

La Plata County, Colorado

Comprehensive Annual Financial Report For the Year Ended December 31, 2005



LA PLATA COUNTY, COLORADO

Comprehensive Annual Financial Report

for the Year Ended December 31, 2005

Prepared by the La Plata County Finance Department

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INTRODUCTORY SECTION

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(Unaudited)

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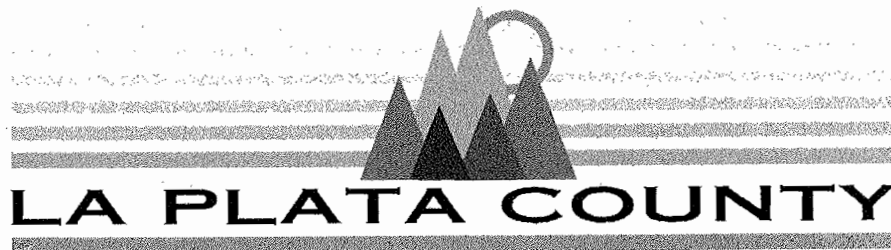
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June 13, 2006

To the Citizens of La Plata County and the Honorable Members of the Board of County Commissioners:

State law requires that all general-purpose local governments publish within seven months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the County (the County) for the fiscal year ended December 31, 2005.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in accordance with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Chadwick, Steinkirchner, Davis & Co, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2005 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended December 31, 2005 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the CAFR.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the "Single Audit Section" of the CAFR.

GAAP require that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The County, incorporated in 1874, is located in the southwestern part of Colorado, and has been experiencing considerable economic and population growth the past 14 years. The County has an area of 1,683 square miles and a population of 48,023 (2005 State Demographer's estimate), an increase of 15,194 (47%) since 1990. The County is empowered to levy a property tax on both real and personal property located within its boundaries. The economy is primarily tourism-based, and Durango, the County seat, is the home of Fort Lewis College, a four year liberal arts state institution of approximately 4,400 students.

The County operates as a statutory County, with a three-member Board of Commissioners (the Board). Board members are elected by district but represent the entire County and serve up to two four-year staggered terms. Additionally, there are six other elected officials: the Sheriff, Clerk and Recorder, Assessor, Treasurer/Public Trustee, Coroner, and Surveyor. There are no term limits on the elected positions other than the Commissioners. The Board is responsible, among other things, for passing resolutions, adopting the budget, appointing committees, and hiring the County manager, the County attorney, and selecting the external auditor. The County manager is responsible for carrying out the policies and resolutions of the Board and for overseeing the day-to-day operations of the non-elected departments, including hiring of department heads.

Financial Entity. The financial reporting entity, (the government) includes all the funds and account groups of the primary government as well as all of its component units. The County provides the full range of services required by state statutes as well as many ancillary services. This includes public safety consisting of the sheriff, jail, coroner, building inspection and district attorney; land use planning; property valuation, tax collection and distribution; vehicle licensing, construction and maintenance of roads and bridges; health and human services, and administrative services

Some legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government as blended component units. Accordingly, the Durango Hills Road Improvement District is reported as a special revenue fund of the primary government. The La Plata County Finance Authority was created to provide financing options for office space acquisition and is therefore included as a blended component unit of the County. In contrast, the District Attorney of the Sixth Judicial District is reported as a discrete component unit of the primary government.

Budgetary Controls. La Plata County maintains budgetary controls to ensure compliance with the annual budget. State law requires the adoption of budgets for all anticipated expenditures. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level. However, the Board further monitors expenditures at the spending authority (elected official/department head) level within individual funds. Department heads have the flexibility to transfer funding within their respective budgets with county manager and finance coordination. The Finance Department also monitors expenditures and informs the department heads, the County manager and the Board if there is potential for

expenditure overruns. The statements and schedules included in the financial section of this report demonstrate that the County remains successful in meeting its responsibility for sound financial management.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local economy. The La Plata County economy continued to recover from the 2003 recession and the forest fires of 2002. After the first decline in 14 years in 2002, County sales tax collections increased for the third year in a row, increasing by 4.1% in 2005, following a 10.5% increase in 2004 that surpassed \$11.0 million for the first time. County lodgers' tax for 2005 increased by 10.3% over 2004. After a very strong year in 2004, the County building inspection department experienced a 6.5% decline in the number of permits issued in 2005 and a decline in the total value of approximately \$12.0 million. This brought the number of permits and the total value in line with the previous two years prior to 2004. There was a significant increase in total value beginning in 2002 when the total value of new construction jumped from an average of about \$85 million per year for the previous few years to approximately \$102 million for years since 2002 (with the exception of 2004). Construction remains the second strongest segment of the local economy after tourism. The local unemployment rate continues to be significantly below that of both the United States and Colorado (average 3.3% versus approximately 5.0% for both U.S. and Colorado).

Development continues strong in the county with developers bringing projects with more than 670 lots to the County's planning department for review in 2005. Though this is lower than the peak of approximately 1,000 per year in 2003 and 2004, those years were fueled by major development at Durango Mountain Resort and Tamarron Resort. The 2005 number of lots is in line with 2002, which was almost double that of previous years. Tourism was mixed in 2005. Two key tourism indicators increased in 2005 over 2004: 1) ridership on the Durango & Silverton Narrow Gauge Railroad and 2) Mesa Verde National Park visitors. However, skier visits at Durango Mountain Resort were down due to a light snow year. Retail sales as well as the employment numbers for 2005 are both ahead of 2004. Further substantiating the County's economic recovery claim is that energy prices, agriculture prices and real estate prices are all higher than in 2004. Accordingly, the general economic health of the County strengthened in 2005 versus 2004.

Despite the acceleration in gasoline and oil prices, the **Colorado** economy continued its momentum in 2005, with employment, personal income, retail sales, and consumer spending registering increases. It has taken until 2005 for state employment to return to the level attained in 2001. Beginning in mid 2004, business confidence has grown and continued to grow in 2005. Since state employment bottomed out in 2003, 59,100 jobs were added in 2004 and another 49,000 in 2005. The Colorado unemployment rate continues to decline from a high of 5.9% in 2002 to an average of 5.1% for 2005. Unemployment for 2006 is estimated at 4.9%. This has helped fuel an increase in the rate of growth in personal and per capita income for the state. Consumer spending, as measured by retail sales, increased 6.2% in 2005 and is expected to grow modestly over the next two years corresponding with the growth in personal income. Construction employment was up in 2005, reflecting the strong housing permit activity in 2004. In summary, economic conditions in Colorado improved in 2005 with gains registered in employment, personal income, construction activity, and consumer spending.

Long-Term Financial Planning

The County budget includes a five-year capital improvement program. Projections for capital investment during the next five years include \$18 million projected for new facilities and \$31 million for road and bridge improvements. The County is doing preliminary review for the construction of a new Human Services building and an expansion of the jail facility. Long-term, the County will need to address the issue of crowding and security issues at the main courthouse location. The County is also addressing the conversion of radio frequencies from the old UHF frequencies to the newer 800 mhz frequencies. State and federal funding is assisting in this conversion, which is projected to cost in excess of \$1 million. For 2006, the County intends to complete several major road projects, including work on CR 234 and overlays on several heavily-used County roads. From a revenue management standpoint, one of the issues that management continues to monitor closely is the ongoing impact of natural gas development in the County. For budget year 2006, taxes on natural gas extracted within La Plata County will provide 62% of property tax revenues. Several gas operators in the County have recently applied for approvals to increase the density of wells, which may impact both short and long-term well production.

Cash Management. Cash that is temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury and government agencies, and local government investment pools. The County's investment policy places highest priority on legality, safety, liquidity and lastly on yield. Since minimizing risk is of the highest priority, all deposits were either insured by the federal depository insurance or were collateralized. The Treasurer earned investment income of \$1,045,081 in 2005, which was \$549,254 more than in 2004 and about \$415,925 more than in 2003. This reflects the recovering of interest rates in 2005.

Risk Management. The County is a member of two self funded insurance pools administered by County Technical Services, Incorporated (CTSI): The County Workers' Compensation Pool, and Colorado Counties Casualty and Property Pool. Each pool is governed by a board of directors elected by County representatives of the pool. CTSI requires that loss prevention programs be implemented on becoming a member. La Plata County participates in the seminar and workshop program, which provides loss prevention information and teaches County employees safety work skills.

The County is partially self-insured for employee health and medical insurance. The County also provides life insurance and vision and dental care. The medical self insurance fund pays all medical claims for employees and covered dependents up to \$50,000 per individual per illness in a calendar year. Aggregate and individual stop-loss coverage is carried with Anthem/Blue Cross Colorado, who also acts as the County's claims administrator.

Pension and other post-employment benefits. The County participates in a multi-employer defined contribution plan administered by Colorado County Officials and Employees Retirement Association (CCOERA). The employee is required to contribute five percent of their base income, and the County matches a corresponding five percent. The County does not provide any post-employment benefits.

Fiduciary Responsibilities: The County acts as an agent in collecting property taxes for other governments located in La Plata County. These funds are held until disbursement to the appropriate agency in the general agency fund.


Awards and Acknowledgements

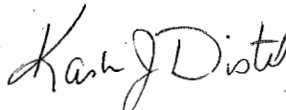
The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to La Plata County for its comprehensive annual financial report for the fiscal year ended December 31, 2004. The Certificate of Achievement is a prestigious international award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. La Plata County has received a Certificate of Achievement for the last fifteen (16) consecutive fiscal years (1989-2004) ended December 31st. We believe the 2005 report conforms to the Certificate of Achievement requirements and we are submitting it to the GFOA for review.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2006. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, operations guide, and a communications device.

The preparation of this financial report was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for their individual and team efforts in the preparation of the report. Also, we would like to extend our appreciation to the partners and staff of the firm of Chadwick, Steinkirchner Davis & Co for their assistance. Finally, the leadership, support and commitment to fiscal responsibility of the Board of County Commissioners in the financial planning and execution of the County's operations is greatly appreciated.


Michael K. Scannell,
County Manager


Karla J. Distel, CMA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

La Plata County,
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Fung

President

Jeffrey R. Enos

Executive Director

LIST OF COUNTY OFFICIALS

ELECTED OFFICIALS

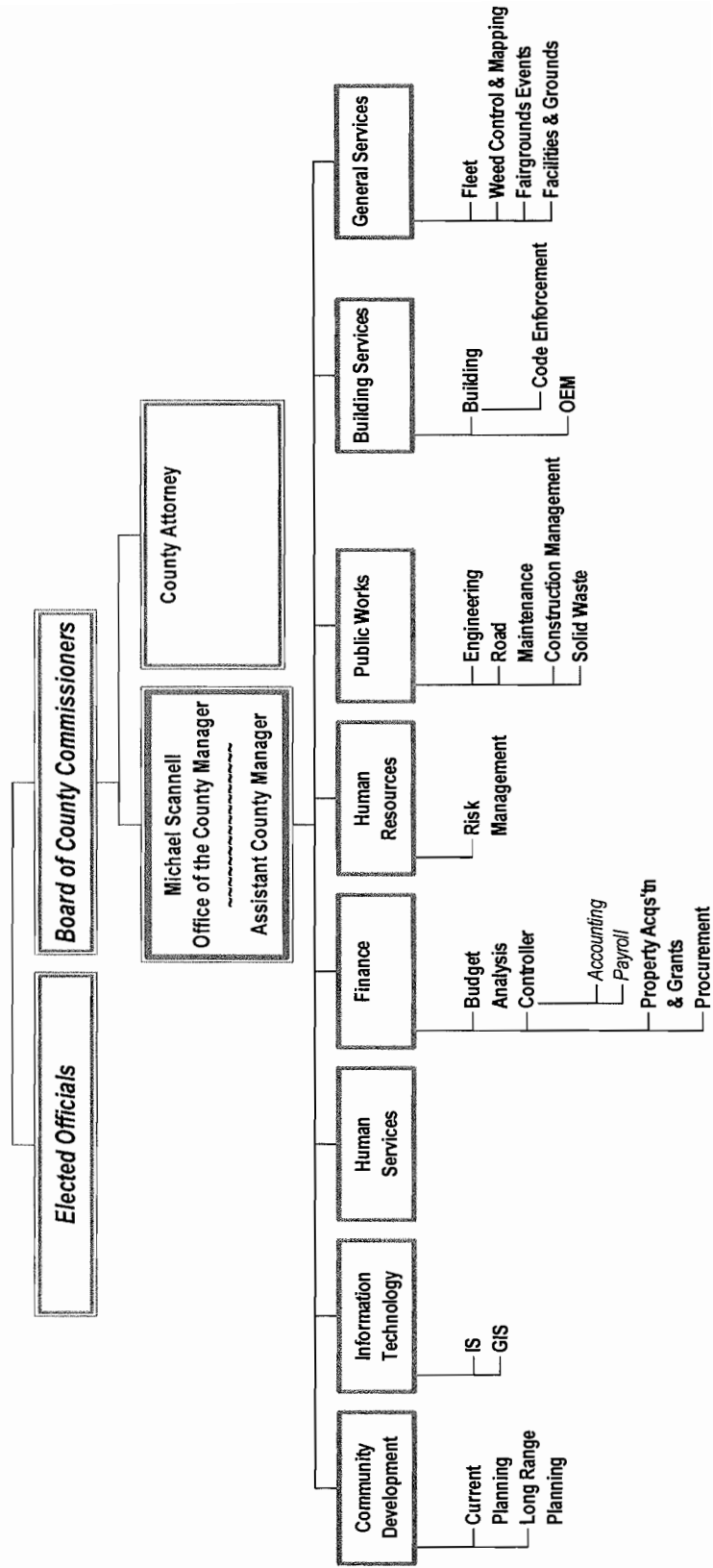
<u>Title</u>	<u>Name</u>
Commissioner	Sheryl Ayers
Commissioner	Robert A. Lieb
Commissioner	Wallace “Wally” White
Assessor	Craig Larson
Clerk & Recorder	Linda Daley
Coroner	Carol Huser, MD
Sheriff	Sidney "Duke" Schirard
Surveyor	Larry Connolly
Treasurer & Public Trustee	Ed Murray

APPOINTED OFFICIALS

<u>Title</u>	<u>Name</u>
County Manager	Michael Scannell
Assistant County Manager	Joanne Spina
Director of Information Services	Alan Andrews
Director of Human Services	Pat Carlson
Director of Public Works	Jim Davis
Director of Finance	Karla Distel
Director of Human Resources	Kelli Ganevsky
Director of Building & Emergency Services	Butch Knowlton
Director of Community Development Services	Nancy Lauro
Director of General Services	Al Thye
County Attorney (Contracted)	Goldman, Robbins & Rogers LLC

With special recognition for the contributions of Wayne Bedor, who retired from his position as Director of Finance and Central Services on March 10, 2006 after 16 years of dedicated service to La Plata County.

La Plata County Organizational Chart



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FINANCIAL SECTION

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

May 25, 2006

Honorable Board of County Commissioners
La Plata County, Colorado

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

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

In our opinion, based on our audit, 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 discretely presented component unit and the aggregate remaining fund information of La Plata County, Colorado as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the Road and Bridge Fund, and the Social Services Fund for the year then ended in conformity with U.S. generally accepted accounting principles.



La Plata County, Colorado
May 25, 2006
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The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise La Plata County's basic financial statements. The introductory section, individual major fund financial statements and schedules presented as supplementary information, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The individual major fund financial statements and schedules presented as supplementary information, combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2006 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Chadwick, Steinkirchner, Davis & Co., P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The County's assets exceeded its liabilities by \$85,588,270 (net assets) for the calendar year reported.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$45,072,293 include 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 \$19,030,174 are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
 - (3) Net assets of \$9,589,802 are unrestricted, but are invested in a joint venture.
 - (4) The balance of unrestricted net assets of \$11,896,001 represent the portion available to maintain the County's continuing obligations to citizens and creditors.
- The County's governmental funds reported total ending fund balance of \$29,963,986 this year. This compares to the prior year ending fund balance of \$26,702,598 showing an increase of \$3,261,388 during the current year.
- At the end of the current calendar year, unreserved fund balance for the General Fund was \$8,699,792, or 35% of total General Fund expenditures
- Overall, the County continues to maintain a strong financial position.

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. Comparative data is presented when available.

Government-wide Financial Statements

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

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

The second government-wide statement is the *Statement of Activities*, which reports how the County's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or

paid. An important purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both government-wide financial statements distinguish governmental activities of the County that are principally supported by taxes and other governmental revenues 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, and streets.

The government-wide financial statements are presented on pages 11 & 12 of this report.

Fund Financial Statements

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

The County has two kinds of funds:

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The County also presents its budget to actual statements for the general fund, road and bridge fund and the social services fund as basic financial statements.

The basic governmental fund financial statements are presented on pages 13 through 19 of this report.

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

Proprietary funds are reported in the fund financial statements and generally report services for which the fees are charged. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal services funds to account for its fleet and insurance functions. Because these services predominantly benefit governmental rather than external activities, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements are presented on pages 20-22 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 24 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budget presentations. Budgetary comparison schedules are included as "required

supplementary information" for the general, road and bridge and social services funds. Budgetary comparisons for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the County's adopted and final budgets. Required supplementary information begins on page 48 of this report.

Other Supplementary Information

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 the supplementary section of this report beginning on page 48. The County has also chosen to present comparative balance sheets for each of the governmental funds.

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.

The County's net assets at calendar year-end are \$85,588,270. The following table provides a summary of the County's net assets:

Summary of Net Assets

	Governmental Activities 2005	Percentage of Total 2005	Governmental Activities 2004	Governmental Activities 2003
Assets:				
Current assets	\$ 57,551,405	49.4%	\$ 49,297,350	\$ 47,132,143
Investment in joint venture	9,589,802	8.2%	8,372,347	8,963,342
Capital assets	49,327,293	42.4%	42,907,848	29,055,951
Total assets	116,468,500	100.0%	100,577,545	85,151,436
Liabilities:				
Current liabilities	26,252,677	85.0%	22,380,298	19,024,749
Long-term liabilities	4,627,552	15.0%	5,892,121	2,458,250
Total liabilities	30,880,229	100.0%	28,272,419	21,482,999
Net assets:				
Invested in capital assets, net of debt	45,072,293	52.7%	36,815,975	27,295,951
Restricted	19,030,174	22.2%	18,482,270	18,000,258
Unrestricted	21,485,803	25.1%	17,006,881	18,372,228
Total net assets	\$ 85,588,270	100.0%	\$ 72,305,126	\$ 63,668,437

The County continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 2.2 to 1. This ratio is a bit misleading since the accounting rules require that the County recognize as a current asset the amount of property taxes for calendar year 2006 with an offsetting amount reported in deferred revenue as a current liability. If you remove those amounts from the current ratio calculation, you have a ratio of 7.2 to 1, which demonstrates the liquid position of the County.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2005

La Plata County, Colorado

The County reported positive balances in net assets. Net assets increased \$13,283,145 for governmental activities, which results in an 18.4% increase. A significant component of the County's revenue is property taxes associated with the extraction of natural gas. Because of the variability in the two factors which determine the amount of tax collected on natural gas production, price and volume, it has been the County's practice to utilize the growth in property taxes related to gas production for capital and infrastructure improvements.

Note that approximately 55% of the governmental activities' net assets are tied up in capital. The County uses these capital assets to provide services to its citizens.

The following table provides a summary of the County's changes in net assets :

	2005			
	Governmental	Percentage	2004	Difference
	Activities	of Total		
Revenues:				
Program:				
Charges for services	\$ 2,888,692	5.6%	\$ 2,885,302	\$ 3,390
Operating grants	10,838,843	21.0%	8,558,442	(2,280,401)
Capital grants	1,773,879	3.4%	3,533,185	1,759,306
General:				
Taxes	31,662,900	61.2%	25,671,890	5,991,010
Increase (decrease) in joint venture	1,217,455	2.4%	(590,995)	1,808,450
Other	3,315,039	6.4%	2,478,478	836,561
Total revenues	<u>51,696,808</u>	<u>100.0%</u>	<u>42,536,302</u>	<u>9,160,506</u>
Program Expenses:				
General government	7,985,491	20.8%	6,973,916	(1,011,575)
Public safety	11,205,953	29.2%	10,363,443	(842,510)
Auxiliary services	2,740,837	7.1%	2,301,220	(439,617)
Public works	8,407,331	21.9%	7,692,460	(714,871)
Health and welfare	4,570,764	11.9%	4,295,664	(275,100)
Community programs	3,322,796	8.7%	2,680,824	(641,972)
Interest and fiscal charges	180,491	0.5%	120,222	(60,269)
Total expenses	<u>38,413,663</u>	<u>100.0%</u>	<u>34,427,749</u>	<u>(3,985,914)</u>
Change in net assets	13,283,145		8,108,553	<u>\$ 5,174,592</u>
Beginning net assets	<u>72,305,125</u>		<u>64,196,572</u>	
Ending net assets	<u>\$ 85,588,270</u>		<u>\$ 72,305,125</u>	

GOVERNMENTAL REVENUES

The County is heavily reliant on property and sales taxes to support governmental operations and capital. Property taxes provided 38.6% of the County's total governmental revenues. Sales taxes are the second largest revenue source with over \$11.5 million of revenues or 22% of the total. Because of the County's healthy financial position, we have been able to earn \$1,045,081 in interest earnings to support governmental activities. Also, note that program revenues cover 43.5% of governmental operating expenses. This means that the government's taxpayers and the County's other general governmental

revenues fund 56.5% of the governmental activities. As a result, the general economy and the county businesses have a major impact on the County's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

The public safety, general government and the public works functions make up nearly three-fourths of the total governmental activities expenses. Public safety costs total over \$11 million dollars or 29% of the total expenditures. General government and public works each make up slightly more than 20% of total costs.

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

	Governmental Activities 2005			2004 Net Cost	Decrease (Increase)
	Total Cost of Services	Net Cost of Services	Net Cost % of Total		
General government	7,985,491	\$ 2,220,424	9.7%	\$ 3,314,751	\$ 1,094,327
Public safety	11,205,953	10,321,675	45.0%	9,307,097	(1,014,578)
Auxiliary services	2,740,837	2,315,441	10.1%	1,555,372	(760,069)
Public works	8,407,331	4,147,816	18.1%	1,988,028	(2,159,788)
Health and welfare	4,570,764	1,257,565	5.5%	964,366	(293,199)
Community programs	3,322,796	2,468,837	10.8%	2,200,984	(267,853)
Interest	180,491	180,491	0.8%	120,222	(60,269)
Total	<u>\$ 38,413,663</u>	<u>\$ 22,912,249</u>	<u>100.0%</u>	<u>\$ 19,450,820</u>	<u>\$(3,461,429)</u>

After reducing gross expenses by program revenues, public safety totals 45% of the net cost of services and the general government function's net costs are 9.7% of the total net cost of services.

Financial Analysis of the County's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$29,963,986. Of this year-end total, \$17,781,041 is unreserved indicating availability for continuing County service requirements. Legally restricted fund balances (i.e., the reserved fund balances) include: \$2,139,623 committed to fund program purposes, \$1,185,000 set aside for emergency purposes, \$534,060 reserved for debt service, and \$7,900,944 committed to capital projects.

The total ending fund balances of governmental funds show an increase of \$3,261,388 or 12% above the prior year. This increase is primarily related to the increase in fund balance of the general fund, resulting from expending less than budgeted.

Major Governmental Funds

The General Fund is the County's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by over \$2,750,000. By comparison, in calendar year 2004, the fund balance decreased over \$2,236,000.

Property taxes collections in the General Fund increased nearly 50% over that of calendar 2004. This increase relates to the County's assessed valuation increasing from \$1,523,959,000 in 2004 to \$2,134,482 in 2005 (related to increased valuation in the oil & gas industry). Additionally, the percentage of the overall County mill levy placed into the General Fund was increased, while the percentages placed into the Road and Bridge and Social Services funds were decreased. Sales taxes totaled over \$11.5 million. State and federal revenues were \$664,090 above calendar 2004, primarily due to increases in CDBG funding and increased mineral severance taxes. Most other revenue streams were consistent with that of calendar 2004.

The General Fund's ending unreserved fund balance of nearly \$8.7 million, is considered more than adequate, representing nearly 20% of 2006 budgeted general fund expenditures and transfers out to other funds.

The Road and Bridge fund's fund balance decreased by \$1.5 million in 2005. This fund received approximately the same property taxes in 2005 but less in intergovernmental grants. This fund spent over \$11 million building, improving and maintaining County roads and bridges, which was about \$884,000 less than in 2004. The social services fund spent nearly \$4.4 million in providing services to clients, about \$220,000 more than in 2004. The capital improvement fund balance decreased by \$1,682,058, related to a planned drawdown of the fund balance.

Budgetary Highlights

The General Fund – The revenue budget was increased \$2.68 million over the original budget, primarily related to grant funding for building a mental health facility. Actual property taxes sales, and other tax collections were \$644,000 above the final budget. Intergovernmental revenues fell short of the budget by \$1.6 million, primarily because construction on the mental health facility mentioned above was started later than anticipated.

Investment earnings in the General Fund were \$910,164, which was \$310,000 more than budgeted, due to increased balances and improving interest rates. In total, the County realized 99.7% of the final revenue budget.

The expenditure side of the original budget for the General Fund was revised \$2,957,302 or 11%. The previously mentioned mental health facility accounted for \$2.65 million of the increase. The remaining was distributed among general government (\$142,000), public safety (\$97,00), auxiliary services (\$23,000) and other community programs ((\$307,000)). The County spent 83% of the final amended general fund expenditure budget. In many cases, budget surpluses resulted from staff vacancies. We also believe that our staff and management exercise extreme diligence in spending public funds, and most budget appropriations have historically been underspent, a practice which continued in 2005.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets, net of accumulated depreciation for governmental activities as of December 31, 2005, was \$45,072,293. The net capital assets for the internal service fund, which is reported with the governmental activities on the statement of net assets is \$6,319,756. The total increase in this net investment was 22% for governmental activities. See Note 4-D for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Governmental Activities	
	2005	2004
Non-depreciable assets:		
Land	\$ 2,769,561	\$ 1,906,266
Construction in progress	352,532	62,300
Total non-depreciable	3,122,093	1,968,566
Depreciable assets:		
Buildings	25,420,475	24,726,380
Improvements	7,695,716	5,312,944
Machinery and equipment	1,959,783	11,294,429
Infrastructure	11,132,777	7,444,767
Total depreciable assets	46,208,751	48,778,520
Less accumulated depreciation	6,323,307	7,839,238
Book value - depreciable assets	39,885,444	40,939,282
Percentage depreciated	14%	16%
Book value - all assets	\$ 43,007,537	\$ 42,907,848

At December 31, 2005, the depreciable capital assets for governmental activities were 14% depreciated. This compares favorably to the December 31, 2004 percentage of 16%. The County completed several major facility acquisitions & constructions in 2005, a positive indicator. In addition, this percentage is considered very low which is also a positive factor.

The major changes to the construction in progress, land and buildings asset classes relates to the following projects:

- The acquisition of property which will be used to build a Human Services building in 2008.
- Completion of the master plan improvements, including ball fields and parking areas at the La Plata County fairgrounds.
- Beginning construction, in cooperation with another local government, on a joint maintenance facility for Road and Bridge shop purposes.

The County has capitalized our current year infrastructure costs (i.e., four projects) of over \$5 million including the following major projects:

- Completion of improvements to CR 521 "Buck Highway" at a cost of \$220,886
- Work on the "Self's Hill" section of CR 234 at cost of \$212,091. This project will realign several dangerous curves on a major arterial.
- The reconstruction of two sections of CR 213 at a cost of \$3,255,033.

Long-term Debt

At the end of the calendar year, the County had sales tax revenue bonds outstanding of \$615,000. These bonds were issued to refinance prior outstanding bonded debt in order to reduce the interest rates and save the County money. The bonds will be paid off entirely in 2006. During the year, the County retired \$585,000 or 49% of the beginning outstanding sales tax revenue bonds. The County also retired \$345,000 in certificates of participation issued by the La Plata County Finance Authority in 2004 for the acquisition of the Old Main Professional Building.

Outstanding Borrowings

	Governmental Activities		% Change
	2005	2004	
Sales tax revenue bonds	\$ 615,000	\$ 1,200,000	-48.75%
Certificates of participation	3,640,000	3,985,000	-8.66%
Landfill closure and postclosure care	1,157,610	906,873	27.65%
Compensated absences	991,511	940,330	5.44%
Total	<u>\$ 6,404,121</u>	<u>\$ 7,032,203</u>	-8.93%

See Note 4-H for additional information about the County's long-term debt. We discuss the landfill closure and postclosure care liability in Note 4-F.

Economic Factors and Next Year's Budget

For budget year 2006, the County's assessed valuation increased \$348.6 million, which will result in \$2.9 million more in property tax collections. The County's 2006 budget has been prepared with consideration of this and other economic factors and community needs, and projects both increased revenues and expenditures for budget year 2006.

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 the County's Finance Director at 1060 E. 2nd Avenue, Durango, CO 81301.

BASIC FINANCIAL STATEMENTS

La Plata County, Colorado
Statement of Net Assets
December 31, 2005

	Primary Government Governmental Activities	Component Unit
Assets		
Current Assets		
Cash	\$ 366,227	\$ 123,702
Equity in treasurer's cash and investments	31,518,758	-
Restricted cash and investments	105,077	-
Cash held by Trustee	508,606	
Receivables:		
Accounts	177,785	15,040
Taxes	21,195,434	-
Loans	110,200	-
Deposits	2,275	-
Intergovernmental	2,887,424	79,833
Due from component unit	150,000	-
Due from primary government	-	137,729
Inventory	529,619	-
Investment in joint venture	9,589,802	
Capital Assets		
Nondepreciable capital assets	1,968,566	-
Depreciable capital assets, net	47,358,727	89,267
Total Assets	<u>116,468,500</u>	<u>445,571</u>
Liabilities		
Current Liabilities		
Accounts payable	1,471,160	10,789
Accrued expenses	302,317	23,011
Contracts payable	252,408	-
Intergovernmental payable	317,882	-
Accrued interest payable	14,032	-
Due to primary government	-	150,000
Deposits payable	23,525	-
Unearned revenue	21,891,705	3,507
Liabilities payable from restricted assets	105,077	-
Claims payable	98,002	-
Compensated absences payable	247,878	14,201
Landfill closure and post-closure care costs payable	558,691	
Certificates of participation payable	355,000	
Sales tax revenue bonds payable	615,000	-
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	743,633	42,604
Landfill closure/post-closure costs (net of current portion)	598,919	-
Certificates of participation payable (net of current portion)	3,285,000	-
Total Liabilities	<u>30,880,229</u>	<u>244,112</u>
Net Assets		
Invested in capital assets, net of related debt	45,072,293	89,267
Restricted for:		
Capital improvements	7,900,944	-
Debt service	534,060	-
Program purposes	9,410,170	-
Emergencies	1,185,000	50,000
Unrestricted	21,485,803	62,192
Total Net Assets	<u>\$ 85,588,270</u>	<u>\$ 201,459</u>

See accompanying notes to the basic financial statements

La Plata County, Colorado
Statement of Activities
For the Year Ended December 31, 2005

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Component Unit
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Primary Governmental Activities		
Primary Government							
Governmental Activities							
General government	\$ 7,985,491	\$ 2,025,210	\$ 3,506,995	\$ 232,862	\$ (2,220,424)	\$ -	
Public safety	11,205,953	612,358	271,920	-	(10,321,675)	-	
Auxiliary services	2,740,837	204,018	221,378	-	(2,315,441)	-	
Public works	8,407,331	47,106	2,671,392	1,541,017	(4,147,816)	-	
Health and welfare	4,570,764	-	3,313,199	-	(1,257,565)	-	
Community programs	3,322,796	-	853,959	-	(2,468,837)	-	
Interest and fiscal charges	180,491	-	-	-	(180,491)	-	
Increase (decrease) in interest in joint venture		-	1,217,455	-	1,217,455	-	
Total Governmental Activities	38,413,663	2,888,692	12,056,298	1,773,879	(21,694,794)	-	
Component Unit							
Office of the District Attorney	\$ 1,931,139	\$ -	\$ 749,458	\$ -	-	(1,181,681)	
General Revenues							
Property taxes levied for general government purposes					19,938,128	-	
Sales taxes					11,558,412	-	
Lodgers taxes					166,360	-	
Operational funding from primary government--unrestricted					-	1,077,988	
Investment earnings					1,045,081	-	
Miscellaneous					2,269,958	108,936	
Total General Revenues					34,977,940	1,186,924	
Change in Net Assets					13,283,145	5,243	
Net Assets Beginning of Year					72,305,125	196,216	
Net Assets End of Year					\$ 85,588,270	\$ 201,459	

See accompanying notes to the basic financial statements

La Plata County, Colorado
Balance Sheet
Governmental Funds
December 31, 2005

	General	Road and Bridge	Social Services	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 364,727	\$ 1,100	\$ 400	\$ -	\$ -	\$ 366,227
Equity in treasurer's cash and investments	9,337,680	5,720,534	1,607,620	7,783,640	3,942,292	28,391,766
Restricted cash and investments	46,594	-	58,483	-	-	105,077
Cash held by Trustee	-	-	-	-	508,606	508,606
Receivables:						
Accounts	103,446	12,525	1,196	59,293	275	176,735
Taxes	18,432,460	1,766,133	945,255	-	51,586	21,195,434
Loans	110,200	-	-	-	-	110,200
Deposits	2,275	-	-	-	-	2,275
Intergovernmental	1,310,854	973,091	283,560	319,919	-	2,887,424
Component unit	150,000	-	-	-	-	150,000
Interfund	-	-	-	-	134,556	134,556
Inventory	75,649	347,669	-	-	-	423,318
Total Assets	\$ 29,933,885	\$ 8,821,052	\$ 2,896,514	\$ 8,162,852	\$ 4,637,315	\$ 54,451,618
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 340,768	\$ 605,654	\$ 289,873	\$ 202,255	\$ 30,246	\$ 1,468,796
Accrued salaries and wages	252,420	41,263	-	-	-	293,683
Contracts payable	7,485	216,536	-	28,387	-	252,408
Intergovernmental payable	163,678	19,726	71,864	62,614	-	317,882
Interfund payable	134,556	-	-	-	-	134,556
Deposits payable	23,525	-	-	-	-	23,525
Deferred revenues	18,785,246	2,038,133	945,255	71,485	51,586	21,891,705
Liabilities payable from restricted assets	46,594	-	58,483	-	-	105,077
Total Liabilities	19,754,272	2,921,312	1,365,475	364,741	81,832	24,487,632
Fund Balances						
Reserved for:						
Inventory	75,649	347,669	-	-	-	423,318
Emergencies	-	-	-	-	1,185,000	1,185,000
Program purposes	1,404,172	735,451	-	-	-	2,139,623
Capital improvements	-	-	-	7,798,111	102,833	7,900,944
Debt service	-	-	-	-	534,060	534,060
Unreserved:						
Undesignated, reported in:						
General fund	8,699,792	-	-	-	-	8,699,792
Special revenue funds	-	4,816,620	1,531,039	-	2,733,590	9,081,249
Total Fund Balances	10,179,613	5,899,740	1,531,039	7,798,111	4,555,483	29,963,986
Total Liabilities and Fund Balances	\$ 29,933,885	\$ 8,821,052	\$ 2,896,514	\$ 8,162,852	\$ 4,637,315	\$ 54,451,618

See accompanying notes to the basic financial statements

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

Total Governmental Fund Balances		\$ 29,963,986
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the government-wide 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	\$ 59,080,020	
Less accumulated depreciation	<u>(9,752,727)</u>	49,327,293
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	\$ 134,556	
Interfund payables	<u>(134,556)</u>	-
The investment in the joint venture is not included at the fund level, but is reported on the government-wide statement of net assets.		
		9,589,802
An internal service fund is used by management to charge the costs of employee medical self-insurance and fleet management costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		
Non-capital assets	\$ 3,234,343	
Non-capital liabilities	<u>109,000</u>	3,125,343
Accrued interest on sales tax revenue bonds is not accrued at the fund level but is reported on the government-wide statement of net assets.		
		(14,032)
Liabilities that are not due and payable in the current period and therefore are not reported in the funds but are reported on the government-wide statement of net assets.		
Sales tax revenue bonds	\$ (615,000)	
Certificates of participation	(3,640,000)	
Landfill closure and post-closure care	(1,157,610)	
Compensated absences	<u>(991,511)</u>	(6,404,121)
Net Assets Of Governmental Activities		<u>\$ 85,588,270</u>

See accompanying notes to the basic financial statements

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

	General	Road and Bridge	Social Services	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 28,676,403	\$ 1,938,759	\$ 992,481	\$ -	\$ 55,256	\$ 31,662,899
Intergovernmental	3,244,092	4,040,352	3,313,199	404,919	1,624,488	12,627,050
Licenses and permits	765,087	258,547	-	-	-	1,023,634
Charges for services	2,810,363	44,095	-	-	-	2,854,458
Fines and forfeitures	6,888	-	-	-	-	6,888
Investment earnings	910,164	-	-	-	49,387	959,551
Miscellaneous	601,772	447,130	163,157	381	3,026	1,215,466
Total Revenues	37,014,769	6,728,883	4,468,837	405,300	1,732,157	50,349,946
Expenditures						
Current:						
General government	7,569,024	-	-	-	-	7,569,024
Public safety	11,146,554	-	-	-	-	11,146,554
Auxiliary services	2,445,015	-	-	-	-	2,445,015
Public works	100,424	6,760,758	-	-	121,186	6,982,368
Health and welfare	270,200	-	4,382,602	-	-	4,652,802
Community programs	3,322,796	-	-	-	-	3,322,796
Capital Outlay	-	4,332,517	99,177	4,563,330	35,091	9,030,115
Debt Service:						
Principal retirement	-	-	-	-	930,000	930,000
Interest and fiscal charges	-	-	-	-	173,959	173,959
Agent fees	-	-	-	-	2,000	2,000
Total Expenditures	24,854,013	11,093,275	4,481,779	4,563,330	1,262,236	46,254,633
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,160,756	(4,364,392)	(12,942)	(4,158,030)	469,921	4,095,313
Other Financing Sources (Uses)						
Sale of capital assets	-	162,500	-	3,575	-	166,075
Transfers in	1,460,298	2,700,000	-	5,800,000	3,020,626	12,980,924
Transfers out-internal service funds	-	-	-	(1,000,000)	-	(1,000,000)
Transfers out-governmental funds	(10,870,626)	-	-	(640,000)	(1,470,298)	(12,980,924)
Total Other Financing Sources (Uses)	(9,410,328)	2,862,500	-	4,163,575	1,550,328	(833,925)
Net Change in Fund Balances	2,750,428	(1,501,892)	(12,942)	5,545	2,020,249	3,261,388
Fund Balances Beginning of Year	7,429,185	7,401,632	1,543,981	7,792,566	2,535,234	26,702,598
Fund Balances End of Year	\$ 10,179,613	\$ 5,899,740	\$ 1,531,039	\$ 7,798,111	\$ 4,555,483	\$ 29,963,986

See accompanying notes to the basic financial statements

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

Net Changes In Fund Balances - Total Governmental Funds		\$ 3,261,388
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 capitalized capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	\$ (913,670)	
Capital outlay	<u>8,071,530</u>	7,157,860
Governmental funds do not report the net cost of capital assets disposed of but the cost is reported on the statement of activities		(36,556)
Governmental funds do not report the investment in the joint venture, however, the change is reported on the government-wide statement of activities		1,217,455
Transfers between governmental funds are reported on the governmental fund operating statement but eliminated on the government-wide statement of activities.		
Transfers in	\$ 12,980,924	
Transfers out	<u>(12,980,924)</u>	-
Transfers between governmental funds and internal service funds are reported on the governmental operating statement but eliminated on the government-wide statement of activities.		1,000,000
Interest expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12/31/05	\$ 14,032	
Liability @ 12/31/04	<u>9,500</u>	(4,532)
Internal service funds are used by management to charge the costs of fleet management and self insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		59,448
The (increase) decrease in landfill closure and postclosure care costs do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12/31/05	\$ 1,157,610	
Liability @ 12/31/04	<u>906,873</u>	(250,737)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Sales tax revenue bonds		585,000
Certificates of participation		345,000
Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12/31/05	\$ 991,511	
Liability @ 12/31/04	<u>940,330</u>	(51,181)
Change In Net Assets of Governmental Activities		<u>\$ 13,283,145</u>

See accompanying notes to the basic financial statements

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ 28,031,996	\$ 28,031,996	\$ 28,676,403	\$ 644,407
Intergovernmental	2,174,470	4,844,470	3,244,092	(1,600,378)
Licenses and permits	727,500	727,500	765,087	37,587
Charges for services	2,628,300	2,628,300	2,810,363	182,063
Fines and forfeitures	3,000	3,000	6,888	3,888
Investment earnings	600,000	600,000	910,164	310,164
Miscellaneous	287,713	298,687	601,772	303,085
Total Revenues	<u>34,452,979</u>	<u>37,133,953</u>	<u>37,014,769</u>	<u>(119,184)</u>
Expenditures				
Current:				
General government	8,428,205	8,570,848	7,569,024	1,001,824
Public safety	11,805,421	11,902,380	11,146,554	755,826
Auxiliary services	2,954,881	2,978,581	2,445,015	533,566
Public works	110,100	125,100	100,424	24,676
Health and welfare	270,200	270,200	270,200	-
Community programs	3,296,035	5,975,035	3,322,796	2,652,239
Total Expenditures	<u>26,864,842</u>	<u>29,822,144</u>	<u>24,854,013</u>	<u>4,968,131</u>
Excess of Revenues Over Expenditures	<u>7,588,137</u>	<u>7,311,809</u>	<u>12,160,756</u>	<u>4,848,947</u>
Other Financing Sources (Uses)				
Transfers in	1,948,577	1,948,577	1,460,298	(488,279)
Transfers out	(10,255,626)	(10,870,626)	(10,870,626)	-
Total Other Financing Sources (Uses)	<u>(8,307,049)</u>	<u>(8,922,049)</u>	<u>(9,410,328)</u>	<u>(488,279)</u>
Net Change in Fund Balances	<u>\$ (718,912)</u>	<u>\$ (1,610,240)</u>	<u>2,750,428</u>	<u>\$ 4,360,668</u>
Fund Balances Beginning of Year			<u>7,429,185</u>	
Fund Balances End of Year			<u>\$ 10,179,613</u>	

See accompanying notes to the basic financial statements

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ 1,913,888	\$ 1,913,888	\$ 1,938,759	\$ 24,871
Intergovernmental	4,879,907	4,879,907	4,040,352	(839,555)
Licenses and permits	183,000	183,000	258,547	75,547
Charges for services	3,000	3,000	44,095	41,095
Miscellaneous	145,000	145,000	447,130	302,130
Total Revenues	<u>7,124,795</u>	<u>7,124,795</u>	<u>6,728,883</u>	<u>(395,912)</u>
Expenditures				
Current:				
Public works				
Maintenance of condition/snow & ice removal	5,529,021	5,529,021	4,983,854	545,167
Flood mitigation/debris removal	398,050	398,050	218,895	179,155
Engineering	977,641	997,356	985,191	12,165
General administration	632,403	632,403	572,818	59,585
Capital Outlay	<u>7,330,000</u>	<u>7,310,285</u>	<u>4,332,517</u>	<u>2,977,768</u>
Total Expenditures	<u>14,867,115</u>	<u>14,867,115</u>	<u>11,093,275</u>	<u>3,773,840</u>
(Deficiency) of Revenue (Under) Expenditures	<u>(7,742,320)</u>	<u>(7,742,320)</u>	<u>(4,364,392)</u>	<u>3,377,928</u>
Other Financing Sources (Uses)				
Transfers in	2,719,220	2,719,220	2,700,000	(19,220)
Sale of capital assets	<u>-</u>	<u>-</u>	<u>162,500</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>2,719,220</u>	<u>2,719,220</u>	<u>2,862,500</u>	<u>(19,220)</u>
Net Change in Fund Balances	<u>\$ (5,023,100)</u>	<u>\$ (5,023,100)</u>	<u>(1,501,892)</u>	<u>\$ 3,358,708</u>
Fund Balances Beginning of Year			<u>7,401,632</u>	
Fund Balances End of Year			<u>\$ 5,899,740</u>	

See accompanying notes to the basic financial statements

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ 965,053	\$ 965,053	\$ 992,481	\$ 27,428
Intergovernmental	5,588,390	5,588,390	3,313,199	(2,275,191)
Miscellaneous	-	-	163,157	163,157
Total Revenues	<u>6,553,443</u>	<u>6,553,443</u>	<u>4,468,837</u>	<u>(2,084,606)</u>
Expenditures				
Current:				
Health and welfare	7,069,788	7,069,788	4,382,602	2,687,186
Capital Outlay	<u>-</u>	<u>-</u>	<u>99,177</u>	<u>(99,177)</u>
Total Expenditures	<u>7,069,788</u>	<u>7,069,788</u>	<u>4,481,779</u>	<u>2,588,009</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(516,345)	(516,345)	(12,942)	602,580
Other Financing Sources				
Transfers in	8,400	8,400	-	(8,400)
Net Change in Fund Balances	<u>\$ (507,945)</u>	<u>\$ (507,945)</u>	(12,942)	<u>\$ 594,180</u>
Fund Balances Beginning of Year			<u>1,543,981</u>	
Fund Balances End of Year			<u>\$ 1,531,039</u>	

See accompanying notes to the basic financial statements

La Plata County, Colorado
Statement of Net Assets
Internal Service Funds
December 31, 2005

	Governmental Activities - Internal Service Funds
Assets	
Current Assets:	
Equity in treasurer's cash and investments	\$ 3,126,992
Accounts receivable	1,050
Inventory	106,301
Total Current Assets	3,234,343
Noncurrent Assets:	
Capital Assets:	
Depreciable capital assets, net	6,319,756
Total Assets	\$ 9,554,099
Liabilities	
Current Liabilities:	
Accrued payroll	8,634
Accounts payable	2,364
Accrued incurred/unreported claims	98,002
Total Current Liabilities	109,000
Net Assets	
Invested in capital assets	6,319,756
Unrestricted	3,125,343
Total Net Assets	\$ 9,445,099

See accompanying notes to the basic financial statements

La Plata County, Colorado
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2005*

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for services	\$ 1,758,144
Insurance deposits	<u>2,152,200</u>
Total Operating Revenues	3,910,344
Operating Expenses	
Equipment maintenance	870,485
Depreciation	1,370,507
Medical claims	<u>1,533,834</u>
Total Operating Expenses	3,774,826
Operating Income (Loss)	135,518
Non-Operating Revenues	
Gain (loss) on sale of capital assets	(161,600)
Investment earnings	<u>85,530</u>
Total Non-Operating Revenues (Expenses)	(76,070)
Loss before Contributions	59,448
Contributions-capital assets, net of accumulated depreciation	7,021,614
Contributions-cash	<u>1,000,000</u>
Total Contributions	8,021,614
Change in Net Assets	8,081,062
Net Assets Beginning of Year	<u>1,364,037</u>
Net Assets End of Year	<u><u>\$ 9,445,099</u></u>

See accompanying notes to the basic financial statements

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

	Governmental Activities - Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash received from customers	\$ 3,909,293
Cash payments for personnel services	(471,950)
Cash payments for goods and services	(493,837)
Cash payments for claims	(1,562,467)
Net Cash Provided by (Used in) Operating Activities	<u>1,381,039</u>
Cash Flows from Noncapital Financing Activities	
Transfers from other funds	<u>1,000,000</u>
Net Cash Used in Noncapital Financing Activities	<u>1,000,000</u>
Cash Flows from Capital and Related Financing Activities	
Cash sales of capital assets	134,843
Payments for capital acquisitions	(965,092)
Net Cash Used in Capital and Related Financing Activities	<u>(830,249)</u>
Cash Flows from Investing Activities	
Investment earnings	<u>85,530</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,636,320
Cash and Cash Equivalents Beginning of Year	<u>1,490,672</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 3,126,992</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ 135,518
Adjustments:	
Depreciation	1,370,507
(Increase) Decrease in Assets:	
Accounts receivable	(1,050)
Inventory	(106,301)
Increase (Decrease) in Liabilities:	
Accounts payable	2,364
Accrued incurred/unreported claims	(28,633)
Accrued wages	<u>8,634</u>
Net Cash Provided by Operating Activities	<u>\$ 1,381,039</u>
Non-cash Investing, Capital and Financing Activities	<u><u>\$ 1,000,000</u></u>

See accompanying notes to the basic financial statements

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

	<u>2005</u>	<u>2004</u>
Assets		
Equity in treasurer's cash and investments	\$ 1,989,093	\$ 1,732,257
Liabilities		
Accounts payable	\$ 37,879	\$ 75,521
Due to component unit	137,729	110,953
Deposits held for others	1,813,485	1,545,783
Total Liabilities	\$ 1,989,093	\$ 1,732,257

See accompanying notes to the basic financial statements

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

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

La Plata County, Colorado (the County) was formed in 1874 and operates under Colorado State Statutes as a statutory county. The County has a governing board of three elected Commissioners. The offices of Assessor, Clerk, Coroner, Sheriff, Surveyor and Treasurer also are elected positions. The County provides the following services as authorized by State Statutes: public safety (police and jail), highway, health and social services, planning, property tax assessment, property tax collection and distribution, extension services, recording and election services, and other general and administrative 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 reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County.

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

The County's component units are presented either as "blended" or "discretely presented." If blended, it is reported as if it were a fund of the County throughout the year. It is included at both the government-wide and fund financial reporting levels. Discretely presented component units are reported only at the government-wide financial reporting level.

The component unit columns included on the government-wide financial statements identify the financial data of the County's discretely presented component unit. They are reported separately to emphasize that they are legally separate from the County.

A brief description of the blended component units follows:

The ***Durango Hills Local Improvement District (the District)***, a legally separate entity from the County, is governed by a three-member board composed of the sitting County Commissioners. For financial statement reporting purposes, the Durango Hills Local Improvement District is blended because the District's governing body consists of the County Commissioners. The activities of the Durango Hills Local Improvement District are reported in the County's financial report as the special revenue fund, "Local Improvement District."

The financial data of the ***La Plata County Finance Authority (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. The

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

Authority was incorporated as a nonprofit corporation in the State of Colorado in 2004. The purpose of the Authority is to facilitate financing for the County (see Note 4-H). Although the Authority is a separate legal entity, for financial reporting purposes it is considered part of the County and is reported in the La Plata County Finance Authority Debt Service and Capital Projects Funds.

A brief description of the discretely presented component unit follows:

The ***Office of the District Attorney of the Sixth Judicial District (the DA)***, a legally separate entity from the County, is governed by a separately elected District Attorney, however the DA's budget is approved by the Boards of County Commissioners of La Plata, Archuleta and San Juan Counties. Since the County provides over 80% of the operational funding for the DA's activities, it is considered fiscally dependent upon the County. The DA does not issue separate financial statements.

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. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. 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 fees charged to external customers.

The statement of net assets presents the financial position of the governmental activities of the County and its discretely presented component unit at year-end.

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

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

financial statements are provided for governmental and proprietary funds.

Major individual governmental 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 - Government 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 four major governmental funds:

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 requires Colorado counties to maintain this individual fund. This fund records costs related to County road and bridge construction and maintenance. By state law, a portion of the road and bridge property taxes is allocated to cities and towns for use in their road and street activities.

Social Services Fund – State law requires Colorado counties to maintain this individual fund. This fund accounts for numerous state and federal public welfare programs that the County administers.

Capital Projects Fund – The County established this fund in 1985 to provide for continuing capital improvements. The general fund transfers sales tax monies amounting to at least \$1.5 million annually to fund these improvements. The expenditures are limited to continuing capital and major capital improvements determined by the Board of County Commissioners.

In addition, the County reports the following fund types:

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The County's only proprietary funds are internal service funds.

Internal Service Funds – the County's internal service funds are used to accumulate and account for the County's self-insurance program and vehicle/equipment maintenance and replacement. The two internal service funds are the **Employee Medical Self-Insurance fund** and the **Capital Equipment Replacement Fund**.

Fiduciary Funds – Fiduciary fund reporting focuses on net assets. The County's fiduciary fund is an agency fund.

Discretely Presented Component Unit – the Office of the District Attorney maintains four governmental funds, all reported as major funds. The following are descriptions of these funds:

General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund.

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

Victim's Assistance Fund – This fund accounts for monies received from the United States government to provide direct services and compensatory payments to victims of crime.

Federal Victim's Compensation Fund – This fund accounts for monies from the State of Colorado and the State Court system to provide direct services and compensatory payments to victims of crime.

State Victim's Compensation Fund – This fund accounts for monies from the State of Colorado and the Colorado State Judicial system to provide services such as medical, legal and counseling services to victims of crime.

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 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.

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. 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. The agency fund reports its assets and liabilities on the accrual basis.

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 tax collections are remitted by the collector to the collection agency. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note

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4-C) Delinquent property taxes are considered fully collectible. 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, interest 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.

1-E. Assets, Liabilities and Fund Equity

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

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. With the exception of certain restricted funds, the County pools all cash on an entity-wide basis for management and investment purposes. Each fund has an interest in the pool which is available upon demand. Equity in the pool has been treated the same as any other demand deposit or investment with a maturity of three months or less.

The County maintains centralized bank accounts to maximize investment yields. Investment earnings are attributed, with few exceptions, to the general fund regardless of the source of the funds. Exceptions are determined by law, bond covenants, or official board action.

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

The Treasurer is authorized by Colorado statutes and resolutions of the Board of County Commissioners to invest in the following investment instruments, subject to certain limitations:

- U.S. Treasury Obligations
- Federal Instrumentality Securities
- Prime Commercial Paper
- Eligible Banker's Acceptances
- Repurchase Agreements
- Local Government Investment Pools

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Statutes require that any public depository which accepts and holds public funds maintain, as security for public deposits accepted and held by it, not insured by federal depository insurance, eligible collateral having a market value, at all times, equal to at least one hundred two percent of the amount of public deposits. Banking institutions are monitored by the State of Colorado Banking Commission and must report monthly on all public deposits held. Pledged collateral must be held in joint custody of the bank and the State of Colorado Banking Commission in accordance with the Public Deposit Protection Act in a safekeeping account held by a third party, usually the Federal Reserve Bank. The pledged collateral cannot be released unless approval is obtained by the banking commission. Savings and Loan institutions are monitored by the State of Colorado Commissioner of Savings and Loan Associations and must report quarterly on all public deposits held. Pledged collateral, usually in the form of mortgages, must be held by a third party institution for the benefit of the Commissioner.

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 on an average cost basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at an average cost basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed.

1-E-5 Restricted Assets

These assets primarily consist of cash being held in trust by the Department of Social Services for individuals totaling \$58,483 and La Plata County jail inmate commissary funds of \$46,594.

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 government fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars. The County's infrastructure consists of roads constructed in calendar 2003--2005. The County has capitalized roads and infrastructure prospectively, beginning January 1, 2003. All other roads and infrastructure will be retroactively capitalized no later than calendar year 2007. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

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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:

Asset Class	Estimated Lives	
	Governmental Activities	Discretely Presented Component Unit
Buildings	60 Years	---
Improvements	30 Years	---
Machinery and equipment	5 – 30 Years	5-15 Years
Infrastructure	60 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

The County accrues a liability for compensated absences when the County's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered, when the obligation relates to rights that vest or accumulate, when payment of the compensation is probable and when the amount can be reasonably estimated. In accordance with these criteria, the County has accrued a liability for annual leave that has been earned but not taken by County employees.

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

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

Proprietary Funds – Accumulated vested sick pay and vacation pay at December 31, 2005, for employees of the proprietary funds have not been accrued since they would not have a material effect on the financial statements.

1-E-8 Other 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 the these funds. Bonds and landfill closure and post-closure care costs are recognized as a liability 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.

La Plata County, Colorado
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At 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 deferral 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. It should be noted that while the “Investment in Joint Venture” is a component of unrestricted net assets, it does not represent available, spendable resources, since the dissolution of the airport joint venture is highly unlikely.

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 insurance deposits and internal charges for fleet maintenance and repair. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund.

1-E-12 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 the after 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 funds reported in the governmental activities column are eliminated

1-E-13 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-14 Comparative Data

La Plata County, Colorado
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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 – Changes in Accounting Estimates

As a result of the creation of the Capital Equipment Replacement (CERF) internal service fund, asset and remaining lives for vehicles and heavy equipment transferred to the CERF fund were revised based upon planned replacement dates. As a result, the depreciation expense on vehicles and equipment previously within the governmental activities increased from approximately \$400,000 in 2004 to nearly \$1,000,000 in 2005 and reported in the CERF internal service fund.

Note 3 - Stewardship, Compliance and Accountability

3-A. Budgetary Information – Colorado State Statutes require the adoption of annual budgets for all funds, including enterprise funds.

The legal level of budgetary control (the level at which the Board of County Commissioners must approve any over expenditures of appropriations or transfers of appropriated amounts) is maintained at the fund level in all funds. For management purposes, line item budgets are grouped into departments, and departments are assigned to a "spending authority", which is typically an elected official or department head. More than one department may be assigned to a spending authority. Management is able to amend the budget by transferring monies within the individual line items within a spending authority without seeking approval of the Board of County Commissioners. The Board of County Commissioners may, by resolution, transfer any unencumbered appropriation balance or portion thereof from one department, office or agency to another.

All unexpended annual appropriations lapse at year-end.

In accordance with state statute, the Board of County Commissioners may authorize supplemental expenditures during the year, but not in excess of the amount that actual revenues exceed budgeted revenues and unappropriated surplus for that fund. Several supplemental appropriations were adopted during 2005.

3-B. Excess of Expenditures over Appropriations

Expenditures within the Landfill Closure Fund exceeded appropriations by \$9,419, or 14%. Expenditures within the Finance Authority Debt Service Fund exceeded appropriations by \$5,409, or 1%.

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

Note 4 - Detailed Notes on All Funds

4-A. Deposits and Investments

Deposits - At year-end, the carrying amount of the County's deposits was \$1,687,115 and the bank balance was \$2,853,218. Of the bank balance, \$519,383 was covered by federal depository insurance and \$2,333,212 was collateralized with securities held by a third party in the name of the Colorado Public Deposit Protection Act.

The carrying amount of deposits for the Office of the District Attorney of the Sixth Judicial District, a discretely presented component unit was \$123,702 and the bank balance was \$141,811. Of the bank balance, \$137,186 was covered by federal depository insurance and \$4,625 was collateralized with securities held by a third party in the name of the Colorado Public Deposit Protection Act.

Investments - The investments that are represented by specific identifiable investments securities are classified as to credit risk within the following three categories:

- Category 1** - Insured and unregistered, with securities held by the County or its agent in the County's name.
- Category 2** - Uninsured and unregistered, with securities held by the counterparty's trust department/agent in the County's name.
- Category 3** - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the County's name.

	Category			Fair Value/ Carrying Amount
	1	2	3	
Investments				
U.S. Treasury Securities	\$ -	\$ -	\$ 3,957,250	\$ 3,957,250
Other U.S. Governmental Agencies Securities	-	-	12,983,419	12,983,419
Total investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,940,669</u>	\$ 16,940,669
Cash management account-held by Trustee				119,566
Investments in local government investment pools				
Colo-Trust				7,233,827
C-Safe				6,104,048
C-Safe Employee Health				<u>2,144,127</u>
Total				<u>\$ 32,542,237</u>

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

Note 4-A. Deposits and Investments (Continued)

Cash & Investment Reconciliation:

	Cash and Cash Equivalents	Description	Carrying Amounts
Fund Reporting Level:			
Governmental Funds - Balance Sheet			
Cash	\$ 366,227	Deposits	\$ 1,687,115
Equity in treasurer's cash and investments	28,391,766	Investments	<u>32,542,235</u>
Cash held by Trustee	508,606		
Restricted cash and investments	105,077	Total	<u>\$ 34,229,350</u>
Proprietary Fund Type Statement of Net Assets	3,126,992		
Statement of Fiduciary Assets and Liabilities	1,989,093		
Less cash on hand and petty cash	<u>(258,411)</u>		
Total	<u>\$ 34,229,350</u>		

4-B. Receivables

Receivables at December 31, 2005, consisted of taxes, interest, accounts (billings for user charges) 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.

4-C. Property Taxes

Property taxes attach as an enforceable lien on property as of December 31 and are levied on January 1 of the following year. Taxes are payable either in two installments due on February 28 and June 15, or in full on April 30. The County, through the La Plata County Treasurer, bills and collects its own property taxes as well as property taxes of all other taxing authorities within the County.

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

4-D. Capital Assets

Capital asset activity for governmental activities (excluding internal service funds) for the year ended December 31, 2005, was as follows:

	Adjusted Balance 01/1/2005	Additions	Transfers Out	Deductions	Balance 12/31/2005
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,906,266	\$ 863,295	\$ -	\$ -	\$ 2,769,561
Construction in progress	62,300	352,532	-	62,300	352,532
Total capital assets not being depreciated	1,968,566	1,215,827	-	62,300	3,122,093
Depreciable capital assets:					
Buildings	24,726,380	702,913	-	8,818	25,420,475
Improvements	5,312,944	2,404,017	-	21,245	7,695,716
Machinery and equipment	11,294,429	123,063	9,342,421	115,288	1,959,783
Infrastructure	7,444,767	3,688,010	-	-	11,132,777
Total depreciable capital assets	48,778,520	6,918,003	9,342,421	145,351	46,208,751
Total capital assets	50,747,086	8,133,830	9,342,421	207,651	49,330,844
Accumulated depreciation:					
Buildings	4,068,411	418,566	-	5,789	4,481,188
Improvements	284,987	175,510	-	6,986	453,511
Machinery and equipment	3,321,826	134,048	2,320,807	96,019	1,039,048
Infrastructure	164,014	185,546	-	-	349,560
Total accumulated depreciation	7,839,238	913,670	2,320,807	108,794	6,323,307
Governmental activities capital assets, net	\$ 42,907,848	\$ 7,220,160	\$ 7,021,614	\$ 98,857	\$ 43,007,537

Governmental activities depreciation expense

General government	\$ 225,653
Public safety	168,261
Auxiliary services	224,756
Public works	301,913
Health and welfare	2,034
Total governmental activities depreciation expense	\$ 922,617

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

Note 4-D. Capital Assets (Continued)

The following are the changes in the internal service funds for the year ended December 31, 2005:

	Adjusted Balance 01/1/2005	Transfers In	Additions	Deductions	Balance 12/31/2005
Internal service funds:					
Depreciable capital assets:					
Machinery and equipment	\$ -	\$ 9,342,421	\$ 965,092	\$ 558,337	\$ 9,749,176
Total depreciable capital assets	-	9,342,421	965,092	558,337	9,749,176
Accumulated depreciation:					
Machinery and equipment	-	2,320,807	1,370,507	261,894	3,429,420
Total accumulated depreciation	-	2,320,807	1,370,507	261,894	3,429,420
Internal service funds capital assets, net	<u>\$ -</u>	<u>\$ 7,021,614</u>	<u>\$ (405,415)</u>	<u>\$ 296,443</u>	<u>\$ 6,319,756</u>
	Balance 01/1/2005	Additions	Deductions	Balance 12/31/2005	
Discretely presented component unit:					
Depreciable capital assets:					
Improvements	\$ -	\$ 23,334	\$ -	\$ 23,334	
Machinery and equipment	109,175	8,577	10,500	107,252	
Less accumulated depreciation	(33,800)	(10,982)	(3,463)	(41,319)	
Component units capital assets, net	<u>\$ 75,375</u>	<u>\$ 20,929</u>	<u>\$ 7,037</u>	<u>\$ 89,267</u>	

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

4-E. Interfund Balances and Transfers

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

Payable to:	Payable from:		
	General fund	Non-major governmental funds	Total
General fund	\$ -	\$ -	\$ -
Non-major governmental funds	134,556	-	134,556
Total	<u>\$ 134,556</u>	<u>\$ -</u>	<u>\$ 134,556</u>

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

Transfer to	Transfers From:			
	General fund	Capital projects funds	Non-major governmental fund	Total
General fund	\$ -	\$ -	\$ 1,460,298	\$ 1,460,298
Road and bridge fund	2,700,000	-	-	2,700,000
Capital projects fund	5,800,000	-	-	5,800,000
Non-major governmental funds	2,370,626	640,000	10,000	3,020,626
Totals	<u>\$ 10,870,626</u>	<u>\$ 640,000</u>	<u>\$ 1,470,298</u>	<u>\$ 12,980,924</u>

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.

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

Note 4-F - Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the County place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure. In addition to operating expenditures related to current activities of the landfills, an expense provision and related liability (reported at the government-wide financial reporting level) are being recognized based on the estimated future closure and postclosure care costs that will be incurred near or after the date the landfills no longer accept waste. The estimated liability for landfill closure and postclosure care costs has a balance of \$1,157,610 as of December 31, 2005, which is based on the following assumptions:

Landfill Sites	Estimated Closure and Postclosure Care Costs	Percent Filled	Calculated Liability
Tiffany	\$37,167	100%	\$37,167
Marvel	36,816	100%	36,816
Van-Dal	591,865	100%	591,865
Bayfield	491,762	100%	491,762
Totals	\$1,157,610		\$1,157,610

The estimated total current cost of the landfill closure and postclosure care of \$1,157,610 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2005. However, the actual cost of closure and postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations. Any future inflation costs and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future taxpayers.

The Tiffany, Marvel and Van Dal landfills were all closed prior to January 11, 1992, and the Bayfield landfill was closed in April 1994. The County is not currently operating, nor does it intend to operate in the future, landfills.

4-G. Compensated Absences

County employees accumulate four hours of sick leave per pay period and eight to eleven hours of annual leave (which includes holiday pay) per pay period, depending on length of service. In the event of retirement or termination, an employee is paid 100% of accumulated annual leave. Upon retirement only, an employee is paid 25% of accumulated sick leave. Career status employees may convert sick leave to annual leave on a four to one ratio after more than 720 hours of sick leave have been accumulated. Varying amounts, ranging from 200 hours to 320 hours of annual leave may be carried over from one year to the next.

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

4-H. Long-Term Debt

2000 Sales Tax Revenue Bonds - \$3,290,000, Series 2000 Sales tax revenue bonds, proceeds used to refund 1992 sales tax refunding bonds, which were used to refinance 1986 Sales tax revenue bonds. Interest rates range from 4.5% to 4.75%. Funding to be provided for by sales tax revenue and accounted for in the debt service fund. Annual debt service requirements to amortize all obligations outstanding, as of December 31, 2005 follow:

Year	Principal	Interest	Total
2006	\$ 615,000	\$ 29,213	\$ 644,213

2004 La Plata County Finance Authority Certificates of Participation - \$3,985,000 Series 2004 Certificates of Participations, proceeds used to acquire and renovate a downtown Durango office building, the Old Main Post Office (OMPO). Immediately subsequent to the purchase, the Finance Authority entered into a lease-purchase agreement with La Plata County for the OMPO. The OMPO is being used as office space for County staff.

Interest rates on the Certificates of Participation (COPs) range from 2.00% to 3.750%. Funding to be provided for by base rentals paid by the County to the Authority. Annual debt service requirements to amortize all obligations as of December 31, 2005 follow:

Year	Principal	Interest	Total
2006	\$ 355,000	\$ 109,959	\$ 464,959
2007	360,000	102,089	462,089
2008	375,000	92,613	467,613
2009	385,000	81,681	466,681
2010	400,000	69,506	469,506
2011-2014	1,765,000	132,327	1,897,327
	<u>\$ 3,640,000</u>	<u>\$ 588,175</u>	<u>\$ 4,228,175</u>

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

4-H. Long-Term Debt (Continued)

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

	Outstanding			Outstanding	Amounts Due
Governmental Activities	1/1/2004	Additions	Reductions	12/31/2004	in One Year
2000 sales tax revenue bonds	\$ 1,200,000	\$ -	\$ 585,000	\$ 615,000	\$ 615,000
Compensated absences	940,330	51,181	-	991,511	247,878
Certificates of Participation	3,985,000	-	345,000	3,640,000	355,000
Landfill closure and postclosure care costs	906,873	250,737	-	1,157,610	558,691
Total Governmental Activities	<u>\$ 7,032,203</u>	<u>\$ 301,918</u>	<u>\$ 930,000</u>	<u>\$ 6,404,121</u>	<u>\$ 1,776,569</u>
Component Unit:					
Compensated absences	<u>\$ 53,911</u>	<u>\$ 2,894</u>	<u>\$ -</u>	<u>\$ 56,805</u>	<u>\$ 14,201</u>

Principal and interest payments related to the County's 2000 sales tax revenue bonds are being retired by the debt service fund. The landfill closure and postclosure care liability is being retired by the landfill closure fund. The certificates of participation will be paid in the form of annual base rentals paid by the County's governmental funds. The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

Prior Years' Debt Defeasance - In 2000, and also in prior years, the County has defeased various bonds issues by creating separate irrevocable trust funds. New debt has been issued, and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the County's government-wide financial statements. As of December 31, 2005, the amount of defeased debt outstanding totaled \$2,440,000 for the 1992 Sales Tax Revenue Refunding Bonds and \$1,105,000 for the 1986 Revenue Refunding Bonds.

Conduit Debt - In November of 2001, the County participated in the refunding of the previously issued Recreational Facilities Refunding Revenue Bonds (Durango Ski Corporation Project) Series 1989A and the Taxable Mortgage Revenue Bonds (Purgatory Ski Area Project) Series 1989B for the purpose of financing Purgatory Ski Corporation expansion and development. The proceeds of the bonds were loaned to Durango Mountain Resort Project, Inc., pursuant to a loan agreement. The agreement requires the Project to repay the loan in monthly installments in amounts corresponding to the principal and interest payments as the same become due on the bonds. The bonds are not a debt, indebtedness, or multiple fiscal year direct or indirect debt or other financial obligation of the County, or charge against its general credit or taxing power. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The principal amount outstanding at December 31, 2005 is \$11,845,000.

4-I. Capital Leases

The County entered into a Lease Purchase agreement with the La Plata County Finance Authority on July 1, 2004. The La Plata County Finance Authority was incorporated in July 2004 as a Colorado nonprofit corporation to facilitate the financing of County facilities. Pursuant to an annually terminable lease purchase agreement, the Authority issued \$3,985,000 certificates of participation, dated July 29, 2004. Proceeds from the issue are reserved for debt service and principal and interest payments are accounted for in the La Plata County Finance Authority Debt

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

Service Fund.

The County has agreed to pay base rentals from annually appropriated funds. The County is responsible for the maintenance and management of the purchased facility during the course of the lease. The lease agreements are in accordance with Colorado law as to being subject to annual appropriation by the County. The County intends to annually appropriate for the lease payments. A \$398,500 reserve is held by a trustee, as required by the agreement. Interest rates range from 2% to 3.75% payable semiannually on June 1 and December 1.

The assets acquired through the capital lease are as follows:

	Governmental Activities
Asset:	
Land, not depreciated	\$ 1,020,323
Building	2,150,351
	<u>3,170,674</u>
Less accumulated depreciation	56,120
Total	<u><u>\$ 3,114,554</u></u>

A schedule, by years, of future minimum lease payments under the lease agreement, together with the present value of the net minimum lease payments as of December 31, 2005 follows:

Year	Facility Lease
2006	\$ 464,959
2007	462,089
2008	467,613
2009	466,681
2010	469,506
2011-2014	<u>1,897,328</u>
Total minimum lease payments	4,228,176
Less amounts representing interest	<u>(588,176)</u>
Present value of minimum lease payments	<u><u>\$ 3,640,000</u></u>

Because the Finance Authority is considered part of the primary government of the County, the capital assets and long-term obligations arising from the capital lease transaction are not reported in the individual fund statements, but are reported as governmental activities in the government-wide financial statements.

On November 21, 2005, the County entered into a lease agreement as lessee with Southwest Colorado Mental Health Center, Inc. (SWCMHC) for a one-acre parcel of land in the Three Springs development area. The lease agreement was done to facilitate the construction of a mental health facility by the County on property owned by SWCMHC. The County is recipient of an energy impact grant from the State of Colorado to provide construction funding in the amount of \$1,500,000 for the Crossroads Mental Health Center. Total construction cost is estimated to be approximately \$2,800,000 and the balance of the funding will come from fundraising efforts of SWCMHC. Terms of the grant agreement require that the County hold title to the property for 10 years. The term of the ground lease is for 10 years and requires an annual lease payment of \$10. Upon completion of the facility, the County and

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

SWCMHC will enter into a facility lease agreement with the County as lessor and SWCMHC as lessee for the term of 10 years and an annual lease payment of \$10. At the conclusion of the facility lease, if SWCMHC remains a tenant in good standing, title to the Crossroads facility will revert to SWCMHC without further compensation. As such, the construction of the Crossroads facility does not meet the County's criteria for capitalization and is not being depreciated.

4-J. Pensions

The County provides pension benefits for its full-time employees through an agent multi-employer public retirement system, the Colorado County Officials and Employee Retirement Association (CCOERA) a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to participate upon completion of one year of employment. The County has established that employees contribute 5% and the County contributes a matching 5% of the employee's base salary each month. The County's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous plan participation. The participants in this plan are offered various investment options through the plan and are allowed to invest all monies in their account, at their own discretion, among the options. Contributions for, and interest forfeited by, employees who leave employment before 5 years of service are used to reduce current contribution requirements. Ten year historical trend information about the plan is available in a separately issued financial report.

The County's total payroll in calendar 2005 was \$15,353,575. The County's contributions to CCOERA were calculated using the CCOERA eligible payroll amount of \$14,085,277. Both the County and the covered employees made the required contributions, amounting to \$704,264 (5%) from the County and \$704,264 (5%) from employees, or \$1,332,214 total.

4-K. Net Assets/Fund Balances

Net Assets - Net assets on the government-wide statement of net assets as of December 31, 2005 are as follows:

	Governmental Activities	Discretely Presented Component Unit
Investments in capital assets, net of related debt:		
Cost of capital assets	\$ 59,080,020	\$ 130,586
Less accumulated depreciation	9,752,727	41,319
Book value	49,327,293	89,267
Less capital related debt	4,255,000	-
Investments in capital assets, net of related debt	<u>\$ 45,072,293</u>	<u>\$ 89,267</u>

Fund Balances - The County records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use. Following is a list of significant reserves used by the County and a description of each:

Reserve for Inventory - used to segregate that portion of fund balance represented by inventories of consumable supplies and materials.

Reserve for Revolving Loan Activities - used to segregate that portion of fund balance restricted by Board action for Revolving Loan Activities, specifically those intended to provide moderately priced housing.

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

Reserve for Emergencies - a reserve for declared emergencies. On November 3, 1992, Colorado voters approved an amendment to the State Constitution known as the Taxpayer's Bill of Rights (TABOR). The amendment is a tax limitation, revenue and spending limitation and a debt limitation. This amendment requires that the County reserve a certain percentage of its fiscal year spending, as defined in the amendment, for declared emergencies. Emergency, as defined in the amendment, excludes economic conditions, revenue shortfalls or salary or fringe benefits increases. For 2004, the amount of fiscal year spending to be reserved is three percent of non-federal revenues. Unused reserves carry over to subsequent years. The County carries its emergency reserve, as required and defined in TABOR, in the special revenue fund "emergency reserve fund."

Reserve for Program Purposes - used to segregate that portion of fund balance restricted specifically for lawful purposes of the particular fund.

Reserve for Road Improvements - the County collects road impact fees as part of the development approval process. State law requires that these funds be segregated and used solely to offset the costs of that development. The road impact fees are deposited into the Road and Bridge fund, tracked by improvement area, and are reported as a reservation of the fund balance. The reservation of fund balance is also adjusted by interest allocation.

Reserve for Capital Improvements - used to segregate that portion of fund balance restricted for acquisition of capital improvements.

Reserve Debt Service - used to segregate a portion of fund balance for debt service resources legally restricted to the payment of long-term debt principal and interest amounts maturing in future years.

Note 5 - Other Notes

5-A. Risk Management

Medical Claims - In 1984, the County began a self-insurance program for medical claims. The purpose of the program is to pay medical claims of County employees and their covered dependents and minimize annual medical insurance costs to the County. Medical claims exceeding \$50,000 per covered individual or 120% of the annual contributions for the group are covered by a private insurance carrier. The County does not report excess insurance risks as liabilities unless it is probable that those risks will not be covered by the excess insurance. The claims are funded through payroll withholdings from employees and County matching funds. There were no material changes in insurance coverage, and there were no settlements in excess of insurance coverage for the last three fiscal years.

The claims liability of \$98,002 reported in the employee medical self insurance fund is based upon claims reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred as of December 31, 2005 and the amount of the loss can be reasonably estimated.

Changes in the funds claims liability amount in calendar 2005 and 2004 were:

	<u>2005</u>	<u>2003</u>
Liability at January 1	\$ 126,635	\$ 482,923
Current year claims & changes in estimates	1,309,197	715,755
Claim Payments	<u>1,533,834</u>	<u>1,072,043</u>
Balance at December 31	<u>\$ 98,002</u>	<u>\$ 126,635</u>

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

County Workers' Compensation Pool - The County is exposed to various risks of loss related to injuries of employees while on the job. In 1985, the County joined together with other Counties in the State of Colorado to form the County Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. 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 the Pool will purchase excess insurance through commercial companies for members' claims in excess of a 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 liability, property and casualty losses. During 1986, the County was unable to obtain property and liability insurance at a cost it considered to be economically justifiable. Therefore, the County 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 County pays an annual contribution to CAPP for its liability, property and casualty insurance coverage. The intergovernmental agreement of formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

For both the CWCP and CAPP pools, losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. Both pools have indicated the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs. There also exists the potential for return of contributions should the results of pool operations result in surpluses in excess of those required by State law and the bylaws of the pools; however, any return of contribution is not probable. As such, the contributions to both pools have been reported as expenditures or expenses. Separately issued financial reports for both pools are available by contacting the administrative agent, County Technical Services, Inc. at their headquarters in Denver, Colorado. There were no material reductions in insurance coverages provided to La Plata County, nor were there any settlements on behalf of La Plata County in excess of insurance coverage for the last three fiscal years.

5-B. Contingent Liabilities

Grant Programs - 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. The primary programs include Community Development Block Grants, Colorado Department of Human Services, and Colorado Department of Local Affairs grants. 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.

An audit in accordance with the Federal Single Audit Act of 1984 was conducted for the calendar year 2005, but state agencies may still examine individual state programs. Pending the resolution of the findings and questioned costs of such audits, the amount, if any, of disallowed expenditures cannot be determined.

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

Environmental Cleanup -- The County is owner of several properties which may have been environmentally contaminated by previous owners and as such, may be responsible for mitigating any environmental issues in accordance with State and Federal laws. The County has hired consultants to evaluate the extent of contamination, if any, and possible costs to mitigate. Additionally, the County has hired special legal counsel to

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

investigate the potential of cost recovery from private parties and third-party insurers. Management has estimated that the possibility of payments that are material to the financial statements as being reasonably possible (not probable).

Contractual Commitments - The County has entered into certain long-term contracts with various parties in order to provide services to residents of the County. A summary of those significant contracts follows:

Humane Society Operations - In 1979, the County entered into a contract with the La Plata County Humane Society and the City of Durango to provide necessary funding for operations and facilities at the animal shelter. The County and City provide equal funding for operations. Additionally, in 1993 the County and the Humane Society entered into an agreement in which the Humane Society provides dog control services in the County, and the County contributes toward the costs of services provided. In 2005, funding by the County for both responsibilities totaled \$191,593.

Insurance Pools - As indicated above, the County is a member of the Colorado Counties Worker's Compensation Pool and Colorado Counties Casualty and Property Pool for purposes of insurance coverage. These pools have a legal obligation for claims against their members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance contracts are direct liabilities of their participating members. Ultimate liability to the County resulting from claims not covered by these insurance pools is not presently determinable.

Energy Impact Assistance Funds/Gaming Funds - The County has entered into contracts with the Colorado Department of Local Affairs for the expenditure of Energy and Mineral Impact Assistance grant funds (EIAF) and for the expenditure of Local Government Gaming Impact Funds (LGIF). A summary of these commitments is presented below:

Grant	Period	County Funds	Grant Funds	Description
EIAF #4384	11/29/2002-6/30/2006	\$362,000	\$600,000	Assistance with post-fire mudslides
EIAF #4559	04/06/2004-11/30/2006	1,869,030	300,000	Reconstruction of a section of CR 234
EIAF #4734	10/06/2004-12/31/2007	490,000	500,000	Repaving of a section of CR 234
EIAF #4820	12/17/2004-01/31/2006	250,000	250,000	Renovation of a portion of the County Courthouse
EIAF #4886	9/20/2005-12/31/2006	1,180,443	1,500,000	Construction of a mental health facility
EIAF #4934	4/20/2005-3/31/2007	1,269,491	1,156,590	Construction of a joint maintenance facility
EIAF #5121	11/10/2005-12/31/2006	0	489,848	Construction of an 800 Mhz radio tower
EIAF #5184	11/10/2005-11/30/2006	200,000	225,000	Purchase and installation of a new phone system
EIAF #5287	10/18/2005-8/31/2006	45,000	1,500,000	Overlay of County Roads 302 and 310
EIAF #5388	2/8/2006-4/30/2007	363,000	300,000	Acquisition of capital equipment
EIAF #5389	2/27/2006-12/31/2007	750,000	1,000,000	Reconstruction of a section of CR 213
LGGF #05-435	11/30/2005-12/31/2006	73,807	295,223	Sheriff Public Safety
LGGF #05-437	11/3/2005-12/31/2006	0	35,073	District attorney
LGGF #05-436	11/3/2005-12/31/2006	374,000	420,000	Road Improvements
Totals		<u>\$5,510,925</u>	<u>\$3,455,552</u>	

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

5-C. Joint Venture

The County is a participant with the City of Durango (the City) in a joint venture to operate the Durango-LaPlata County Airport. Pursuant to an intergovernmental agreement, the Airport Commission was created. The commission consists of six members, three of which are appointed by the Board of County Commissioners. The airport manager is employed by the concurrent action of the City Council and the Board of County Commissioners. The County and the City each have a 50 percent interest in all airport property. Per a 2002 agreement, fiscal administration of the airport was delegated to the City.

The County's equity interest in the Durango-LaPlata County Airport was \$9,589,802 at December 31, 2005. Complete financial statements for the airport operations can be found in the joint venture's separately issued financial statements for the year ended December 31, 2005.

Note 5-D - Tax, Spending and Debt Limitations

In 1992 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, also known as TABOR (Taxpayers Bill of Rights), 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 Colorado Revised Statutes, 29-1-301, also include an annual property tax growth limitation of 5.5%.

At the November 5, 2002 general election, the voters authorized the County to collect and retain all revenues received during the period beginning January 1, 2003 and extending forward through perpetuity which exceed both the TABOR amendment and C.R.S. 29-1-301.

Note 5-E - Schedule of Expenditures of Federal Awards

The County, pursuant to the requirements of the Single Audit Act Amendments of 1996 and the US Office of Management and Budget Circular A-133, prepares a "Schedule of Expenditures of Federal Awards". This schedule is prepared on a basis inconsistent with the County's financial statements. Specifically, the "Schedule of Expenditures of Federal Awards" includes health and welfare payments made through the mechanism of Electronic Benefit Transactions (EBT), whereas the financial statements exclude these EBT transactions. Additionally, the financial statements differentiate between the County (primary government) and its discretely reported components units (the reporting entity), while the "Schedule of Expenditures of Federal Awards" consolidates all expenditures of federal awards within the reporting entity.

La Plata awards some federal funds to subgrantees, as shown below:

CFDA & Program	Subgrantee	Amount Awarded
14.219—Community Development Block Grant	Region 9 Economic Development District	\$765,420

Note 6 – Subsequent Events

Contract to Purchase Real Estate – On February 25, 2006, the County entered into an agreement to purchase 7.3 acres of land in the City of Durango located near existing County property. The contracted purchase price is \$2,750,000 and the anticipated closing date is December 31, 2007. The County has placed a \$55,000 earnest payment in escrow, and the balance of \$2,695,000 will be paid at closing. The County intends to use the property to expand County facilities.

La Plata County, Colorado
Combining Balance Sheet - by Fund Type
Nonmajor Governmental Funds
December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets				
Equity in treasurer's cash and investments	\$ 3,814,005	\$ -	\$ 128,287	\$ 3,942,292
Cash held by Trustee	-	102,833	405,773	508,606
Receivables:				
Accounts	275	-	-	275
Property taxes	51,586	-	-	51,586
Interfund	134,556	-	-	134,556
Total Assets	<u>\$ 4,000,422</u>	<u>\$ 102,833</u>	<u>\$ 534,060</u>	<u>\$ 4,637,315</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 30,246	\$ -	\$ -	\$ 30,246
Deferred revenues	51,586	-	-	51,586
Total Liabilities	<u>81,832</u>	<u>-</u>	<u>-</u>	<u>81,832</u>
Fund Balances				
Reserved for:				
Emergencies	1,185,000	-	-	1,185,000
Debt service	-	-	534,060	534,060
Capital projects	-	102,833	-	102,833
Unreserved, undesignated	2,733,590	-	-	2,733,590
Total Fund Balances	<u>3,918,590</u>	<u>102,833</u>	<u>534,060</u>	<u>4,555,483</u>
Total Liabilities and Fund Balances	<u>\$ 4,000,422</u>	<u>\$ 102,833</u>	<u>\$ 534,060</u>	<u>\$ 4,637,315</u>

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La Plata County, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - by Fund Type
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ 55,256	\$ -	\$ -	\$ 55,256
Intergovernmental	1,624,488	-	-	1,624,488
Investment earnings	29,334	3,790	16,263	49,387
Miscellaneous	3,026	-	-	3,026
Total Revenues	<u>1,712,104</u>	<u>3,790</u>	<u>16,263</u>	<u>1,732,157</u>
Expenditures				
Current:				
Public works	121,186	-	-	121,186
Capital Outlay	35,091	-	-	35,091
Debt Service:				
Principal retirement	-	-	930,000	930,000
Interest and fiscal charges	-	-	173,959	173,959
Agent fees	-	-	2,000	2,000
Total Expenditures	<u>156,277</u>	<u>-</u>	<u>1,105,959</u>	<u>1,262,236</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,555,827</u>	<u>3,790</u>	<u>(1,089,696)</u>	<u>469,921</u>
Other Financing Sources (Uses)				
Transfers in	1,830,626	-	1,190,000	3,020,626
Transfers out	(1,470,298)	-	-	(1,470,298)
Total Other Financing Sources (Uses)	<u>360,328</u>	<u>-</u>	<u>1,190,000</u>	<u>1,550,328</u>
Net Change in Fund Balances	<u>1,916,155</u>	<u>3,790</u>	<u>100,304</u>	<u>2,020,249</u>
Fund Balances Beginning of Year	<u>2,002,435</u>	<u>99,043</u>	<u>433,756</u>	<u>2,535,234</u>
Fund Balances End of Year	<u>\$ 3,918,590</u>	<u>\$ 102,833</u>	<u>\$ 534,060</u>	<u>\$ 4,555,483</u>

La Plata County, Colorado
General Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash and cash deposits	\$ 364,727	\$ 363,477
Equity in treasurer's cash and investments	9,337,680	5,766,931
Restricted cash and investments	46,594	51,943
Receivables:		
Accounts	103,446	204,553
Property taxes	18,432,460	15,474,996
Loans	110,200	231,619
Deposits	2,275	-
Intergovernmental	1,310,854	1,465,878
Component unit	150,000	150,000
Interfund	-	324,263
Inventory	75,649	60,959
Total Assets	<u>\$ 29,933,885</u>	<u>\$ 24,094,619</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 340,768	\$ 427,243
Accrued salaries and benefits	252,420	222,952
Contracts payable	7,485	-
Intergovernmental payable	163,678	140,860
Interfund payable	134,556	116,146
Deposits payable	23,525	-
Deferred revenue	18,785,246	15,706,290
Liabilities payable from restricted assets	46,594	51,943
Total Liabilities	<u>19,754,272</u>	<u>16,665,434</u>
Fund Balances		
Reserved for:		
Inventory	75,649	60,959
Public trustee	26,738	24,311
Prisoner commissary	18,416	18,416
Law enforcement	357,182	364,512
Revolving loan activities	381,419	379,331
Conservation trust	620,417	591,482
Unreserved, undesignated	8,699,792	5,990,174
Total Fund Balances	<u>10,179,613</u>	<u>7,429,185</u>
Total Liabilities and Fund Balances	<u>\$ 29,933,885</u>	<u>\$ 24,094,619</u>

La Plata County, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for Year Ended December 31, 2004)

	2005					
	Budget			Variance	2004	
	As Adopted	Final	Actual	Favorable (Unfavorable)	Actual	
Revenues:						
Taxes						
General property & delinquent taxes	\$ 15,200,496	\$ 15,200,496	\$ 15,487,195	\$ 286,699	\$ 10,509,590	
Specific ownership	1,127,500	1,127,500	1,464,436	336,936	1,105,482	
Sales tax	11,544,000	11,544,000	11,558,412	14,412	11,099,303	
Lodger's tax	160,000	160,000	166,360	6,360	150,766	
Total Taxes	28,031,996	28,031,996	28,676,403	644,407	22,865,141	
Intergovernmental Revenue						
Federal Revenue:						
Payment In Lieu of Taxes	500,000	500,000	551,526	51,526	536,066	
Local Law Enforcement Block Grant	9,000	9,000	-	(9,000)	-	
Senior Services-Older American Act	103,002	103,002	148,069	45,067	144,963	
Senior Services-USDA	13,000	13,000	4,126	(8,874)	20,305	
HIDTA grant	202,465	202,465	190,643	(11,822)	186,437	
Bulletproof vest grant	4,000	4,000	-	(4,000)	3,421	
Homeland Security	125,000	125,000	22,059	(102,941)	183,071	
State Revenues:						
Office of Emergency Management	8,000	8,000	30,567	22,567	33,662	
Lottery Funds	190,000	190,000	269,004	79,004	242,694	
Community Services Block Grant-passed thru	25,000	25,000	-	(25,000)	11,517	
Community Services Block Grant-for Sr. Svcs	5,000	5,000	4,971	(29)	12	
Community Development Block Grant	500,000	500,000	765,420	265,420	468,323	
Emergency Medical Services Grant	10,000	10,000	-	(10,000)	-	
Juvenile Accountability Incentive Block	9,800	9,800	-	(9,800)	-	
VALE Grant	2,500	2,500	5,000	2,500	5,000	
Cigarette taxes	26,500	26,500	32,238	5,738	29,150	
Search and rescue monies	5,000	5,000	19,114	14,114	18,432	
Search and rescue tier III	7,000	7,000	-	(7,000)	-	
Mineral severance tax	60,000	60,000	451,750	391,750	216,949	
DOW Impact assistance	2,500	2,500	3,426	926	4,197	
Local Government Limited Gaming grants	295,223	295,223	295,223	-	288,484	
Energy Impact Assistance grants	-	1,500,000	40,122	(1,459,878)	-	
Great Outdoors Colorado grants	-	20,000	17,652	(2,348)	50,000	
Beanpole (MNT) grant	-	-	86,734	86,734	49,740	
CERT Grant	-	-	-	-	1,343	
Veteran's Services	1,200	1,200	1,200	-	600	
Senior Services state funds	-	-	-	-	8,170	
Planning Department Grant-TDR	-	-	36,735	36,735	5,000	
Predator Control Reimbursement	2,000	2,000	4,531	2,531	-	
Miscellaneous state grants	-	-	4,538	4,538	10,000	
Local Government Revenue:						
Southern Ute Payment in Lieu of Taxes	60,000	60,000	188,075	128,075	62,466	
City of Durango contribution to TDR study	-	-	5,000	5,000	-	
SWCMHC contribution for Crossroads center	-	1,150,000	30,765	(1,119,235)	-	
Local match for senior services	7,280	7,280	9,327	2,047	-	
Local government contributions for senior services	-	-	23,277	23,277	-	
Council on Aging	1,000	1,000	3,000	2,000	-	
Total Intergovernmental Revenue	2,174,470	4,844,470	3,244,092	(1,600,378)	2,580,002	

La Plata County, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for Year Ended December 31, 2004)

	2005					
	Budget			Variance	2004	
	As Adopted	Final	Actual	Favorable (Unfavorable)	Actual	
Licenses and Permits						
Liquor licenses	\$ 7,500	\$ 7,500	\$ 8,396	\$ 896	\$ 6,097	
Building permits	720,000	720,000	756,691	36,691	765,063	
Total Licenses and Permits	727,500	727,500	765,087	37,587	771,160	
Charges for Services						
Treasurer's fees	388,000	388,000	541,444	153,444	435,235	
Clerk and recorder's fees	1,254,000	1,254,000	1,172,250	(81,750)	1,093,131	
Public trustee's fees	85,500	85,500	92,318	6,818	107,394	
Planning fees	135,000	135,000	82,901	(52,099)	131,559	
Oil and gas fees	40,000	40,000	36,815	(3,185)	41,300	
Assessor's fees	7,000	7,000	11,999	4,999	12,725	
Sheriff's fees	51,000	51,000	56,062	5,062	70,679	
Law enforcement assistance fund	5,000	5,000	8,059	3,059	-	
Airport security reimbursement	10,000	10,000	-	(10,000)	-	
Other security services	3,500	3,500	67,112	63,612	17,589	
Jail room & board	120,000	120,000	206,074	86,074	236,109	
Other Jail charges	12,000	12,000	13,298	1,298	10,705	
Booking fees	-	-	30,026	30,026	15,524	
Prisoner transportation	60,000	60,000	11,034	(48,966)	9,486	
Useful public service program	38,000	38,000	50,165	12,165	51,920	
Work release/Community service	60,000	60,000	35,713	(24,287)	35,285	
Alternatives to incarceration	51,000	51,000	87,357	36,357	58,585	
Senior meal donations-Durango	60,000	60,000	58,594	(1,406)	66,898	
Senior meal donations-other	6,000	6,000	3,395	(2,605)	-	
Senior home chore/other revenue	6,000	6,000	8,551	2,551	49,166	
Senior transportation income	3,600	3,600	2,678	(922)	-	
Senior center activities	18,000	18,000	10,764	(7,236)	12,160	
Senior center rentals	3,800	3,800	3,260	(540)	2,115	
Surveyor's fees	10,000	10,000	6,685	(3,315)	10,432	
Indirect cost allocation reimbursement	95,000	95,000	111,123	16,123	108,889	
GIS Services reimbursements	12,500	12,500	16,036	3,536	16,791	
Election Reimbursements	30,000	30,000	36,165	6,165	38,241	
Inmate medical/phone reimbursements	38,400	38,400	47,560	9,160	61,121	
Tipping fees	-	-	-	-	650	
Maps/code book sales & sign fees	1,000	1,000	2,925	1,925	5,846	
Employee equipment reimbursements	24,000	24,000	-	(24,000)	698	
Total Charges for Services	2,628,300	2,628,300	2,810,363	182,063	2,700,233	
Fines and Forfeitures						
Parking/Traffic fines	-	-	375	375	-	
Animal control fines	3,000	3,000	6,513	3,513	4,919	
Total Fines and Forfeitures	3,000	3,000	6,888	3,888	4,919	

La Plata County, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for Year Ended December 31, 2004)

	2005				
	Budget		Actual	Variance Favorable (Unfavorable)	2004 Actual
	As Adopted	Final			
Miscellaneous Revenue					
Building rentals	\$ 29,613	\$ 29,613	\$ 152,602	\$ 122,989	\$ 66,962
Fairgrounds rentals	85,500	85,500	53,135	(32,365)	71,106
Forfeitures	22,000	22,000	25,202	3,202	3,909
Investment earnings	600,000	600,000	910,164	310,164	468,136
Senior services-United Way	19,500	19,500	20,685	1,185	-
Tipping fees	1,000	1,000	3,011	2,011	-
Vehicle inspection fees	37,000	37,000	44,505	7,505	42,145
Prisoner commissary collections	40,000	40,000	87,359	47,359	53,273
Photocopies	100	100	1,596	1,496	2,537
Telephone/postage refunds	1,000	1,000	4,287	3,287	5,051
Expenditure reimbursements	2,000	2,000	-	(2,000)	43,011
Sales of assets	-	-	36,016	36,016	-
Insurance refunds	2,000	12,974	58,475	45,501	63,740
Other refunds	8,000	8,000	38,529	30,529	20,838
Other miscellaneous revenues	40,000	40,000	76,370	36,370	36,849
Total Miscellaneous Revenue	887,713	898,687	1,511,936	613,249	877,557
Total Revenue	34,452,979	37,133,953	37,014,769	(119,184)	29,799,012
Expenditures:					
Current					
General Government					
Board of County Commissioners					
Personnel Expenditures	237,556	237,556	227,895	9,661	223,848
Operating Expenditures	182,905	182,905	97,684	85,221	156,727
	<u>420,461</u>	<u>420,461</u>	<u>325,579</u>	<u>94,882</u>	<u>380,575</u>
County Attorney's Office					
Personnel Expenditures	-	-	-	-	-
Operating Expenditures	258,000	258,000	182,766	75,234	99,181
	<u>258,000</u>	<u>258,000</u>	<u>182,766</u>	<u>75,234</u>	<u>99,181</u>
County Clerk and Recorder-Operations					
Personnel Expenditures	633,901	633,901	602,119	31,782	592,564
Operating Expenditures	254,798	379,798	359,532	20,266	169,895
	<u>888,699</u>	<u>1,013,699</u>	<u>961,651</u>	<u>52,048</u>	<u>762,459</u>
County Clerk and Recorder-Elections					
Personnel Expenditures	110,390	110,390	97,482	12,908	138,888
Operating Expenditures	77,200	77,200	56,740	20,460	66,185
	<u>187,590</u>	<u>187,590</u>	<u>154,222</u>	<u>33,368</u>	<u>205,073</u>
County Treasurer					
Personnel Expenditures	263,901	263,901	252,494	11,407	239,152
Operating Expenditures	181,415	181,415	150,873	30,542	145,945
	<u>445,316</u>	<u>445,316</u>	<u>403,367</u>	<u>41,949</u>	<u>385,097</u>
Public Trustee's Office					
Personnel Expenditures	15,381	15,381	15,434	(53)	15,234
Operating Expenditures	8,930	8,930	2,727	6,203	2,528
	<u>24,311</u>	<u>24,311</u>	<u>18,161</u>	<u>6,150</u>	<u>17,762</u>

La Plata County, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for Year Ended December 31, 2004)

	2005					
	Budget			Variance	2004	
	As Adopted	Final	Actual	Favorable (Unfavorable)	Actual	
General Government (Continued)						
County Assessor						
Personnel Expenditures	\$ 916,406	\$ 916,406	\$ 888,161	\$ 28,245	\$ 836,860	
Operating Expenditures	199,587	222,187	172,743	49,444	109,922	
	1,115,993	1,138,593	1,060,904	77,689	946,782	
Administrative Offices						
Personnel Expenditures	299,337	307,337	307,953	(616)	342,159	
Operating Expenditures	288,450	247,950	112,758	135,192	90,993	
	587,787	555,287	420,711	134,576	433,152	
County Attorney's Office						
Personnel Expenditures	-	-	-	-	-	
Operating Expenditures	258,000	258,000	182,766	75,234	99,181	
	258,000	258,000	182,766	75,234	99,181	
Geographic Information Services						
Personnel Expenditures	426,226	426,226	413,864	12,362	368,327	
Operating Expenditures	48,962	48,962	40,925	8,037	98,611	
	475,188	475,188	454,789	20,399	466,938	
Finance						
Personnel Expenditures	347,580	347,580	346,739	841	340,890	
Operating Expenditures	123,900	123,900	80,778	43,122	75,126	
	471,480	471,480	427,517	43,963	416,016	
Information Services						
Personnel Expenditures	524,741	524,741	529,110	(4,369)	498,207	
Operating Expenditures	448,282	463,283	442,054	21,229	347,783	
	973,023	988,024	971,164	16,860	845,990	
Procurement/Warehouse						
Personnel Expenditures	235,948	235,948	219,028	16,920	201,776	
Operating Expenditures	44,903	44,903	35,476	9,427	30,509	
	280,851	280,851	254,504	26,347	232,285	
Building Maintenance						
Personnel Expenditures	371,704	371,704	354,806	16,898	314,845	
Operating Expenditures	250,222	250,222	241,048	9,174	183,766	
	621,926	621,926	595,854	26,072	498,611	
Building Maintenance-OMPO						
Personnel Expenditures	-	-	-	-	-	
Operating Expenditures	170,450	170,450	70,967	99,483	12,481	
	170,450	170,450	70,967	99,483	12,481	
Central Services						
Personnel Expenditures	-	-	-	-	(4,421)	
Operating Expenditures	241,424	221,466	88,134	133,332	127,518	
	241,424	221,466	88,134	133,332	123,097	
Human Resources						
Personnel Expenditures	318,272	318,272	280,631	37,641	277,662	
Operating Expenditures	132,200	164,700	124,913	39,787	87,643	
	450,472	482,972	405,544	77,428	365,305	
Risk Management						
Personnel Expenditures	327,356	327,356	325,872	1,484	237,969	
Operating Expenditures	487,878	487,878	421,855	66,023	333,202	
	815,234	815,234	747,727	67,507	571,171	
Regional Housing Authority						
Personnel Expenditures	-	-	25,463	(25,463)	-	
Operating Expenditures	-	-	-	-	-	
	-	-	25,463	(25,463)	-	
Total General Government	8,428,205	8,570,848	7,569,024	1,001,824	6,761,975	

La Plata County, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for Year Ended December 31, 2004)

	2005				
	Budget			Variance	2004
	As Adopted	Final	Actual	Favorable (Unfavorable)	Actual
Public Safety					
Sheriff-Public Safety					
Personnel Expenditures	\$ 1,834,636	\$ 1,834,636	\$ 1,915,507	\$ (80,871)	\$ 1,802,012
Operating Expenditures	867,513	867,513	763,981	103,532	527,371
	2,702,149	2,702,149	2,679,488	22,661	2,329,383
Sheriff-Detentions					
Personnel Expenditures	2,398,129	2,384,530	2,230,702	153,828	2,131,568
Operating Expenditures	990,418	1,067,418	1,099,433	(32,015)	1,178,514
	3,388,547	3,451,948	3,330,135	121,813	3,310,082
Sheriff-Special Services					
Personnel Expenditures	1,250,794	1,250,794	1,172,658	78,136	1,199,117
Operating Expenditures	429,331	429,331	331,954	97,377	421,670
	1,680,125	1,680,125	1,504,612	175,513	1,620,787
Sheriff-Special Investigations					
Personnel Expenditures	367,798	367,798	331,654	36,144	314,769
Operating Expenditures	272,420	272,420	171,604	100,816	163,623
	640,218	640,218	503,258	136,960	478,392
Sheriff-Criminal Investigations					
Personnel Expenditures	519,089	519,089	547,190	(28,101)	467,485
Operating Expenditures	107,018	107,018	104,425	2,593	54,260
	626,107	626,107	651,615	(25,508)	521,745
Alternatives to Incarceration					
Personnel Expenditures	229,988	243,588	285,312	(41,724)	243,475
Operating Expenditures	152,172	152,172	194,232	(42,060)	150,689
	382,160	395,760	479,544	(83,784)	394,164
County Coroner					
Personnel Expenditures	47,548	47,548	48,753	(1,205)	46,207
Operating Expenditures	92,308	92,308	66,529	25,779	59,944
	139,856	139,856	115,282	24,574	106,151
Building Inspection Department					
Personnel Expenditures	610,560	610,560	530,786	79,774	534,646
Operating Expenditures	194,891	194,891	137,451	57,440	42,964
	805,451	805,451	668,237	137,214	577,610
Emergency Management Office					
Personnel Expenditures	104,836	104,836	52,564	52,272	84,366
Operating Expenditures	78,600	78,600	44,434	34,166	16,902
	183,436	183,436	96,998	86,438	101,268
Weed and Rodent Control					
Operating Expenditures	43,000	43,000	39,397	3,603	38,927
Fire Control Expenses	-	-	-	-	24,424
Pmt to Component Unit - District Attorney	1,214,372	1,234,330	1,077,988	156,342	988,313
Total Public Safety	11,805,421	11,902,380	11,146,554	755,826	10,491,246

La Plata County, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for Year Ended December 31, 2004)

	2005					
	Budget			Variance	2004	
	As Adopted	Final	Actual	Favorable (Unfavorable)	Actual	
Auxiliary Services						
Extension Office						
Personnel Expenditures	\$ 43,468	\$ 43,468	\$ 43,261	\$ 207	\$ 41,602	
Operating Expenditures	40,947	40,947	35,336	5,611	27,036	
	84,415	84,415	78,597	5,818	68,638	
Fairgrounds						
Personnel Expenditures	448,614	446,614	400,240	46,374	405,178	
Operating Expenditures	276,760	299,760	278,577	21,183	243,339	
	725,374	746,374	678,817	67,557	648,517	
Weed Control						
Personnel Expenditures	79,063	79,063	70,239	8,824	75,847	
Operating Expenditures	62,006	62,006	56,258	5,748	52,656	
	141,069	141,069	126,497	14,572	128,503	
Veterans Services						
Personnel Expenditures	41,991	41,991	37,379	4,612	36,624	
Operating Expenditures	6,600	9,300	3,725	5,575	6,106	
	48,591	51,291	41,104	10,187	42,730	
Senior Services						
Personnel Expenditures	219,881	219,881	218,685	1,196	227,151	
Operating Expenditures	117,645	117,645	102,102	15,543	95,357	
	337,526	337,526	320,787	16,739	322,508	
Senior Services - non Joint Sales Tax Supported						
Personnel Expenditures	9,185	9,185	-	9,185	-	
Operating Expenditures	79,445	79,445	64,155	15,290	61,194	
	88,630	88,630	64,155	24,475	61,194	
Senior Services Center						
Personnel Expenditures	41,553	41,553	40,421	1,132	37,496	
Operating Expenditures	52,730	52,730	43,747	8,983	42,508	
	94,283	94,283	84,168	10,115	80,004	
Senior Services Activities						
Personnel Expenditures	75,403	75,403	61,197	14,206	67,180	
Operating Expenditures	9,850	9,850	8,563	1,287	8,079	
	85,253	85,253	69,760	15,493	75,259	
Community Development Department						
Personnel Expenditures	815,673	815,673	749,328	66,345	588,543	
Operating Expenditures	534,067	534,067	231,802	302,265	149,489	
	1,349,740	1,349,740	981,130	368,610	738,032	
Total Auxiliary Services	2,954,881	2,978,581	2,445,015	533,566	2,165,385	
Public Works						
Convenience Center						
Operating Expenditures	110,100	125,100	100,424	24,676	56,388	
Total Public Works	110,100	125,100	100,424	24,676	56,388	
Health and Welfare						
San Juan Basin Health	270,200	270,200	270,200	-	274,188	
Total Health and Welfare	270,200	270,200	270,200	-	274,188	

La Plata County, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for Year Ended December 31, 2004)

	2005				
	Budget			Variance	2004
	As Adopted	Final	Actual	Favorable (Unfavorable)	Actual
Community Programs					
Public Service Agencies					
Durango Public Library	\$ 601,415	\$ 601,415	\$ 542,462	\$ 58,953	\$ 519,035
Lodger's tax to DACRA	160,000	160,000	166,270	(6,270)	150,826
Other Public Service Agencies	1,147,455	3,826,455	1,046,647	2,779,808	795,341
Total Public Service Agencies	1,908,870	4,587,870	1,755,379	2,832,491	1,465,202
Payments to Other Governments					
To City of Durango-joint recreation	100,000	100,000	100,000	-	100,000
To City of Durango-joint sales tax projects	742,165	742,165	684,345	57,820	634,428
Total payments to other governments	842,165	842,165	784,345	57,820	734,428
Pass through of grants received					
of CDBG funds	500,000	500,000	765,420	(265,420)	468,334
of GOCO funds	20,000	20,000	17,652	2,348	-
of CERT funds	-	-	-	-	1,343
of CSBG funds	25,000	25,000	-	25,000	11,517
Total pass throughs	545,000	545,000	783,072	(238,072)	481,194
Total Community Programs	3,296,035	5,975,035	3,322,796	2,652,239	2,680,824
Total Expenditures	26,864,842	29,822,144	24,854,013	4,968,131	22,430,006
Excess of Revenues Over Expenditures	7,588,137	7,311,809	12,160,756	4,848,947	7,369,006
Other Financing Sources (Uses)					
Transfers in-joint sales tax fund	\$ 1,806,197	\$ 1,806,197	\$ 1,460,298	\$ (345,899)	1,515,192
Transfers in-tribal impact fund	142,380	142,380	-	(142,380)	110,114
Transfers out-Road and Bridge fund	(2,700,000)	(2,700,000)	(2,700,000)	-	(4,500,000)
Transfers out-joint sales tax	(1,705,626)	(1,705,626)	(1,705,626)	-	(1,639,922)
Transfers out-debt service fund	(550,000)	-	-	-	-
Transfers out-emergency reserve fund	(65,000)	(65,000)	(65,000)	-	-
Transfers out-finance authority debt service fund	-	(550,000)	(550,000)	-	(40,805)
Transfers out-capital improvement	(5,800,000)	(5,800,000)	(5,800,000)	-	(5,000,000)
Transfers out-landfill closure	(50,000)	(50,000)	(50,000)	-	(50,000)
Total Other Financing Sources (Uses)	(8,922,049)	(8,922,049)	(9,410,328)	(488,279)	(9,605,421)
Net Change in Fund Balances	\$ (1,333,912)	\$ (1,610,240)	2,750,428	\$ 4,360,668.00	(2,236,415)
Fund Balance Beginning of Year			7,429,185		9,665,600
Fund Balance End of Year			\$ 10,179,613		\$ 7,429,185

La Plata County, Colorado
Road and Bridge Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash	\$ 1,100	\$ 1,100
Equity in treasurer's cash and investments	5,720,534	6,115,894
Receivables:		
Accounts	12,525	17,412
Property taxes	1,766,133	1,771,620
Intergovernmental	973,091	2,069,394
Inventory	<u>347,669</u>	<u>301,002</u>
Total Assets	<u><u>\$ 8,821,052</u></u>	<u><u>\$ 10,276,422</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 605,654	\$ 426,062
Accrued salaries and wages	41,263	47,884
Contracts payable	216,536	388,171
Intergovernmental payable	19,726	13,553
Deferred revenues	<u>2,038,133</u>	<u>1,999,120</u>
Total Liabilities	<u>2,921,312</u>	<u>2,874,790</u>
Fund Balances		
Reserved for:		
Inventory	347,669	301,002
Road improvements	735,451	552,894
Unreserved, undesignated	<u>4,816,620</u>	<u>6,547,736</u>
Total Fund Balances	<u>5,899,740</u>	<u>7,401,632</u>
Total Liabilities and Fund Balances	<u><u>\$ 8,821,052</u></u>	<u><u>\$ 10,276,422</u></u>

La Plata County, Colorado
Road and Bridge Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for Year Ended December 31, 2004)

	2005				
	Budget As Adopted	Budget Final	Actual	Variance Favorable (Unfavorable)	2004 Actual
Revenues					
Property taxes	\$ 1,913,888	\$ 1,913,888	\$ 1,938,759	\$ 24,871	\$ 1,948,743
Intergovernmental	4,879,907	4,879,907	4,040,352	(839,555)	5,461,666
Licenses and permits	183,000	183,000	258,547	75,547	223,847
Charges for services	3,000	3,000	44,095	41,095	124,737
Miscellaneous	145,000	145,000	447,130	302,130	507,889
Total Revenues	<u>7,124,795</u>	<u>7,124,795</u>	<u>6,728,883</u>	<u>(395,912)</u>	<u>8,266,882</u>
Expenditures					
Current:					
Public Works					
Maintenance of condition/snow & ice removal	5,529,021	5,529,021	4,983,854	545,167	3,379,512
Flood mitigation/debris removal	398,050	398,050	218,895	179,155	249,862
Engineering	977,641	997,356	985,191	12,165	709,460
Traffic	-	-	-	-	287,431
Vehicle garage	-	-	-	-	840,039
General administration	632,403	632,403	572,818	59,585	733,973
Capital Outlay	<u>7,330,000</u>	<u>7,310,285</u>	<u>4,332,517</u>	<u>2,977,768</u>	<u>5,777,371</u>
Total Expenditures	<u>14,867,115</u>	<u>14,867,115</u>	<u>11,093,275</u>	<u>3,773,840</u>	<u>11,977,648</u>
(Deficiency of Revenues (Under) Expenditures	<u>(7,742,320)</u>	<u>(7,742,320)</u>	<u>(4,364,392)</u>	<u>3,377,928</u>	<u>(3,710,766)</u>
Other Financing Sources					
Transfers in	2,719,220	2,719,220	2,700,000	(19,220)	4,518,462
Sale of capital assets	-	-	162,500	162,500	-
Total Other Financing Sources (Uses)	<u>2,719,220</u>	<u>2,719,220</u>	<u>2,862,500</u>	<u>143,280</u>	<u>4,518,462</u>
Net Change in Fund Balances	<u>\$ (5,023,100)</u>	<u>\$ (5,023,100)</u>	<u>(1,501,892)</u>	<u>\$ 3,521,208</u>	<u>807,696</u>
Fund Balances Beginning of Year			<u>7,401,632</u>		<u>6,593,936</u>
Fund Balances End of Year			<u>\$ 5,899,740</u>		<u>\$ 7,401,632</u>

La Plata County, Colorado
Social Services Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash	\$ 400	\$ 400
Equity in treasurer's cash and investments	1,607,620	1,719,886
Restricted cash	58,483	65,130
Receivables:		
Accounts	1,196	-
Property taxes	945,255	896,483
Intergovernmental	283,560	221,533
Total Assets	<u>\$ 2,896,514</u>	<u>\$ 2,903,432</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 289,873	\$ 223,227
Liabilities payable from restricted assets	58,483	65,130
Interfund payable	-	174,611
Intergovernmental payable	71,864	-
Deferred revenues	945,255	896,483
Total Liabilities	1,365,475	1,359,451
Fund Balances		
Unreserved, undesignated	1,531,039	1,543,981
Total Liabilities and Fund Balances	<u>\$ 2,896,514</u>	<u>\$ 2,903,432</u>

La Plata County, Colorado
Social Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for Year Ended December 31, 2004)

	2005				
	Budget As Adopted	Budget Final	Actual	Variance Favorable (Unfavorable)	2004
Revenues					
Property taxes	\$ 965,053	\$ 965,053	\$ 992,481	\$ 27,428	\$ 804,106
Intergovernmental	5,588,390	5,588,390	3,313,199	(2,275,191)	3,331,298
Miscellaneous	-	-	163,157	163,157	167,247
Total Revenues	6,553,443	6,553,443	4,468,837	(2,084,606)	4,302,651
Expenditures					
Current:					
Health and welfare	7,069,788	7,113,727	4,382,602	2,731,125	4,162,037
Capital Outlay			99,177	(99,177)	-
Total Expenditures	7,069,788	7,113,727	4,481,779	2,631,948	4,162,037
Excess (Deficiency) of Revenues Over (Under) Expenditures	(516,345)	(560,284)	(12,942)	547,342	140,614
Other Financing Sources					
Transfers in	8,400	8,400	-	(8,400)	7,526
Net Change in Fund Balances	\$ (507,945)	\$ (551,884)	(12,942)	\$ 538,942	148,140
Fund Balances Beginning of Year			1,543,981		1,395,841
Fund Balances End of Year			\$ 1,531,039		\$ 1,543,981

La Plata County, Colorado
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005

	Joint Sales Tax	Emergency Reserve	Local Improvement Districts	Tribal Impact Mitigation	Landfill Closure	Total Nonmajor Special Revenue Funds
Assets						
Equity in treasurer's cash and investments	\$ 263,533	\$ 1,185,000	\$ 78,210	\$ 1,635,285	\$ 651,977	\$ 3,814,005
Receivables:						
Property taxes	-		51,586	-	-	51,586
Accounts	-	-	275	-	-	275
Interfund	134,556	-	-	-	-	134,556
Total Assets	\$ 398,089	\$ 1,185,000	\$ 130,071	\$ 1,635,285	\$ 651,977	\$ 4,000,422
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 5,601	\$ -	\$ -	\$ -	\$ 24,645	\$ 30,246
Deferred revenues	-	-	51,586	-	-	51,586
Total Liabilities	5,601	-	51,586	-	24,645	81,832
Fund Balances						
Reserved for emergencies	-	1,185,000	-	-	-	1,185,000
Unreserved, undesignated	392,488	-	78,485	1,635,285	627,332	2,733,590
Total Fund Balances	392,488	1,185,000	78,485	1,635,285	627,332	3,918,590
Total Liabilities and Fund Balances	\$ 398,089	\$ 1,185,000	\$ 130,071	\$ 1,635,285	\$ 651,977	\$ 4,000,422

La Plata County, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Joint Sales Tax	Emergency Reserve	Local Improvement Districts	Tribal Impact Mitigation	Landfill Closure	Total Nonmajor Special Revenue Funds
Revenues						
Property taxes	\$ -	\$ -	\$ 55,256	\$ -	\$ -	\$ 55,256
Intergovernmental	-	-	-	1,624,488	-	1,624,488
Investment earnings	-	-	-	10,797	18,537	29,334
Miscellaneous	-	-	3,026	-	-	3,026
Total Revenues	-	-	58,282	1,635,285	18,537	1,712,104
Expenditures						
Current:						
Public works	-	-	44,767	-	76,419	121,186
Capital Outlay	35,091	-	-	-	-	35,091
Total Expenditures	35,091	-	44,767	-	76,419	156,277
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,091)	-	13,515	1,635,285	(57,882)	1,555,827
Other Financing Sources (Uses)						
Transfers in	1,705,626	65,000	-	-	60,000	1,830,626
Transfers out	(1,470,298)	-	-	-	-	(1,470,298)
Total Other Financing Sources (Uses)	235,328	65,000	-	-	60,000	360,328
Net Change in Fund Balances	200,237	65,000	13,515	1,635,285	2,118	1,916,155
Fund Balances Beginning of Year	192,251	1,120,000	64,970	-	625,214	2,002,435
Fund Balances End of Year	\$ 392,488	\$ 1,185,000	\$ 78,485	\$ 1,635,285	\$ 627,332	\$ 3,918,590

La Plata County, Colorado
Joint Sales Tax Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Equity in treasurer's cash and investments	\$ 263,533	\$ 87,373
Interfund receivable	<u>134,556</u>	<u>116,146</u>
Total Assets	<u><u>\$ 398,089</u></u>	<u><u>\$ 203,519</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 5,601	\$ 11,268
Fund Balances		
Unreserved, undesignated	<u>392,488</u>	<u>192,251</u>
Total Liabilities and Fund Balances	<u><u>\$ 398,089</u></u>	<u><u>\$ 203,519</u></u>

La Plata County, Colorado
Joint Sales Tax Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2004 Actual
Revenues					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ 463
Expenditures					
Capital Outlay:	52,095	52,095	35,091	17,004	57,699
Total Expenditures	52,095	52,095	35,091	17,004	57,699
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,095)	(52,095)	(35,091)	17,004	(57,236)
Other Financing Sources (Uses)					
Transfers in	1,705,626	1,705,626	1,705,626	-	1,639,922
Transfers out	(1,816,197)	(1,816,197)	(1,470,298)	345,899	(1,530,192)
Total Other Financing Sources (Uses)	(110,571)	(110,571)	235,328	345,899	109,730
Net Change in Fund Balances	<u>\$ (162,666)</u>	<u>\$ (162,666)</u>	200,237	<u>\$ 362,903</u>	52,494
Fund Balances Beginning of Year			192,251		139,757
Fund Balances End of Year			<u>\$ 392,488</u>		<u>\$ 192,251</u>

La Plata County, Colorado
Emergency Reserve Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Equity in treasurer's cash and investments	<u>\$ 1,185,000</u>	<u>\$ 1,120,000</u>
Fund Balances		
Reserved for emergencies	<u>\$ 1,185,000</u>	<u>\$ 1,120,000</u>

La Plata County, Colorado
Emergency Reserve Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005				2004
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-	-
Other Financing Sources (Uses)					
Transfers in	65,000	65,000	65,000	-	-
Total Other Financing Sources (Uses)	65,000	65,000	65,000	-	-
Net Change in Fund Balances	<u>\$ 65,000</u>	<u>\$ 65,000</u>	65,000	<u>\$ -</u>	-
Fund Balances Beginning of Year			<u>1,120,000</u>		<u>1,120,000</u>
Fund Balances End of Year			<u>\$ 1,185,000</u>		<u>\$ 1,120,000</u>

La Plata County, Colorado
Local Improvement District Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Equity in treasurer's cash and investments	\$ 78,210	\$ 68,420
Accounts receivable	275	-
Property taxes receivable	<u>51,586</u>	<u>55,306</u>
Total Assets	<u><u>\$ 130,071</u></u>	<u><u>\$ 123,726</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 3,450
Deferred revenues	<u>51,586</u>	<u>55,306</u>
Total Liabilities	51,586	58,756
Fund Balances		
Unreserved, undesignated	<u>78,485</u>	<u>64,970</u>
Total Liabilities and Fund Balances	<u><u>\$ 130,071</u></u>	<u><u>\$ 123,726</u></u>

La Plata County, Colorado
 Local Improvement District Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2005
 (With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2004 Actual
Revenues					
Property taxes	\$ 53,378	\$ 53,378	\$ 55,256	\$ 1,878	\$ 53,900
Miscellaneous	1,750	1,750	3,026	1,276	3,850
Total Revenues	55,128	55,128	58,282	3,154	57,750
Expenditures					
Current:					
Public works	63,500	63,500	44,767	18,733	40,836
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (8,372)</u>	<u>\$ (8,372)</u>	13,515	<u>\$ 21,887</u>	16,914
Fund Balances Beginning of Year			64,970		48,056
Fund Balances End of Year			<u>\$ 78,485</u>		<u>\$ 64,970</u>

La Plata County, Colorado
Tribal Impact Mitigation Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Equity in treasurer's cash and investments	<u>\$ 1,635,285</u>	<u>\$ -</u>
 Fund Balances		
Unreserved, undesignated	<u>\$ 1,635,285</u>	<u>\$ -</u>

La Plata County, Colorado
Tribal Impact Mitigation Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2004 Actual
Revenues					
Intergovernmental					
Payment from Southern Ute Indian tribe	\$ 260,000	\$ 260,000	\$ 1,624,488	\$ 1,364,488	\$ 251,963
Investment earnings	800	800	10,797	9,997	1,240
Total Revenues	260,800	260,800	1,635,285	1,374,485	253,203
Expenditures					
Current:					
General government	80,000	80,000	-	80,000	117,855
Excess (Deficiency) of Revenues Over (Under) Expenditures	180,800	180,800	1,635,285	1,454,485	135,348
Other Financing (Uses)					
Transfers out	(170,000)	(170,000)	-	170,000	(136,102)
Net Change in Fund Balances	<u>\$ 10,800</u>	<u>\$ 10,800</u>	1,635,285	<u>\$ 1,624,485</u>	(754)
Fund Balances Beginning of Year			-		754
Fund Balances End of Year			<u>\$ 1,635,285</u>		<u>\$ -</u>

La Plata County, Colorado
Landfill Closure Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Equity in treasurer's cash and investments	\$ 651,977	\$ 625,491
Total Assets	<u>\$ 651,977</u>	<u>\$ 625,491</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 24,645	\$ 277
Fund Balances		
Unreserved, undesignated	<u>627,332</u>	<u>625,214</u>
Total Liabilities and Fund Balances	<u>\$ 651,977</u>	<u>\$ 625,491</u>

La Plata County, Colorado
Landfill Closure Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2004 Actual
Revenues					
Investment income	\$ 7,000	\$ 7,000	\$ 18,537	\$ 11,537	\$ 6,702
Expenditures					
Current:					
Public works	62,500	67,000	76,419	(9,419)	3,082
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,500)	(60,000)	(57,882)	2,118	3,620
Other Financing Sources (Uses)					
Transfers in	60,000	60,000	60,000	-	65,000
Net Change in Fund Balances	<u>\$ 4,500</u>	<u>\$ -</u>	2,118	<u>\$ 2,118</u>	68,620
Fund Balances Beginning of Year			625,214		556,594
Fund Balances End of Year			<u>\$ 627,332</u>		<u>\$ 625,214</u>

La Plata County, Colorado
Capital Improvement Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Equity in treasurer's cash and investments	\$ 7,783,640	\$ 7,801,791
Receivables:		
Accounts	59,293	59,293
Intergovernmental	319,919	300,000
Interfund receivable	<u>-</u>	<u>35,876</u>
Total Assets	<u><u>\$ 8,162,852</u></u>	<u><u>\$ 8,196,960</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 202,255	\$ 243,429
Contracts payable	28,387	135,965
Intergovernmental payable	62,614	-
Deferred revenue	<u>71,485</u>	<u>25,000</u>
Total Liabilities	364,741	404,394
Fund Balances		
Reserved for capital improvements	<u>7,798,111</u>	<u>7,792,566</u>
Total Liabilities and Fund Balances	<u><u>\$ 8,162,852</u></u>	<u><u>\$ 8,196,960</u></u>

La Plata County, Colorado
Capital Improvement Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2004 Actual
Revenues					
Intergovernmental	\$ 250,000	\$ 250,000	\$ 404,919	\$ 154,919	\$ 466,698
Miscellaneous revenue	18,000	18,000	381	(17,619)	47,152
Total Revenues	268,000	268,000	405,300	137,300	513,850
Expenditures					
Capital Outlay	11,888,364	11,984,714	4,563,330	7,421,384	6,669,523
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,620,364)	(11,716,714)	(4,158,030)	7,558,684	(6,155,673)
Other Financing Sources (Uses)					
Transfers in					
From general fund	5,800,000	5,800,000	5,800,000	-	5,000,000
Transfers out					
To debt service fund	(640,000)	(640,000)	(640,000)	-	(640,000)
To capital equipment replacement fund	(1,000,000)	(1,000,000)	(1,000,000)	-	-
Sale of capital assets	-	-	3,575	3,575	113,615
Total Other Financing Sources (Uses)	4,160,000	4,160,000	4,163,575	3,575	4,473,615
Net Change in Fund Balances	<u>\$ (7,460,364)</u>	<u>\$ (7,556,714)</u>	5,545	<u>\$ 7,562,259</u>	(1,682,058)
Fund Balances Beginning of Year			7,792,566		9,474,624
Fund Balances End of Year			<u>\$ 7,798,111</u>		<u>\$ 7,792,566</u>

La Plata County, Colorado
Finance Authority Capital Project Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash held by Trustee	<u>\$ 102,833</u>	<u>\$ 305,038</u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 20,467
Due to other funds	<u>-</u>	<u>185,528</u>
Total Liabilities	-	205,995
 Fund Balances		
Reserved for capital improvements	<u>102,833</u>	<u>99,043</u>
Total Liabilities and Fund Balances	<u>\$ 102,833</u>	<u>\$ 305,038</u>

La Plata County, Colorado
Finance Authority Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2004 Actual
Revenues					
Investment earnings	\$ -	\$ -	\$ 3,790	\$ 3,790	\$ 1,778
Expenditures					
Capital Outlay	-	-	-	-	3,488,488
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	3,790	3,790	(3,486,710)
Other Financing Sources (Uses)					
Transfers out					
To finance authority debt service	-	-	-	-	(399,247)
Proceeds of Certificates of Participation	-	-	-	-	3,985,000
Total Other Financing Sources (Uses)	-	-	-	-	3,585,753
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	3,790	<u>\$ 3,790</u>	99,043
Fund Balances Beginning of Year			99,043		-
Fund Balances End of Year			<u>\$ 102,833</u>		<u>\$ 99,043</u>

La Plata County, Colorado
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2005

	<u>County Debt Service</u>	<u>Finance Authority Debt Service</u>	<u>Total</u>
Assets			
Equity in treasurer's cash and investments	\$ 37,849	\$ 90,438	\$ 128,287
Cash held by Trustee	-	405,773	405,773
Total Assets	<u>\$ 37,849</u>	<u>\$ 496,211</u>	<u>\$ 534,060</u>
 Fund Balances			
Reserved for debt service	<u>\$ 37,849</u>	<u>\$ 496,211</u>	<u>\$ 534,060</u>

*Nonmajor Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2005*

	<u>County Debt Service</u>	<u>Finance Authority Debt Service</u>	<u>Total</u>
Revenues			
Investment earnings	\$ 5,590	\$ 10,673	\$ 16,263
Expenditures			
Debt Service:			
Principal retirement	585,000	345,000	930,000
Interest and fiscal charges	57,000	116,959	173,959
Agent fees	250	1,750	2,000
Total Expenditures	<u>642,250</u>	<u>463,709</u>	<u>1,105,959</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(636,660)	(453,036)	(1,089,696)
Other Financing Sources			
Transfers in	<u>640,000</u>	<u>550,000</u>	<u>1,190,000</u>
Net Change in Fund Balances	3,340	96,964	100,304
Fund Balances Beginning of Year	<u>34,509</u>	<u>399,247</u>	<u>433,756</u>
Fund Balances End of Year	<u>\$ 37,849</u>	<u>\$ 496,211</u>	<u>\$ 534,060</u>

La Plata County, Colorado
Debt Service Fund
Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Equity in treasurer's cash and investments	<u>\$ 37,849</u>	<u>\$ 34,509</u>
Fund Balances		
Reserved for debt service	<u>\$ 37,849</u>	<u>\$ 34,509</u>

Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2004 Actual
Revenues					
Investment earnings	\$ 1,000	\$ 1,000	\$ 5,590	\$ 4,590	\$ 2,040
Expenditures					
Debt Service:					
Principal retirement	930,000	585,000	585,000	-	560,000
Interest and fiscal charges	173,959	60,659	57,000	3,659	83,600
Agent fees	2,495	2,495	250	2,245	250
Total Expenditures	<u>1,106,454</u>	<u>648,154</u>	<u>642,250</u>	<u>5,904</u>	<u>643,850</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,105,454)	(647,154)	(636,660)	10,494	(641,810)
Other Financing Sources					
Transfers in	<u>1,190,000</u>	<u>640,000</u>	<u>640,000</u>	<u>-</u>	<u>640,000</u>
Net Change in Fund Balances	<u>\$ 84,546</u>	<u>\$ (7,154)</u>	<u>3,340</u>	<u>\$ 10,494</u>	<u>(1,810)</u>
Fund Balances Beginning of Year			<u>34,509</u>		<u>36,319</u>
Fund Balances End of Year			<u>\$ 37,849</u>		<u>\$ 34,509</u>

La Plata County, Colorado
Finance Authority Debt Service Fund
Comparative Balance Sheet
December 31, 2004 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Equity in treasurer's cash and investments	\$ 90,438	\$ -
Cash held by Trustee	405,773	399,247
Total Assets	<u>\$ 496,211</u>	<u>\$ 399,247</u>
 Fund Balances		
Reserved for debt service	<u>\$ 496,211</u>	<u>\$ 399,247</u>

La Plata County, Colorado
Finance Authority Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2005
(With Comparative Actual Amounts for the Year Ended December 31, 2004)

	2005				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2004 Actual
Revenues					
Investment earnings	\$ -	\$ -	\$ 10,673	\$ 10,673	\$ -
Expenditures					
Debt Service:					
Principal retirement	-	345,000	345,000	-	-
Interest and fiscal charges	-	113,300	116,959	(3,659)	40,805
Agent fees	-	-	1,750	(1,750)	-
Total Expenditures	-	458,300	463,709	(5,409)	40,805
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(458,300)	(453,036)	5,264	(40,805)
Other Financing Sources					
Transfers in-Finance Authority Capital Projects			-	-	399,247
Transfers in-County General	-	550,000	550,000	-	40,805
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ 91,700</u>	96,964	<u>\$ 5,264</u>	399,247
Fund Balances Beginning of Year			399,247		-
Fund Balances End of Year			<u>\$ 496,211</u>		<u>\$ 399,247</u>

La Plata County, Colorado
Internal Service Funds
Combining Statement of Net Assets
December 31, 2005

	Capital Equipment Replacement Fund	Employee Medical Self Insurance Fund	Total
Assets			
Current Assets:			
Equity in treasurer's cash and investments	\$ 990,036	\$ 2,136,956	\$ 3,126,992
Accounts receivable	1,050		1,050
Inventory	106,301	-	106,301
Total Current Assets	1,097,387	2,136,956	3,234,343
Noncurrent Assets:			
Capital Assets:			
Depreciable capital assets, net	6,319,756	-	6,319,756
Total Assets	\$ 7,417,143	\$ 2,136,956	\$ 9,554,099
Liabilities			
Current Liabilities:			
Accrued payroll	8,634	-	8,634
Accounts payable	2,364	-	2,364
Accrued incurred/unreported claims	-	98,002	98,002
Total Current Liabilities	10,998	98,002	109,000
Net Assets			
Invested in capital assets	6,319,756	-	6,319,756
Unrestricted	1,086,389	2,038,954	3,125,343
Total Net Assets	\$ 7,406,145	\$ 2,038,954	\$ 9,445,099

La Plata County, Colorado
Internal Service Funds
Combining Statement of Revenues,
Expenses and Changes in Fund Net Assets
For the Year Ended December 31, 2005

	Capital Equipment Replacement Fund	Employee Medical Self Insurance Fund	Total
Operating Revenues			
Charges for services	\$ 1,758,144	\$ -	\$ 1,758,144
Insurance deposits	-	2,152,200	2,152,200
Total Operating Revenues	1,758,144	2,152,200	3,910,344
Operating Expenses			
Equipment maintenance	870,485	-	870,485
Depreciation	1,370,507	-	1,370,507
Medical claims	-	1,533,834	1,533,834
Total Operating Expenses	2,240,992	1,533,834	3,774,826
Operating Income (Loss)	(482,848)	618,366	135,518
Non-Operating Revenues			
Gain (loss) on sale of capital assets	(161,600)	-	(161,600)
Investment earnings	28,979	56,551	85,530
Total Non-Operating Revenues (Expenses)	(132,621)	56,551	(76,070)
Loss before Contributions	(615,469)	674,917	59,448
Contributions-capital assets, net of accumulated depreciation	7,021,614	-	7,021,614
Contributions-cash	1,000,000	-	1,000,000
Total Contributions	8,021,614	-	8,021,614
Change in Net Assets	7,406,145	674,917	8,081,062
Net Assets Beginning of Year	-	1,364,037	1,364,037
Net Assets End of Year	<u>\$ 7,406,145</u>	<u>\$ 2,038,954</u>	<u>\$ 9,445,099</u>

La Plata County, Colorado
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2005

	Capital Equipment Replacement Fund	Employee Medical Self Insurance Fund	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,757,093	\$ 2,152,200	\$ 3,909,293
Cash payments for personnel services	(471,950)	-	(471,950)
Cash payments for goods and services	(493,837)	-	(493,837)
Cash payments for claims		(1,562,467)	(1,562,467)
Net Cash Provided by Operating Activities	791,306	589,733	1,381,039
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	1,000,000	-	1,000,000
Net Cash Used in Noncapital Financing Activities	1,000,000	-	1,000,000
Cash Flows from Capital and Related Financing Activities			
Cash sales of capital assets	134,843	-	134,843
Payments for capital acquisitions	(965,092)	-	(965,092)
Net Cash Used in Capital and Related Financing Activities	(830,249)	-	(830,249)
Cash Flows from Investing Activities			
Investment earnings	28,979	56,551	85,530
Net Increase (Decrease) in Cash and Cash Equivalents	990,036	646,284	1,636,320
Cash and Cash Equivalents Beginning of Year	-	1,490,672	1,490,672
Cash and Cash Equivalents End of Year	\$ 990,036	\$ 2,136,956	\$ 3,126,992
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (482,848)	\$ 618,366	\$ 135,518
Adjustments:			
Depreciation	1,370,507	-	1,370,507
(Increase) Decrease in Assets:			
Accounts receivable	(1,050)	-	(1,050)
Inventory	(106,301)	-	(106,301)
Increase (Decrease) in Liabilities:			
Accounts payable	2,364	-	2,364
Accrued incurred/unreported claims		(28,633)	(28,633)
Accrued wages	8,634	-	8,634
Net Cash Provided by Operating Activities	\$ 791,306	\$ 589,733	\$ 1,381,039
Non-cash Investing, Capital and Financing Activities	\$ 1,000,000	\$ -	\$ 1,000,000

La Plata County, Colorado
Capital Equipment Replacement Fund
Statement of Net Assets
December 31, 2005

	<u>2005</u>
Assets	
Current Assets:	
Equity in treasurer's cash and investments	\$ 990,036
Accounts receivable	1,050
Inventory	106,301
Total Current Assets	<u>1,097,387</u>
Noncurrent Assets:	
Capital Assets:	
Depreciable capital assets, net	<u>6,319,756</u>
Total Assets	<u><u>\$ 7,417,143</u></u>
Liabilities	
Current Liabilities:	
Accrued payroll	\$ 8,634
Accounts payable	2,364
Total Current Liabilities	<u>10,998</u>
Net Assets	
Invested in capital assets	6,319,756
Unrestricted	1,086,389
Total Net Assets	<u><u>\$ 7,406,145</u></u>

La Plata County, Colorado
Capital Equipment Replacement Fund
Statement of Revenues,
Expenses and Changes in Fund Net Assets
For the Year Ended December 31, 2005

	<u>2005</u>
Operating Revenues	
Charges for services	\$ 1,758,144
Operating Expenses	
Equipment maintenance	870,485
Depreciation	<u>1,370,507</u>
Total Operating Expenses	2,240,992
Operating Income (Loss)	(482,848)
Non-Operating Revenues	
Gain (loss) on sale of capital assets	(161,600)
Investment earnings	<u>28,979</u>
Total Non-Operating Revenues (Expenses)	(132,621)
Loss before Contributions	(615,469)
Contributions-capital assets, net of accumulated depreciation	7,021,614
Contributions-cash	<u>1,000,000</u>
Total Contributions	8,021,614
Change in Net Assets	7,406,145
Net Assets Beginning of Year	<u>-</u>
Net Assets End of Year	<u><u>\$ 7,406,145</u></u>

La Plata County, Colorado
Capital Equipment Replacement Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for services	\$ 1,729,187	\$ 1,729,187	\$ 1,740,957	\$ 11,770
Investment earnings	-	-	28,979	28,979
Gain on disposal of capital assets	86,000	86,000	-	(86,000)
Miscellaneous	-	-	17,189	17,189
Total Revenues	<u>1,815,187</u>	<u>1,815,187</u>	<u>1,787,125</u>	<u>(28,062)</u>
Expenditures				
Equipment maintenance	854,790	854,790	870,487	(15,697)
Capital Outlay	986,790	1,203,790	965,092	238,698
Total Expenditures	<u>1,841,580</u>	<u>2,058,580</u>	<u>1,835,579</u>	<u>223,001</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,393)	(243,393)	(48,454)	194,939
Transfers in	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Net change in Fund Balances	<u>\$ 973,607</u>	<u>\$ 756,607</u>	<u>(48,454)</u>	<u>\$ (805,061)</u>
Reconciliation to GAAP Net Income:				
Add cash contributions			1,000,000	
Add capital contributions			7,021,614	
Less loss on disposal of capital assets			(161,600)	
Add capital expenditures capitalized			965,092	
Less depreciation expense			<u>(1,370,507)</u>	
Change in Net Assets			<u>\$ 7,406,145</u>	

La Plata County, Colorado
Employee Medical Self Insurance Fund
Comparative Statement of Net Assets
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Current Assets:		
Equity in treasurer's cash and investments	\$ 2,136,956	\$ 1,490,672
Total Current Assets	<u>\$ 2,136,956</u>	<u>\$ 1,490,672</u>
 Liabilities		
Current Liabilities:		
Accrued incurred/unreported claims	\$ 98,002	\$ 126,635
 Net Assets		
Unrestricted	<u>\$ 2,038,954</u>	<u>\$ 1,364,037</u>

La Plata County, Colorado
Employee Medical Self Insurance Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Assets
For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Operating Revenues		
Insurance deposits	\$ 2,152,200	\$ 2,071,945
Operating Expenses		
Medical claims	<u>1,533,834</u>	<u>1,072,043</u>
Operating Income (Loss)	618,366	999,902
Non-Operating Revenues		
Investment earnings	<u>56,551</u>	<u>15,469</u>
Change in Net Assets	674,917	1,015,371
Net Assets Beginning of Year	<u>1,364,037</u>	<u>348,666</u>
Net Assets End of Year	<u><u>\$ 2,038,954</u></u>	<u><u>\$ 1,364,037</u></u>

La Plata County, Colorado
Employee Medical Self Insurance Fund
Schedule of Revenues, Expenses and
Changes in Net Assets - Budget and Actual
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues				
Insurance deposits	\$ 1,975,000	\$ 1,975,000	\$ 2,152,200	\$ 177,200
Operating Expenses				
Medical claims	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,533,834</u>	<u>466,166</u>
Operating Income (Loss)	(25,000)	(25,000)	618,366	643,366
Non-Operating Revenues				
Investment earnings	<u>10,000</u>	<u>10,000</u>	<u>56,551</u>	<u>46,551</u>
Change in Net Assets	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	674,917	<u>\$ 689,917</u>
Net Assets Beginning of Year			<u>1,364,037</u>	
Net Assets End of Year			<u>\$ 2,038,954</u>	

La Plata County, Colorado
General Agency Fund
Statement of Changes in Fiduciary Assets and Liabilities
For The Year Ended December 31, 2005

	<u>Balance</u> <u>January 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2005</u>
Assets				
Equity in treasurer's cash and investments	\$ 1,732,257	\$ 38,344,526	\$ 38,087,690	\$ 1,989,093
Liabilities				
Accounts payable	\$ 75,521	\$ 19,285,330	\$ 19,322,972	\$ 37,879
Due to component unit	110,953	1,568,241	1,541,465	137,729
Deposits held for others	1,545,783	17,490,955	17,223,253	1,813,485
Total Liabilities	<u>\$ 1,732,257</u>	<u>\$ 38,344,526</u>	<u>\$ 38,087,690</u>	<u>\$ 1,989,093</u>

Sixth Judicial District Attorney
Balance Sheet
Governmental Funds
December 31, 2005

	General	Victim's Assistance	Federal Victim's Compensation	State Victim's Compensation	Total Governmental Funds
Assets					
Cash	\$ 37,063	\$ 35,570	\$ 2	\$ 51,067	\$ 123,702
Due from primary government	137,729	-	-	-	137,729
Receivables:					
Accounts	15,040	-	-	-	15,040
Intergovernmental	79,833	-	-	-	79,833
Total Assets	<u>\$ 269,665</u>	<u>\$ 35,570</u>	<u>\$ 2</u>	<u>\$ 51,067</u>	<u>\$ 356,304</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 10,789	\$ -	\$ -	\$ -	\$ 10,789
Deferred revenue	3,507	-	-	-	3,507
Accrued salaries and benefits	23,011	-	-	-	23,011
Due to primary government	150,000	-	-	-	150,000
Total Liabilities	<u>187,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,307</u>
Fund Balances					
Reserved for emergencies	50,000	-	-	-	50,000
Unreserved, undesignated reported in:					
General fund	32,358	-	-	-	32,358
Special revenue funds	-	35,570	2	51,067	86,639
Total Fund Balances	<u>82,358</u>	<u>35,570</u>	<u>2</u>	<u>51,067</u>	<u>168,997</u>
Total Liabilities and Fund Balances	<u>\$ 269,665</u>	<u>\$ 35,570</u>	<u>\$ 2</u>	<u>\$ 51,067</u>	<u>\$ 356,304</u>
Governmental Fund Balance					\$ 168,997
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds					89,267
Compensated absences are not due and payable in the current period and therefore not reported in the funds					(56,805)
Net assets of governmental activities					<u>\$ 201,459</u>

Sixth Judicial District Attorney
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Victim's Assistance	Federal Victim's Compensation	State Victim's Compensation	Total Governmental Funds
Revenues					
Intergovernmental	\$ 378,721	\$ 175,892	\$ 81,217	\$ 113,628	\$ 749,458
Intergovernmental - County	1,077,988	-	-	-	1,077,988
Miscellaneous	46,019	13,581	30,873	18,463	108,936
Total Revenues	<u>1,502,728</u>	<u>189,473</u>	<u>112,090</u>	<u>132,091</u>	<u>1,936,382</u>
Expenditures					
Current:					
Public safety	1,492,743	139,027	112,091	166,365	1,910,226
Capital Outlay	31,911	-	-	-	31,911
Total Expenditures	<u>1,524,654</u>	<u>139,027</u>	<u>112,091</u>	<u>166,365</u>	<u>1,942,137</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,926)</u>	<u>50,446</u>	<u>(1)</u>	<u>(34,274)</u>	<u>(5,755)</u>
Other Financing Sources (Uses)					
Transfers in	40,703	-	-	-	40,703
Sales of assets	-	-	-	-	-
Transfers out	-	(22,312)	-	(18,391)	(40,703)
Total Other Financing Sources (Uses)	<u>40,703</u>	<u>(22,312)</u>	<u>-</u>	<u>(18,391)</u>	<u>-</u>
Net Change in Fund Balancees	<u>18,777</u>	<u>28,134</u>	<u>(1)</u>	<u>(52,665)</u>	<u>(5,755)</u>
Fund Balances Beginning of Year	<u>63,581</u>	<u>7,436</u>	<u>3</u>	<u>103,732</u>	<u>174,752</u>
Fund Balances End of Year	<u>\$ 82,358</u>	<u>\$ 35,570</u>	<u>\$ 2</u>	<u>\$ 51,067</u>	<u>\$ 168,997</u>
Net change in fund balances					(5,755)
Amounts reported for governmental activities in the statement of activities are different because:					
Governmental funds report capital outlays as expenditures but they are capitalized at the government-wide financial reporting level:					
Depreciation expense				\$ (10,982)	
Capital outlay				<u>31,911</u>	20,929
Capital assets disposed, net of accumulated depreciation					(7,037)
Governmental fund do not report compensated absences at the fund financial reporting level but they are reported at the government-wide financial reporting level.					
Liability @ 12/31/05				\$ (56,805)	
Liability @ 12/31/04				<u>53,911</u>	(2,894)
Change in net assets at the government-wide financial reporting level					<u>\$ 5,243</u>

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SPECIAL REPORTS SECTION

La Plata County, Colorado
Social Services Fund
Schedule of EBT Authorizations, Warrant Expenditures and Total Expenditures
For the Year Ended December 31, 2005

Program	County EBT Authorizations	County Share of Authorizations	Expenditures By County Warrant	Total Authorizations & Expenditures By By County Warrant	Total Expenditures
Colorado Works	\$ 660,897	\$ 53,846	\$ 435,316	\$ 1,096,213	\$ 489,162
Child Care	556,073	90,268	127,848	683,921	218,116
Child Welfare	618,555	336,289	1,403,559	2,022,114	1,739,848
County Administration	-	-	542,642	542,642	542,642
Core Services	440,238	105,914	573,336	1,013,574	679,250
Child Support Administration	-	-	477,057	477,057	477,057
LEAP	328,401	-	24,368	352,769	24,368
AND	95,976	16,629	-	95,976	16,629
Old Age Pension	211,159	206	11,844	223,003	12,050
Food Assistance Fraud	-	-	26,096	26,096	26,096
Food Assistance	2,489,044	-	-	2,489,044	-
Food Assistance Job Search	-	-	19,782	19,782	19,782
CBMS Conversion Costs	-	-	56,497	56,497	56,497
Title XX	-	-	10,539	10,539	10,539
Quality Grants	-	-	22,502	22,502	22,502
Foster Care/Adoption Recruitment	-	-	2,820	2,820	2,820
CHAFFEE	-	-	41,021	41,021	41,021
General Assistance	-	-	42,999	42,999	42,999
HB 1414 IV-E Eligibility	12,847	-	8,945	21,792	8,945
PSSF	-	-	127,772	127,772	127,772
Totals	<u>\$ 5,413,190</u>	<u>\$ 603,152</u>	<u>\$ 3,954,943</u>	<u>\$ 9,368,133</u>	<u>\$ 4,558,095</u>



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTARY INFORMATION

May 25, 2006

Honorable Board of County Commissioners
La Plata County, Colorado

We have audited the basic financial statements of La Plata County, Colorado for the year ended December 31, 2005, and have issued our report thereon dated May 25, 2006. Our audit of such financial statements was made in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Supplemental Local Highway Finance Report is presented for purposes of additional analysis and is not a required part of the financial statements. The information in the schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.

LOCAL HIGHWAY FINANCE REPORT		City or County:	La Plata
		YEAR ENDING :	December 2005
This Information From The Records Of :	La Plata County	Prepared By:	Karla Distel, Director of Finance
		Phone:	(970)382-6306

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	2,700,000
3. Other local imposts (from page 2)	2,110,956
4. Miscellaneous local receipts (from page 2)	688,897
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	5,499,853
B. Private Contributions	21,531
C. Receipts from State government (from page 2)	3,955,056
D. Receipts from Federal Government (from page 2)	114,943
E. Total receipts (A.7 + B + C + D)	9,591,383

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	5,317,709
2. Maintenance:	5,202,749
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	
c. Other	
d. Total (a. through c.)	0
4. General administration & miscellaneous	572,817
5. Highway law enforcement and safety	0
6. Total (1 through 5)	11,093,275
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
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)	11,093,275

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
	7,401,632	9,591,383	11,093,275	5,899,740	

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): December 2005	
-------------------------------------	--	---	--

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,773,457	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	77,576	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	94,621	f. Charges for Services	
5. Other/SOT	165,302	g. Other Misc. Receipts	688,897
6. Total (1. through 5.)	337,499	h. Other	
c. Total (a. + b.)	2,110,956	i. Total (a. through h.)	688,897
	(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	2,213,978	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	108,693
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle	163,927	d. Federal Transit Admin	
d. Other EIAF	1,312,710	e. U.S. Corps of Engineers	
e. Other LGGF	264,441	f. Other Federal	6,250
f. Total (a. through e.)	1,741,078	g. Total (a. through f.)	114,943
4. Total (1. + 2. + 3.f)	3,955,056	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		1,401	1,401
b. Engineering Costs		985,191	985,191
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		0	0
(3). System Preservation		4,331,117	4,331,117
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	4,331,117	4,331,117
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	5,317,709	5,317,709
			(Carry forward to page 1)
Notes and Comments:			

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STATISTICAL SECTION

La Plata County, Colorado
Government-wide Expenses, Program Revenues and
Net (Expense)/Revenue by Function/Program
For the Fiscal Years Ended December 31, 2003-2005 ²
(accrual basis of accounting)

Function/Program	Fiscal Year 2003			Fiscal Year 2004			Fiscal Year 2005		
	Expenses	Program Revenues	Net (Expense)/Revenue ¹	Expenses	Program Revenues	Net (Expense)/Revenue ¹	Expenses	Program Revenues	Net (Expense)/Revenue ¹
Governmental Activities									
General government	\$ 7,754,452	\$ 5,194,888	\$ (2,559,564)	\$ 6,973,916	\$ 3,659,165	\$ (3,314,751)	\$ 7,985,491	\$ 5,765,066	\$ (2,220,424)
Public safety	10,227,758	1,402,288	(8,825,470)	10,363,443	1,056,346	(9,307,097)	11,205,953	884,278	(10,321,675)
Public works	7,998,659	4,187,964	(3,810,695)	2,301,220	745,848	(1,555,372)	2,740,837	425,396	(2,315,441)
Health and welfare	4,471,450	3,184,453	(1,286,997)	7,692,460	5,704,432	(1,988,028)	8,407,331	4,259,514	(4,147,817)
Auxiliary services	2,547,884	1,005,684	(1,542,200)	4,295,664	3,331,298	(964,366)	4,570,764	3,313,199	(1,257,565)
Community programs	2,522,640	412,482	(2,110,158)	2,680,824	479,840	(2,200,984)	3,322,796	853,959	(2,468,837)
Interest on long-term debt	103,912	-	(103,912)	120,222	-	(120,222)	180,491	-	(180,491)
Investment in joint venture	-	2,562,483	2,562,483	590,995	-	(590,995)	-	1,217,455	1,217,455
Subtotal Governmental Activities	35,626,755	17,950,242	(17,676,513)	35,018,744	14,976,929	(20,041,815)	38,413,662	16,718,868	(21,694,794)
Business-type Activities									
	-	-	-	-	-	-	-	-	-
Subtotal Business-type Activities	-	-	-	-	-	-	-	-	-
Total Primary Government	\$ 35,626,755	\$ 17,950,242	\$ (17,676,513)	\$ 35,018,744	\$ 14,976,929	\$ (20,041,815)	\$ 38,413,662	\$ 16,718,868	\$ (21,694,794)

Notes:

¹ Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes a

²The County implemented GASB Statement No. 34 in fiscal year 2003, therefore, only three years of government-wide financial data are presented.

La Plata County, Colorado
Government-wide Program Revenues² by Category
For the Fiscal Years Ended December 31, 2003-2005¹
(accrual basis of accounting)

	<u>Fiscal Year 2003</u>	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2005</u>
Governmental Activities			
Charges for Services	\$ 4,187,847	\$ 2,885,302	\$ 2,888,692
Operating Grants and Contributions	8,335,012	8,558,442	12,056,298
Capital Grants and Contributions	2,864,900	3,533,185	1,773,879
Subtotal Governmental Activities Program Revenues	<u>15,387,759</u>	<u>14,976,929</u>	<u>16,718,869</u>
Business-type Activities			
Charges for Services	-	-	-
Operating Grants and Contributions	-	-	-
Capital Grants and Contributions	-	-	-
Subtotal Business-type Activities Program Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Primary Government			
Charges for Services	4,187,847	2,885,302	2,888,692
Operating Grants and Contributions	8,335,012	8,558,442	12,056,298
Capital Grants and Contributions	2,864,900	3,533,185	1,773,879
Total Primary Government Program Revenues	<u>\$ 15,387,759</u>	<u>\$ 14,976,929</u>	<u>\$ 16,718,869</u>

Notes:

¹ The County implemented GASB Statement No. 34 in fiscal year 2003, therefore, only three years of government-wide financial data are presented.

² Program revenues are related to specific activities of the County. Their sources is either fees, fines, charges for services or grants restricted to a specific purpose.

La Plata County, Colorado
Government-wide General Revenues and Other Changes in Net Assets
For the Fiscal Years Ended December 31, 2003-2005 ¹
(accrual basis of accounting)

	<u>Fiscal Year 2003</u>	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2005</u>
Net (Expense), Total Primary Government (See table S-1)			
Governmental activities	\$ (17,676,513)	\$ (20,041,815)	\$ (21,694,794)
Business activities	-	-	-
Total Primary Government	<u>(17,676,513)</u>	<u>(20,041,815)</u>	<u>(21,694,794)</u>
General revenues and other changes in net assets			
Governmental Activities:			
Taxes			
Property taxes levied for general purposes	16,450,626	14,421,821	19,938,128
Sales taxes	10,044,453	11,099,303	11,558,412
Other taxes	1,296,970	150,766	166,360
Investment earnings	629,156	495,828	1,045,081
Gain (loss) on disposition of capital assets	-	(152,835)	-
Miscellaneous	1,148,909	2,135,485	2,269,958
Transfer from (to) business-type activities	18,211	-	-
Subtotal Governmental Activities	<u>29,588,325</u>	<u>28,150,368</u>	<u>34,977,940</u>
Business-type Activities:			
Insurance premium taxes	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Transfer from governmental activities	-	-	-
Subtotal Business-type Activities	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Assets			
Governmental activities	11,911,809	8,108,553	13,283,145
Business-type activities	(18,211)	-	-
Total Primary Government	<u>\$ 11,893,598</u>	<u>\$ 8,108,553</u>	<u>\$ 13,283,145</u>

Note:

¹ The County implemented GASB Statement No. 34 in fiscal year 2003, therefore, only three years of government-wide financial data are presented.

La Plata County, Colorado
General Governmental Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Source	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Taxes	\$ 14,263,971	\$ 14,433,494	\$ 16,690,503	\$ 19,404,136	\$ 20,681,820	\$ 21,291,071	\$ 26,218,122	\$ 27,792,046	\$ 25,671,890	\$ 31,662,899
Intergovernmental	8,643,648	6,684,882	6,111,189	7,554,758	9,705,122	9,027,409	11,910,774	10,900,996	12,091,627	12,627,050
Licenses and permits	573,140	566,788	765,392	774,898	653,986	746,136	761,470	743,950	995,007	1,023,634
Charges for services	1,838,188	1,877,690	2,037,867	2,219,409	2,368,210	2,515,871	2,647,593	2,998,528	2,824,970	2,854,458
Fines and forfeitures	-	-	-	-	4,292	3,963	2,792	8,605	4,919	6,888
Miscellaneous	1,524,714	1,640,913	1,504,221	1,916,326	3,162,912	2,797,167	2,070,870	2,260,049	1,615,915	2,175,017
Total revenues	\$ 26,843,661	\$ 25,203,767	\$ 27,109,172	\$ 31,869,527	\$ 36,576,342	\$ 36,381,617	\$ 43,611,621	\$ 44,704,174	\$ 43,204,328	\$ 50,349,946
% change from prior year	16.5%	-6.1%	7.6%	17.6%	14.8%	-0.5%	19.9%	2.5%	-3.4%	16.5%

La Plata County, Colorado
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property	Sales	Other	Total
1996	\$ 6,308,292	\$ 7,155,122	\$ 260,482	\$ 13,723,896
1997	6,000,797	7,530,348	264,767	13,795,912
1998	7,780,253	7,930,753	276,511	15,987,517
1999	9,495,772	8,682,717	267,780	18,446,269
2000	9,963,904	9,403,815	267,193	19,634,912
2001	10,324,489	9,538,472	296,663	20,159,624
2002	14,884,093	9,675,960	144,088	24,704,141
2003	16,232,063	10,044,453	152,299	26,428,815
2004	14,421,821	11,099,303	150,766	25,671,890
2005	19,938,128	11,558,412	166,360	31,662,900
Percentage Change				
In Dollars Over				
10 Years	216.1%	61.5%	-36.1%	130.7%

La Plata County, Colorado
General Governmental Expenditures by Function
Last Ten Fiscal Years
(Unaudited)
(modified accrual basis of accounting)

Function	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Current:										
General government	\$ 3,488,343	\$ 3,541,086	\$ 4,007,996	\$ 4,136,509	\$ 4,825,909	\$ 5,334,617	\$ 7,279,623	\$ 7,148,375	\$ 6,879,830	\$ 7,569,024
Public safety	4,545,221	3,855,435	4,315,476	4,908,189	5,616,273	6,571,347	7,833,806	9,154,633	10,491,246	11,146,554
Public works	3,137,426	4,305,737	3,503,621	3,498,636	5,000,812	6,605,027	6,040,436	6,321,849	6,300,583	2,445,015
Health and welfare	4,529,718	3,187,688	3,177,692	3,793,161	4,153,871	4,124,878	4,453,787	4,541,852	4,436,225	6,982,368
Auxiliary services	1,197,165	1,101,294	1,111,849	1,436,387	1,583,143	2,062,207	2,372,646	2,417,688	2,165,385	4,652,802
Community Programs	1,892,060	1,709,186	1,672,675	2,040,064	2,100,038	2,238,100	3,049,666	2,522,640	2,680,824	3,322,796
Total Current	18,789,933	17,700,426	17,789,309	19,812,946	23,280,046	26,936,176	31,029,964	32,107,037	32,954,093	36,118,559
% Change From Prior Year	15.9%	-5.8%	0.5%	11.4%	17.5%	15.7%	15.2%	3.5%	2.6%	9.6%
Capital Outlay	5,790,703	5,770,290	4,477,196	8,665,506	9,863,624	6,642,809	6,534,194	10,874,580	15,993,081	9,030,115
% Change From Prior Year	25.4%	-0.4%	-22.4%	93.5%	13.8%	-32.7%	-1.6%	66.4%	47.1%	-43.5%
Debt Service										
Principal	365,000	380,000	400,000	420,000	1,268,498	485,000	510,000	535,000	560,000	930,000
Interest	333,262	316,655	298,415	278,415	128,498	159,226	130,625	107,675	124,405	173,959
Agent fees	198,044	211,008	200,842	306,428	745	250	250	250	250	2,000
Total Debt Service	896,306	907,663	899,257	1,004,843	1,397,741	644,476	640,875	642,925	684,655	1,105,959
% Change From Prior Year	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Total Expenditures	\$ 25,476,942	\$ 24,378,379	\$ 23,165,762	\$ 29,483,295	\$ 34,541,411	\$ 34,223,461	\$ 38,205,033	\$ 43,624,542	\$ 49,631,829	\$ 46,254,633
% Change From Prior Year	17.7%	-4.3%	-5.0%	27.3%	17.2%	-0.9%	11.6%	14.2%	13.8%	-6.8%
Debt Service as a Percentage of Total Expenditures	2.2%	2.4%	2.6%	2.5%	3.7%	1.4%	1.3%	1.2%	1.1%	2.4%

La Plata County, Colorado
Government-wide Net Assets by Category²
December 31, 2003-2005¹
(accrual basis of accounting)

	<u>December 31, 2003</u>	<u>December 31, 2004</u>	<u>December 31, 2005</u>
Governmental Activities			
Invested in capital assets, net of related debt	\$ 27,295,951	\$ 36,815,975	\$ 45,072,293
Restricted for:			
Capital projects	9,474,624	7,891,609	7,900,944
Emergencies	1,120,000	1,120,000	1,185,000
Debt Service	36,319	433,756	534,060
Specific projects and programs	7,369,315	9,036,905	9,410,170
Unrestricted	<u>18,372,228</u>	<u>17,006,881</u>	<u>21,485,803</u>
Subtotal Governmental Activities Net Assets	<u>63,668,437</u>	<u>72,305,126</u>	<u>85,588,270</u>
Business-type Activities			
Invested in capital assets, net of related debt	-	-	-
Restricted for revenue bond retirement	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal Business-type Activities Net assets	<u>-</u>	<u>-</u>	<u>-</u>

Notes:

¹ The County implemented GASB Statement No. 34 in fiscal year 2003, therefore, only three years of government-wide financial data are presented.

² Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Colorado or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the County.

La Plata County, Colorado
Governmental Fund - Fund Balances
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Fund										
Reserved	\$ 99,134	\$ 109,141	\$ 117,175	\$ 130,739	\$ 134,763	\$ 186,583	\$ 520,554	\$ 1,376,847	\$ 1,439,011	\$ 1,479,821
Unreserved	4,838,466	4,700,319	5,073,007	5,853,121	6,706,010	7,170,566	8,340,333	8,288,753	5,990,174	8,699,792
Subtotal General Fund	4,937,600	4,809,460	5,190,182	5,983,860	6,840,773	7,357,149	8,860,887	9,665,600	7,429,185	10,179,613
General Fund Percentage Change	11.5%	-2.6%	7.9%	15.3%	14.3%	7.5%	20.4%	9.1%	-23.1%	37.0%
All Other Governmental Funds										
Reserved	1,193,009	1,247,702	1,237,000	1,518,213	1,531,216	1,522,128	1,863,750	2,297,516	10,299,261	10,703,124
Unreserved										
Special Revenue Funds	6,278,556	5,420,224	8,381,360	9,160,599	9,332,020	8,004,456	7,979,630	7,029,286	8,974,152	8,547,189
Debt Service Funds	1,044,954	1,098,342	852,467	894,354	257,316	131,054	35,927	36,319	-	534,060
Capital Projects Fund	2,375,914	3,247,450	3,445,802	3,313,443	4,302,231	6,575,704	9,191,082	9,474,624	-	-
Subtotal All Other Governmental Funds	10,892,433	11,013,718	13,916,629	14,886,609	15,422,783	16,233,342	19,070,389	18,837,745	19,273,413	19,784,373
Total Governmental Funds										
Reserved	1,292,143	1,356,843	1,354,175	1,648,952	1,665,979	1,708,711	2,384,304	3,674,363	11,738,272	12,182,945
Unreserved	14,537,890	14,466,335	17,752,636	19,221,517	20,597,577	21,881,780	25,546,972	24,828,982	14,964,326	17,781,041
Total Governmental Funds	\$ 15,830,033	\$ 15,823,178	\$ 19,106,811	\$ 20,870,469	\$ 22,263,556	\$ 23,590,491	\$ 27,931,276	\$ 28,503,345	\$ 26,702,598	\$ 29,963,986
All Governmental Funds Percentage Change	9.2%	0.0%	20.8%	9.2%	6.7%	6.0%	18.4%	2.0%	-6.3%	12.2%

La Plata County, Colorado
Property Tax Levies and Collections
1996-2005

Fiscal Year	Year Collected	Total Tax Levy	Current Tax Collection	% of Levy Collected	Delinquent Tax Collections ²	% of Total Tax Collection	
						Total Tax Collections	To Levy
1995	1996	\$ 6,422,960	\$ 6,180,661	96.22% ³	\$ 127,631	\$ 6,308,292	98.21%
1996	1997	6,004,182	5,964,455	99.34%	36,342	6,000,797	99.94%
1997	1998	7,804,123	7,781,751	99.71%	(1,498) ⁴	7,780,253	99.69%
1998	1999	9,567,946	9,508,662	99.38%	(12,890) ⁴	9,495,772	99.25%
1999	2000	9,927,453	9,910,397	99.83%	53,507	9,963,904	100.37%
2000	2001	10,339,617	10,324,889	99.86%	(400) ⁴	10,324,489	99.85%
2001	2002	14,871,466	14,851,806 ⁵	99.87%	32,287	14,884,093	100.08%
2002	2003	15,976,500	16,130,518	100.96%	101,545	16,232,063	101.60%
2003	2004	13,002,400 ⁶	12,959,129	99.67%	86,036	13,045,165	100.33%
2004	2005	18,193,503 ⁷	18,178,915	99.92%	30,610	18,209,525	100.09%

(1) Includes General, Road and Bridge, and Social Services Funds, as well as Local Improvement District funds.

(2) Delinquent taxes are reported in the year collected, not in the year levied.

(3) Major taxpayer in bankruptcy proceedings.

(4) Abatement of prior year's taxes.

(5) \$478 million increase in natural gas valuation resulting in \$4 million additional tax levy.

(6) \$350 million decrease in natural gas valuation resulting in \$3.5 million decrease in tax levy.

(7) \$593 million increase in natural gas valuation resulting in \$5.0 million additional tax levy.

La Plata County, Colorado
Assessed and Estimated Actual Value of Taxable Property
(in thousands of \$)

Assessment Year	Fiscal Year	Real Property		Personal Property		Total		Ratio of Assessed Value to Total Est. Actual Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1995	1996	\$ 600,135	\$ 2,906,329 ²	\$ 151,928	\$ 329,941	\$ 752,063	\$ 3,236,270	23.2%
1996	1997	548,216	2,936,622 ²	153,500	334,681	701,716	3,271,303	21.5%
1997	1998	846,622	3,559,084 ³	74,330	259,280	920,952	3,818,364	24.1%
1998	1999	1,038,643	3,866,269 ³	86,702	301,440	1,125,344	4,167,709	27.0%
1999	2000	1,069,453	3,828,947 ³	93,689	335,433	1,163,142	4,164,380	27.9%
2000	2001	1,108,629	3,956,093 ³	102,625	366,213	1,211,254	4,322,306	28.0%
2001	2002	1,643,281	5,060,577 ⁴	101,034	311,140	1,744,315	5,371,717	32.5%
2002	2003	1,768,519	5,687,310 ⁴	105,609	364,169	1,874,128	6,051,479	31.0%
2003	2004	1,415,339	6,031,242 ⁵	108,620	462,867	1,523,959	6,494,109	23.5%
2004	2005	2,026,178	6,979,236 ⁶	108,304	373,463	2,134,482	7,352,699	29.0%

Source: La Plata County Assessor's Abstract

- (1) Improved residential property is assessed at 14.34%, oil and gas at 87.5%, and all other property at 29.0%
(2) Improved residential property is assessed at 12.86%, oil and gas at 87.5%, and all other property at 29.0%
(3) Improved residential property is assessed at 10.36%, oil and gas at 87.5%, and all other property at 29.0%
(4) Improved residential property is assessed at 9.74%, oil and gas at 87.5%, and all other property at 29.0%

La Plata County, Colorado
Property Tax Rates
Direct and Overlapping Governments
1996-2005

Collection Year:		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
		<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
La Plata County	mill	8.500	8.500	8.500	8.500	8.500	8.500	8.500	8.500	8.500	8.500
	tax \$	6,392,536	6,003,182	7,804,123	9,567,946	9,886,710	10,295,660	14,826,677	12,953,647	18,140,996	21,106,223
<i>Municipalities:</i> City of Durango	mill	2.507	2.507	2.507	2.507	2.507	2.507	2.507	2.507	2.507	2.507
	tax \$	365,448	379,404	437,191	454,006	516,184	587,480	651,163	746,788	774,172	949,080
Town of Bayfield	mill	7.137	6.920	6.600	6.600	5.964	5.964	5.950	5.950	5.950	5.950
	tax \$	54,765	62,394	67,972	68,883	72,114	72,778	77,784	108,161	131,330	157,513
Town of Ignacio	mill	5.531	5.290	4.321	4.321	3.370	3.370	3.370	3.370	3.337	3.192
	tax \$	14,434	13,729	14,441	14,906	15,399	15,707	16,066	15,900	16,342	16,906
<i>School Districts:</i> Durango 9R	mill	34.793	34.368	27.633	22.378	21.500	21.052	15.394	21.553	16.617	16.347
	tax \$	18,470,470	19,025,202	19,839,119	19,668,621	20,428,405	20,839,916	21,275,601	25,722,113	26,337,033	29,954,630
Bayfield 10R	mill	61.867	47.813	39.942	37.582	38.766	39.326	28.847	28.100	22.764	19.429
	tax \$	4,299,587	4,230,790	4,398,083	4,625,394	4,609,886	4,620,310	4,850,340	4,343,404	5,541,416	5,456,837
Ignacio 11JT	mill	31.155	31.198	22.163	17.429	17.429	15.958	8.825	7.598	4.183	6.217
	tax \$	2,347,902	2,002,825	1,996,225	2,154,910	1,643,467	1,657,096	1,712,965	1,336,895	1,279,416	2,299,053
<i>Special Districts:</i> Animas Fire Protection- Bonded Indebtedness	mill	0.000	0.000	0.000	2.123	1.828	1.700	1.230	1.160	0.692	0.631
	tax \$	-	-	-	578,773	576,339	594,782	569,446	537,020	439,630	506,154
Animas Fire Protection	mill	8.611	8.325	7.131	4.468	4.344	4.539	4.112	5.069	5.069	5.069
	tax \$	1,497,312	1,509,898	1,657,991	1,158,692	1,291,488	1,395,101	1,701,189	2,072,739	2,941,314	3,449,902
Animas La Plata Water Conservancy	mill	0.355	0.400	0.359	0.372	0.348	0.362	0.319	0.281	0.286	0.249
	tax \$	100,924	118,494	125,937	133,847	139,193	148,507	144,336	141,825	152,234	160,308
Animas Mosquito Control	mill	0.409	0.409	0.550	0.550	0.550	0.550	0.550	0.990	0.990	0.990
	tax \$	91,207	94,740	151,827	158,072	177,660	181,716	200,845	403,036	419,328	508,366

Table S-11

Collection Year:

Aspen Trails Metro

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
mill tax \$	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	18,650	14,224
	-	-	-	-	-	-	-	-	21,623	24,835
Bayfield Sanitation District A	0.679	0.559	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
mill tax \$	5,151	5,147	-	-	-	-	-	-	-	-
Bayfield Sanitation District C	4.706	4.430	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
mill tax \$	2,628	2,780	-	-	-	-	-	-	-	-
Durango Conference Center	0.000	0.000	1.500	1.500	1.476	0.000	0.000	1.500	1.500	1.500
Business Improvement Center	-	-	105,637	105,401	119,160	-	-	143,457	141,636	150,619
Durango West Metropolitan I	61.200	61.200	61.200	74.450	71.820	71.280	55.140	48.100	47.200	38.800
mill tax \$	85,093	89,970	104,871	136,880	141,973	142,982	135,672	137,935	140,033	136,218
Durango West Metropolitan II	38.893	38.893	34.197	33.591	31.483	30.314	28.769	25.120	25.410	21.822
mill tax \$	215,794	224,366	207,755	207,507	211,096	209,747	210,036	203,450	208,378	210,544
Durango Hills Local Improvement	20.379	20.379	18.023	19.037	19.019	20.379	18.525	18.404	18.573	15.731
mill tax \$	30,424	31,303	34,884	37,626	40,743	43,956	41,007	48,753	50,405	51,288
Edgemont Ranch Metropolitan	7.234	11.034	6.541	6.541	5.874	5.874	5.874	5.874	5.874	14.402
mill tax \$	14,791	24,258	16,944	17,731	19,358	20,135	21,339	29,934	33,666	128,260
El Rancho Florida Metropolitan	15.068	14.100	13.900	14.015	12.156	8.672	0.000	0.000	0.000	0.000
mill tax \$	26,411	26,157	27,142	27,798	26,611	19,009	-	-	-	-
Florida Mosquito Control	0.390	0.430	0.370	0.570	0.700	0.700	0.700	0.700	0.700	0.700
mill tax \$	38,373	40,760	45,678	84,649	116,542	130,470	195,340	174,119	282,197	360,275
Florida Water Conservancy	0.348	0.345	0.300	0.280	0.280	0.270	0.201	0.185	0.119	0.099
mill tax \$	31,568	30,018	33,003	35,755	37,788	40,410	43,421	38,829	40,609	43,691
Forest Lakes Metropolitan	42.109	42.109	35.524	35.524	35.524	35.524	35.524	35.524	35.524	35.524
mill tax \$	197,963	214,972	253,351	266,347	287,928	297,521	306,189	354,184	378,762	583,157
Fort Lewis Fire Protection	5.515	5.565	5.565	5.565	5.526	4.768	5.900	5.900	5.900	5.900
mill tax \$	98,716	99,704	108,086	107,543	113,312	119,636	156,715	163,299	166,150	191,814
Hermosa Cliffs Fire Protection	10.491	10.745	8.412	10.745	10.897	10.863	10.650	9.979	9.524	8.961
mill tax \$	257,377	258,870	249,243	318,198	351,009	346,130	375,538	412,564	449,080	544,099
Ignacio Community Library	0.586	0.542	0.443	0.346	0.343	0.927	0.560	1.000	1.000	1.500
mill tax \$	44,162	34,795	39,901	42,779	32,266	96,261	108,698	175,954	305,861	554,702

Table S-11

Collection Year:

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Ignacio-Oxford-Allison Cemetery mill tax \$	0.244 10,618	0.244 9,312	0.244 12,398	0.118 8,029	0.244 14,987	0.244 16,329	0.244 28,850	0.244 26,852	0.244 50,474	0.244 60,738
La Plata Water Conservancy mill tax \$	0.300 4,797	0.320 5,119	0.310 5,345	0.300 5,118	0.285 5,472	0.295 6,509	0.295 6,623	0.295 6,856	0.295 7,148	0.295 8,245
Loma Linda Sanitation mill tax \$	10,000 19,824	10,000 20,176	10,000 23,178	10,000 26,450	0.000 -	0.000 -	0.000 -	0.000 -	0.000 -	0.000 -
Los Pinos Fire Protection mill tax \$	2,253 197,920	2,210 164,948	1,689 183,186	3,014 456,541	3,378 475,447	3,036 504,365	3,721 1,235,110	3,520 1,028,022	3,520 1,693,744	3,520 1,962,154
Los Pinos Fire/Mt. Allison mill tax \$	0.000 -	0.000 -	0.000 -	0.000 -	0.000 -	0.000 -	0.000 -	1,500 19,214	1,500 31,512	1,500 35,061
Pine River Cemetery mill tax \$	0.342 30,947	0.342 30,262	0.294 32,373	0.273 33,599	0.273 32,464	0.273 32,074	0.203 34,132	0.186 28,750	0.123 29,942	0.112 31,456
Pine River Library mill tax \$	0.611 55,288	0.611 54,065	0.541 59,570	0.523 64,368	2,500 297,289	2,500 293,719	2,500 420,351	2,500 386,424	2,500 608,572	2,500 702,151
Purgatory Metropolitan mill tax \$	27,313 170,354	27,313 170,449	27,313 184,134	27,313 181,758	26,572 207,263	27,313 225,579	27,313 234,196	27,313 271,678	27,313 330,853	27,313 399,506
Rafter J Fire Protection mill tax \$	5.022 29,087	5.022 30,265	4.424 32,284	4.436 33,012	4.436 33,987	No Special District	No Special District	No Special District	No Special District	No Special District
South Durango Sanitation mill tax \$	1.574 10,499	0.000 -	0.000 -	0.000 -	0.000 -	0.000 -	0.000 -	0.000 -	0.000 -	0.000 -
SW Colorado TV Translator mill tax \$	0.838 14,823	0.857 15,168	0.822 15,483	0.822 15,545	0.777 15,601	0.777 17,867	0.777 18,260	0.777 18,738	0.777 19,483	0.777 22,445
SW Water Conservancy mill tax \$	0.395 297,065	0.411 290,271	0.339 311,246	0.321 361,330	0.314 365,227	0.324 392,446	0.260 453,521	0.305 464,807	0.254 542,096	0.225 558,694
Tamarron Metro mill tax \$	0.000 -	0.000 -	0.000 -	0.000 -	0.000 -	0.000 -	0.000 -	0.000 -	40,000 205,006	40,000 339,136
Upper Pine River Fire Protection mill tax \$	2,642 258,998	2,637 253,164	2,307 274,510	4,758 631,252	4,950 642,375	4,950 638,510	4,950 931,564	4,950 858,753	6,739 1,835,561	6,507 2,035,186
Total tax to be collected	\$ 35,486,191	\$ 35,276,686	\$ 38,541,865	\$ 41,789,266	\$ 42,579,516	\$ 43,610,262	\$ 50,529,453	\$ 52,909,293	\$ 63,746,002	\$ 73,699,246

Source: La Plata County Assessor's Abstract

La Plata County, Colorado

**Principal Property Taxpayers
For Tax Collection Year 2005**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
1	BP America	Energy	\$ 825,895,380	33.26%
2	Conoco Phillips Company	Energy	123,112,280	4.96%
3	Red Willow Production	Energy	90,696,430	3.65%
4	Chevron Texaco	Energy	89,660,080	3.61%
5	XTO Energy Company	Energy	85,592,010	3.45%
6	Samson Resources	Energy	74,356,330	2.99%
7	44 Canyon LLC	Energy	46,778,510	1.88%
8	Burlington Resources	Energy	45,090,260	1.82%
9	Williams Production	Energy	23,293,700	0.94%
10	La Plata Electric	Energy	18,525,500	0.75%
	Total Assessed Valuation for 10 largest taxpayers		<u>\$ 1,423,000,480</u>	<u>57.31%</u>
	Total Assessed Valuation for all taxpayers		<u>\$ 2,483,085,200</u>	<u>100.00%</u>

Source: La Plata County Assessor's Office

**Principal Sales Tax Collectors
For Fiscal Year 2005**

	<u>Taxpayer - Type of Business</u>	<u>2005 Sales Tax Collected</u>	<u>Percentage of Total Taxes Collected</u>
1	Retail-General Merchandise	\$ 1,715,465	11.05%
2	Electric Services	548,480	3.53%
3	Retail-Building Supplies	547,489	3.53%
4	Retail-Auto Dealer	359,570	2.32%
5	Retail-Food Store	269,558	1.74%
6	Retail-Building Supplies	263,531	1.70%
7	Retail-Hardware/Variety	235,809	1.52%
8	Retail-Food Store	230,209	1.48%
9	Retail-Food Store	199,553	1.29%
10	Retail-Fuel Dealer	197,597	1.27%
	Total Sales Taxes Collected by 10 Largest Businesses	<u>\$ 4,567,261</u>	<u>29.42%</u>
	Total Sales Taxes Collected by All Businesses	<u>\$ 15,525,067</u>	<u>100.00%</u>

Source: Colorado State Department of Revenue

La Plata County, Colorado
Computation of Legal Debt Margin
As of December 31, 2005

Assessed Value		<u>\$ 2,134,482,160</u>
Legal Debt Margin:		
Debt limitation - 1.5 percent of total assessed value	\$ 32,017,232	
Debt applicable to limitation:		
Total bonded debt	\$ 615,000	
Less: Sales tax revenue bonds	<u>615,000</u>	
Total debt applicable to debt limitation	<u>-</u>	
Legal debt margin		<u>\$ 32,017,232</u>

La Plata County, Colorado
Ratio of Net General Obligation Bonded Debt
to Assessed Value and Net General Obligation Debt per Capita
1996-2005

Fiscal Year	Population	Assessed Value ¹	Gross Bonded Debt	Debt Payable		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value		Net Bonded Debt per capita
				Service Fund	Enterprise Revenue				
1996	39,933	\$ 752,063	\$ -	\$ -	\$ -	\$ -	0.000%	\$ -	-
1997	41,065	706,257	-	-	-	-	0.000%	-	-
1998	42,187	918,132	-	-	-	-	0.000%	-	-
1999	43,344	1,125,641	-	-	-	-	0.000%	-	-
2000	43,941	1,163,142	-	-	-	-	0.000%	-	-
2001	45,384	1,211,254	-	-	-	-	0.000%	-	-
2002	46,579	1,744,315	-	-	-	-	0.000%	-	-
2003	46,793	1,874,128	-	-	-	-	0.000%	-	-
2004	47,494	1,523,959	-	-	-	-	0.000%	-	-
2005	47,980	2,134,482	-	-	-	-	0.000%	-	-

Source: Division of Local Government and U.S. Census Bureau

(1) In thousands.

La Plata County, Colorado
Ratio of Annual Debt Service Expenditures for General
Obligation Bonded Debt to Total General Government Expenditures
1996-2005

Fiscal Year	Bonded Debt		Bonded Debt		Total		Total General		Ratio of Debt	
	Principal		Interest		Debt Service		Governmental Expenditures		Service to General	Governmental Expenditures
1996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,476,942			0.00%
1997	-	-	-	-	-	-	24,378,379			0.00%
1998	-	-	-	-	-	-	23,165,762			0.00%
1999	-	-	-	-	-	-	29,483,295			0.00%
2000	-	-	-	-	-	-	34,241,411			0.00%
2001	-	-	-	-	-	-	34,223,461			0.00%
2002	-	-	-	-	-	-	38,205,033			0.00%
2003	-	-	-	-	-	-	43,624,542			0.00%
2004	-	-	-	-	-	-	49,631,829			0.00%
2005	-	-	-	-	-	-	46,254,633			0.00%

La Plata County, Colorado
Property Tax Rates
Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
As of December 31, 2005

Jurisdiction	General Obligation Debt Outstanding	Applicable to La Plata County	
		Percentage	Amount
La Plata County	\$ -	0%	\$ -
<i>Municipalities:</i>			
City of Durango	-	0.00%	-
Town of Bayfield	-	0.00%	-
Town of Ignacio	-	0.00%	-
<i>School Districts:</i>			
Durango 9R	105,460,000	100.00%	105,460,000
Bayfield 10R	16,610,000	99.63%	16,548,543
Ignacio 11JT	-	0.00%	-
<i>Special Districts:</i>			
Animas Fire Protection	5,050,000	100.00%	5,050,000
Animas La Plata Water Conservancy	-	0.00%	-
Animas Mosquito Control	-	0.00%	-
Durango Hills Local Improvement	-	0.00%	-
Durango West Metropolitan I	125,000	100.00%	125,000
Durango West Metropolitan II	1,240,000	100.00%	1,240,000
Edgemont Ranch Metropolitan	-	0.00%	-
El Rancho Florida Metropolitan	-	0.00%	-
Florida Mosquito Control	-	0.00%	-
Florida Water Conservancy	639,000	100.00%	639,000
Forest Lakes Metropolitan	-	100.00%	-
Fort Lewis Fire Protection	-	0.00%	-
Hermosa Cliffs Fire Protection	1,175,000	100.00%	1,175,000
Hermosa Sanitation	-	0.00%	-
Ignacio Community Library	2,000,000	0.00%	-
Ignacio-Oxford-Allison Cemetary	-	0.00%	-
La Plata Water Conservancy	-	0.00%	-
Loma Linda Sanitation	-	0.00%	-
Los Pinos Fire Protection	-	0.00%	-
Pine River Cemetary	-	0.00%	-
Pine River Library	-	0.00%	-
Purgatory Metropolitan	-	0.00%	-
Rafter J Fire Protection	-	0.00%	-
South Durango Sanitation	-	0.00%	-
SW Colorado TV Translator	-	0.00%	-
SW Water Conservancy	-	0.00%	-
Upper Pine River Fire	5,130,000	100.00%	5,130,000
	<u>\$ 137,429,000</u>		<u>\$ 135,367,543</u>

This does not represent underlying debt obligations of La Plata County Government. It presents debt of all taxing authorities supported by the County's valuation within the County.

This does not denote La Plata County Government, but rather the geographical boundaries of the County.

Source: Individual taxing entities

La Plata County, Colorado
Sales Tax Revenue Bonds Coverage
1996-2005

Fiscal Year	Gross Sales Tax Revenue	Revenue Available for Debt Service ¹	Principal	Interest	Total	Coverage
1996	\$ 7,155,122	\$ 4,597,953	\$ 365,000	\$ 333,262	\$ 698,262	6.6
1997	7,530,348	4,917,739	380,000	316,655	696,655	7.1
1998	7,930,753	5,258,984	400,000	298,415	698,415	7.5
1999	8,682,717	5,899,846	420,000	278,415	698,415	8.4
2000	9,403,815	6,514,401	1,268,498 ²	128,498	1,396,996	4.7
2001	9,538,472	6,629,163	485,000	159,226	644,226	10.3
2002	9,675,960	6,746,337	510,000	130,625	640,625	10.5
2003	10,044,453	7,060,385	535,000	107,675	642,675	11.0
2004	11,099,304	7,959,382	560,000	83,600	643,600	12.4
2005	11,558,412	8,350,657	585,000	57,000	642,000	13.0

(1) Gross revenue less required transfers per bond indenture and intergovernmental agreements.

(2) 1992 Sales Tax revenue bonds refinanced in 2000, with principal reduction.

La Plata County, Colorado
Demographic Data
1996-2005

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Population	37,056	38,950	39,933	41,065	42,187	43,344	43,941	45,384	46,579	46,793	47,173	48,023
Births	437	439	464	410	453	405	440	469	449	458	479	516
Deaths	220	234	263	224	257	262	247	301	255	246	271	269
Housing units	17,165	18,843	19,237	19,768	20,233	20,747	20,765	21,198	22,144	23,024	23,815	N/A
Households	13,767	14,599	14,979	15,324	15,716	15,976	17,342	18,140	18,417	18,629	18,796	N/A
Average household size	2.54	2.54	2.53	2.53	2.53	2.53	2.43	2.43	2.43	2.43	2.43	N/A
Registered voters	21,292	23,918	27,492	29,373	29,708	30,830	34,245	32,765	32,841	32,600	36,160	35,814
Employment	20,907	22,043	22,283	22,649	23,209	23,286	23,363	23,174	24,889	25,536	26,833	27,483
Unemployment	929	1,080	1,135	1,048	1,257	928	915	898	1,139	1,263	1,136	1,108
Unemployment rate	4.30%	4.70%	4.80%	4.40%	5.10%	3.80%	3.80%	3.70%	4.40%	4.70%	4.10%	3.90%
Per capita personal income	\$ 20,536	\$ 21,218	\$ 22,071	\$ 23,252	\$ 24,742	\$ 25,384	\$ 26,517	\$ 28,013	\$ 29,127	\$ 29,807	N/A	N/A

Source: Colorado Division of Local Government, Demographic Section, (1-303-866-4989) in cooperation with the U.S. Bureau of Census
La Plata County Clerk, Colorado Department of Labor and Employment and Colorado Department of Health

La Plata County, Colorado
Property Value, Construction and Bank Deposits
1996-2005

Fiscal Year	New Construction			Residential		Total Property Value	Bank Deposits ³
	Commercial	Value	# of Permits	# of Permits	Value		
1996	30	\$ 2,559,369	1275	1275	\$ 59,492,963	\$ 1,124,351,360	\$ 499,551
1997	32	4,360,255	1453	1453	60,674,840	1,574,305,641 ⁴	526,547
1998	30	3,417,832	1316	1316	54,830,102	1,747,015,069	508,206
1999	14	2,162,000	1421	1421	94,387,116	1,920,904,585	527,939
2000	26	3,029,000	1175	1175	74,539,345	2,007,536,576	535,311
2001	23	1,728,000	1162	1162	84,799,918	2,704,829,219 ⁵	589,439
2002	36	6,850,000	1154	1154	98,460,042	2,806,171,162	669,738
2003	21	2,471,000	1101	1101	100,849,302	2,517,323,894 ⁶	687,698
2004	13	2,268,000	1051	1051	111,561,986	3,190,114,079	638,557
2005	15	3,522,000	959	959	98,309,071	3,640,362,478 ⁷	717,310

Source: Information on new construction provided by County Building Department. Estimated total property value provided by County Assessor.
Information on bank deposits provided by Office of Economic Analysis, Ft. Lewis College and Credit Union.

- (1) Includes mobile homes, garages, car ports, storage sheds, etc.
- (2) All property excluding residential
- (3) In thousands of dollars at 12/31/XX
- (4) \$61.8 million decline in oil and gas valuation due to price decline.
- (5) \$479.6 million increase in oil and gas valuation due to price increase
- (6) \$477.3 million decline in oil & gas valuation due to lower prices and production; \$735.2 million increase in residential valuation
- (7) 36% increase in vacant land, 23% in residential, 17% in commercial and 14% in oil & gas

La Plata County, Colorado
Retail Sales by Standard Industrial Classification
1996-2005 (000)

Type of Business	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Building material	\$ 58,186	\$ 60,686	\$ 62,967	\$ 61,353	\$ 56,489	\$ 60,211	\$ 51,396	\$ 75,589	\$ 41,691	\$ 82,792
General merchandise	28,045	29,842	63,533	92,120	100,563	100,885	-	109,501	122,582	131,594
Food stores	91,130	98,718	100,775	96,192	88,542	82,516	99,965	95,594	107,162	105,539
Automotive	87,133	94,148	101,223	116,334	143,149	154,134	106,379	117,569	139,635	139,004
Apparel & accessory	19,500	16,007	15,520	13,353	14,583	15,230	17,985	17,182	17,538	20,612
Furniture	25,811	24,486	27,104	32,922	39,338	34,929	14,803	14,965	15,863	16,489
Miscellaneous	80,441	80,863	88,720	83,210	89,109	104,886	152,972	153,393	167,413	230,423
<i>Total Retail Trade</i>	<i>390,246</i>	<i>404,750</i>	<i>459,842</i>	<i>495,484</i>	<i>531,773</i>	<i>552,791</i>	<i>443,500</i>	<i>583,793</i>	<i>611,884</i>	<i>726,453</i>
Finance, insurance & real estate	4,380	7,758	5,291	5,592	5,588	7,409	57,485	36,590	54,788	57,535
Hotels & lodging	47,099	49,549	50,785	49,903	45,977	46,138	6,216	40,700	61,259	39,086
Eating & drinking	52,651	55,556	57,899	57,630	60,374	61,449	40,264	64,841	75,435	76,545
Other services	94,786	89,795	87,532	97,141	117,976	142,379	217,759	159,745	231,532	144,977
<i>Total Services</i>	<i>198,916</i>	<i>202,658</i>	<i>201,507</i>	<i>210,266</i>	<i>229,915</i>	<i>257,375</i>	<i>321,724</i>	<i>301,876</i>	<i>423,014</i>	<i>318,142</i>
Wholesale trade	36,014	35,756	29,283	36,369	44,259	49,970	56,356	74,492	89,401	134,499
Agriculture	5,270	5,803	7,021	6,329	6,628	7,637	1,452	888	1,984	1,741
Mining	5,381	4,059	-	2,223	1,593	3,542	9,107	11,645	9,917	24,651
Construction	32,558	46,542	49,774	39,842	42,712	33,947	28,311	34,226	41,024	50,774
Manufacturing	22,444	16,654	27,078	36,291	45,786	34,757	36,919	32,115	66,033	40,960
Transp., comm & pub ut	51,120	49,400	55,537	56,278	72,266	71,202	6,067	5,670	22,316	21,613
Government	2,329	2,312	-	-	-	111	2,674	-	212	2,547
Nonclassifiable	3,940	1,679	-	-	-	223	-	-	-	-
<i>Total Other Industries</i>	<i>159,056</i>	<i>162,205</i>	<i>168,693</i>	<i>177,332</i>	<i>213,244</i>	<i>201,389</i>	<i>140,886</i>	<i>159,036</i>	<i>230,887</i>	<i>276,784</i>
All Industries	\$ 748,218	\$ 769,613	\$ 830,042	\$ 883,082	\$ 974,932	\$ 1,011,555	\$ 906,110	\$ 1,044,705	\$ 1,265,785	\$ 1,321,379

Source: Colorado Department of Revenue, Colorado County and City retail sales by standard industrial classification

* With the incorporation of the new North American Industrial Classification System (NAICS) categories in 2002, the Eating & Drinking Retail Trade is now included as Retail - Food & Beverage Stores (other classifications may also not be directly comparable)

Note: Decline in 2002 resulted from national/state recession, drought and wild fires in La Plata County

La Plata County, Colorado
Tourism and Miscellaneous Data
1996-2005

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Enplanements/Deplanements ¹										
Durango-La Plata County Airport	206,042	206,781	211,454	219,989	182,826	195,625	203,966	175,961 ⁷	191,267 ⁷	200,421
Passengers-Durango & ²										
Silverton Narrow Gauge RR	198,504	193,098	198,434	206,833	206,729	193,028	129,690 ⁶	161,774	167,096	165,057
Skier Days- Durango Mtn Resort ³	307,442	341,643	328,705	304,735	237,659	250,000	267,000	268,486	268,486	208,750 ⁸
Visitors-Mesa Verde Ntl Park. ⁴	633,628	648,596	623,510	656,023	471,084	530,540	411,399 ⁶	460,066	469,704	519,649
Sales Tax Revenues (in \$) ⁵	7,155,722	7,530,347	7,930,753	8,682,717	9,227,022	9,715,464	9,675,960 ⁶	10,044,453	11,099,304	11,558,412
% change	3.3	5.24	5.32	9.48	6.27	5.29	-0.41	3.81	10.50	4.14
Lodgers' Tax (in \$) ⁵	260,219	264,767	276,511	267,780	267,193	239,663	144,088 ⁶	151,723	168,988	166,360
% change	-0.69	1.75	4.44	-3.16	-0.22	-10.30	-39.88	5.30	10.96	-1.56

Sources: 1) Durango-La Plata County Airport

2) Durango & Silverton Narrow Gauge RR

3) Durango Mountain Resort

4) Mesa Verde National Park

5) State of Colorado Department of Revenue

6) Decline resulted from national/state economic recession and the drought and wild fires in La Plata County

7) Fewer flights flying into and out of Durango-La Plata County Airport

8) Very light snow season.

SINGLE AUDIT SECTION



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

May 25, 2006

Honorable Board of County Commissioners
La Plata County, Colorado

We have audited the basic financial statements of La Plata County, Colorado as of and for the year ended December 31, 2005, and have issued our report thereon dated May 25, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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



La Plata County, Colorado
May 25, 2006
Page Two

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

Chadwick, Steinkirchner, Davis & Co., P.C.



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

May 25, 2006

Honorable Board of County Commissioners
La Plata County, Colorado

Compliance

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

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Governmental 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 of the County's compliance with those requirements.

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



Honorable Board of County Commissioners
La Plata County, Colorado
Page Two

Internal Control Over Compliance

The management of La Plata County, Colorado 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.

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

Chadwick, Steinkirchner, Davis & Co., P.C.

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

May 25, 2006

Honorable Board of County Commissioners
La Plata County, Colorado

We have audited the basic financial statements of La Plata County, Colorado as of and for the year ended December 31, 2005, and have issued our report thereon dated May 25, 2006. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 opinion.

Our audit was conducted for the purpose of forming an opinion on the financial statements of La Plata County, Colorado taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information in this schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.

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

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
Department of Agriculture			
Passed through the Area Agency on Aging			
Nutrition Program for the Elderly	10.570		\$ 20,364
Passed through the Colorado Department of Human Services			
Food Assistance EBT	10.551		2,491,484
Food Assistance Administration	10.561		173,995
TEFAP-Administration	10.568		16,867
TANF-Commodities Received	10.569		41,836
Total Department of Agriculture			<u>2,744,546</u>
Department of Health and Human Services			
Passed through the Area Agency on Aging			
Title III-Special Programs for Aging-Supportive Services (B)	93.044		49,674
Title III-Special Programs for Aging-Nutrition Services	93.045		74,826
Passed through the Colorado Department of Human Services			
Family Preservation	93.556		101,909
TANF	93.558		932,436
Title IV-D, IV-D Administration	93.563		348,227
LEAP	93.568		282,562
CCDF Discretion	93.575		157,619
CCDF	93.596		279,254
Title IV-B, Child Welfare	93.645		18,218
Title IV-E, IV-E Foster Care	93.658		476,203
Adoption	93.659		112,716
Title XX, Block Grant	93.667		231,955
Title IV-E Independent Living	93.674		41,021
Title XIX, Medicaid	93.778		309,127
Passed through the Colorado Department of Regulatory Agencies			
Passed through Division of Insurance			
Special Programs for the Aging	93.041		3,735
Medical Assistance Program	93.778		3,705
Total Department of Health and Human Services			<u>3,423,187</u>
Department of Interior, Bureau of Reclamation			
Utility Relocation (CR 211 Realignment)	15.BBD 02-FC-40-6250		<u>6,250</u>

(Continued next page)

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

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
Department of Homeland Security			
Federal Emergency Management Agency			
Passed through the Area Agency on Aging			
FEMA Meals on Wheels	97.024		1,959
Passed through the Colorado Department of Local Affairs			
Emergency Management Assistance	83.552	2EM73934	30,567
Total Federal Emergency Management Agency			32,526
As a subrecipient of State of Colorado, Homeland Security			
Passed through Durango Fire and Rescue Authority			
2003 Homeland Security - Part II	16.007		22,059
Total Department of Homeland Security			54,585
Department of Housing and Urban Development			
Passed through the Colorado Department of Local Affairs			
Community Development Block Grant-Region 9 Revolving Loan Fund	14.219	F8CDB98791	765,420
Total Department of Housing and Urban Development			765,420
Department of Justice			
Office of Justice Programs			
Passed through the Colorado Department of Public Safety			
Sixth Judicial District-Victim's Compensation	16.576		81,217
Total Department of Justice			81,217
Other Federal Assistance			
Office of National Drug Control Policy, Dept of Treasury, Dept of Justice			
HIDTA Funding	None	ISPRMP585	190,643
Forest Service Reserves	10.665		108,693
Total Other Federal Assistance			299,336
Total Federal Assistance			\$ 7,407,067

Notes to Schedule:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of La Plata County Colorado and the Sixth Judicial District. The information is presented in accordance with the requirements of Office of Management and Budget Circular A-133. Expenditures have been recognized using the modified accrual basis of accounting.

Some amounts presented may differ from amounts reported in, or used in the preparation of the financial statements.

La Plata County, Colorado

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2005

I - Summary of Auditor Results

- An unqualified opinion was issued on the County's Basic Financial Statements as of and for the year ended December 31, 2005.
- The audit did not disclose any noncompliance, which is material to the basic financial statements of the County.
- An unqualified opinion was issued on the County's compliance for major programs.
- The audit did not disclose any audit findings, which the auditor is required to report under OMB Circular A-133 Section - .510(a).
- Major programs for the year ended December 31, 2005 were:
 - Food Assistance Cluster CFDA #10.551/10.561
 - TANF CFDA #93.558
 - CCDF Cluster CFDA #93.575/93.596
 - Title XIX, Medicaid CFDA #93.778
- A \$300,000 threshold was used to distinguish between Type A and Type B programs.
- The County qualified as a low-risk auditee under OMB Circular A-133 Section .530.

II - Findings under Generally Accepted Government Auditing Standards (GAGAS)

- There are no findings required to be reported in accordance with GAGAS.

III - Findings and questioned costs under OMB Circular A-133

- There are no findings or questioned costs for Federal awards as defined in OMB Circular A-133 Section .510(a).

La Plata County, Colorado

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended December 31, 2005

There were no prior year audit findings or questioned costs.