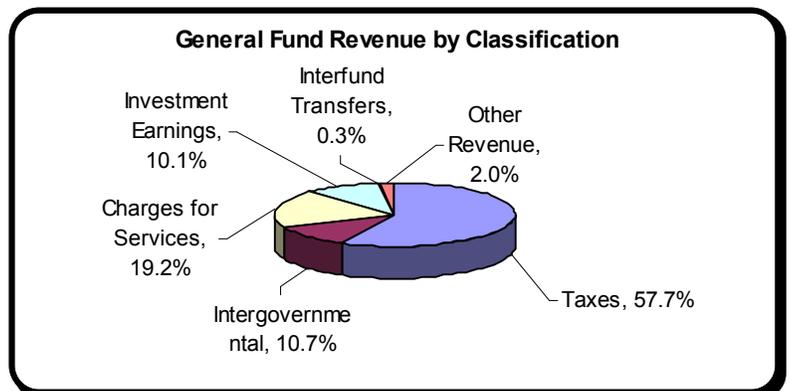
MAJOR GOVERNMENTAL FUNDS

General Fund

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 \$0.3 million, or 1.6%. Total revenues increased by 3.0% over 2006. This increase resulted from an overall improved economy in the County in 2007. We experienced a healthy hunting, skiing and tourist season in 2007.

Total **revenues** for the General Fund in 2007 were \$31.7 million. Taxes generated more than half this revenue, followed by charges & fees for services and intergovernmental revenue (revenues from other governments). The following represents total General Fund revenues by classification:

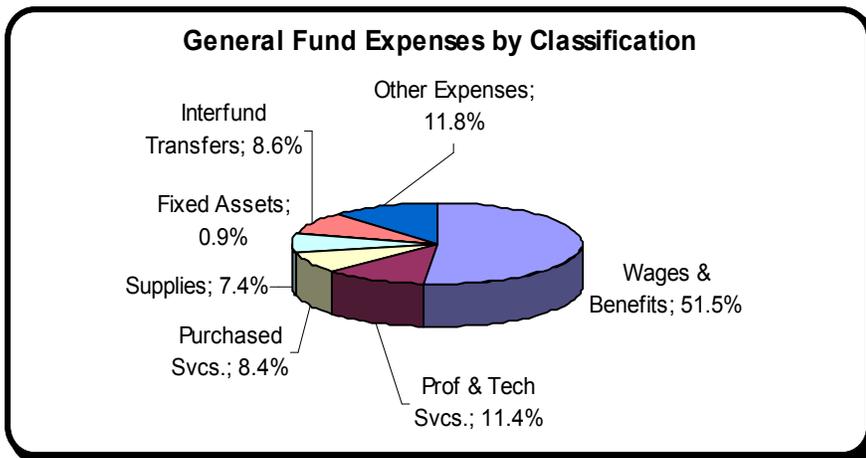
Taxes	\$18,306,515
Charges for Services	6,082,426
Intergovernmental	3,392,030
Investment Earnings	3,217,147
Interfund Transfers	100,000
Other Revenue	<u>640,501</u>
TOTAL REVENUES	<u>\$31,738,619</u>



Total **expenses** for the General Fund in 2007 (including interfund transfers to other funds) were \$31 million, a 25.8% over 2006 due to generally increased costs of goods and services. From 2006 to 2007, the functional costs in this Fund changed by these amounts:

General government:	\$2,397,994 (25.9%) increase
Public safety:	\$2,164,785 (17.6%) increase
Health and welfare:	\$362,287 (19.6%) increase

This fund contains a total of 19 Departments and Elected Official offices. Wages and Benefits made up 51.5% of total expenses while services provided for the County for purchased services (professional, technical and property services) comprised 19.8% the total. The following presents the total General Fund expenses by classification:



Wages & Benefits	\$16,196,961
Prof & Tech Svcs.	3,580,231
Purchased Svcs.	2,645,128
Supplies	2,339,125
Fixed Assets	275,000
Interfund Transfers	2,715,000
Other Expenses	<u>3,721,276</u>
TOTAL EXPENSES	<u>\$31,472,723</u>

General Fund Budgetary Highlights

The **General Fund Revenues** were 17.4% over what was budgeted:

	<u>Budgeted</u>	<u>Received</u>	<u>Over/(Under)</u>
Taxes	\$17,174,951	\$18,306,515	\$1,131,564
Charges for Services	4,995,500	6,082,426	1,086,926
Intergovernmental	2,489,750	3,392,030	902,280
Investment Income	1,558,450	3,217,147	1,658,697
Interfund Transfers	100,000	100,000	0
Other Revenue	<u>711,137</u>	<u>640,501</u>	<u>(70,636)</u>
TOTAL	<u>\$27,029,788</u>	<u>\$31,738,619</u>	<u>\$4,708,831</u>

On the **expenditure side**, the General Fund came in at 8.5% under the amount budgeted, as shown below:

	<u>Budgeted</u>	<u>Expended</u>	<u>Under/(Over)</u>
Wages & Benefits	\$17,105,081	\$16,196,961	\$ 908,120
Prof & Technical Svcs.	5,341,255	3,580,231	1,761,024
Purchased Services	3,059,708	2,645,128	414,580
Supplies	2,680,043	2,339,125	340,918
Fixed Assets	370,843	275,002	95,841
Interfund Transfers	1,915,000	2,715,000	(800,000)
Other Expenses	<u>3,914,030</u>	<u>3,721,276</u>	<u>192,754</u>
TOTAL	<u>\$34,385,960</u>	<u>\$31,472,723</u>	<u>\$2,913,237</u>

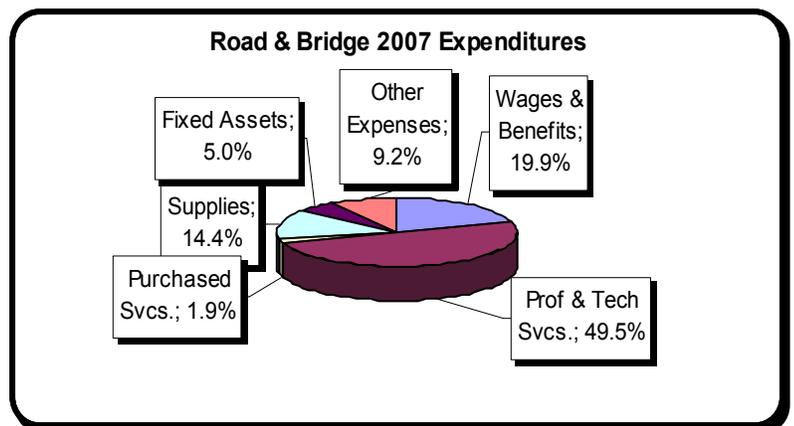
With total revenue received at \$31,738,619 and total expenses at \$31,472,723, the result was a fund balance increase of \$265,896 for the General Fund in 2007.

Road & Bridge Fund

The **Road and Bridge** Fund performs construction, maintenance and snow removal for all County roads and bridges. The fund balance increased by \$5.2 million in 2007 and has an overall strong fund balance of \$12.7 million to be used for future road and bridge construction and maintenance. Total revenues in this fund (\$18.7 million) increased by 65.2% over 2006 and total expenditures (\$13.5 million) increased by 18.7% over 2006. These robust amounts illustrate the dramatic increases in oil and gas-related revenues, and in expenses related to impact on County roads and bridges derived from oil and gas industry impacts and overall population growth.

All expenditures in the Road and Bridge Fund are Public Works function. Expenditures by classification were as follows:

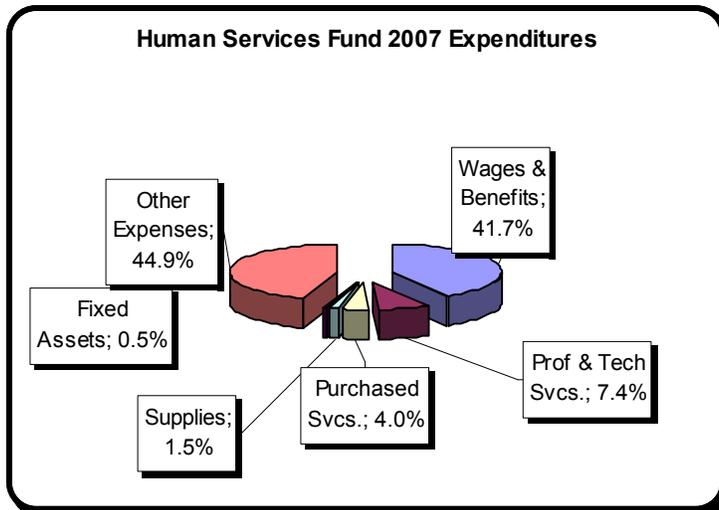
Wages & Employee Benefits	\$2,681,933
Prof & Tech Svcs.	6,668,432
Purchased Services	261,952
Supplies	1,937,763
Property/Fixed Assets	674,498
Other Expenses	<u>1,238,074</u>
TOTAL EXPENSES	<u>\$13,462,652</u>



Human Services Fund

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 \$3.9 million in 2006 to \$6.0 million in 2007. Total Revenues increased by \$105 thousand and Total Expenditures decreased by \$24 thousand compared with 2006.

All expenditures in the Human Services Fund are Health and Welfare function. Expenditures by Classification were as follows:



Wages & Benefits	\$4,052,299
Professional & Tech Svcs.	715,513
Purchased Services	391,771
Supplies	145,060
Fixed Assets	49,513
Other Expenses*	<u>4,364,604</u>
TOTAL EXPENSES	<u>\$9,718,760</u>

*Of the \$4.4 million for *Other Expenses*, \$1.6 million was related to the Child Welfare Block Grant, \$1.5 million for Food Benefits Assistance, \$533 thousand for Child Care Assistance, and \$530 thousand for the Old Age Pension program.

Capital Expenditures Fund

The Capital Expenditures Fund Balance increased from \$6.6 million in 2006 to \$11.4 million in 2007, or a 74.3% increase. This dramatic increase represents the need to build a strong Capital Expenditure Fund Balance in order to acquire or construct new buildings and capital projects that will be demanded as a result of oil and gas impacts, and overall growth of the County.

Total **revenues** in this fund were \$11,500,815. Included in this total are \$10.0 million dollars from Property Taxes and \$1.4 million from intergovernmental grants. The remaining revenue was primarily from investment earnings.

Total **expenses** were \$6,622,109. Major capital expenditures during 2007 included the following:

New Buildings:	
Community Corrections facility	\$740,848
Child Advocacy Center	\$510,008
Rifle Courthouse	\$686,243
City of Rifle – Safety Complex offset by Grant revenues	\$705,713
Airport Admin Bldg	\$225,334
Fairgrounds Announcers Booth	\$68,138
Building and Land Improvements	\$334,716
Equipment and furnishings	\$860,317
Vehicles	\$312,017
CIP, Services and Treasurer Fees	\$482,139
Certificates of Participation principal and interest payments	<u>\$1,696,636</u>
TOTAL	<u>\$6,622,109</u>

CAPITAL ASSETS AND LONG-TERM LEASES

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, 2007, was \$229,846,551 and \$1,763,134 respectively. In 2007, governmental activities had two one-time adjustments that made a significant impact on the bottom line. These were the GASB 34 infrastructure adjustments for a net increase of \$177,520,955 and the Library retirement/transfer of assets for net decrease of \$5.9 million. (The Garfield County Library fund through a general election had been dissolved from the Garfield County set of funds and is now a separate entity.) The total decrease in this net investment was less than 1% after adding back the \$5.9 million of Library depreciable assets to 2007 for governmental activities. Business Type Activities showed a 45.1% increase. The overall decrease was less than 1% for the County as a whole. See Note 3-D (page D11) 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	
	2007	2006 Restated*	2007	2006	2007	2006
Non-depreciable assets:						
Construction in progress	\$ 2,697,681	\$ 845,921 *	\$ 225,561	\$ -	\$ 2,923,242	\$ 845,921
Land	8,362,327	8,744,326	300,000	2,596	8,662,327	8,746,922
Total non-depreciable assets	11,060,008	9,590,247	525,561	2,596	11,585,569	9,592,843
Depreciable assets:						
Land improvements	4,489,421	4,008,173	724,477	724,477	5,213,898	4,732,650
Buildings	40,417,053	41,430,666	74,372	74,372	40,491,425	41,505,038
Building improvements	1,451,907	1,524,674	20,388	20,388	1,472,295	1,545,062
Machinery and equipment	14,864,349	18,171,982	1,093,265	919,187	15,957,614	19,091,169
Infrastructure	258,426,669	258,426,669 *	-	-	258,426,669	258,426,669
Total depreciable assets	319,649,399	323,562,164	1,912,502	1,738,424	321,561,901	325,300,588
Less accumulated depreciation	100,862,856	96,750,134 *	674,929	525,619	101,537,785	97,275,753
Book value - depreciable assets	218,786,543	226,812,030	1,237,573	1,212,805	220,024,116	228,024,835
Percentage depreciated	32%	30%	35%	30%	32%	30%
Book value - all assets	\$ 229,846,551	\$ 236,402,277 *	\$ 1,763,134	\$ 1,215,401	\$ 231,609,685	\$ 237,617,678

At December 31, 2007, the depreciable capital assets for governmental activities were 32% depreciated. This compares with 30% at December 31, 2006. With the County's business type activities, 35% of the asset values were depreciated at December 31, 2007 compared to 30% at December 31, 2006. During the calendar year 2007, the County continues to replace its capital assets at a constant level and has accumulated another year's worth of depreciation on those capital assets.

Long-term Leases (Certificates of Deposit)

During 2007, the County retired \$810,000 in certificates of participation.

	Outstanding Borrowings					
	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Certificates of participation	\$ 19,180,000	\$ 19,990,000	\$ -	\$ -	\$ 19,180,000	\$ 19,990,000
Landfill closure and postclosure care	-	-	703,177	663,415	703,177	663,415
Compensated absences	1,266,731	1,179,509	22,958	19,624	1,289,689	1,199,133
Total	\$ 20,446,731	\$ 21,169,509	\$ 726,135	\$ 683,039	\$ 21,172,866	\$ 21,852,548

See Note 3-G (page D13) for additional information about the County's long-term debt. We discuss the landfill closure and postclosure care liability in Note 3-F (page D13).

2008 BUDGET CONSIDERATIONS

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 2008 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.
- As a result of an ambitious road improvement projects in 2008, budgeted expenses for Road & Bridge will increase by approximately \$10 million over 2007 expenses. This is primarily due to an opportunity in 2008 to enter into a cooperative venture with Chevron to completely rebuild CR 204 (known as Roan Creek Road) and the cost of that project alone is estimated at \$25 million of which \$10 million was included in 2008 budget.
- 2008 will see the completion of several new buildings: a Joint Police and Court facility in the City of Rifle with estimated total cost of \$7.9 million of which \$3.8 million is for the County's Court Facility (2007 expenses were \$0.7 million with the remaining \$3.1 million to be spent in 2008). We will complete the Airport Administrative building for a total cost of \$2.4 million of which \$1.1 million was spent in 2007 and the remainder \$1.3 million to be spent in 2008. The Landfill Maintenance Building in Rifle will be completed in 2008 for a total cost of \$700 thousand of which \$500 thousand will be spent in 2008.
- In 2008, land will be purchased for \$900 thousand in GWS for future plans to build a facility in 2009 to move the elected officials out of the courthouse. The courts are growing and they need the extra space in the GWS courthouse. In connection with this there is a 3rd floor courtroom remodel for \$350 thousand include in the 2008 budget.

- In 2008, due to Community Corrections moving to their new building in 2007 and out of the basement of the Sheriff's building, the Sheriff's Office will remodel the Jail's basement floor entrance for better access for approximately \$1.2 million.
- Road and Bridge 2008 budgeted high-lights are as follows: 1) projects of \$3 million in asphalt and chip seal; 2) \$2.6 million in road construction rebuilds outside of CR #204 mentioned above; and 3) the construction of two snow sheds to store gravel at their two storage locations in Rifle and GWS for \$600 thousand.
- The 2008 Certificate of Deposits principal and interest payments will be about \$1.7 million.
- On the operating side, we are adding a total of 33 new positions, over 52% of which are in the Sheriff's Office and Human Services. The rest are evenly distributed throughout the organization. The total costs of these staffing additions are approximately 1.9 million dollars.
- With respect to pay and benefits, we have been informed that the County's health insurance premiums will go up by approximately 23% beginning in July of 2008. Overall County impact could be approximately \$750 thousand in 2008 and \$1.5 million in 2009.
- In 2008, we are contributing \$260,000 to support the RFTA transit service between Rifle and Glenwood Springs. That contribution represents our fair share of the costs associated with the service.
- In the area of human service contributions, Garfield County will direct \$572,500 to various human service organizations in the area. This is up by a total of \$72,500 over last year.
- In 2008, Airport Runway Realignment Upgrade will get under way with the first phase of moving dirt on the east end of the Airport. The 2008 budget for this project includes engineering for \$1.5 million, land purchases of \$1 million and \$2.9 million in excavating this is an approximate 5-year project for \$33 million. This very exciting project will put Garfield County on the map as far as general aviation jet service is concerned and will create an economic engine that will augment the economic vitality that currently exists in the Western part of the County.
- In 2007, a new special revenue fund named "Oil and Gas Mitigation Fund" was set-up to deal with the impacts of a future downturn in oil and gas activities in the County. In 2008, we will continue the process of systematically setting aside funds to deal with the possible downturn by adding \$1.3 million budget to the already collected 2007 revenues of \$2.6 million.

It is important to note that this is a very aggressive budget resulting in the accomplishment of a number of important initiatives. However, we are not compromising the financial health of the County to accomplish these projects. In fact, this is the healthiest the County has ever been and our auditors characterize the financial status of the County as outstanding. For 2008, we will end the year with approximately 57 million dollars in the fund balances for the various County operating and capital funds. This will more than triple what the County had ten years ago.

Some people argue that healthy fund balances are not necessary. However, there are three very compelling reasons for a healthy County balance sheet. First, it assures a stable and ever improving level of services to our customers. Second, it assures stable employment for our staff. Finally, it assures that we do not have to go back to the taxpayers for tax increases or fee increases.

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS



Garfield County, Colorado
Statement of Net Assets
December 31, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and investments	\$ 57,626,726	\$ 5,207,349	\$ 62,834,075
Due from other governments	287,814	-	287,814
Accounts, taxes, and other receivables	41,810,134	194,591	42,004,725
Prepaid expenses	5,000	-	5,000
Inventory	93,166	-	93,166
Internal balances	2,291	(2,291)	-
Restricted Assets			
Cash and investments	1,802,617	-	1,802,617
Non-Current Assets			
Deferred charges	645,922	-	645,922
Capital Assets			
Capital assets, cost	330,709,407	2,438,063	333,147,470
Accumulated depreciation, net	(100,862,856)	(674,929)	(101,537,785)
Total Assets	332,120,221	7,162,783	339,283,004
Liabilities			
Current Liabilities			
Accounts payable	3,843,501	151,801	3,995,302
Accrued expenses	2,366,629	29,250	2,395,879
Unearned revenue	39,905,760	-	39,905,760
Non-current Liabilities			
Bond premium or discount, net	10,206	-	10,206
Due within one year			
COP	850,000	-	850,000
Accrued Interest	137,835	-	137,835
Due longer than one year			
Accrued Comp. Abs.	1,266,731	22,958	1,289,689
COP	18,330,000	-	18,330,000
Landfill	-	703,177	703,177
Total Liabilities	66,710,662	907,186	67,617,848
Net Assets			
Invested in capital assets, net of related debt	211,312,473	1,763,134	213,075,607
Restricted for:			
Emergencies	1,183,434	-	1,183,434
Debt service	1,718,566	-	1,718,566
Other Purposes	-	-	-
Unrestricted	51,195,085	4,492,462	55,687,547
Total Net Assets	\$ 265,409,558	\$ 6,255,596	\$ 271,665,154

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

FUND FINANCIAL STATEMENTS



Garfield County, Colorado
Balance Sheet
Governmental Funds
December 31, 2007

	<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	\$ 19,722,330	\$ 12,818,657	\$ 6,838,338	\$ 10,561,895	\$ 5,741,826	\$ 55,683,046
Cash and investments, restricted	-	-	-	1,802,617	-	1,802,617
Accounts receivable	19,665,224	7,595,727	987,134	12,296,974	1,033,405	41,578,464
Due from other governments	-	-	287,814	-	-	287,814
Prepaid expenses	5,000	-	-	-	-	5,000
Due from other funds	2,398	56	-	152	798,660	801,266
Inventory	-	93,166	-	-	-	93,166
Total Assets	\$ 39,394,952	\$ 20,507,606	\$ 8,113,286	\$ 24,661,638	\$ 7,573,891	\$ 100,251,373
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 1,644,609	\$ 116,984	\$ 224,705	\$ 384,309	\$ 586,029	\$ 2,956,636
Accrued expenditures	844,355	1,089,759	665,194	677,286	6,334	3,282,928
Due to other governments	-	-	6,420	-	-	6,420
Due to other funds	798,468	1,312	-	-	337	800,117
Deferred revenue	18,914,173	6,576,894	1,260,905	12,152,957	1,000,832	39,905,761
Total Liabilities	22,201,605	7,784,949	2,157,224	13,214,552	1,593,532	46,951,862
Fund Balances						
Reserved for:						
Emergencies	-	-	-	-	1,183,434	1,183,434
Prepays	5,000	-	-	-	-	5,000
Inventory	-	93,166	-	-	-	93,166
Debt service	-	-	-	1,718,566	-	1,718,566
Unreserved:						
Undesignated, reported in:						
General Fund	17,188,347	-	-	-	-	17,188,347
Special revenue funds	-	12,629,491	5,956,062	9,728,520	4,796,925	33,110,998
Total Fund Balances	17,193,347	12,722,657	5,956,062	11,447,086	5,980,359	53,299,511
Total Liabilities and Fund Balances	\$ 39,394,952	\$ 20,507,606	\$ 8,113,286	\$ 24,661,638	\$ 7,573,891	\$ 100,251,373

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, 2007

Total Governmental Fund Balances	\$	53,299,511
 Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Long-term receivables represent amounts due which are earned but not yet received.		
This represents amounts due from the Town of Silt for and public works building.		230,000
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	327,073,341	
Less accumulated depreciation	<u>(99,051,246)</u>	228,022,095
Debt issuance costs and other deferred charges are not financial resources are not financial resources and therefore not reported in the funds. However, in the Statement of Net Assets the cost of these items are capitalized and expensed over their estimated lives through amortization:		
Deferred charges	645,922	
Bond premium or discount, net	<u>(10,206)</u>	635,716
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	800,117	
Interfund payables	<u>(800,117)</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.		
		3,806,806
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	(19,180,000)	
Compensated absences	(1,266,731)	
Accrued interest	<u>(137,835)</u>	<u>(20,584,566)</u>
Net Assets of Governmental Activities	\$	<u>265,409,558</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, 2007

	General	Road and Bridge	Human Services	Capital Expenditure	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 18,306,515	\$ 13,631,638	\$ 2,590,572	\$ 9,998,811	\$ 807,836	\$ 45,335,372
Licenses and permits	5,912	336,030	-	-	-	341,942
Intergovernmental	3,392,030	3,670,416	8,807,843	1,357,870	3,051,410	20,279,569
Charges for services	6,082,426	11,786	-	-	906,352	7,000,564
Fines and forfeitures	42,071	-	-	-	-	42,071
Investment income	3,217,147	-	277,952	91,672	34,466	3,621,237
Contributions	154	575,151	-	51,000	96,943	723,248
Miscellaneous	592,364	463,927	114,354	-	464,466	1,635,111
Total Revenues	31,638,619	18,688,948	11,790,721	11,499,353	5,361,473	78,979,114
Expenditures						
Current						
General government	11,642,671	-	-	2,679,762	261,009	14,583,442
Public safety	14,483,169	-	-	1,673,332	428,833	16,585,334
Public works	94,197	13,462,653	-	225,334	3,026,209	16,808,393
Health and welfare	2,211,112	-	9,718,760	-	197,279	12,127,151
Culture and recreation	326,574	-	-	347,045	2,605,796	3,279,415
Debt Service						
Principal retirement	-	-	-	810,000	-	810,000
Interest	-	-	-	886,636	-	886,636
Total Expenditures	28,757,723	13,462,653	9,718,760	6,622,109	6,519,126	65,080,371
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,880,896	5,226,295	2,071,961	4,877,244	(1,157,653)	13,898,743
Other Financing Sources (Uses)						
Sale of capital assets	-	-	-	1,461	-	1,461
Transfers in	100,000	-	-	-	2,715,000	2,815,000
Transfers out	(2,715,000)	-	-	-	(100,000)	(2,815,000)
Total Other Financing Sources (Uses)	(2,615,000)	-	-	1,461	2,615,000	1,461
Net Change in Fund Balances	265,896	5,226,295	2,071,961	4,878,705	1,457,347	13,900,204
Fund Balances Beginning of Year	16,927,451	7,496,362	3,884,101	6,568,380	4,523,011	39,399,305
Fund Balances End of Year	\$ 17,193,347	\$ 12,722,657	\$ 5,956,062	\$ 11,447,085	\$ 5,980,358	\$ 53,299,509

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, 2007

Net Changes In Fund Balances - Total Governmental Funds		\$ 13,900,204
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	\$ (6,904,079)	
Capital outlay	5,852,648	(1,051,431)
Elimination of transfers between governmental funds:		
Transfers in	\$ 2,815,000	
Transfers out	<u>(2,815,000)</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.		
		504,909
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. This represents the change in accrued interest during the year.		
		(125,830)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Principal payments on debt		810,000
Capitalization and amortization of bond issuance costs and premium on issuance is charged over time in the Statement of Net Assets		
		(11,198)
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. This represents the change in compensated absences during the year.		
		(87,222)
This represents the amount of net assets (including capital assets) that were turned over to the library upon creation of the library district		
		(5,894,057)
Change In Net Assets of Governmental Activities		<u>\$ 8,045,374</u>

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

Garfield County, Colorado
Statement of Net Assets
Proprietary Funds
December 31, 2007

	Business-type Activities Enterprise Fund	Governmental Activities - Internal Service Fund
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,207,349	\$ 1,943,678
Accounts receivables	194,591	99,783
Due from other funds	(2,412)	-
Total Current Assets	5,399,528	2,043,461
Non-Current Assets		
Capital Assets:		
Construction in progress	225,561	-
Land	300,000	-
Land Improvements	724,477	-
Buildings	74,372	-
Improvements	20,388	-
Machinery and Equipment	1,093,265	3,636,066
Accumulated depreciation	(674,929)	(1,811,609)
Total Non-Current Assets	1,763,134	1,824,457
Total Assets	7,162,662	3,867,918
Liabilities		
Current Liabilities		
Accounts payable	151,801	47,613
Accrued expenses	29,250	14,641
Due to other funds	(121)	(1,143)
Total Current Liabilities	180,930	61,111
Long-term Liabilities		
Non-current liabilities due longer than one year:		
Accrued compensated absences	22,958	-
Closure and postclosure obligations	703,177	-
Total Long-term Liabilities	726,135	-
Total Liabilities	907,065	61,111
Net Assets		
Invested in capital assets	1,763,134	1,824,457
Total Net Assets	\$ 6,255,596	\$ 3,806,807

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, 2007

	Business-type Activities Enterprise Fund	Governmental Activities - Internal Service Fund
Operating Revenues		
Charges for services	\$ 1,987,931	\$ 1,250,563
Miscellaneous	4,685	2,465
Total Operating Revenues	<u>1,992,616</u>	<u>1,253,028</u>
Operating Expenses		
Personnel	292,174	132,096
Purchased services	226,955	8,229
Materials & Supplies	87,721	438,304
Depreciation	219,483	585,771
Other	51,079	923
Total Operating Expenses	<u>877,412</u>	<u>1,165,323</u>
Operating Income	1,115,204	87,705
Capital contributions	<u>300,000</u>	<u>417,203</u>
Change in Net Assets	1,415,204	504,908
Net Assets Beginning of Year	<u>4,840,391</u>	<u>3,301,897</u>
Net Assets End of Year	<u>\$ 6,255,595</u>	<u>\$ 3,806,805</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, 2007

	Business-type Activities Enterprise Fund	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities		
Cash received from customers	\$ 2,106,912	\$ 1,241,636
Cash received from other sources	4,685	2,465
Cash payments personal services	(288,840)	(132,096)
Cash payments for goods and services	<u>(367,655)</u>	<u>(433,053)</u>
Net Cash Provided by Operating Activities	<u>1,455,102</u>	<u>678,952</u>
Cash Flows from Non-Capital Financing Activities		
Transfers in (out)	<u>101,904</u>	<u>180,978</u>
Cash Flows from Capital and Related Financing Activities		
Payments for capital acquisitions	<u>(467,216)</u>	<u>(540,735)</u>
Net Cash (Used in) Capital and Related Financing Activities	<u>(467,216)</u>	<u>(540,735)</u>
Net Increase (decrease) in Cash and Cash Equivalents	1,089,790	319,195
Cash and Cash Equivalents Beginning of Year	<u>4,117,560</u>	<u>1,624,479</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 5,207,350</u></u>	<u><u>\$ 1,943,674</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 1,115,204	\$ 87,705
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation	219,483	585,771
(Increase) decrease in Accounts receivable	118,978	(8,925)
Increase (decrease) in Accounts payable	(54,957)	10,143
Accrued expenses	13,297	4,257
Compensated absences payable	3,334	-
Landfill closure and postclosure care	<u>39,762</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,455,101</u></u>	<u><u>\$ 678,951</u></u>
Non-Cash Capital Items		
Capital assets contributed	<u><u>\$ 300,000</u></u>	<u><u>\$ 417,203</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash and investments	<u>\$ 3,359,193</u>	<u>\$ 7,490,618</u>
Liabilities		
Due to other governments	<u>\$ 3,359,193</u>	<u>\$ 7,490,618</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, 2007

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Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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, 2007
(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, 2007
(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, 2007
(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, 2007
(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, 2007
(Continued)

1-E-5 Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2007, 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 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, 2007
(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, 2007
(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, 2007.

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 \$15,319,520 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, 2007
(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>	\$ 10,073	\$ 10,073	
Checking	<i>Not Rated</i>	13,497,440	13,497,440	
Savings	<i>Not Rated</i>	9,390	9,390	
Deposits held by Trustee	<i>Not Rated</i>	1,802,617	1,802,617	
<i>Investments:</i>				
Pools	<i>AAAm</i>	22,139,864	22,139,864	
Agencies	<i>AAA</i>	26,352,156	5,031,300	\$ 21,320,856
Treasuries	<i>AAA</i>	<u>4,184,344</u>	2,006,900	2,177,444
Total		<u>\$ 67,995,884</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, 2007, 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, 2007
(Continued)

Governmental Funds					
	General Fund	Road and Bridge	Human Services	Capital Expenditures	Other Governmental Funds
Accounts	\$ 1,139,031	\$ 84,379	\$ 186,469	\$ 144,017	\$ 32,573
Taxes	18,515,388	6,576,894	800,665	12,152,957	1,000,832
Other	10,805	934,454	-	-	-
Total	\$ 19,665,224	\$ 7,595,727	\$ 987,134	\$ 12,296,974	\$ 1,033,405

Proprietary Funds		
	Solid Waste Disposal	Motor Pool
Accounts	\$ 194,591	\$ 99,783
Total	\$ 194,591	\$ 99,783

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, 2007 was as follows:

	Balance 1/1/07	Additions	Deductions	Balance 12/31/07
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 845,921	(44,923)	(138,076)	\$ 2,697,681
Land	8,744,326	3,812,435	(2,159,675)	8,362,327
Total assets not being depreciated	9,590,247	3,767,512	(2,297,751)	11,060,008
Depreciable capital assets:				
Land improvements	4,008,173	495,248	(14,000)	4,489,421
Buildings	41,430,666	68,138	(1,081,751)	40,417,053
Building improvements	1,524,674	94,774	(167,541)	1,451,907
Machinery and equipment	18,171,982	2,952,386	(6,260,624)	14,864,349
Infrastructure	258,426,669	-	-	258,426,669
Total depreciable capital assets	323,562,164	3,610,546	(7,523,916)	319,649,399
Total capital assets	333,152,411	7,378,058	(9,821,667)	330,709,407
Accumulated depreciation:				
Land improvements	(1,002,846)	(193,917)	14,000	(1,182,763)
Buildings	(12,290,086)	(795,236)	1,400,276	(11,685,047)
Building improvements	(209,251)	(102,217)	17,498	(294,572)
Machinery and equipment	(8,154,731)	(1,456,388)	1,946,258	(7,664,863)
Infrastructure	(75,093,220)	(4,942,391)	-	(80,035,611)
Total accumulated depreciation	(96,750,134)	(7,490,149)	3,378,032	(100,862,856)
Governmental activities capital assets, net	\$ 236,402,277	\$ (112,091)	\$ (6,443,635)	\$ 229,846,551

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)

Governmental activities depreciation expense classified by function follows:

General government	\$ 521,830
Public safety	448,583
Public works	6,295,863
Culture and recreation	79,596
Health and welfare	<u>144,277</u>
Total governmental activities depreciation expense	<u>\$ 7,490,149</u>

Business-Type Activities Capital asset activity for the year ended December 31, 2007 was as follows:

	<u>Balance 1/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/07</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 225,561	\$ -	\$ 225,561
Land	2,596	300,000	(2,594)	300,000
Total assets not being depreciated	<u>2,596</u>	<u>525,561</u>	<u>(2,594)</u>	<u>525,561</u>
Depreciable capital assets:				
Land improvements	724,477	-	-	724,477
Buildings	74,372	-	-	74,372
Buildings improvements	20,388	-	-	20,388
Machinery and equipment	919,187	398,457	(224,379)	1,093,265
Total depreciable capital assets	<u>1,738,424</u>	<u>398,457</u>	<u>(224,379)</u>	<u>1,912,502</u>
Total capital assets	<u>1,741,020</u>	<u>924,018</u>	<u>(226,973)</u>	<u>2,438,063</u>
Accumulated depreciation:				
Land improvements	(66,208)	(131,314)	-	(197,522)
Buildings	(34,694)	(3,575)	-	(38,269)
Buildings improvements	(6,315)	(2,181)	-	(8,496)
Machinery and equipment	(418,402)	(82,412)	70,172	(430,642)
Total accumulated depreciation	<u>(525,619)</u>	<u>(219,482)</u>	<u>70,172</u>	<u>(674,929)</u>
Business-type activities capital assets, net	<u>\$ 1,215,401</u>	<u>\$ 704,536</u>	<u>\$ (156,801)</u>	<u>\$ 1,763,134</u>

3-E. - Interfund Balances and Transfers

Interfund balances at December 31, 2007, 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>To</u>
General Fund	\$ 2,398	\$ (798,468)
Road and Bridge Fund	56	(1,312)
Capital Expenditures Fund	152	-
Non-major governmental funds	798,660	(337)
Solid Waste Fund	(2,412)	121
Motor Pool Fund	-	1,143
Total	<u>\$ 798,854</u>	<u>\$ (798,853)</u>

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)

Interfund transfers for the year ended December 31, 2007, consisted of the following:

	Transfer In	Transfer (Out)
General Fund	\$ 100,000	\$ (2,715,000)
Non-major governmental funds	2,715,000	(100,000)
Total	\$ 2,815,000	\$ (2,815,000)

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 \$1,658,537, with closure costs estimated to be \$989,391 and postclosure care cost estimated to be \$669,146. The \$703,177 reported as landfill closure and postclosure care liability at December 31, 2007, represents the cumulative amount reported to date based on the use of 42% of the capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$955,361 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2007. 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. The County refunded \$8,810,000 of these certificates with the issuance of the 2006 Certificates of Participation.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(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.

2006 Certificates of Participation – On January 19, 2006 the County, through the Garfield County Finance Authority, issued \$9,685,000 in Certificates of Participation with interest ranging from 3.75% to 4.10%. The net proceeds \$9,479,737 (after payment of \$222,869 in underwriting fees and other issuance costs, and a premium of \$17,606) were used to provide an escrow for the advance refunding of \$8,810,000 of the 1999 Certificates of Participation. The securities were deposited with a trustee to provide for payment of the refunded 1999 certificates until they can be retired. 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, 2007 follow:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 850,000	\$ 850,986	\$ 1,700,986
2009	870,000	810,111	1,680,111
2010	925,000	765,299	1,690,299
2011	975,000	719,939	1,694,939
2012	1,010,000	674,396	1,684,396
2013 2017	5,755,000	2,692,498	8,447,498
2018 2022	7,080,000	1,369,600	8,449,600
2023 2024	1,715,000	116,240	1,831,240
	<u>\$ 19,180,000</u>	<u>\$ 7,999,069</u>	<u>\$ 27,179,069</u>

Changes in Long-term Obligations - Changes in the County's long-term obligations consisted of the following for the year ended December 31, 2007:

	<u>Outstanding</u>			<u>Outstanding</u>	<u>Amounts Due</u>
	<u>1/1/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/07</u>	<u>in One Year</u>
Governmental Activities:					
Certificates of participation	\$ 19,990,000	\$ -	\$ (810,000)	\$ 19,180,000	\$ 850,000
Compensated absences	1,179,509	87,222	-	1,266,731	-
Total Governmental Activities	<u>\$ 21,169,509</u>	<u>\$ 87,222</u>	<u>\$ (810,000)</u>	<u>\$ 20,446,731</u>	<u>\$ 850,000</u>
Business-type Activities:					
Landfill closure & postclosure	663,415	\$ 39,762	\$ -	\$ 703,177	\$ -
Compensated absences	19,624	3,334	-	22,958	-
Total Business-type Activities	<u>\$ 683,039</u>	<u>\$ 43,096</u>	<u>\$ -</u>	<u>\$ 726,135</u>	<u>\$ -</u>

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)

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.

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, 2007 in the amount of \$12,000 were outstanding. Unspent cash totaling - 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 2007, the County and employees made the required 5.0% contribution amounting to \$845,917 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, 2007
(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, 2007. 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.

4-D. Special Item

The County has transferred all fixed assets associated with the operation of its libraries to the newly formed Garfield County Library District. The total amount transferred was \$5,894,057.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)

4-E. Restatement

The County has restated its beginning net assets to add infrastructure to the capital asset balance. Beginning on January 1, 2003, the County capitalized its infrastructure prospectively. As allowed by governmental accounting standards all infrastructure retroactive to 1980 has been capitalized. This has resulted in an increase in net assets of \$182,511,955.

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, 2007

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Taxes				
Property tax revenue	\$ 13,163,767	\$ 13,163,767	\$ 13,148,538	(15,229)
Specific ownership tax	1,225,000	1,225,000	1,132,235	(92,765)
Delinquent tax and interest	10,000	10,000	2,631	(7,369)
Sales tax	5,662,406	2,768,184	4,014,407	1,246,223
Other taxes	8,000	8,000	8,704	704
Licenses and permits	3,000	5,000	5,912	912
Intergovernmental				
Payment in lieu of taxes	1,000,000	1,000,000	1,078,087	78,087
Federal Grants	910,772	370,772	526,525	155,753
State Grants	2,374,978	1,054,978	1,769,535	714,557
Local Grants	64,000	64,000	17,883	(46,117)
Charges for services				
Clerk and recorder	1,612,500	1,482,000	1,557,357	75,357
Building and Planning	765,000	765,000	1,260,730	495,730
Sheriff's fees	470,500	470,500	496,961	26,461
Treasurer's fees	1,408,700	1,408,700	1,843,167	434,467
Other Fees	709,300	869,300	924,211	54,911
Fines and forfeitures	18,000	18,000	42,071	24,071
Investment income	1,473,450	1,558,450	3,217,147	1,658,697
Contributions	1,500	1,500	154	(1,346)
Miscellaneous	547,637	686,637	592,364	(94,273)
Total Revenues	31,428,510	26,929,788	31,638,619	4,708,831
Expenditures				
Current				
General government				
General	-	57,346	54,795	2,551
Board of County Commissioners	4,072,689	1,701,660	1,452,205	249,455
Assessor	1,574,779	1,628,829	1,367,006	261,823
Clerk and recorder	1,223,759	1,476,639	1,328,358	148,281
Treasurer	525,478	648,744	598,017	50,727
Surveyor	36,012	41,219	40,294	925
County attorney	886,703	1,375,461	1,001,537	373,924
County manager	566,209	679,175	614,193	64,982
Finance	548,651	644,682	617,522	27,160
Human resources	431,982	525,133	563,532	(38,399)
Information technology	975,220	1,045,062	834,263	210,799
Purchasing	494,171	495,783	472,511	23,272
Oil and gas	376,466	456,727	148,002	308,725
General services	231,621	262,000	234,572	27,428
Facilities management	1,042,138	1,062,655	904,887	157,768
Building & planning	959,953	1,188,012	888,580	299,432
Engineering	187,155	223,747	209,812	13,935
Contingency & fund administration	2,244,893	882,801	312,585	570,216
Public safety				
District attorney	1,726,890	1,726,890	1,724,203	2,687
Sheriff	5,101,989	5,694,387	5,482,524	211,863
Animal rescue	317,950	329,591	348,832	(19,241)
Emergency management	117,613	186,399	185,190	1,209
Fire suppression	47,106	47,106	66,383	(19,277)
Jail	4,931,299	5,154,518	5,125,319	29,199
Search and rescue	51,054	51,054	32,876	18,178
Victims advocate	70,975	80,362	71,246	9,116
Coroner	135,875	207,538	173,719	33,819
Emergency medical	14,000	14,000	529	13,471
Criminal justice services	1,593,138	1,674,765	1,272,348	402,417
Public works				
Extension	194,299	194,299	94,197	100,102
Health and welfare				
Health & welfare grants	561,793	593,208	519,500	73,708
Public health	1,585,658	1,787,899	1,691,612	96,287
Culture and recreation				
Fairgrounds	333,035	333,269	326,574	6,695
Total Expenditures	33,160,553	32,470,960	28,757,723	3,713,237
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,732,043)	(5,541,172)	2,880,896	8,422,068
Other Financing Sources (Uses)				
Transfers in	-	100,000	100,000	-
Transfers out	(1,800,000)	(1,915,000)	(2,715,000)	(800,000)
Total Other Financing Sources (Uses)	(1,800,000)	(1,815,000)	(2,615,000)	(800,000)
Net Change in Fund Balances	\$ (3,532,043)	\$ (7,356,172)	\$ 265,896	\$ 7,622,068
Fund Balances Beginning of Year			16,927,451	
Fund Balances End of Year			\$ 17,193,347	

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, 2007

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Taxes				
Property tax revenue	\$ 9,486,091	\$ 9,486,091	\$ 9,483,026	\$ (3,065)
Specific ownership tax	240,000	240,000	769,079	529,079
Delinquent tax and interest	-	-	(1,007)	(1,007)
Sales tax	2,957,241	2,957,241	3,243,919	286,678
Other taxes	118,000	118,000	136,621	18,621
Licenses and permits	300,000	300,000	336,030	36,030
Intergovernmental				
Federal Grants	430,000	430,000	516,125	86,125
State Grants	5,530,336	5,530,336	3,120,940	(2,409,396)
Local Grants	36,000	36,000	33,350	(2,650)
Charges for services	45,000	45,000	11,786	(33,214)
Contributions	-	-	575,151	575,151
Miscellaneous	12,992,000	13,204,933	463,927	(12,741,006)
Total Revenues	32,134,668	32,347,601	18,688,947	(13,658,654)
Expenditures				
Current				
Public works				
Operations	1,988,083	2,304,546	2,776,698	(472,152)
Construction	20,831,500	20,831,500	4,052,039	16,779,461
Maintenance	5,853,941	6,067,598	5,492,898	574,700
Weed & pest	582,364	627,708	476,503	151,205
Contingency	280,157	(20,353)	-	(20,353)
Capital outlay	1,366,000	1,366,000	664,514	701,486
Total Expenditures	30,902,045	31,176,999	13,462,652	17,714,347
Net Change in Fund Balances	\$ 1,232,623	\$ 1,170,602	\$ 5,226,295	\$ 4,055,693
Fund Balances Beginning of Year			7,496,362	
Fund Balances End of Year			\$ 12,722,657	

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, 2007

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Taxes				
Property tax revenue	\$ 2,384,090	\$ 2,384,090	\$ 2,381,332	\$ (2,758)
Specific ownership tax	-	-	208,449	208,449
Delinquent tax and interest	-	-	791	791
Intergovernmental				
Federal Grants	9,069,030	9,069,030	7,785,301	(1,283,729)
State Grants	779,091	779,091	1,007,069	227,978
Local Grants	14,030	14,030	15,473	1,443
Investment income	-	-	277,952	277,952
Miscellaneous	-	-	114,354	114,354
Total Revenues	12,246,241	12,246,241	11,790,721	(455,520)
Expenditures				
Current				
Health and welfare				
Administration	826,444	989,868	808,427	181,441
Child care assistance	670,861	678,739	590,223	88,516
Child care quality & licensing	296,522	309,312	234,802	74,510
Child support enforcement	652,957	702,141	644,326	57,815
Child welfare block grant	2,940,108	3,229,048	3,250,276	(21,228)
Colorado works	1,332,085	1,358,278	700,412	657,866
CORE services	455,317	423,057	380,190	42,867
Expedited planning	-	-	2,961	(2,961)
Aid to needy disabled	90,000	90,000	36,381	53,619
Food benefits assistance	2,100,000	2,100,000	1,484,231	615,769
General assistance	6,000	6,000	401	5,599
Home care allowance	35,000	35,000	51,178	(16,178)
LEAP	388,133	387,705	166,384	221,321
Old age pension	475,000	475,000	530,146	(55,146)
Senior equip / caregiver	66,079	68,938	51,143	17,795
Single entry point	577,024	623,833	578,895	44,938
Employment first	-	-	17,832	(17,832)
Contingency	757,626	274,192	-	274,192
SPF-SIG Grant	109,991	109,991	149,039	(39,048)
DHS - Local Grants	-	-	2,667	(2,667)
DHS Excess IV-E SB91-80	-	-	38,846	(38,846)
Total Expenditures	11,779,147	11,861,102	9,718,760	2,142,342
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 467,094	\$ 385,139	2,071,961	\$ 1,686,822
Fund Balances Beginning of Year			3,884,101	
Fund Balances End of Year			\$ 5,956,062	

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues				
Taxes				
Property tax revenue	\$ 9,228,737	\$ 9,228,737	\$ 9,218,060	\$ (10,677)
Specific ownership tax	400,000	400,000	774,710	374,710
Delinquent tax and interest	5,000	5,000	6,042	1,042
Intergovernmental				
Federal Grants	188,318	188,318	46,052	(142,266)
State Grants	2,007,333	2,007,333	63,105	(1,944,228)
Local Grants	693,000	693,000	1,248,713	555,713
Investment income	70,000	70,000	91,672	21,672
Contributions	35,000	35,000	51,000	16,000
Total Revenues	<u>12,627,388</u>	<u>12,627,388</u>	<u>11,499,354</u>	<u>(1,128,034)</u>
Expenditures				
Current				
General government	5,173,002	5,584,246	2,679,762	2,904,484
Public safety	4,263,100	4,263,100	1,673,332	2,589,768
Public works	-	600,000	225,334	374,666
Health and welfare	20,000	20,000	-	20,000
Culture and recreation	500,000	500,000	347,045	152,955
Debt Service				
Principal retirement	810,000	810,000	810,000	-
Interest	886,637	886,637	886,636	1
Total Expenditures	<u>11,652,739</u>	<u>12,663,983</u>	<u>6,622,109</u>	<u>6,041,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 974,649</u>	<u>\$ (36,595)</u>	4,877,245	<u>\$ 4,913,840</u>
Other Financing Sources				
Sale of capital assets	-	-	1,461	(1,461)
Total Other Financing Sources (Uses)	-	-	1,461	(1,461)
Net Change in Fund Balances	<u>\$ 974,649</u>	<u>\$ (36,595)</u>	\$ 4,878,706	<u>\$ 4,912,379</u>
Fund Balances Beginning of Year			<u>6,568,380</u>	
Fund Balances End of Year			<u>\$ 11,447,086</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, 2007

	Public Library	Fair Board	Conservation Trust	Emergency Reserve	Airport	Clerk and Recorder	Traffic Study	Commissary	Retirement Fund	Livestock Auction	Search & Rescue	Oil & Gas	Total Non-major Special Revenue Funds
Assets													
Cash and investments	\$ -	\$ 101,956	\$ 221,843	\$ 1,183,434	\$ 515,411	\$ 36,945	\$ 613,676	\$ 167,915	\$ 267,370	\$ 30,086	\$ 8,737	\$ 2,594,453	\$ 5,741,826
Accounts receivable	-	-	-	-	30,604	1,969	-	-	1,000,832	-	-	-	1,033,405
Due from other funds	-	-	-	-	798,468	-	-	192	-	-	-	-	798,660
Total Assets	\$ -	\$ 101,956	\$ 221,843	\$ 1,183,434	\$ 1,344,483	\$ 38,914	\$ 613,676	\$ 168,107	\$ 1,268,202	\$ 30,086	\$ 8,737	\$ 2,594,453	\$ 7,573,891
Liabilities and Fund Balances													
Liabilities													
Accounts payable	\$ -	\$ -	\$ 50,000	\$ -	\$ 523,784	\$ -	\$ -	\$ 12,245	\$ -	\$ -	\$ -	\$ -	\$ 586,029
Accrued expenditures	-	-	-	-	5,327	-	-	999	8	-	-	-	6,334
Due to other funds	-	-	-	-	337	-	-	-	-	-	-	-	337
Deferred revenue	-	-	-	-	-	-	-	-	1,000,832	-	-	-	1,000,832
Total Liabilities	-	-	50,000	-	529,448	-	-	13,244	1,000,840	-	-	-	1,593,532
Fund Balances													
Reserved for:													
Emergencies	-	-	-	1,183,434	-	-	-	-	-	-	-	-	1,183,434
Unreserved	-	101,956	171,843	-	815,035	38,914	613,676	154,863	267,362	30,086	8,737	2,594,453	4,796,925
Total Fund Balances	-	101,956	171,843	1,183,434	815,035	38,914	613,676	154,863	267,362	30,086	8,737	2,594,453	5,980,359
Total Liabilities and Fund Balances	\$ -	\$ 101,956	\$ 221,843	\$ 1,183,434	\$ 1,344,483	\$ 38,914	\$ 613,676	\$ 168,107	\$ 1,268,202	\$ 30,086	\$ 8,737	\$ 2,594,453	\$ 7,573,891

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, 2007

	Public Library	Fair Board	Conservation Trust	Emergency Reserve	Airport	Clerk and Recorder	Traffic Study	Commissary	Retirement Fund	Livestock Auction	Search & Rescue	Oil & Gas	Total Non-major Special Revenue Funds
Revenues													
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 807,836	\$ -	\$ -	\$ -	\$ 807,836
Intergovernmental	-	-	193,644	-	263,248	-	-	-	65	-	-	2,594,453	3,051,410
Charges for services	-	20,719	-	-	258,219	-	229,311	-	-	398,103	-	-	906,352
Investment income	-	3,815	6,101	-	-	-	20,821	-	-	3,305	424	-	34,466
Contributions	-	30,655	-	-	46,838	-	-	-	-	10,865	8,585	-	96,943
Miscellaneous	-	30,631	-	-	190,269	24,778	-	172,797	43,951	2,040	-	-	464,466
Total Revenues	<u>-</u>	<u>85,820</u>	<u>199,745</u>	<u>-</u>	<u>758,574</u>	<u>24,778</u>	<u>250,132</u>	<u>172,797</u>	<u>851,852</u>	<u>414,313</u>	<u>9,009</u>	<u>2,594,453</u>	<u>5,361,473</u>
Expenditures													
Current													
General government	-	-	-	-	-	-	-	-	261,009	-	-	-	261,009
Public safety	-	-	-	-	-	-	-	144,414	275,422	-	8,997	-	428,833
Public works	-	-	-	-	2,914,001	-	-	-	112,208	-	-	-	3,026,209
Health and welfare	-	-	-	-	-	-	-	-	197,279	-	-	-	197,279
Culture and recreation	1,951,230	105,507	140,000	-	-	-	-	-	-	409,059	-	-	2,605,796
Total Expenditures	<u>1,951,230</u>	<u>105,507</u>	<u>140,000</u>	<u>-</u>	<u>2,914,001</u>	<u>-</u>	<u>-</u>	<u>144,414</u>	<u>845,918</u>	<u>409,059</u>	<u>8,997</u>	<u>-</u>	<u>6,519,126</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,951,230)</u>	<u>(19,687)</u>	<u>59,745</u>	<u>-</u>	<u>(2,155,427)</u>	<u>24,778</u>	<u>250,132</u>	<u>28,383</u>	<u>5,934</u>	<u>5,254</u>	<u>12</u>	<u>2,594,453</u>	<u>(1,157,653)</u>
Other Financing Sources (Uses)													
Transfers in	-	15,000	-	-	2,600,000	-	-	-	-	100,000	-	-	2,715,000
Transfers (out)	-	-	-	-	-	-	-	-	-	(100,000)	-	-	(100,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>2,600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,615,000</u>
Net Change in Fund Balances	<u>(1,951,230)</u>	<u>(4,687)</u>	<u>59,745</u>	<u>-</u>	<u>444,573</u>	<u>24,778</u>	<u>250,132</u>	<u>28,383</u>	<u>5,934</u>	<u>5,254</u>	<u>12</u>	<u>2,594,453</u>	<u>1,457,347</u>
Fund Balances Beginning of Year	<u>1,951,230</u>	<u>106,643</u>	<u>112,098</u>	<u>1,183,434</u>	<u>370,462</u>	<u>14,136</u>	<u>363,544</u>	<u>126,480</u>	<u>261,427</u>	<u>24,832</u>	<u>8,725</u>	<u>-</u>	<u>4,523,011</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 101,956</u>	<u>\$ 171,843</u>	<u>\$ 1,183,434</u>	<u>\$ 815,035</u>	<u>\$ 38,914</u>	<u>\$ 613,676</u>	<u>\$ 154,863</u>	<u>\$ 267,361</u>	<u>\$ 30,086</u>	<u>\$ 8,737</u>	<u>\$ 2,594,453</u>	<u>\$ 5,980,358</u>

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Final Budget Variance Positive (Negative)
Expenditures				
Current				
Culture and recreation				
Library administration	-	1,951,508	1,951,233	275
Glenwood Springs	-	-	(3)	3
Total Expenditures	<u>-</u>	<u>1,951,508</u>	<u>1,951,230</u>	<u>278</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$(1,951,508)</u>	<u>(1,951,230)</u>	<u>\$ 278</u>
Fund Balances Beginning of Year			<u>1,951,230</u>	
Fund Balances End of Year			<u>\$ -</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, 2007

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Charges for services	\$ 61,000	\$ 61,000	\$ 20,719	\$ (40,281)
Investment income	3,300	3,300	3,815	515
Contributions	2,500	2,500	30,655	28,155
Miscellaneous	37,000	37,000	30,631	(6,369)
Total Revenues	<u>103,800</u>	<u>103,800</u>	<u>85,820</u>	<u>(17,980)</u>
Expenditures				
Current				
Culture and recreation				
Purchased services	13,000	13,795	14,199	(404)
Operating Costs	91,300	95,755	89,414	6,341
Other expenses	500	2,250	1,894	356
Total Expenditures	<u>104,800</u>	<u>111,800</u>	<u>105,507</u>	<u>6,293</u>
Excess of Revenues Over Expenditures	(1,000)	(8,000)	(19,687)	(11,687)
Other Financing (Uses)				
Transfers in	-	15,000	15,000	-
Net Change in Fund Balances	<u>\$ (1,000)</u>	<u>\$ 7,000</u>	(4,687)	<u>\$ (11,687)</u>
Fund Balances Beginning of Year			<u>106,643</u>	
Fund Balances End of Year			<u>\$ 101,956</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Final Budget Variance Positive (Negative)
Revenues				
Intergovernmental				
Payment in lieu of taxes	-	-	-	-
Federal grants	-	-	-	-
State grants	\$ 150,000	\$ 150,000	\$ 193,644	\$ 43,644
Investment income	5,000	5,000	6,101	1,101
Total Revenues	<u>155,000</u>	<u>155,000</u>	<u>199,745</u>	<u>44,745</u>
Expenditures				
Current				
Culture and recreation	150,000	250,000	140,000	110,000
Total Expenditures	<u>150,000</u>	<u>250,000</u>	<u>140,000</u>	<u>110,000</u>
Net Change in Fund Balances	<u>\$ 5,000</u>	<u>\$ (95,000)</u>	59,745	<u>\$ 154,745</u>
Fund Balances Beginning of Year			<u>112,098</u>	
Fund Balances End of Year			<u>\$ 171,843</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, 2007

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balances Beginning of Year			<u>1,183,434</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, 2007

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Intergovernmental				
Federal grants	\$ 1,500,000	\$ 1,500,000	\$ 53,144	\$(1,446,856)
State grants	205,000	205,000	210,104	5,104
Charges for services	244,300	244,300	258,219	13,919
Contributions	-	-	46,838	46,838
Miscellaneous	54,500	54,500	190,269	135,769
Total Revenues	2,003,800	2,003,800	758,574	(1,245,226)
Expenditures				
Current				
Public works				
Personnel Costs	128,679	164,725	166,811	(2,086)
Purchased Services	1,733,250	1,734,250	568,651	1,165,599
Operating Costs	166,296	175,296	227,161	(51,865)
Other Expenses	-	-	5,190	(5,190)
Contingency	22,027	59	-	59
Capital Outlay	1,619,375	1,803,375	1,946,188	(142,813)
Total Expenditures	3,669,627	3,877,705	2,914,001	963,704
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,665,827)	(1,873,905)	(2,155,427)	(281,522)
Transfers in	1,800,000	1,800,000	2,600,000	800,000
Net Change in Fund Balances	\$ 134,173	\$ (73,905)	444,573	\$ 518,478
Fund Balances Beginning of Year			370,462	
Fund Balances End of Year			\$ 815,035	

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, 2007

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Miscellaneous	\$ 22,000	\$ 22,000	\$ 24,778	\$ 2,778
Total Revenues	22,000	22,000	24,778	2,778
Net Change in Fund Balances	<u>\$ 22,000</u>	<u>\$ 22,000</u>	24,778	<u>\$ 2,778</u>
Fund Balances Beginning of Year			14,136	
Fund Balances End of Year			<u>\$ 38,914</u>	

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

Garfield County, Colorado
Traffic Study Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Charges for services	\$ 429,800	\$ 429,800	\$ 229,311	\$ (200,489)
Investment income	8,150	8,150	20,821	12,671
Total Revenues	<u>437,950</u>	<u>437,950</u>	<u>250,132</u>	<u>(187,818)</u>
Net Change in Fund Balances	<u>\$ 437,950</u>	<u>\$ 437,950</u>	250,132	<u>\$ (187,818)</u>
Fund Balances Beginning of Year			<u>363,544</u>	
Fund Balances End of Year			<u>\$ 613,676</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, 2007

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Miscellaneous	\$ 202,000	\$ 202,000	\$ 172,797	\$ (29,203)
Total Revenues	<u>202,000</u>	<u>202,000</u>	<u>172,797</u>	<u>(29,203)</u>
Expenditures				
Current				
Public safety				
Commissary operations	195,965	195,965	144,414	51,551
Total Expenditures	<u>195,965</u>	<u>195,965</u>	<u>144,414</u>	<u>51,551</u>
Net Change in Fund Balances	<u>\$ 6,035</u>	<u>\$ 6,035</u>	28,383	<u>\$ 22,348</u>
Fund Balances Beginning of Year			<u>126,480</u>	
Fund Balances End of Year			<u>\$ 154,863</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, 2007

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Taxes				
Property tax revenue	\$ 743,426	\$ 743,426	\$ 742,566	\$ (860)
Specific ownership tax	70,000	70,000	65,094	(4,906)
Delinquent tax and interest	1,000	1,000	176	(824)
State Grants	100	100	65	(35)
Miscellaneous	35,000	35,000	43,951	8,951
Total Revenues	849,526	849,526	851,852	2,326
Expenditures				
Current				
General government	369,267	327,187	261,009	66,178
Public safety	267,836	283,823	275,422	8,401
Public works	122,213	131,327	112,208	19,119
Health and welfare	190,264	207,243	197,279	9,964
Total Expenditures	949,580	949,580	845,918	103,662
Net Change in Fund Balances	\$ (100,054)	\$ (100,054)	5,934	\$ 105,988
Fund Balances Beginning of Year			261,427	
Fund Balances End of Year			\$ 267,361	

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

Garfield County, Colorado
Livestock Auction Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Charges for services	350,000	350,000	398,103	48,103
Investment income	1,250	1,250	3,305	2,055
Contributions	2,000	2,000	10,865	8,865
Miscellaneous	-	-	2,040	2,040
Total Revenues	353,250	353,250	414,313	61,063
Expenditures				
Culture and recreation	350,100	410,100	409,059	1,041
Total Expenditures	350,100	410,100	409,059	1,041
Excess of Revenues Over Expenditures	3,150	(56,850)	5,254	62,104
Other Financing (Uses)				
Transfers in	-	100,000	100,000	-
Transfers (out)	-	(100,000)	(100,000)	-
Net Change in Fund Balances	3,150	(56,850)	5,254	62,104
Fund Balances Beginning of Year			24,832	
Fund Balances End of Year			30,086	

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, 2007

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Investment income	-	-	424	424
Contributions	-	-	8,585	8,585
Total Revenues	-	-	9,009	9,009
Expenditures				
Current				
Public safety	16,000	16,000	8,997	7,003
Total Expenditures	16,000	16,000	8,997	7,003
Net Change in Fund Balances	<u>\$ (16,000)</u>	<u>\$ (16,000)</u>	12	<u>\$ 16,012</u>
Fund Balances Beginning of Year			<u>8,725</u>	
Fund Balances End of Year			<u>\$ 8,737</u>	

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

Garfield County, Colorado
Oil and Gas Mitigation Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Final Budget Variance Positive (Negative)
Revenues				
Intergovernmental				
Federal Grants	-	500,000	1,162,935	662,935
State Grants	-	1,200,000	1,431,518	231,518
Total Revenues	-	1,700,000	2,594,453	894,453
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ 1,700,000</u>	2,594,453	<u>\$ 894,453</u>
Fund Balances Beginning of Year			-	
Fund Balances End of Year			<u>\$ 2,594,453</u>	

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, 2007

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Charges for services	\$ 1,400,000	\$ 1,400,000	\$ 1,987,931	\$ 587,931
Others	-	-	4,685	4,685
Total Revenues	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,992,616</u>	<u>592,616</u>
Expenditures				
Personnel	206,825	270,000	292,174	(22,174)
Purchased services	260,224	260,224	226,955	33,269
Materials & Supplies	70,716	70,716	87,721	(17,005)
Other	60,393	-	11,317	(11,317)
Capital outlay	1,078,100	1,078,100	467,216	610,884
Total Expenditures	<u>1,676,258</u>	<u>1,679,040</u>	<u>1,085,383</u>	<u>593,657</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (276,258)</u>	<u>\$ (279,040)</u>	907,233	<u>\$ 1,186,273</u>
Add: Capitalized purchases			467,216	
Less:				
Capital contributions			300,000	
Depreciation expense			(219,483)	
Closure/post-closure care			(39,762)	
Change in Net Assets - GAAP Basis			<u>\$ 1,415,204</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, 2007

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Charges for services	\$ 905,000	\$ 905,000	\$ 1,250,563	\$ 345,563
Others	-	-	2,465	2,465
Sale of capital assets	25,000	25,000	-	(25,000)
Total Revenues	930,000	930,000	1,253,028	323,028
Expenditures				
Personnel	108,466	124,154	132,096	(7,942)
Purchased services	58,700	58,700	8,229	50,471
Materials & Supplies	428,200	458,200	438,304	19,896
Other	3,827	(11,862)	-	(11,862)
Capital outlay	647,000	647,000	541,658	105,342
Total Expenditures	1,246,193	1,276,192	1,120,287	155,905
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (316,193)	\$ (346,192)	132,741	\$ 478,933
Add: Capitalized purchases			540,735	
Less:				
Capital contributions			417,203	
Depreciation expense			(585,771)	
Change in Net Assets - GAAP Basis			\$ 504,908	

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, 2007

	<u>Balance 1/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/07</u>
125 Plan				
Assets				
Cash and investments	\$ 37,005	\$ 140,704	\$ (135,587)	\$ 42,122
Liabilities				
Due to others	\$ 37,005	\$ 140,704	\$ (135,587)	\$ 42,122
Jail Inmate Trust				
Assets				
Cash and investments	\$ 57,793	\$ 29,066	\$ -	\$ 86,859
Liabilities				
Due to others	\$ 57,793	\$ 29,066	\$ -	\$ 86,859
County Treasurer				
Assets				
Cash and investments	\$ 7,376,391	\$ -	\$ (4,146,179)	\$ 3,230,212
Liabilities				
Due to other governments	\$ 7,376,391	\$ -	\$ (4,146,179)	\$ 3,230,212
Canyon Creek Estates				
Assets				
Cash and investments	\$ 19,429	\$ 322	\$ (19,751)	\$ -
Liabilities				
Due to others	\$ 19,429	\$ 322	\$ (19,751)	\$ -
Total				
Assets				
Cash and investments	\$ 7,490,618	\$ 170,092	\$ (4,301,517)	\$ 3,359,193
Liabilities				
Due to others	\$ 114,227	\$ 170,092	\$ (155,338)	\$ 128,981
Due to other governments	7,376,391	-	(4,146,179)	3,230,212
	<u>\$ 7,490,618</u>	<u>\$ 170,092</u>	<u>\$ (4,301,517)</u>	<u>\$ 3,359,193</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 2007

This Information From The Records Of Garfield County, Colorado	Prepared By: Phone:	Bob Prendergast, Sr. Financial Analyst (970) 945-7284 ext. #5
--	------------------------	--

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)	4,722,187
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	4,842,246
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	1,202,959	b. Snow and ice removal	1,153,161
3. Other local imposts (from page 2)	13,967,668	c. Other (weed and pest control)	476,503
4. Miscellaneous local receipts (from page 2)	910,856	d. Total (a. through c.)	1,629,663
5. Transfers from toll facilities		4. General administration & miscellaneous	2,268,557
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,202,959
a. Bonds - Original Issues		6. Total (1 through 5)	14,665,612
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)	16,081,483	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	3,294,298	2. Notes:	
D. Receipts from Federal Government (from page 2)	516,125	a. Interest	
E. Total receipts (A.7 + B + C + D)	19,891,906	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)	14,665,612

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
	7,496,361	19,891,906	14,665,612	12,722,655	0

Notes and Comments:
Highway law enforcement and safety per the County Sheriff is approximately 33% of the Patrol operating expenditures for the year. Ending Local Road and Street Fund Balance agrees to audited R&B 120 fund as of 12/31/07.

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2007

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	9,482,020	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	3,243,919	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	30,000
4. Licenses (permits)	472,650	f. Charges for Services	262,355
5. Specific Ownership &/or Other	769,079	g. Other Misc. Receipts (Silt Facility Lease)	10,000
6. Total (1. through 5.)	4,485,648	h. Other (\$33k Local Grant for Weed Cntrl)	608,501
c. Total (a. + b.)	13,967,668	i. Total (a. through h.)	910,856
	(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	2,856,451	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	443,673
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	0	d. Federal Transit Admin	0
d. Other (Specify) DOW PILT & DOL	337,397	e. U.S. Corps of Engineers	0
e. Other (Specify) Weed & Pest	100,450	f. Other Federal (USDA Fire Remediation)	72,452
f. Total (a. through e.)	437,847	g. Total (a. through f.)	516,125
4. Total (1. + 2. + 3.f)	3,294,298	3. Total (1. + 2.g)	
			(Carry forward to page 1)

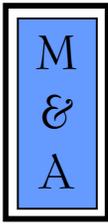
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		22,403	22,403
b. Engineering Costs		504,170	504,170
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		0	0
(3). System Preservation		4,195,613	4,195,613
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	4,195,613	4,195,613
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	4,722,187	4,722,187
			(Carry forward to page 1)

Notes and Comments:

SINGLE AUDIT REPORTS AND SCHEDULES





MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

Board of County Commissioners Garfield County, Colorado Glenwood Springs, Colorado

We have audited the 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, 2007, which collectively comprise Garfield County, Colorado's basic financial statements and have issued our report thereon dated June 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with general accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

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

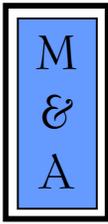
Board of County Commissioners
Garfield County, Colorado

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

This report is intended solely for the information and use of management, others within the entity, 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.
June 20, 2008



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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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
Glenwood Springs, Colorado**

Compliance

We have audited the compliance of the 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, 2007. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2007.

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.

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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 noncompliance 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.
June 20, 2008**

Garfield County, Colorado
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2007

Note: There were no findings for the fiscal year ended December 31, 2006.

Garfield County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

<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	3,383
Food Donation	10.569	No	10,148
Food Assistance	10.551	Yes	1,486,269
Food Assistance administration	10.561	Yes	256,680
Passed through Colorado Department of Public Health and Environment:			
Special Supplemental Nutrition Program for Women, Infants and Childre	10.557	No	825,901
Total Department of Agriculture			<u>2,582,381</u>
Department of Health and Human Services:			
Passed through Colorado Department of Health Care Policy and Financing:			
Medical Assistance Program	93.778	No	287,695
Passed through Colorado Department of Human Services:			
Scientific communications - partners for sustainable change	93.243	No	159,285
Temporary Assistance for Needy Families	93.558	No	627,607
Child Support Enforcement (Title IV-D - Administration)	93.563	No	637,296
Low-Income Home Energy Assistance	93.568	No	124,705
Child Care and Development Block Grant	93.575	No	136,627
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	No	501,077
Child Welfare Services - State Grants	93.645	No	33,525
Foster Care - Title IV-E	93.658	No	648,349
Adoption Assistance	93.659	No	104,381
Social Services Block Grant	93.667	Yes	353,420
Independent Living	93.674	No	17,093
Medicaid Assistance Program	93.778	No	301,127
Adjustment to Federal Assistance	93.XXX	No	(21,085)
Passed through Colorado Department of Public Health and Environment:			
Maternal and Child Health Federal Consolidated Programs	93.110	No	2,316
Immunization Grants	93.268	No	14,372
Center for Disease Control and Prevention - Investigations and Technical Assistance	93.283	No	85,339
Childhood Immunization Grants	93.268	Yes	414,636
Maternal and Child Health Block Grant	93.994	No	11,797
Total Department of Health and Human Services			<u>4,439,562</u>
Department of Transportation:			
Recreation Trails Program	20.219	No	46,052
Airport Improvement Program	20.106	No	53,144
Total Department of Transportation			<u>99,196</u>

(Continued)

Garfield County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

<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	143,592
TRIDENT Grant	16.579	No	48,871
Passed through City of Glenwood Springs, Colorado:			
High Intensity Drug Trafficking Assistance (HIDTA)	16.729	No	7,410
Victims of Crime Act (VOCA)	16.575		22,383
Total Department of Justice			<u>222,256</u>
Department of Veterans Affairs:			
Veterans Information and Assistance	64.115	No	1,800
Total Department of Veterans Affairs			<u>1,800</u>
Environmental Protection Agency			
Community Action for a Renewed Environment (care) Program	66.035	No	1,192
Total Environmental Protection Agency			<u>1,192</u>
Total Federal Financial Assistance			<u><u>7,345,195</u></u>

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2007

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, 2007