

Garfield County, Colorado

Financial Report

December 31, 2004

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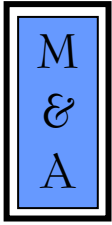
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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners Garfield County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Garfield County, Colorado (the "County"), as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2005, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grants. That report is an integral part of and audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Performing services for local governments throughout Colorado

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National and Colorado Government Finance Officers Association/Colorado Municipal League

*Board of County Commissioners
Garfield County, Colorado*

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

McMahan and Associates, LLC.

McMahan and Associates, L.L.C.
March 11, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of Garfield County's (the County) annual financial report, the County's management is pleased to provide this narrative discussion and analysis of the financial activities of the County for the calendar year ended December 31, 2004. 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 \$56,924,241 (net assets) for the calendar year reported. Net assets increased by \$5,000,827 or 9.63% over 2003.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$28,729,452 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets. Capital assets increase by \$3,420,402 or 7.45% over 2003.
 - (2) Net assets of \$17,430,984 are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net assets of \$10,763,805 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 \$24,713,594 this year. This compares to the prior year ending fund balance of \$24,312,908 showing an increase of \$400,686 or 2% during 2004.
- At the end of the current calendar year, unreserved fund balance for the General Fund was \$7,282,610, or 38.3% of total General Fund expenditures. This compares to the prior year ending unreserved fund balance of \$6,309,519 showing an increase of 973,091 or 13.36% during 2004.
- Overall, the County continues to maintain a strong financial position, in spite of a somewhat depressed economy.

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

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the County's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The County also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

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

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

non-financial factors such as diversification of the taxpayer base or the condition of County infrastructure, in addition to the financial information provided in this report.

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

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

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

Fund Financial Statements

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

The County has three kinds of funds:

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the County's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund the road and bridge fund and the social services fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the County's adopted and final revised budget. As discussed, the County reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page F9 of this report.

Financial Analysis of the County as a Whole

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

The County's net assets at calendar year-end are \$56,924,241. The following table provides a summary of the County's net assets:

	Summary of Net Assets					
	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Assets:						
Current assets	\$ 45,746,833	\$ 40,116,079	\$ 3,293,025	\$ 2,339,526	\$ 49,039,858	\$ 42,455,605
Capital assets	48,692,424	45,280,876	612,028	603,174	49,304,452	45,884,050
Total assets	<u>94,439,257</u>	<u>85,396,955</u>	<u>3,905,053</u>	<u>2,942,700</u>	<u>98,344,310</u>	<u>88,339,655</u>
Liabilities:						
Current liabilities	20,330,455	14,874,556	25,470	24,502	20,355,925	14,899,058
Long-term liabilities	20,846,146	21,321,719	217,999	195,464	21,064,145	21,517,183
Total liabilities	<u>41,176,601</u>	<u>36,196,275</u>	<u>243,469</u>	<u>219,966</u>	<u>41,420,070</u>	<u>36,416,241</u>
Net assets:						
Invested in capital assets, net of debt	28,117,424	24,230,876	612,028	603,174	28,729,452	24,834,050
Restricted	17,430,984	17,894,030	-	-	17,430,984	17,894,030
Unrestricted	7,714,249	7,075,774	3,049,556	2,119,560	10,763,805	9,195,334
Total net assets	<u>\$ 53,262,657</u>	<u>\$ 49,200,680</u>	<u>\$ 3,661,584</u>	<u>\$ 2,722,734</u>	<u>\$ 56,924,241</u>	<u>\$ 51,923,414</u>

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 2.3 to 1 and 129.3 to 1 for business type activities. For the County overall, the current ratio is 2.4 to 1. These ratios are strong.

The County reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$4,061,977 for governmental activities and by \$938,850 for business-type activities. The County's overall financial position improved during calendar year 2004.

Note that approximately 53% of the governmental activities' net assets are tied up in capital. The County uses these capital assets to provide services to its citizens. However, with business type activities, the County has spent approximately 17% of its net assets on capital. Capital assets in the business-type activities also generate revenues for this fund. Fifty% of the County's total net assets are included in capital assets.

Changes in Net Assets. Governmental and business-type activities increased the County's net assets by \$2,329,139 or 4.27%. The following table provides a summary of the County's changes in net assets for governmental and business-type activities in 2003 and 2004:

	Summary of Changes in Net Assets					
	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	Activities	Activities
	2004	2003	2004	2003	2003	2004
Revenues:						
Program:						
Charges for services	\$ 4,750,469	\$ 5,437,737	\$ 1,448,091	1,067,865	\$ 6,198,560	\$ 6,505,602
Operating grants	15,503,101	14,861,056	-	-	15,503,101	14,861,056
Capital grants	1,875,910	364,798	-	-	1,875,910	364,798
General:						
Taxes	19,010,387	18,523,830	-	-	19,010,387	18,523,830
Other	1,012,646	1,390,082	-	-	1,012,646	1,390,082
Total revenues	42,152,513	40,577,503	1,448,091	1,067,865	43,600,604	41,645,368
Program Expenses:						
General government	9,336,872	7,934,545	-	-	9,336,872	7,934,545
Public safety	9,602,933	8,366,927	-	-	9,602,933	8,366,927
Public works	4,572,600	5,793,354	-	-	4,572,600	5,793,354
Health and welfare	11,199,914	11,051,020	-	-	11,199,914	11,051,020
Culture and recreation	2,289,927	1,987,995	-	-	2,289,927	1,987,995
Interest	1,088,290	1,116,720	-	-	1,088,290	1,116,720
Solid waste	-	-	509,241	444,914	509,241	444,914
Total expenses	38,090,536	36,250,561	509,241	444,914	38,599,777	36,695,475
Excess (deficiency)	4,061,977	4,326,942	938,850	622,951	5,000,827	4,949,893
Transfers	-	100,000	-	(100,000)	-	-
Change in net assets	4,061,977	4,426,942	938,850	522,951	5,000,827	4,949,893
Beginning net assets	49,200,680	44,773,738	2,722,734	2,199,783	51,923,414	46,973,521
Ending net assets	\$ 53,262,657	\$ 49,200,680	\$ 3,661,584	\$ 2,722,734	\$ 56,924,241	\$ 51,923,414

GOVERNMENTAL REVENUES

The County is heavily reliant on intergovernmental revenue, property taxes, and sales taxes to support governmental operations and capital. Intergovernmental revenue provided 41.2% of the County's total governmental revenues. \$9.0 million of this revenue relates to social services programs. Property taxes are the second largest revenue source with over \$12 million of revenues or 29.4% of the total. Sales Taxes are the third largest revenue source of governmental revenues with over \$5 million or 12% of the total. Because of the County's healthy financial position, we have been able to earn \$601,995 in interest earnings to support governmental activities. Also, note that program revenues cover 58% of governmental operating expenses. This is a very high percentage and again relates to the social services grants. This means that the government's taxpayers and the County's other general governmental revenues fund 42% 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 health and welfare, public safety and the general government functions make up approximately three-fourths of the total governmental activities expenses. Health and welfare leads the costs with over 29% of the total governmental activities 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

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	9,336,872	\$ 3,851,567
Public safety	9,602,933	8,260,335
Public works	4,572,600	(518,525)
Health and welfare	11,199,914	1,356,282
Culture and recreation	2,289,927	1,923,107
Interest	<u>1,088,290</u>	<u>1,088,290</u>
Total	<u>\$ 38,090,536</u>	<u>\$ 15,961,056</u>

After reducing gross expenses by program revenues, the health and safety function totals 8.5% of the net cost of services and general government totals 24% of these costs. Note that the percentage of total net cost of public safety is 51.8%. This percentage indicates that most of the public safety costs are funded locally.

BUSINESS-TYPE ACTIVITIES Revenues vs. Costs

The only enterprise fund is the County's solid waste management program. The operating revenues for the solid waste management fund were 35.6% more than 2003 and operating expenses 12.6% higher than 2003. The operating revenue increased again this year because, in addition to increased overall usage, three major waste/disposal companies, two from Aspen and the Waste Management Company continued to dump exclusively at the County landfill.

This fund reported operating income of \$1.4 million. These amounts compare favorably over 2003, which reported an operating income of \$1.1 million and increase in net assets of \$939,130.

Brief Analysis of the County's Governmental Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$24,713,594. Of this year-end total, \$18,149,204 is unreserved indicating availability for continuing County service requirements. Legally restricted fund balances (i.e., the reserved fund balances) includes: \$89,751 committed to inventories, \$978,735 committed to emergencies and \$5,495,904 committed to capital projects.

The total ending fund balances of governmental funds show an increase of \$400,686 over 2003 or a 2% increase.

Major Governmental Funds

The General Fund is the County's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by over \$973 thousand or 15.4%. Total revenues increased by 12.2% over 2003. Specifically, General Fund property taxes revenue increased 27.2% over the prior year. This was primarily due to reevaluation of oil and gas property, and personal property in the County. General fund sales taxes increased 6.8% over calendar 2003. This increase resulted from an overall improved economy in the County in 2004. We experienced a relatively healthy hunting, skiing and tourist season in 2004.

General Fund expenditures increase by 4.8% over 2003 due to generally increased costs of goods and services. The general government functions costs increased about \$732 thousand, public works functions increased about \$110 thousand, culture and recreation functions increased about \$23 thousand, while the costs for health and welfare functions decreased by \$119 thousand.

The Road and Bridge Fund's fund balance increased \$15 thousand and still maintains a strong fund balance of \$7.8 million to be used for future road and bridge construction and maintenance. Total revenues in this fund increased by 7.3 % due, in part, to increased oil and gas activity, an Encana Grant and a DOLA grant for Airport Road. Total Road and Bridge Fund expenditures increased by 29.2% over 2003. 2004 expenditures were impacted heavily by the rebuilding and expansion of Airport Road.

The Social Services Fund provides social services to the County's residents. This fund balance grew from \$617 thousand in 2003 to \$1.3 million in 2004. Total revenues grew by 4.7% and total expenditures dropped by 1.4% compared with 2003.

The Capital Expenditures Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities and capital projects. This fund balance dropped from \$6.6 million in 2003 to \$5.5 million in 2004, or a 17.1% decrease. The fund balance in the Capital Expenditures Fund dropped from \$6.6 million in 2003 to \$5.5 million in 2004. This was due to a decrease in overall revenues, especially in property tax revenues that were allocated to other funds. In addition to increase expenditures related to public works functions, particularly with expenditures related to the build out at the fairgrounds event center, the LOVA trail, and improvements at the airport. Also, the culture and recreation function expenses increased due to the expansion of the Battlement Mesa/Parachute library branch.

General Fund Budgetary Highlights

The General Fund received 107% of estimated revenue. Total taxes realized were \$234 thousand over budget and total fees and charges received were \$285 thousand over budget.

The expenditure side of the original budget for the General Fund was revised approximately \$147 thousand or less than 1% this year. The County spent only 85.4% of the total county authorized budget.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets, net of accumulated depreciation, for governmental (i.e., including the motor pool fund) and business-type activities as of December 31, 2004, was \$48,692,424 and \$612,028 respectively. The total increase in this net investment was 7% for governmental activities and a 1% increase for business-type activities. The overall increase was 7% for the County as a whole. 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.

	Capital Assets					
	Governmental Activities		Business Activities		Total	
	2004	2003	2004	2003	2004	2003
Non-depreciable assets:						
Land	\$ 8,707,250	\$ 8,707,250	\$ 2,596	\$ 2,596	\$ 8,709,846	\$ 8,709,846
Depreciable assets:						
Land improvements	3,054,229	650,100	-	-	3,054,229	650,100
Buildings	38,932,087	37,779,339	91,048	91,048	39,023,135	37,870,387
Building improvements	322,195	237,920	-	-	322,195	237,920
Machinery and equipment	14,317,354	13,486,413	787,896	735,829	15,105,250	14,222,242
Infrastructure	965,866	42,345	-	-	965,866	42,345
Total depreciable assets	57,591,731	52,196,117	878,944	826,877	58,470,675	53,022,994
Less accumulated depreciation	17,606,557	12,950,803	269,512	226,299	17,876,069	13,177,102
Book value - depreciable assets	39,985,174	39,245,314	609,432	600,578	40,594,606	39,845,892
Percentage depreciated	31%	25%	31%	27%	31%	25%
Book value - all assets	\$ 48,692,424	\$ 47,952,564	\$ 612,028	\$ 603,174	\$ 49,304,452	\$ 48,555,738

At December 31, 2004, the depreciable capital assets for governmental activities were 29% depreciated. This compares with 25% to the December 31, 2003 percentage. This comparison indicates that the County replaced its governmental activities at a greater amount than the 2004 depreciation expense.

With the County's business type activities, 31% of the asset values were depreciated at December 31, 2004 compared to 27% at December 31, 2003. During calendar 2003, the County replaced its business-type activities capital asset at a greater amount than the 2003 depreciation expense.

Long-term Debt

During 2003, the County retired \$475,000 in certificates of participation.

	Outstanding Borrowings						% Change
	Governmental Activities		Business-type Activities		Totals		
	2004	2003	2004	2003	2004	2003	
Certificates of participation	\$ 20,575,000	\$ 21,050,000	\$ -	\$ -	\$ 20,575,000	\$ 21,050,000	-2%
Landfill closure and post closure care	-	-	204,985	186,653	204,985	186,653	10%
Compensated absences	928,365	761,958	16,267	11,014	944,632	772,972	22%
Total	<u>\$ 21,503,365</u>	<u>\$ 21,811,958</u>	<u>\$ 221,252</u>	<u>\$ 197,667</u>	<u>\$ 21,724,617</u>	<u>\$ 22,009,625</u>	-1%

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

Economic Conditions Affecting the County

The County is located on the Western slope of Colorado. The population is approximately 50,000 people and is expected to reach 120,000 by 2020. The county seat is Glenwood Springs, Colorado. Primary industries are tourism, gas exploration, coal mining, ranching and agriculture. The county is the size of Delaware and Rhode Island combined and covers an area of approximately 3,000 square miles. Roughly, 60% of that land is federally owned.

The County is the 83rd fastest growing county in the United States. This year, sales tax receipts have increased over last year by 5.9% and property taxes by 2.6%. We see continued gains in tax receipts across the board for 2005. In addition, net assets increased over last year by 8.8% and capital assets by 4.3%. Fund balances for the county are at the highest-level ever-recorded (\$30.1 million combined) and the critical General Fund balance is projected to be \$7.7 million by 12/31/05.

The county has embarked upon an ambitious infrastructure improvement program including the construction of six new facilities, renovation of three existing facilities, and is currently constructing a seventh new facility (a new human services building in Rifle, Colorado valued at \$2.8 million). In addition, we have identified the airport and the surrounding area as the target for economic development in the western end of the county. A cornerstone of that development is the complete upgrade of the airport runway to encourage large jet traffic into the area. Plans are to complete this \$22 million FAA sanctioned project in 2009.

The county is experiencing unprecedented development of oil and gas reserves. Currently, there are over 3,000 gas wells in operation in the county and the expectation is that 1,000 new wells will be drilled each year in the near future. This results in enormous economic benefit to the county that must be balanced by the impacts to local residents and the environment. The County is taking a leadership role in attempting to mitigate the adverse impacts of gas drilling on residents.

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

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the County Finance Director at 108 8th Street, Suite 110, Glenwood Springs, Colorado, 81601. The telephone is 970/945-7284, extension 1310 and the email is address is phernandez@garfield-county.com.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Garfield County, Colorado
Statement of Net Assets
December 31, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Equity in pooled cash and investments	\$ 24,289,923	\$ 3,007,339	\$ 27,297,262
Other cash and investments	2,247,414	250	2,247,664
Receivables:			
Accounts	120,856	185,582	306,438
Property taxes	17,109,720	-	17,109,720
Intergovernmental	1,989,023	-	1,989,023
Internal	(99,854)	99,854	-
Inventory	89,751	-	89,751
Capital Assets			
Nondepreciable capital assets	8,707,250	2,596	8,709,846
Depreciable capital assets, net	39,985,174	609,432	40,594,606
Total Assets	94,439,257	3,905,053	98,344,310
Liabilities			
Current Liabilities			
Accounts payable	861,615	13,542	875,157
Accrued expenses	400,337	8,675	409,012
Other payables	306,945	-	306,945
Accrued interest payable	116,011	-	116,011
Unearned revenue	17,938,456	-	17,938,456
Compensated absences payable	232,091	3,253	235,344
Certificates of participation payable, current portion	475,000	-	475,000
Long-term Liabilities:			
Compensated absences payable (net of current portion)	746,146	13,014	759,160
Landfill closure and postclosure care	-	204,985	204,985
Certificates of participation payable (net of current portion)	20,100,000	-	20,100,000
Total Liabilities	41,176,601	243,469	41,420,070
Net Assets			
Invested in capital assets, net of related debt	28,117,424	612,028	28,729,452
Restricted for:			
Capital projects	5,847,658	-	5,847,658
Emergency purposes	978,735	-	978,735
Road and bridges	7,782,491	-	7,782,491
Social services	1,346,955	-	1,346,955
Library operations	773,479	-	773,479
Other program purposes	701,666	-	701,666
Unrestricted	7,714,249	3,049,556	10,763,805
Total Net Assets	\$ 53,262,657	\$ 3,661,584	\$ 56,924,241

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

Garfield County, Colorado
Statement of Activities
For the Year Ended December 31, 2004

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 9,336,872	\$ 3,070,969	\$ 2,414,336	\$ -	\$ (3,851,567)	\$ -	\$ (3,851,567)
Public safety	9,602,933	1,040,246	302,352	-	(8,260,335)	-	(8,260,335)
Public works	4,572,600	417,343	2,951,592	1,722,190	518,525	-	518,525
Health and welfare	11,199,914	174,669	9,668,963	-	(1,356,282)	-	(1,356,282)
Culture and recreation	2,289,927	47,242	165,858	153,720	(1,923,107)	-	(1,923,107)
Interest	1,088,290	-	-	-	(1,088,290)	-	(1,088,290)
Total Governmental Activities	38,090,536	4,750,469	15,503,101	1,875,910	(15,961,056)	-	(15,961,056)
Business-type Activities:							
Solid waste	509,241	1,448,091	-	-	-	938,850	938,850
Total	\$ 38,599,777	\$ 6,198,560	\$ 15,503,101	\$ 1,875,910	(15,961,056)	938,850	(15,022,206)
			General Revenues				
			Property taxes levied for general government purposes		12,393,801	-	12,393,801
			Sales taxes		5,078,295	-	5,078,295
			Specific ownership taxes		1,472,486	-	1,472,486
			Other taxes		65,805	-	65,805
			Gain (loss) on sale of capital assets		(3,418)	-	(3,418)
			Investment earnings		601,995	-	601,995
			Miscellaneous		414,069	-	414,069
			Total General Revenues		20,023,033	-	20,023,033
			Change in Net Assets		4,061,977	938,850	5,000,827
			Net Assets Beginning of Year - (Restated)		49,200,680	2,722,734	51,923,414
			Net Assets End of Year		\$ 53,262,657	\$ 3,661,584	\$ 56,924,241

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

FUND FINANCIAL STATEMENTS

Garfield County, Colorado
Balance Sheet
Governmental Funds
December 31, 2004

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Capital Expenditures</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in pooled cash and investments	\$ 7,306,794	\$ 7,218,414	\$ 1,933,232	\$ 3,618,211	2,695,622	\$ 22,772,273
Other cash and investments	319,515	-	24,743	1,903,006	150	2,247,414
Receivables:						
Accounts	-	-	54,460	12,422	53,974	120,856
Property taxes	12,909,340	1,090,010	1,255,685	1,308,424	546,261	17,109,720
Intergovernmental	519,070	838,001	296,047	-	335,905	1,989,023
Interfund	263,549	829	1,084	-	205,039	470,501
Inventory	-	89,751	-	-	-	89,751
Total Assets	<u>\$ 21,318,268</u>	<u>\$ 9,237,005</u>	<u>\$ 3,565,251</u>	<u>\$ 6,842,063</u>	<u>\$ 3,836,951</u>	<u>\$ 44,799,538</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 382,765	\$ 306,479	\$ 69,593	\$ 33,653	\$ 49,704	\$ 842,194
Accrued expenditures	258,767	49,458	58,088	-	29,418	395,731
TIF payable	306,945	-	-	-	-	306,945
Interfund payable	177,841	8,567	6,194	4,082	405,934	602,618
Deferred revenue	12,909,340	1,090,010	2,084,421	1,308,424	546,261	17,938,456
Total Liabilities	<u>14,035,658</u>	<u>1,454,514</u>	<u>2,218,296</u>	<u>1,346,159</u>	<u>1,031,317</u>	<u>20,085,944</u>
Fund Balances						
Reserved for:						
Inventory	-	89,751	-	-	-	89,751
Capital projects	-	-	-	5,495,904	-	5,495,904
Emergencies	-	-	-	-	978,735	978,735
Unreserved:						
Undesignated, reported in:						
General Fund	7,282,610	-	-	-	-	7,282,610
Special revenue funds	-	7,692,740	1,346,955	-	1,826,899	10,866,594
Total Fund Balances	<u>7,282,610</u>	<u>7,782,491</u>	<u>1,346,955</u>	<u>5,495,904</u>	<u>2,805,634</u>	<u>24,713,594</u>
Total Liabilities and Fund Balances	<u>\$ 21,318,268</u>	<u>\$ 9,237,005</u>	<u>\$ 3,565,251</u>	<u>\$ 6,842,063</u>	<u>\$ 3,836,951</u>	<u>\$ 44,799,538</u>

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

Garfield County, Colorado
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2004

Total Governmental Fund Balances	\$	24,713,594
 Amounts reported for governmental activities in the Statement of Net Assets are different because:		
 Capital assets used in governmental activities (excluding the Motor Pool Fund) are not financial resources and therefore not reported in the funds. However, in the Statement of Net Assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense:		
Cost of capital assets	\$ 64,248,004	
Less accumulated depreciation	<u>(16,053,453)</u>	48,194,551
 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	\$ 602,618	
Interfund payables	<u>(602,618)</u>	-
 An internal service fund is used by management to charge the costs of the motor pool to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets.		
		2,023,759
 Liabilities, including certificates of participation, compensated absences and interest are not due and payable in the current period and therefore are not reported in the funds but are reported in the government-wide Statement of Net Assets:		
Certificates of participation	\$ (20,575,000)	
Compensated absences	(978,237)	
Accrued interest	<u>(116,010)</u>	<u>(21,669,247)</u>
 Net Assets of Governmental Activities	 \$	 <u><u>53,262,657</u></u>

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

Garfield County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Capital Expenditure</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Property taxes	\$ 9,321,573	\$ 446,710	\$ 1,269,589	\$ 1,000,860	\$ 355,069	\$ 12,393,801
Sales taxes	1,328,450	1,961,417	-	-	1,788,428	5,078,295
Specific ownership taxes	1,108,223	53,716	148,602	119,034	42,911	1,472,486
Other taxes	65,805	-	-	-	-	65,805
Intergovernmental	3,280,752	3,920,292	9,040,841	463,983	422,540	17,128,408
Licenses and permits	15,216	344,154	-	-	-	359,370
Charges for services	4,240,940	-	-	78,065	230,366	4,549,371
Fines and forfeitures	28,273	-	-	-	-	28,273
Contributions and donations	-	-	-	-	52,463	52,463
Investment earnings	421,191	-	31,354	129,657	19,793	601,995
Miscellaneous	220,942	6,741	17,442	293	180,245	425,663
Total Revenues	<u>20,031,365</u>	<u>6,733,030</u>	<u>10,507,828</u>	<u>1,791,892</u>	<u>3,091,815</u>	<u>42,155,930</u>
Expenditures						
Current						
General government	8,268,702	8,239	16,260	629,006	188,476	9,110,683
Public safety	9,015,488	-	-	28,700	241,483	9,285,671
Public works	358,120	6,714,074	-	313,523	387,736	7,773,453
Health and welfare	1,136,851	-	9,762,160	238,474	118,181	11,255,666
Culture and recreation	230,319	-	-	147,993	2,391,549	2,769,861
Debt Service						
Principal retirement	-	-	-	475,000	-	475,000
Interest and fiscal charges	-	-	-	1,090,616	-	1,090,616
Total Expenditures	<u>19,009,480</u>	<u>6,722,313</u>	<u>9,778,420</u>	<u>2,923,312</u>	<u>3,327,425</u>	<u>41,760,950</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,021,885</u>	<u>10,717</u>	<u>729,408</u>	<u>(1,131,420)</u>	<u>(235,610)</u>	<u>394,980</u>
Other Financing Sources (Uses)						
Sale of capital assets	1,206	4,500	-	-	-	5,706
Transfers in	-	-	-	-	173,000	173,000
Transfers out	(50,000)	-	-	-	(123,000)	(173,000)
Total Other Financing Sources (Uses)	<u>(48,794)</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>5,706</u>
Net Change in Fund Balances	973,091	15,217	729,408	(1,131,420)	(185,610)	400,686
Fund Balances Beginning of Year	<u>6,309,519</u>	<u>7,767,274</u>	<u>617,547</u>	<u>6,627,324</u>	<u>2,991,244</u>	<u>24,312,908</u>
Fund Balances End of Year	<u>\$ 7,282,610</u>	<u>\$ 7,782,491</u>	<u>\$ 1,346,955</u>	<u>\$ 5,495,904</u>	<u>\$ 2,805,634</u>	<u>\$ 24,713,594</u>

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

Garfield County, Colorado
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2004

Net Changes In Fund Balances - Total Governmental Funds	\$	400,686
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	\$ (1,933,110)	
Capital outlay	<u>5,255,460</u>	3,322,350
The cost of capital assets sold is not reported on the governmental operating statement but is reported on the government-wide Statement of Activities		(9,123)
Elimination of transfers between governmental funds:		
Transfers in	\$ 173,000	
Transfers out	<u>(173,000)</u>	-
The internal service fund, used by management to charge the costs of the motor pool to individual funds, is not reported in the government-wide Statement of Activities. Governmental fund expenditures are reduced and the related internal service fund profit is eliminated.		87,017
Interest expense reported in the Statement of Activities does not require the use of current financial resources and therefore, is not reported as expenditures in governmental funds.		
Liability @ 12/31/04	\$ (116,011)	
Liability @ 12/31/03	<u>118,337</u>	2,326
Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		475,000
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 @ 12/31/04	\$ (978,237)	
Liability @ 12/31/03	<u>761,958</u>	<u>(216,279)</u>
Change In Net Assets of Governmental Activities	\$	<u>4,061,977</u>

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

Garfield County, Colorado
Statement of Net Assets
Proprietary Funds
December 31, 2004

	Business-type Activities Enterprise Fund	Governmental Activities - Internal Service Fund
Assets		
Current Assets		
Equity in pooled cash and investments	\$ 3,007,339	\$ 1,517,650
Other cash and investments	250	-
Receivables:		
Accounts	185,582	-
Interfund	99,854	70,904
Total Current Assets	3,293,025	1,588,554
Non-Current Assets		
Capital Assets:		
Land	2,596	-
Depreciable capital assets, net	609,432	497,873
Total Non-Current Assets	612,028	497,873
Total Assets	3,905,053	2,086,427
Liabilities		
Current Liabilities		
Accounts payable	13,542	19,421
Accrued salaries and wages	8,675	4,606
Interfund payable	-	38,641
Compensated absences payable	3,253	-
Total Current Liabilities	25,470	62,668
Long-term Liabilities		
Compensated absences payable (net of current portion)	13,014	-
Landfill closure and postclosure care	204,985	-
Total Long-term Liabilities	217,999	-
Total Liabilities	243,469	62,668
Net Assets		
Invested in capital assets	612,028	497,873
Unrestricted	3,049,556	1,525,886
Total Net Assets	\$ 3,661,584	\$ 2,023,759

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

Garfield County, Colorado
Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004

	Business-type Activities Enterprise Fund	Governmental Activities - Internal Service Fund
Operating Revenues		
Charges for services	\$ 1,446,919	\$ 810,777
Miscellaneous	1,172	14,882
Total Operating Revenues	<u>1,448,091</u>	<u>825,659</u>
Operating Expenses		
Personal services	219,854	97,578
Purchased services	118,419	80,902
Materials and supplies	63,358	240,304
Depreciation	80,647	281,919
Other	26,963	37,940
Total Operating Expenses	<u>509,241</u>	<u>738,643</u>
Operating Income	938,850	87,016
Non-Operating Revenues		
Gain on sale of capital assets	-	6,975
Income Before Capital Contributions and Transfers In	938,850	93,991
Capital contributions	-	82,965
Change in Net Assets	938,850	176,956
Net Assets Beginning of Year	<u>2,722,734</u>	<u>1,846,803</u>
Net Assets End of Year	<u>\$ 3,661,584</u>	<u>\$ 2,023,759</u>

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

Garfield County, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004

	Business-type Activities Enterprise Fund	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities		
Cash received from customers	\$ 1,420,815	\$ 812,898
Cash received from other sources	1,172	14,882
Cash payments personal services	(212,299)	(94,016)
Cash payments for goods and services	(192,792)	(355,070)
Net Cash Provided by Operating Activities	<u>1,016,896</u>	<u>378,694</u>
Cash Flows from Non-Capital Financing Activities		
Transfers in (out)	(100,702)	164,543
Cash Flows from Capital and Related Financing Activities		
Proceeds from the sale of capital assets	-	6,975
Payments for capital acquisitions	(89,501)	(175,650)
Net Cash (Used in) Capital and Related Financing Activities	<u>(89,501)</u>	<u>(168,675)</u>
Net Increase in Cash and Cash Equivalents	826,693	374,562
Cash and Cash Equivalents Beginning of Year	<u>2,180,896</u>	<u>1,143,088</u>
Cash and Cash Equivalents End of Year	<u>\$ 3,007,589</u>	<u>\$ 1,517,650</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 938,850	\$ 87,016
Adjustments		
Depreciation	80,647	281,919
(Increase) Decrease in Assets		
Accounts receivable	(26,104)	2,121
Increase (Decrease) in Liabilities		
Accounts payable	(2,384)	4,076
Accrued expenses	2,302	3,562
Compensated absences payable	5,253	-
Landfill closure and postclosure care	18,332	-
Net Cash Provided by Operating Activities	<u>\$ 1,016,896</u>	<u>\$ 378,694</u>
Non-Cash Capital Items		
Capital Assets Contributed	<u>\$ -</u>	<u>\$ 82,965</u>

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

Garfield County, Colorado
Comparative Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Cash and investments	<u>\$ 2,935,611</u>	<u>\$ 2,403,995</u>
Liabilities		
Due to other governments	<u>\$ 2,935,611</u>	<u>\$ 2,403,995</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

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Garfield County, Colorado
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For the Year Ended December 31, 2004

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

Note 1 - Summary of Significant Accounting Policies

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

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

1-A. Reporting Entity

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

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

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

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

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

Garfield County, Colorado
Notes to the Basic Financial Statements
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1-B. Basis of Presentation

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

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

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

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

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

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

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

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

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

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.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004
(Continued)

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

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

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

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

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

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

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

1-C. Measurement Focus

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

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

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

1-D. Basis of Accounting

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

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004
(Continued)

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

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

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

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

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

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

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

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

1-E. Assets, Liabilities and Fund Equity

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

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

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

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004
(Continued)

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

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

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

1-E-2 Receivables

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

1-E-3 Interfund Balances

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

1-E-4 Consumable Inventories

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

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

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

1-E-6 Capital Assets

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

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004
(Continued)

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

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

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

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

1-E-7 Compensated Absences

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

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

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

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

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

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

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

On the government-wide Statement of Net Assets and the proprietary fund type Statement of Net Assets, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type Statement of Activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004
(Continued)

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure.

1-E-10 Fund Equity

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

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

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

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

1-E-11 Operating Revenues and Expenses

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

1-E-12 Contributions of Capital

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

1-E-13 Interfund Activity

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

Transfers between governmental and business-type activities on the government-wide Statement of Activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

1-E-14 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Garfield County, Colorado
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For the Year Ended December 31, 2004
(Continued)

1-E-15 Comparative Data

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

Note 2 – Changes in Accounting Principles, Restatement of Equity Balances

2-A. Restatement of Equity Balances

The December 31, 2003 government-wide net assets balances have been restated to adjust for an error in calculating depreciation on the County's vehicle. Additionally the Social Services and Conservation Trust Funds' balances have been restated to reflect changes in accounts receivable on each fund. The balances were changed as follows:

Asset Class	December 31, 2003	Restatement	January 1, 2004
Conservation Trust	\$ 326,717	\$ (37,849)	\$ 288,868
Social Services	791,263	(173,716)	617,547
Government-wide Net Assets	54,595,102	(2,671,688)	51,923,414
Total	<u>\$ 55,713,082</u>	<u>\$ (2,883,253)</u>	<u>\$ 52,829,829</u>

Note 3 – Stewardship, Compliance and Accountability

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

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the individual fund level. Any change in total to a fund requires approval of the County Commissioners. Also, any transfer of appropriations within a fund requires the approval of the County Commissioners. The County approved monthly changes to budgeted appropriations every month during 2004 with the final supplemental appropriation being approved in January 2005.

All unexpended annual appropriations lapse at year-end.

Note 4 – Detailed Notes in All Funds

4-A. Deposits and Investments

Deposits – The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The bank balance is classified into three categories of credit risk: 1) cash that is insured or collateralized with securities held by the County or by its agent in its name, 2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the County's name, and 3) uncollateralized bank accounts including any bank balance that is collateralized with securities held by the pledging institution's trust department or agent but not in the County's name.

At year end, the carrying amount of the County's deposits was \$14,756,442 and the bank balance was \$15,540,928. Of the bank balance, \$300,000 was covered by federal depository insurance and \$15,240,928 was collateralized in accordance with the Colorado Public Deposit Protection Act (i.e., category 2).

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004
(Continued)

Investments – The County's investments are categorized below to give an indication of the level of security assumed at year end.

- Category 1 - Investments that are insured or registered or for which the securities are held by the County or its agent in the County's name.
- Category 2 - Uninsured and unregistered investments for which the securities are held by the counter party's agent in the County's name.
- Category 3 - Uninsured and unregistered investments for which the securities are held by the counter party or agent, but not in the County's name.

	Category			Fair Value
	1	2	3	/Carrying Amount
Federal National Mortgage Assn.	\$ 5,500,000	\$ -	\$ -	\$ 5,500,000
U.S. Treasury Notes	2,000,000	-	-	2,000,000
Federal Home Loan Obligations	8,000,000	-	-	8,000,000
Bank Repurchase Agreement	-	-	1,903,006	1,903,006
Total	<u>\$ 15,500,000</u>	<u>\$ -</u>	<u>\$ 1,903,006</u>	<u>\$ 17,403,006</u>

In addition, the County had invested \$321,089 in Colorado Government Liquid Asset Trust (“COLOTRUST”), the Colorado Surplus Asset Fund Trust (“C-SAFE”), and the Financial Investors Trust (“FIT”). These trusts are investment vehicles established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The Trusts operate similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank provides safekeeping and depository services to each Trust in connection with the direct investment and withdrawal functions of the Trust.

All securities owned by the Trusts are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the Trusts. Investments of the Trusts consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. The repurchase agreements have collateral in the amount of \$1,903,066.

Cash & Investment Reconciliation:

	Cash and Cash Equivalents	Classification	Amount
Fund Reporting Level:			
Governmental Funds - Balance Sheet	\$ 26,537,337	Deposits	\$ 14,756,442
Proprietary Fund Type Statement of Net Assets	3,007,589	Categorized Investments	17,403,006
Statement of Fiduciary Assets and Liabilities	<u>2,935,611</u>	Non-categorized Investments	<u>321,089</u>
Total	<u>\$ 32,480,537</u>		<u>\$ 32,480,537</u>

4-B. Receivables

Receivables at December 31, 2004, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), 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.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004
(Continued)

4-C. Property Taxes

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

4-D. Capital Assets

Capital asset activity for the year ended December 31, 2004 (excluding the internal service fund), was as follows:

	Restated Balance 01/1/2004	Additions	Deductions	Balance 12/31/2004
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,707,250	\$ -	\$ -	\$ 8,707,250
Depreciable capital assets:				
Land improvements	650,100	2,404,129	-	3,054,229
Buildings	37,779,339	1,152,748	-	38,932,087
Building improvements	237,920	84,275	-	322,195
Machinery and equipment	11,694,051	607,822	(35,496)	12,266,377
Infrastructure	42,345	923,521	-	965,866
Total depreciable capital assets	<u>50,403,755</u>	<u>5,172,495</u>	<u>(35,496)</u>	<u>55,540,754</u>
Total capital assets	<u>59,111,005</u>	<u>5,172,495</u>	<u>(35,496)</u>	<u>64,248,004</u>
Accumulated depreciation:				
Land improvements	(567,075)	(134,981)	-	(702,056)
Buildings	(9,829,775)	(780,720)	-	(10,610,495)
Building improvements	(31,133)	(26,985)	-	(58,118)
Machinery and equipment	(3,710,699)	(958,855)	19,397	(4,650,157)
Infrastructure	(1,059)	(31,568)	-	(32,627)
Total accumulated depreciation	<u>(14,139,741)</u>	<u>(1,933,109)</u>	<u>19,397</u>	<u>(16,053,453)</u>
Governmental activities capital assets, net	<u>\$ 44,971,264</u>	<u>\$ 3,239,386</u>	<u>\$ (16,099)</u>	<u>\$ 48,194,551</u>

Governmental activities depreciation expense classified by function follows:

General government	\$ 779,652
Public safety	341,116
Public works	390,588
Culture and recreation	354,430
Health and welfare	67,323
Total governmental activities depreciation expense	<u>\$ 1,933,109</u>

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004
(Continued)

	Balance 01/1/2004	Additions	Deductions	Balance 12/31/2004
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,596	\$ -	\$ -	\$ 2,596
Depreciable capital assets:				
Buildings	91,048	-	-	91,048
Machinery and equipment	735,829	100,892	(48,825)	787,896
Total depreciable capital assets	826,877	100,892	(48,825)	878,944
Total capital assets	829,473	100,892	(48,825)	881,540
Accumulated depreciation:				
Buildings	(27,203)	(4,972)	-	(32,175)
Machinery and equipment	(199,095)	(75,675)	37,433	(237,337)
Total accumulated depreciation	(226,298)	(80,647)	37,433	(269,512)
Business-type activities capital assets, net	\$ 603,175	\$ 20,245	\$ (11,392)	\$ 612,028
	Adjusted Balance			Balance
	01/1/2004	Additions	Deductions	12/31/2004
Motor pool internal service fund				
Depreciable capital assets:				
Machinery and equipment	\$ 1,792,362	\$ 258,615	\$ -	\$ 2,050,977
accumulated depreciation	(1,271,185)	(281,919)	-	(1,553,104)
Internal service fund capital assets, net	\$ 521,177	\$ (23,304)	\$ -	\$ 497,873

4-E. - Interfund Balances and Transfers

Interfund balances at December 31, 2004, 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.

	Due From	Due To
General Fund	\$ 263,549	\$ 177,841
Road and Bridge Fund	829	8,567
Social Services Fund	1,084	6,194
Capital Expenditures Fund	-	4,082
Non-major governmental funds	205,039	405,934
Solid Waste Fund	99,854	-
Motor Pool Fund	70,904	38,641
Total	\$ 641,259	\$ 641,259

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004
(Continued)

Interfund transfers for the year ended December 31, 2004, consisted of the following:

Transfer to	Transfers From:		
	General Fund	Non-major Governmental Funds	Total
Non-major governmental funds	\$ 50,000	\$ 123,000	\$ 173,000
	\$ 50,000	\$ 123,000	\$ 173,000

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

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

4-F. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the County to place final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each Balance Sheet date. Total closure and postclosure care costs are currently estimated to be \$1,576,805, with closure costs estimated to be \$940,634 and postclosure care cost estimated to be \$636,171. The \$204,985 reported as landfill closure and postclosure care liability at December 31, 2004, represents the cumulative amount reported to date based on the use of 13% of the capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,371,820 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2004. The County expects to close the landfill in the year 2049. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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

4-G. Long-term Debt

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

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004
(Continued)

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

Annual lease requirements to amortize all certificates of participation outstanding, as of December 31, 2004 follow:

Year	Principal	Interest	Total
2005	\$ 640,000	\$ 1,070,254	\$ 1,710,254
2006	650,000	1,043,603	1,693,603
2007	685,000	1,015,379	1,700,379
2008	720,000	984,416	1,704,416
2009	735,000	948,416	1,683,416
2010-2014	4,340,000	4,126,066	8,466,066
2015-2019	5,570,000	2,895,173	8,465,173
2020-2024	7,235,000	1,220,650	8,455,650
Total	<u>\$ 20,575,000</u>	<u>\$ 13,303,957</u>	<u>\$ 33,878,957</u>

Changes in Long-term Obligations - Changes in the County's long-term obligations consisted of the following for the year ended December 31, 2004:

	Outstanding 1/1/2004	Additions	Reductions	Outstanding 12/31/2004	Amounts Due in One Year
Governmental Activities					
Certificates of participation	\$ 21,050,000	\$ -	\$ 475,000	\$ 20,575,000	\$ 640,000
Compensated absences	761,958	216,279	-	978,237	244,559
Total Governmental Activities	<u>\$ 21,811,958</u>	<u>\$ 216,279</u>	<u>\$ 475,000</u>	<u>\$ 21,553,237</u>	<u>\$ 884,559</u>
Business-type Activities					
Landfill closure and postclosure care	\$ 186,653	\$ 18,332	\$ -	\$ 204,985	\$ -
Compensated absences	11,014	5,253	-	16,267	3,253
Total Business-type Activities	<u>\$ 197,667</u>	<u>\$ 23,585</u>	<u>\$ -</u>	<u>\$ 221,252</u>	<u>\$ 3,253</u>

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

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

The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004
(Continued)

Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2004, there were three series of Private Activity Bonds outstanding, with an aggregate principal amount payable of \$42,930,000.

Local Improvement District 1997-1 – Residents of Canyon Creek Estates approved a ballot question that created a local improvement district for the purpose of constructing, installing, completing, and acquiring certain local improvements. The local improvement district used proceeds from bond sales to pay for the road improvements. Bonds payable as of December 31, 2004 in the amount of \$34,000 were outstanding. Unspent cash totaling \$1,240 is being held by the County Treasurer and is included in the agency funds’ account title “due to other governments.” The County has no obligation for repayment of this debt.

4-H. Pensions

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

There are no unfunded past service liabilities. All full-time employees are required to participate beginning on the date of hire. The County is required to contribute 4.0% of employee compensation, excluding overtime. The employee is required to contribute an amount equal to the County's contribution, and may contribute up to an additional 10% of after-tax compensation. The County's contribution for each employee, including earnings thereon allocated to the employee's account, vest at the rate of 20% for each year of participation in the plan. County contributions and earnings forfeited by employees who leave employment before fully vesting are returned to the County.

During 2004, the County and employees made the required 4.0% contribution amounting to \$600,045 each.

4-I. Net Assets

Net assets on the government-wide Statement of Net Assets as of December 31, 2004 are as follows:

	Governmental Activities	Business-type Activities
Investments in capital assets, net of related debt:		
Cost of capital assets	\$ 66,298,981	\$ 881,540
Less accumulated depreciation	(17,606,557)	(269,512)
Book value	48,692,424	612,028
Less capital related debt	(20,575,000)	-
Investments in capital assets, net of related debt	\$ 28,117,424	\$ 612,028

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004
(Continued)

Note 5 - Other Notes

5-A. Risk Management

The County participates in two risk management pools.

County Workers' Compensation Pool - The County is exposed to various risks of loss related to injuries of employees while on the job. The County joined together with other counties in the State of Colorado to form the County Workers' Compensation Pool ("CWCP"), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the pool will purchase insurance through commercial companies for members' claims in excess of specified self-insured retention, which is determined each policy year.

Colorado Counties Casualty and Property Pool - The County is exposed to various risks of loss related to casualty and property losses. The County has joined together with other counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool ("CAPP"), a public entity risk pool currently operating as a common risk management and insurance program for member counties.

The intergovernmental agreement of formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the pool will purchase insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year. There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceed the County's insurance coverage during the past three years.

5-B. Contingent Liabilities

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

The County was a defendant in several lawsuits at December 31, 2004. In the opinion of County management, the outcome of these contingencies will not have a material effect on the financial position of the County.

5-C. Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The County believes it is in compliance with the requirements of the amendment. However, the County has made certain interpretations of the amendment's language in order to determine its compliance. The County placed a question on the November 1994 ballot that would permit the County to keep and spend state grants, all sales tax and property tax revenues without limiting in any year the amount of other revenues that may be collected. The ballot question was approved by the County's voters.

Garfield County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004
(Continued)

5-D. Other Items

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

<u>Fund:</u>	<u>Over Budget</u>
Library Capital Improvements Fund	\$109,615
Airport Fund	42,779
Commissary Fund	737
Off-site Road Improvement Fund	51,681

The Library Capital Improvement Fund also received unbudgeted revenues of \$153,720. These revenues were used to fund the unbudgeted expenditures. The County has determined that the Library Board is responsible for determining budget amendments. The Conservation Trust Fund had a deficit fund balance of \$7,422 at December 31, 2004.

REQUIRED SUPPLEMENTARY INFORMATION

Garfield County, Colorado
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Taxes	\$ 11,584,052	\$ 11,584,052	\$ 11,824,051	\$ 239,999
Licenses and permits	4,700	4,700	15,216	10,516
Intergovernmental	2,449,897	2,449,897	3,280,752	830,855
Charges for services	4,021,562	4,021,562	4,240,940	219,378
Fines and forfeitures	18,500	18,500	28,273	9,773
Investment earnings	400,000	400,000	421,191	21,191
Miscellaneous	138,525	138,525	220,942	82,417
Total Revenues	18,617,236	18,617,236	20,031,365	1,414,129
Expenditures				
Current				
General government	9,919,196	9,506,701	8,268,702	1,237,999
Public safety	9,797,256	10,384,336	9,015,488	1,368,848
Public works	365,393	388,496	358,120	30,376
Health and welfare	1,438,283	1,408,249	1,136,851	271,398
Culture and recreation	243,611	222,504	230,319	(7,815)
Total Expenditures	21,763,739	21,910,286	19,009,480	2,900,806
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,146,503)	(3,293,050)	1,021,885	4,314,935
Other Financing Sources (Uses)				
Transfers in	100,000	-	-	-
Transfers out	-	-	(50,000)	(50,000)
Sale of capital assets	-	-	1,206	1,206
Total Other Financing Sources (Uses)	100,000	-	(48,794)	(48,794)
Net Change in Fund Balances	\$ (3,046,503)	\$ (3,293,050)	973,091	\$ 4,266,141
Fund Balances Beginning of Year			6,309,519	
Fund Balances End of Year			\$ 7,282,610	

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

Garfield County, Colorado
Road and Bridge Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Property taxes	\$ 459,244	\$ 459,244	\$ 446,710	\$ (12,534)
Sales taxes	1,829,761	1,829,761	1,961,417	131,656
Specific ownership taxes	71,300	71,300	53,716	(17,584)
Licenses and permits	341,500	341,500	344,154	2,654
Intergovernmental	3,510,000	3,510,000	3,920,292	410,292
Miscellaneous	-	-	6,741	6,741
Total Revenues	6,211,805	6,211,805	6,733,030	521,225
Expenditures				
Current				
General government	130,000	49,120	8,239	40,881
Public works	8,538,478	8,658,881	6,714,074	1,944,807
Total Expenditures	8,668,478	8,708,001	6,722,313	1,985,688
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,456,673)	(2,496,196)	10,717	2,506,913
Other Financing Sources				
Sale of capital assets	6,000	6,000	4,500	(1,500)
Net Change in Fund Balances	\$ (2,450,673)	\$ (2,490,196)	15,217	\$ 2,505,413
Fund Balances Beginning of Year			7,767,274	
Fund Balances End of Year			\$ 7,782,491	

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

Garfield County, Colorado
Social Services Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues				
Property taxes	\$ 1,382,073	\$ 1,382,073	\$ 1,269,589	\$ (112,484)
Specific ownership taxes	110,000	110,000	148,602	38,602
Intergovernmental	8,622,728	8,622,728	9,040,841	418,113
Investment earnings	20,000	20,000	31,354	11,354
Miscellaneous	-	-	17,442	17,442
Total Revenues	10,134,801	10,134,801	10,507,828	373,027
Expenditures				
Current				
General government	15,000	16,110	16,260	(150)
Health and welfare	9,796,848	11,127,976	9,762,160	1,365,816
Total Expenditures	9,811,848	11,144,086	9,778,420	1,365,666
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 322,953	\$ (1,009,285)	729,408	\$ 1,738,693
Fund Balances Beginning of Year			617,547	
Fund Balances End of Year			\$ 1,346,955	

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

SUPPLEMENTARY INFORMATION

Garfield County, Colorado
General Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Equity in pooled cash and investments	\$ 7,306,794	\$ 7,315,288
Other cash and investments	319,515	-
Receivables:		
Property taxes	12,909,340	9,469,994
Interfund	263,549	270,405
Intergovernmental	519,070	560,107
Prepaid items	-	643
Total Assets	<u>\$ 21,318,268</u>	<u>\$ 17,616,437</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 382,765	\$ 180,838
Accrued expenditures	258,767	100,439
TIF payable	306,945	145,862
Interfund payable	177,841	1,409,785
Deferred revenue	12,909,340	9,469,994
Total Liabilities	<u>14,035,658</u>	<u>11,306,918</u>
Fund Balances		
Reserved for prepaid items	-	643
Unreserved	7,282,610	6,308,876
	<u>7,282,610</u>	<u>6,309,519</u>
Total Liabilities and Fund Balances	<u>\$ 21,318,268</u>	<u>\$ 17,616,437</u>

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

Garfield County, Colorado
General Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenues		
Property taxes	\$ 9,321,573	\$ 7,527,407
Sales taxes	1,328,450	1,243,430
Specific ownership	1,108,223	973,506
Other taxes	65,805	58,354
Intergovernmental	3,280,752	3,240,278
Licenses and permits	15,216	18,867
Charges for services	4,240,940	3,955,034
Fines and forfeitures	28,273	23,392
Investment earnings	421,191	549,073
Miscellaneous	220,942	256,741
Total Revenues	<u>20,031,365</u>	<u>17,846,082</u>
Expenditures		
Current		
General government	8,268,702	7,536,109
Public safety	9,015,488	8,840,996
Public works	358,120	238,585
Health and welfare	1,136,851	1,315,503
Culture and recreation	230,319	204,965
Total Expenditures	<u>19,009,480</u>	<u>18,136,158</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>1,021,885</u>	<u>(290,076)</u>
Other Financing Sources (Uses)		
Sale of capital assets	1,206	12,834
Transfers in	-	100,000
Transfers out	(50,000)	(100,000)
Total Other Financing Sources (Uses)	<u>(48,794)</u>	<u>12,834</u>
Net Change in Fund Balances	973,091	(277,242)
Fund Balances Beginning of Year	<u>6,309,519</u>	<u>6,586,761</u>
Fund Balances End of Year	<u>\$ 7,282,610</u>	<u>\$ 6,309,519</u>

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

Garfield County, Colorado
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues					
Taxes					
General property	\$ 9,415,765	9,415,765	\$ 9,321,573	\$ (94,192)	\$ 7,527,407
Specific ownership	950,000	950,000	1,108,223	158,223	973,506
Cigarette	30,000	30,000	36,106	6,106	29,208
Penalty and interest	-	-	29,699	29,699	29,146
Sales	1,188,287	1,188,287	1,328,450	140,163	1,243,430
Total taxes	11,584,052	11,584,052	11,824,051	239,999	9,802,697
Licenses and permits					
Liquor	2,200	2,200	6,551	4,351	5,702
Concealed weapons	2,500	2,500	8,665	6,165	13,165
Total licenses and permits	4,700	4,700	15,216	10,516	18,867
Intergovernmental					
Payments in lieu of taxes	900,000	900,000	1,170,205	270,205	1,187,797
Mineral leasing	250,000	250,000	543,750	293,750	585,923
Mineral severance	120,000	120,000	447,308	327,308	123,045
Cost allocation	160,000	160,000	202,569	42,569	251,358
Federal grants	553,317	553,317	476,725	(76,592)	698,777
State grants	370,327	370,327	319,033	(51,294)	316,284
Other grants	96,253	96,253	121,162	24,909	77,094
Total intergovernmental	2,449,897	2,449,897	3,280,752	830,855	3,240,278
Revenues					
Charges for services					
Fees:					
County Clerk and Recorder	1,012,400	1,012,400	1,226,904	214,504	1,247,012
Registrar	50,000	50,000	53,531	3,531	51,367
County Treasurer	564,050	564,050	531,343	(32,707)	572,861
Sheriff	121,500	121,500	118,491	(3,009)	135,170
Jail	244,100	244,100	226,589	(17,511)	215,902
Attorney	136,750	136,750	142,841	6,091	114,014
Administrative services	110,000	110,000	124,367	14,367	116,396
Fairgrounds	42,000	42,000	47,242	5,242	54,732
Building department	450,000	450,000	678,837	228,837	575,177
Environment and health	14,000	14,000	15,150	1,150	14,894
Planning	60,000	60,000	84,354	24,354	67,987
Weed control services	47,000	47,000	29,368	(17,632)	2,155
Public health	36,000	36,000	16,678	(19,322)	35,304
Community corrections	665,729	665,729	611,088	(54,641)	436,909
Criminal justice	46,000	46,000	47,140	1,140	83,048
Rent	40,927	40,927	39,752	(1,175)	73,999
Other	381,106	381,106	247,265	(133,841)	158,107
Total charges for services	4,021,562	4,021,562	4,240,940	219,378	3,955,034
Fines and forfeitures					
Jail	1,000	1,000	3,268	2,268	988
Court restitution	2,500	2,500	8,993	6,493	12,113
Courts/LEAF/DUI	15,000	15,000	16,012	1,012	10,291
Total fines and forfeitures	18,500	18,500	28,273	9,773	23,392
Miscellaneous					
Investment earnings	400,000	400,000	421,191	21,191	549,073
Refund of expenditures	86,125	86,125	208,430	122,305	226,548
Contributions and donations	30,000	30,000	11,594	(18,406)	10,048
Other	22,400	22,400	918	(21,482)	20,145
Total miscellaneous	538,525	538,525	642,133	103,608	805,814
Total Revenues	18,617,236	18,617,236	20,031,365	1,414,129	17,846,082

(continued)

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

Garfield County, Colorado
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)
(Continued)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Expenditures					
Current					
General government:					
County Commissioners	384,598	411,259	325,769	85,490	394,678
Grants to others	509,065	584,065	434,308	149,757	396,429
Assessor	893,046	895,716	804,647	91,069	744,250
County Clerk and Recorder	867,158	890,379	789,759	100,620	798,313
Elections	223,470	223,266	213,042	10,224	81,485
Microfilm/registrar	54,254	54,721	46,955	7,766	50,320
Treasurer and Public Trustee	452,387	456,444	387,068	69,376	412,134
Surveyor	37,422	37,732	33,127	4,605	24,065
Attorney	537,956	546,766	494,589	52,177	504,802
Board of equalization	32,223	32,589	20,190	12,399	30,949
Administration services	2,929,290	2,301,664	2,097,173	204,491	2,064,420
Facilities management	718,244	719,964	543,742	176,222	-
District Attorney	1,260,965	1,260,965	1,171,113	89,852	1,208,101
Planning department	1,019,118	1,091,171	907,220	183,951	826,163
Total general government	9,919,196	9,506,701	8,268,702	1,237,999	7,536,109
Public safety:					
Sheriff	3,284,942	3,632,007	3,239,880	392,127	3,111,791
Jail	4,765,667	4,746,720	4,182,822	563,898	4,614,388
County fire suppression	18,882	62,242	62,240	2	23,333
Search and rescue	29,237	33,937	32,566	1,371	35,075
Animal control	149,999	152,744	119,031	33,713	26,626
Victims advocate	-	49,956	42,417	7,539	-
Coroner	131,760	132,180	130,561	1,619	133,502
Criminal justice and community corrections	1,259,899	1,380,453	1,116,672	263,781	833,933
Emergency preparedness	135,977	172,469	73,259	99,210	54,380
Emergency medical	20,893	21,628	16,040	5,588	7,968
Total public safety	9,797,256	10,384,336	9,015,488	1,368,848	8,840,996
Public works:					
Extension	112,137	118,557	111,382	7,175	98,093
Pest and weed	253,256	269,939	246,738	23,201	140,492
Total public works	365,393	388,496	358,120	30,376	238,585
Health and welfare:					
Nurse	1,008,894	1,108,564	945,041	163,523	886,098
Healthy beginnings	429,389	299,685	191,810	107,875	429,405
Total health and welfare	1,438,283	1,408,249	1,136,851	271,398	1,315,503
Culture and recreation:					
Operations - fairgrounds	243,611	222,504	230,319	(7,815)	204,965
Total culture and recreation	243,611	222,504	230,319	(7,815)	204,965
Total Expenditures	21,763,739	21,910,286	19,009,480	2,900,806	18,136,158
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,146,503)	(3,293,050)	1,021,885	4,314,935	(290,076)
Other Financing Sources (Uses)					
Transfers in	100,000	-	-	-	100,000
Transfers out	-	-	(50,000)	(50,000)	(100,000)
Sale of capital assets	-	-	1,206	1,206	12,834
Total Other Financing Sources (Uses)	100,000	-	(48,794)	(48,794)	12,834
Net Change in Fund Balances	\$ (3,046,503)	\$ (3,293,050)	973,091	\$ 4,266,141	(277,242)
Fund Balances Beginning of Year			6,309,519		6,586,761
Fund Balances End of Year			\$ 7,282,610		\$ 6,309,519

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

Garfield County, Colorado
Road and Bridge Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Equity in pooled cash and investments	\$ 7,218,414	\$ 6,994,834
Other cash	-	150
Receivables:		
Property taxes	1,090,010	459,090
Intergovernmental	838,001	900,006
Interfund	829	18,715
Inventory	<u>89,751</u>	<u>89,751</u>
Total Assets	<u>\$ 9,237,005</u>	<u>\$ 8,462,546</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 306,479	\$ 85,957
Accrued salaries and wages	49,458	39,857
Interfund payable	8,567	110,368
Deferred revenues	<u>1,090,010</u>	<u>459,090</u>
Total Liabilities	<u>1,454,514</u>	<u>695,272</u>
Fund Balances		
Reserved for inventory	89,751	89,751
Unreserved, undesignated	<u>7,692,740</u>	<u>7,677,523</u>
Total Fund Balances	<u>7,782,491</u>	<u>7,767,274</u>
Total Liabilities and Fund Balances	<u>\$ 9,237,005</u>	<u>\$ 8,462,546</u>

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

Garfield County, Colorado
Road and Bridge Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2004 and 2003

	2004	2003
Revenues		
Property taxes	\$ 446,710	\$ 852,017
Sales taxes	1,961,417	1,856,644
Specific ownership taxes	53,716	101,514
Licenses and permits	344,154	417,097
Intergovernmental	3,920,292	3,003,222
Charges for services	-	50
Miscellaneous	6,741	44,449
Total Revenues	6,733,030	6,274,993
Expenditures		
Current		
General government	8,239	11,250
Public works	6,714,074	4,778,739
Debt Service		
Principal retirement	-	402,139
Interest and fiscal charges	-	9,637
Total Expenditures	6,722,313	5,201,765
Excess of Revenues Over Expenditures	10,717	1,073,228
Other Financing Sources		
Sale of capital assets	4,500	599,006
Net Change in Fund Balances	15,217	1,672,234
Fund Balances Beginning of Year	7,767,274	6,095,040
Fund Balances End of Year	\$ 7,782,491	\$ 7,767,274

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

Garfield County, Colorado
Social Services Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	2004	2003 (Restated)
Assets		
Equity in pooled cash and investments	\$ 1,933,232	\$ 1,466,930
Other cash	24,743	150
Receivables:		
Accounts	54,460	13,112
Property taxes	1,255,685	1,285,820
Intergovernmental	296,047	325,601
Interfund	1,084	19,771
Total Assets	\$ 3,565,251	\$ 3,111,384
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 69,593	\$ 124,087
Accrued salaries and wages	58,088	31,791
Interfund payable	6,194	53,256
Deferred revenues	2,084,421	2,284,703
Total Liabilities	2,218,296	2,493,837
Fund Balances		
Unreserved, undesignated	1,346,955	617,547
Total Liabilities and Fund Balances	\$ 3,565,251	\$ 3,111,384

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

Garfield County, Colorado
Social Services Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2004 and 2003

	2004	2003 (Restated)
Revenues		
Property taxes	\$ 1,269,589	\$ 988,464
Specific ownership taxes	148,602	124,813
Intergovernmental	9,040,841	8,904,246
Investment earnings	31,354	16,919
Miscellaneous	17,442	5,500
Total Revenues	10,507,828	10,039,942
Expenditures		
Current		
General government	16,260	14,345
Health and welfare	9,762,160	9,900,758
Total Expenditures	9,778,420	9,915,103
Excess of Revenues Over Expenditures	729,408	124,839
Fund Balances Beginning of Year	617,547	492,708
Fund Balances End of Year	\$ 1,346,955	\$ 617,547

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

Garfield County, Colorado
Combining Balance Sheet
Non-major Special Revenue Funds
December 31, 2004

	Public Library	Library Capital Improvements	Retirement	Airport	Emergency Reserve	Commissary	Oil and Gas Impact	Off-site Road Improvement	Conservation Trust	Search and Rescue	Fair Board	Clerk and Recorder	Total Non-major Special Revenue Funds
Assets													
Equity in pooled cash and investments	\$ 478,135	\$ 353,153	\$ 166,421	\$ 95,771	\$ 978,735	\$ 48,294	\$ 31,331	\$ 262,717	\$ 142,578	\$ 8,032	\$ 101,997	\$ 28,458	\$ 2,695,622
Other cash and investments	150	-	-	-	-	-	-	-	-	-	-	-	150
Receivables:													
Accounts	-	-	18,737	35,237	-	-	-	-	-	-	-	-	53,974
Property taxes	-	-	546,261	-	-	-	-	-	-	-	-	-	546,261
Intergovernmental	333,938	-	-	-	-	-	-	-	-	-	-	1,967	335,905
Interfund	2,039	-	-	3,000	-	-	-	-	200,000	-	-	-	205,039
Total Assets	\$ 814,262	\$ 353,153	\$ 731,419	\$ 134,008	\$ 978,735	\$ 48,294	\$ 31,331	\$ 262,717	\$ 342,578	\$ 8,032	\$ 101,997	\$ 30,425	\$ 3,836,951
Liabilities and Fund Balances													
Liabilities													
Accounts payable	12,691	\$ -	\$ -	\$ 37,013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,704
Accrued salaries and wages	27,678	-	-	1,740	-	-	-	-	-	-	-	-	29,418
Interfund payable	414	1,399	-	50,706	-	3,365	-	-	350,000	-	50	-	405,934
Deferred revenue	-	-	546,261	-	-	-	-	-	-	-	-	-	546,261
Total Liabilities	40,783	1,399	546,261	89,459	-	3,365	-	-	350,000	-	50	-	1,031,317
Fund Balances													
Reserved for emergencies	-	-	-	-	978,735	-	-	-	-	-	-	-	978,735
Unreserved	773,479	351,754	185,158	44,549	-	44,929	31,331	262,717	(7,422)	8,032	101,947	30,425	1,826,899
Total Fund Balances	773,479	351,754	185,158	44,549	978,735	44,929	31,331	262,717	(7,422)	8,032	101,947	30,425	2,805,634
Total Liabilities and Fund Balances	\$ 814,262	\$ 353,153	\$ 731,419	\$ 134,008	\$ 978,735	\$ 48,294	\$ 31,331	\$ 262,717	\$ 342,578	\$ 8,032	\$ 101,997	\$ 30,425	\$ 3,836,951

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

Garfield County, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended December 31, 2004

	Public Library	Library Capital Improvements	Retirement	Airport	Emergency Reserve	Commissary	Oil and Gas Impact	Off-site Road Improvement	Conservation Trust	Search and Rescue	Fair Board	Clerk and Recorder	Total Non-major Special Revenue Funds
Revenues													
Property taxes	\$ -	\$ -	\$ 355,066	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 355,069
Sales taxes	1,772,844	-	-	-	-	-	-	-	-	-	15,584	-	1,788,428
Specific ownership taxes	-	-	42,911	-	-	-	-	-	-	-	-	-	42,911
Intergovernmental	3,909	153,720	-	102,962	-	-	-	-	145,702	-	-	16,247	422,540
Charges for services	-	-	-	230,366	-	-	-	-	-	-	-	-	230,366
Investment earnings	13,700	-	-	-	-	-	-	4,745	-	137	1,211	-	19,793
Contributions and donations	-	-	48,819	-	-	-	-	-	-	3,644	-	-	52,463
Miscellaneous	46,865	-	74	7,516	-	70,630	-	27,524	742	2,828	24,066	-	180,245
Total Revenues	1,837,318	153,720.0	446,870	340,844	-	70,630	3	32,269	146,444	6,609	40,861	16,247	3,091,815
Expenditures													
Current													
General government	5,823	-	130,661	311	-	-	-	51,681	-	-	-	-	188,476
Public safety	-	-	163,431	-	-	69,416	-	-	-	8,636	-	-	241,483
Public works	-	-	56,392	331,344	-	-	-	-	-	-	-	-	387,736
Health and welfare	-	-	118,181	-	-	-	-	-	-	-	-	-	118,181
Culture and recreation	1,492,765	336,730	34,986	-	-	-	-	-	492,734	-	34,334	-	2,391,549
Total Expenditures	1,498,588	336,730	503,651	331,655	-	69,416	-	51,681	492,734	8,636	34,334	-	3,327,425
Excess (Deficiency) of Revenues Over (Under) Expenditures	338,730	(183,010)	(56,781)	9,189	-	1,214	3	(19,412)	(346,290)	(2,027)	6,527	16,247	(235,610)
Other Financing Sources (Uses)													
Transfers in	-	123,000	-	-	-	-	-	-	50,000	-	-	-	173,000
Transfers out	(123,000)	-	-	-	-	-	-	-	-	-	-	-	(123,000)
Total Other Financing Sources (Uses)	(123,000)	123,000	-	-	-	-	-	-	50,000	-	-	-	50,000
Net Change in Fund Balances	215,730	(60,010)	(56,781)	9,189	-	1,214	3	(19,412)	(296,290)	(2,027)	6,527	16,247	(185,610)
Fund Balances Beginning of Year	557,749	411,764	241,939	35,360	978,735	43,715	31,328	282,129	288,868	10,059	95,420	14,178	2,991,244
Fund Balances End of Year	\$ 773,479	\$ 351,754	\$ 185,158	\$ 44,549	\$ 978,735	\$ 44,929	\$ 31,331	\$ 262,717	\$ (7,422)	\$ 8,032	\$ 101,947	\$ 30,425	\$ 2,805,634

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

Garfield County, Colorado
Public Library Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Equity in pooled cash and investments	\$ 478,135	\$ 303,880
Other cash and investments	150	150
Receivables:		
Intergovernmental	333,938	279,567
Interfund	2,039	-
Total Assets	<u>\$ 814,262</u>	<u>\$ 583,597</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 12,691	\$ 9,912
Accrued salaries and benefits	27,678	15,615
Interfund payable	414	321
Total Liabilities	<u>40,783</u>	<u>25,848</u>
Fund Balances		
Unreserved, undesignated	<u>773,479</u>	<u>557,749</u>
Total Fund Balances	<u>773,479</u>	<u>557,749</u>
Total Liabilities and Fund Balances	<u>\$ 814,262</u>	<u>\$ 583,597</u>

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

Garfield County, Colorado
Public Library Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues					
Sales taxes	\$ 1,605,368	\$ 1,621,419	\$ 1,772,844	\$ 151,425	\$ 1,679,678
Intergovernmental	-	-	3,909	3,909	3,036
Contributions and donations	-	-	-	-	50
Investment earnings	6,104	6,104	13,700	7,596	10,895
Miscellaneous	36,079	36,079	46,865	10,786	49,500
Total Revenues	<u>1,647,551</u>	<u>1,663,602</u>	<u>1,837,318</u>	<u>173,716</u>	<u>1,743,159</u>
Expenditures					
Current					
General government	134,000	45,671	5,823	39,848	3,457
Culture and recreation	1,371,255	1,504,764	1,492,765	11,999	1,343,230
Total Expenditures	<u>1,505,255</u>	<u>1,550,435</u>	<u>1,498,588</u>	<u>51,847</u>	<u>1,346,687</u>
Excess of Revenues Over Expenditures	142,296	113,167	338,730	225,563	396,472
Other Financing (Uses)					
Transfers out	(123,000)	(123,000)	(123,000)	-	(210,853)
Net Change in Fund Balances	<u>\$ 19,296</u>	<u>\$ (9,833)</u>	<u>215,730</u>	<u>\$ 225,563</u>	<u>185,619</u>
Fund Balances Beginning of Year			<u>557,749</u>		<u>372,130</u>
Fund Balances End of Year			<u>\$ 773,479</u>		<u>\$ 557,749</u>

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

Garfield County, Colorado
Library Capital Improvement Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Equity in pooled cash and investments	<u>\$ 353,153</u>	<u>\$ 411,764</u>
Liabilities		
Interfund payable	<u>\$ 1,399</u>	<u>\$ -</u>
Total Liabilities	<u>1,399</u>	<u>-</u>
Fund Balances		
Unreserved, undesignated	<u>351,754.00</u>	<u>411,764.00</u>
Total Liabilities and Fund Balances	<u>\$ 353,153</u>	<u>\$ 411,764</u>

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

Garfield County, Colorado
Library Capital Improvement Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004
 (With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues					
Intergovernmental	\$ -	\$ -	\$ 153,720	\$ 153,720	\$ -
Expenditures					
Culture and recreation	-	227,115	336,730	(109,615)	19,852
(Deficiency) of Revenues (Under) Expenditures	-	(227,115)	(183,010)	44,105	(19,852)
Other Financing Sources					
Transfers in	123,000	123,000	123,000	-	210,853
Net Change in Fund Balances	<u>\$ 123,000</u>	<u>\$ (104,115)</u>	(60,010)	<u>\$ 44,105</u>	191,001
Fund Balances Beginning of Year			<u>411,764</u>		<u>220,763</u>
Fund Balances End of Year			<u>\$ 351,754</u>		<u>\$ 411,764</u>

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

Garfield County, Colorado
Retirement Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Equity in pooled cash and investments	\$ 166,421	\$ 225,930
Receivables:		
Accounts	18,737	15,771
Property taxes	546,261	366,717
Interfund	-	238
Total Assets	<u>\$ 731,419</u>	<u>\$ 608,656</u>
Liabilities and Fund Balances		
Liabilities		
Deferred property taxes	<u>\$ 546,261</u>	<u>\$ 366,717</u>
Total Liabilities	<u>546,261</u>	<u>366,717</u>
Fund Balances		
Unreserved, undesignated	<u>185,158</u>	<u>241,939</u>
Total Liabilities and Fund Balances	<u>\$ 731,419</u>	<u>\$ 608,656</u>

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

Garfield County, Colorado
Retirement Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues					
Property taxes	\$ 357,149	\$ 357,149	\$ 355,066	\$ (2,083)	\$ 426,715
Specific ownership taxes	60,000	60,000	42,911	(17,089)	56,085
Other contributions	35,000	35,000	48,819	13,819	45,354
Miscellaneous	-	-	74	74	487
Total Revenues	452,149	452,149	446,870	(5,279)	528,641
Expenditures					
Current					
General government	163,171	150,078	130,661	19,417	117,557
Public safety	149,424	158,158	163,431	(5,273)	136,861
Public works	54,979	56,508	56,392	116	51,034
Health and welfare	124,955	125,393	118,181	7,212	110,639
Culture and recreation	34,309	35,012	34,986	26	30,429
Total Expenditures	526,838	525,149	503,651	21,498	446,520
Net Change in Fund Balances	<u>\$ (74,689)</u>	<u>\$ (73,000)</u>	(56,781)	<u>\$ 16,219</u>	<u>\$ 82,121</u>
Fund Balances Beginning of Year			241,939		159,818
Fund Balances End of Year			<u>\$ 185,158</u>		<u>\$ 241,939</u>

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

Garfield County, Colorado
Airport Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Equity in pooled cash and investments	\$ 95,771	\$ 113,518
Other cash and investments	-	-
Receivables:		
Accounts	35,237	7,544
Interfund	<u>3,000</u>	<u>205,394</u>
Total Assets	<u>\$ 134,008</u>	<u>\$ 326,456</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 37,013	\$ 55,800
Accrued salaries and wages	1,740	149
Interfund payable	<u>50,706</u>	<u>235,147</u>
Total Liabilities	<u>89,459</u>	<u>291,096</u>
Fund Balances		
Unreserved, undesignated	<u>44,549</u>	<u>35,360</u>
Total Liabilities and Fund Balances	<u>\$ 134,008</u>	<u>\$ 326,456</u>

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

Garfield County, Colorado
Airport Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues					
Intergovernmental	\$ 36,017	\$ 36,017	\$ 102,962	\$ 66,945	\$ 98,809
Charges for services	258,048	258,048	230,366	(27,682)	230,886
Miscellaneous	4,000	4,000	7,516	3,516	18,864
Total Revenues	<u>298,065</u>	<u>298,065</u>	<u>340,844</u>	<u>42,779</u>	<u>348,559</u>
Expenditures					
Current:					
General government	4,500	1,970	311	1,659	330
Public works	284,596	287,126	331,344	(44,218)	497,354
Total Expenditures	<u>289,096</u>	<u>289,096</u>	<u>331,655</u>	<u>(42,559)</u>	<u>497,684</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,969	8,969	9,189	220	(149,125)
Other Financing Sources					
Transfers in	-	-	-	-	100,000
Net Change in Fund Balances	<u>\$ 8,969</u>	<u>\$ 8,969</u>	9,189	<u>\$ 220</u>	(49,125)
Fund Balances Beginning of Year			<u>35,360</u>		<u>84,485</u>
Fund Balances End of Year			<u>\$ 44,549</u>		<u>\$ 35,360</u>

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

Garfield County, Colorado
Emergency Reserve Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Equity in pooled cash and investments	\$ 978,735	\$ 978,735
Total Assets	<u>\$ 978,735</u>	<u>\$ 978,735</u>
Fund Balances		
Reserved for emergencies	<u>\$ 978,735</u>	<u>\$ 978,735</u>

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

Garfield County, Colorado
Emergency Reserve Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 11,946
Expenditures					
Current					
Public safety	-	-	-	-	-
Public works	-	-	-	-	37,360
Total Expenditures	-	-	-	-	37,360
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	(25,414)
Fund Balances Beginning of Year			978,735		1,004,149
Fund Balances End of Year			<u>\$ 978,735</u>		<u>\$ 978,735</u>

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

Garfield County, Colorado
Commissary Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Equity in pooled cash and investments	<u>\$ 48,294</u>	<u>\$ 48,069</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 723
Interfund payable	<u>3,365</u>	<u>3,631</u>
Total Liabilities	<u>3,365</u>	<u>4,354</u>
Fund Balances		
Unreserved, undesignated	<u>44,929</u>	<u>43,715</u>
Total Liabilities and Fund Balances	<u>\$ 48,294</u>	<u>\$ 48,069</u>

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

Garfield County, Colorado
Commissary Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues					
Miscellaneous	\$ 48,000	\$ 48,000	\$ 70,630	\$ 22,630	\$ 57,907
Expenditures					
Current					
Public safety	53,509	68,679	69,416	(737)	55,877
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (5,509)</u>	<u>\$ (20,679)</u>	1,214	<u>\$ 21,893</u>	2,030
Fund Balances Beginning of Year			<u>43,715</u>		<u>41,685</u>
Fund Balances End of Year			<u>\$ 44,929</u>		<u>\$ 43,715</u>

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

Garfield County, Colorado
Oil and Gas Impact Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Equity in pooled cash and investments	<u>\$ 31,331</u>	<u>\$ 31,328</u>
Fund Balances		
Unreserved, undesignated	<u>\$ 31,331</u>	<u>\$ 31,328</u>

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

Garfield County, Colorado
Oil and Gas Impact Fund
Schedule of Revenues and Changes in Fund Balances
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ 3	\$ -
Fund Balances Beginning of Year	-	-	-	31,328	31,328
Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,331</u>	<u>\$ 31,328</u>

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

Garfield County, Colorado
Off-site Road Improvements Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Equity in pooled cash and investments	<u>\$ 262,717</u>	<u>\$ 282,129</u>
Fund Balances		
Unreserved, undesignated	<u>\$ 262,717</u>	<u>\$ 282,129</u>

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

Garfield County, Colorado
Off-site Road Improvements Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)

	<u>2004</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2003</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues					
Investment earnings	\$ 2,925	\$ 2,925	\$ 4,745	\$ 1,820	\$ 2,753
Miscellaneous	21,770	21,770	27,524	5,754	83,100
Total Revenues	<u>24,695</u>	<u>24,695</u>	<u>32,269</u>	<u>7,574</u>	<u>85,853</u>
Expenditures					
Current					
General Government	-	-	51,681	(51,681)	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 24,695</u>	<u>\$ 24,695</u>	(19,412)	<u>\$ (44,107)</u>	85,853
Fund Balances Beginning of Year			<u>282,129</u>		<u>196,276</u>
Fund Balances End of Year			<u>\$ 262,717</u>		<u>\$ 282,129</u>

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

Garfield County, Colorado
Conservation Trust Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Equity in pooled cash and investments	\$ 142,578	\$ 288,868
Interfund receivable	200,000	-
Total Assets	<u>\$ 342,578</u>	<u>\$ 288,868</u>
Liabilities		
Interfund payable	\$ 350,000	\$ -
Total Liabilities	<u>350,000</u>	<u>-</u>
Fund Balances		
Unreserved, undesignated	<u>(7,422)</u>	<u>288,868</u>
Total Liabilities and Fund Balances	<u>\$ 342,578</u>	<u>\$ 288,868</u>

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

Garfield County, Colorado
Conservation Trust Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			2003	
	Original	Final	Actual	(Restated)	
	Budget	Budget		Actual	
			Final Budget Variance Positive (Negative)		
Revenues					
Intergovernmental	\$ 150,000	\$ 150,000	\$ 145,702	\$ (4,298)	\$ 149,342
Miscellaneous	-	-	742	742	-
Total Revenues	<u>150,000</u>	<u>150,000</u>	<u>146,444</u>	<u>(3,556)</u>	<u>149,342</u>
Expenditures					
Culture and recreation	<u>160,000</u>	<u>939,700</u>	<u>492,734</u>	<u>446,966</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	(789,700)	(346,290)	443,410	149,342
Other Financing Sources					
Transfers in	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (10,000)</u>	<u>\$ (789,700)</u>	(296,290)	<u>\$ 493,410</u>	149,342
Fund Balances Beginning of Year			<u>288,868</u>		<u>139,526</u>
Fund Balances End of Year			<u>\$ (7,422)</u>		<u>\$ 288,868</u>

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

Garfield County, Colorado
Search and Rescue Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Equity in pooled cash and investments	<u>\$ 8,032</u>	<u>\$ 10,137</u>
Liabilities and Fund Balances		
Liabilities		
Interfund payable	\$ -	\$ 78
Fund Balances		
Unreserved, undesignated	<u>8,032</u>	<u>10,059</u>
Total Liabilities and Fund Balances	<u>\$ 8,032</u>	<u>\$ 10,137</u>

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

Garfield County, Colorado
Search and Rescue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues					
Contributions and donations	\$ -	\$ -	\$ 3,644	\$ 3,644	\$ 2,270
Investment earnings	-	-	137	137	119
Miscellaneous	-	-	2,828	2,828	268
Total Revenues	<u>-</u>	<u>-</u>	<u>6,609</u>	<u>6,609</u>	<u>2,657</u>
Expenditures					
Current					
Public safety	10,275	10,275	8,636	1,639	2,556
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (10,275)</u>	<u>\$ (10,275)</u>	(2,027)	<u>\$ 8,248</u>	101
Fund Balances Beginning of Year			<u>10,059</u>		<u>9,958</u>
Fund Balances End of Year			<u>\$ 8,032</u>		<u>\$ 10,059</u>

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

Garfield County, Colorado
Fair Board Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Equity in pooled cash and investments	\$ 101,997	\$ 94,901
Receivables:		
Accounts	-	1,257
Total Assets	<u>\$ 101,997</u>	<u>\$ 96,158</u>
Liabilities and Fund Balances		
Liabilities		
Interfund payable	\$ 50	\$ 738
Fund Balances		
Reserved for program purposes	<u>101,947</u>	<u>95,420</u>
Total Liabilities and Fund Balances	<u>\$ 101,997</u>	<u>\$ 96,158</u>

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

Garfield County, Colorado
Fair Board Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues					
Sales tax	\$ 15,196	\$ 15,196	\$ 15,584	\$ 388	\$ 16,029
Investment earnings	1,000	1,000	1,211	211	1,001
Miscellaneous	64,000	64,000	24,066	(39,934)	30,010
Total Revenues	80,196	80,196	40,861	(39,335)	47,040
Expenditures					
Current					
Culture and recreation	68,343	68,343	34,334	34,009	49,423
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 11,853	\$ 11,853	6,527	\$ (5,326)	(2,383)
Fund Balances Beginning of Year			95,420		97,803
Fund Balances End of Year			\$ 101,947		\$ 95,420

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

Garfield County, Colorado
Clerk and Recorder Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	2004	2003
Assets		
Equity in pooled cash and investments	\$ 28,458	\$ 14,178
Receivables:		
Intergovernmental	1,967	-
Total Assets	\$ 30,425	\$ 14,178
Fund Balances		
Reserved for program purposes	\$ 30,425	\$ 14,178

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

Garfield County, Colorado
Clerk and Recorder Fund
Schedule of Revenues and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004
 (With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues					
Intergovernmental	\$ -	\$ -	\$ 16,247	\$ 16,247	\$ 14,178
Total Revenues	-	-	16,247	16,247	14,178
Excess of Revenues Over Expenditures	\$ -	\$ -	16,247	\$ 16,247	14,178
Fund Balances Beginning of Year			14,178		-
Fund Balances End of Year			\$ 30,425		\$ 14,178

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

Garfield County, Colorado
Capital Expenditures Fund
Comparative Balance Sheet
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Equity in pooled cash and investments	\$ 3,618,211	\$ 3,604,097
Cash held with Trustee	1,903,006	1,906,293
Receivables:		
Accounts	12,422	30,817
Property taxes	1,308,424	1,031,797
Interfund	-	1,130,964
Prepaid items	-	3,250
Total Assets	<u>\$ 6,842,063</u>	<u>\$ 7,707,218</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 33,653	\$ 19,976
Interfund payable	4,082	28,121
Deferred revenue	1,308,424	1,031,797
Total Liabilities	<u>1,346,159</u>	<u>1,079,894</u>
Fund Balances		
Reserved for:		
Capital projects	5,495,904	6,624,074
Prepaid items	-	3,250
Total Fund Balances	<u>5,495,904</u>	<u>6,627,324</u>
Total Liabilities and Fund Balances	<u>\$ 6,842,063</u>	<u>\$ 7,707,218</u>

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

Garfield County, Colorado
Capital Expenditures Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			2003	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues					
Property taxes	\$ 978,790	\$ 978,790	\$ 1,000,860	\$ 22,070	\$ 2,489,445
Specific ownership taxes	350,000	350,000	119,034	(230,966)	329,143
Intergovernmental	920,284	920,284	463,983	(456,301)	65,159
Charges for services	1,606,156	1,606,156	78,065	(1,528,091)	1,706,234
Investment earnings	-	-	129,657	129,657	76,109
Miscellaneous	-	-	293	293	4,448
Total Revenues	3,855,230	3,855,230	1,791,892	(2,063,338)	4,670,538
Expenditures					
Current					
General government	825,500	862,770	629,006	233,764	543,880
Public safety	20,000	29,000	28,700	300	169,833
Public works	1,043,241	1,043,241	313,523	729,718	12,552
Health and welfare	-	238,475	238,474	1	-
Culture and recreation	40,000	40,000	147,993	(107,993)	35,016
Debt Service					
Principal	475,000	475,000	475,000	-	460,000
Interest	1,090,505	1,090,505	1,090,616	(111)	1,109,221
Total Expenditures	3,494,246	3,778,991	2,923,312	855,679	2,330,502
Excess (Deficiency) of Revenues Over (Under) Expenditures	360,984	76,239	(1,131,420)	(1,207,659)	2,340,036
Other Financing Sources					
Transfers in	-	-	-	-	622,516
Total Other Financing Sources	-	-	-	-	622,516
Net Change in Fund Balances	\$ 360,984	\$ 76,239	(1,131,420)	\$ (1,207,659)	2,962,552
Fund Balances Beginning of Year			6,627,324		3,664,772
Fund Balances End of Year			\$ 5,495,904		\$ 6,627,324

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

Garfield County, Colorado
Public Works Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2004
(with Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			2003	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures					
Capital Outlay	-	-	-	-	-
Debt Service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing (Uses)					
Transfers out	-	-	-	-	(268,303)
Total Other Financing (Uses)	-	-	-	-	(268,303)
Net Change in Fund Balances	-	-	-	-	(268,303)
Fund Balances Beginning of Year	-	-	-	-	268,303
Fund Balances End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

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

Garfield County, Colorado
Debt Service Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2004
(with Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures					
Debt Service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing (Uses)					
Transfers out	-	-	-	-	(354,213)
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(354,213)</u>
Net Change in Fund Balances	-	-	-	-	(354,213)
Fund Balances Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,213</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Garfield County, Colorado
Solid Waste Fund
Comparative Statement of Net Assets
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Current Assets		
Equity in pooled cash and investments	\$ 3,007,339	\$ 2,180,646
Other cash and investments	250	250
Receivables:		
Accounts	185,582	159,478
Interfund	99,854	-
Total Current Assets	<u>3,293,025</u>	<u>2,340,374</u>
Non-Current Assets		
Capital assets:		
Land	2,596	2,596
Depreciable capital assets, net	609,432	600,578
Total Non-Current Assets	<u>612,028</u>	<u>603,174</u>
Total Assets	<u>3,905,053</u>	<u>2,943,548</u>
Liabilities		
Current Liabilities		
Accounts payable	13,542	15,926
Accrued salaries and wages	8,675	6,373
Interfund payable	-	848
Compensated absences payable	3,253	2,203
Total Current Liabilities	<u>25,470</u>	<u>25,350</u>
Long-term Liabilities		
Compensated absences payable	13,014	8,811
Landfill closure and postclosure care	204,985	186,653
Total Long-term Liabilities	<u>217,999</u>	<u>195,464</u>
Total Liabilities	<u>243,469</u>	<u>220,814</u>
Net Assets		
Invested in capital assets	612,028	603,174
Unrestricted	3,049,556	2,119,560
Total Net Assets	<u>\$ 3,661,584</u>	<u>\$ 2,722,734</u>

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

Garfield County, Colorado
Solid Waste Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Assets
For the Year Ended December 31, 2004

	<u>2004</u>	<u>2003</u>
Operating Revenues		
Charges for services	\$ 1,446,919	\$ 1,066,400
Miscellaneous	1,172	1,465
Total Operating Revenues	<u>1,448,091</u>	<u>1,067,865</u>
Operating Expenses		
Personnel services	165,271	156,188
Payroll taxes	10,437	10,908
Employee benefits	44,146	45,839
Treasurer fees	14,200	10,312
Operating supplies	27,983	19,637
Dust control	1,561	-
Building repair and maintenance	23,423	17,785
Professional services	42,766	51,407
State fees	9,683	13,990
Fuel and lubrication	33,814	25,455
Utilities	10,016	8,096
Other	26,963	(2,927)
Depreciation	80,647	74,260
Closure and postclosure care costs	18,331	13,964
Total Operating Expenses	<u>509,241</u>	<u>444,914</u>
Operating Income	938,850	622,951
Transfers out	-	(100,000)
Change in Net Assets	938,850	522,951
Net Assets Beginning of Year	<u>2,722,734</u>	<u>2,199,783</u>
Net Assets End of Year	<u>\$ 3,661,584</u>	<u>\$ 2,722,734</u>

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

Garfield County, Colorado
Solid Waste Fund
Schedule of Revenues, Expenditures and Changes in Net Assets -
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues					
Charges for services	\$ 870,000	\$ 870,000	\$ 1,446,919	\$ 576,919	\$ 1,066,400
Others	-	-	1,172	1,172	1,465
Total Revenues	<u>870,000</u>	<u>870,000</u>	<u>1,448,091</u>	<u>578,091</u>	<u>1,067,865</u>
Expenditures					
Personnel services	150,753	156,607	165,271	(8,664)	156,188
Payroll taxes	11,112	11,112	10,437	675	10,908
Employee benefits	50,272	44,418	44,146	272	45,839
Treasurer fees	16,400	16,400	14,200	2,200	10,312
Operating supplies	41,482	40,662	27,983	12,679	19,637
Dust control	1,600	1,600	1,561	39	-
Building repair and maintenance	19,200	25,200	23,423	1,777	17,785
Professional services	54,740	54,760	42,766	11,994	51,407
State fees	21,000	13,000	9,683	3,317	13,990
Fuel and lubrication	29,000	38,000	33,814	4,186	25,455
Utilities	15,120	15,920	10,016	5,904	8,096
Capital outlay	183,500	183,500	89,500	94,000	363,995
Transfer to other funds	100,000	100,000	-	100,000	100,000
Other	87,113	80,113	26,952	53,161	42,119
Contingency	6,500	6,500	11	6,489	53
Total Expenditures	<u>787,792</u>	<u>787,792</u>	<u>499,763</u>	<u>288,029</u>	<u>865,784</u>
Excess of Revenues Over Expenditures	<u>\$ 82,208</u>	<u>\$ 82,208</u>	948,328	<u>\$ 866,120</u>	202,081
Add: Capitalized purchases			89,500		409,094
Less:					
Depreciation expense			(80,647)		(74,260)
Closure/post-closure care			<u>(18,331)</u>		<u>(13,964)</u>
Change in Net Assets - GAAP Basis			<u>\$ 938,850</u>		<u>\$ 522,951</u>

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

Garfield County, Colorado
Solid Waste Fund
Comparative Statement of Cash Flows
For the Year Ended December 31, 2004

	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities		
Cash received from customers	\$ 1,420,815	\$ 1,033,082
Cash received from other sources	1,172	-
Cash payments to employees for services	(212,299)	(204,446)
Cash payments for goods and services	(192,792)	(149,781)
Net Cash Provided by Operating Activities	<u>1,016,896</u>	<u>678,855</u>
Cash Flows from Non-Capital Financing Activities		
Transfers out	(100,702)	(100,000)
Cash Flows from Capital and Related Financing Activities		
Payments for capital acquisitions	(89,501)	(409,094)
Net Cash (Used) by Capital and Related Financing Activities	<u>(89,501)</u>	<u>(409,094)</u>
Net Increase in Cash and Cash Equivalents	826,693	169,761
Cash and Cash Equivalents Beginning of Year	<u>2,180,896</u>	<u>2,011,135</u>
Cash and Cash Equivalents End of Year	<u>\$ 3,007,589</u>	<u>\$ 2,180,896</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 938,850	\$ 622,951
Adjustments		
Depreciation	80,647	74,260
(Increase) Decrease in Assets:		
Accounts receivable	(26,104)	(34,783)
Interfund receivable	-	1,993
Increase (Decrease) in Liabilities:		
Accounts payable	(2,384)	(6,135)
Interfund payable	-	(1,884)
Accrued wages	2,302	6,373
Compensated absences payable	5,253	2,116
Closure and post-closure liability	18,332	13,964
Net Cash Provided by Operating Activities	<u>\$ 1,016,896</u>	<u>\$ 678,855</u>

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

Garfield County, Colorado
Motor Pool Fund
Comparative Statement of Net Assets
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Current Assets		
Equity in pooled cash and investments	\$ 1,517,650	\$ 1,143,088
Receivables:		
Accounts	-	2,121
Interfund	70,904	196,822
Total Current Assets	<u>1,588,554</u>	<u>1,342,031</u>
Non-Current Assets		
Capital Assets:		
Depreciable capital assets, net	497,873	521,177
Total Assets	<u>2,086,427</u>	<u>1,863,208</u>
Liabilities		
Current Liabilities		
Accounts payable	19,421	15,345
Accrued wages	4,606	1,044
Interfund payable	38,641	16
Total Current Liabilities	<u>62,668</u>	<u>16,405</u>
Net Assets		
Invested in capital assets	497,873	521,177
Unrestricted	1,525,886	1,325,626
Total Net Assets	<u>\$ 2,023,759</u>	<u>\$ 1,846,803</u>

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

Garfield County, Colorado
Motor Pool Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Assets
For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating Revenues		
Charges for services	\$ 810,777	\$ 886,834
Miscellaneous	14,882	43,465
Total Operating Revenues	<u>825,659</u>	<u>930,299</u>
Operating Expenses		
Personal services	97,578	88,919
Operating supplies	240,304	192,913
Purchased services	80,902	73,187
Other	37,940	45,119
Depreciation	281,919	343,204
Total Operating Expenses	<u>738,643</u>	<u>743,342</u>
Operating Income	87,016	186,957
Non-Operating Revenues		
Gain on sale of capital assets	6,975	10,230
Income Before Capital Contributions	93,991	197,187
Capital contributions	82,965	200,830
Change in Net Assets	176,956	398,017
Net Assets Beginning of Year	<u>1,846,803</u>	<u>1,448,786</u>
Net Assets End of Year	<u>\$ 2,023,759</u>	<u>\$ 1,846,803</u>

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

Garfield County, Colorado
Motor Pool Fund
*Schedule of Revenues, Expenditures and Changes in Net Assets -
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis*
For the Year Ended December 31, 2004
(With Comparative Actual Amounts for the Year Ended December 31, 2003)

	2004			Final Budget Variance Positive (Negative)	2003
	Original Budget	Final Budget	Actual		Actual
Revenues					
Charges for services	\$ 736,020	\$ 736,020	\$ 810,777	\$ 74,757	\$ 886,833
Gain on sale of assets	24,000	24,000	6,975	(17,025)	10,230
Miscellaneous	-	-	14,882	14,882	43,466
Total Revenues	<u>760,020</u>	<u>760,020</u>	<u>832,634</u>	<u>72,614</u>	<u>940,529</u>
Expenditures					
Salaries and benefits	90,013	94,265	97,578	(3,313)	88,919
Supplies	201,680	244,680	240,304	4,376	192,913
Purchased services	78,042	90,746	80,902	9,844	73,187
Capital outlay	180,000	175,700	175,650	50	151,612
Other	62,484	62,307	37,940	24,367	45,119
Total Expenditures	<u>612,219</u>	<u>667,698</u>	<u>632,374</u>	<u>35,324</u>	<u>551,750</u>
Excess of Revenues Over Expenditures	<u>\$ 147,801</u>	<u>\$ 92,322</u>	200,260	<u>\$ 107,938</u>	388,779
Add: Capitalized purchases			175,650		151,612
Contributed capital assets			82,965		200,830
Less:					
Depreciation expense			(281,919)		(343,204)
Change in Net Assets - GAAP Basis			<u>\$ 176,956</u>		<u>\$ 398,017</u>

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

Garfield County, Colorado
Motor Pool Fund
Comparative Statement of Cash Flows
For the Year Ended December 31, 2004

	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities		
Cash received from customers	\$ 812,898	\$ 1,102,704
Cash received from other sources	14,882	-
Cash payments to employees for services	(94,016)	(87,875)
Cash payments for goods and services	<u>(355,070)</u>	<u>(324,029)</u>
Net Cash Provided by Operating Activities	<u>378,694</u>	<u>690,800</u>
Cash Flows from Non-Capital Financing Activities		
Transfers out	<u>164,543</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from sale of capital assets	6,975	16,155
Payments for capital acquisitions	<u>(175,650)</u>	<u>(151,612)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(168,675)</u>	<u>(135,457)</u>
Net Increase in Cash and Cash Equivalents	374,562	555,343
Cash and Cash Equivalents Beginning of Year	<u>1,143,088</u>	<u>587,745</u>
Cash and Cash Equivalents End of Year	<u>\$ 1,517,650</u>	<u>\$ 1,143,088</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 87,016	\$ 186,957
Adjustments:		
Depreciation	281,919	343,204
(Increase) Decrease in Assets:		
Accounts receivable	2,121	(2,121)
Interfund receivable	-	174,526
Increase (Decrease) in Liabilities:		
Accounts payable	4,076	(7,817)
Wages payable	3,562	1,044
Interfund payable	<u>-</u>	<u>(4,993)</u>
Net Cash Provided by Operating Activities	<u>\$ 378,694</u>	<u>\$ 690,800</u>
Non-Cash Capital Items		
Capital Assets Contributed	<u>\$ 82,965</u>	<u>\$ 200,830</u>

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

Garfield County, Colorado
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2004

County Treasurer	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
Assets				
Cash and investments	\$ 1,271,147	\$ 553,098	\$ -	\$ 1,824,245
Liabilities				
Due to other governments	\$ 1,271,147	\$ 553,098	\$ -	\$ 1,824,245
County Clerk	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
Assets				
Cash	\$ 1,102,011	\$ -	\$ 13,387	\$ 1,088,624
Liabilities				
Due to other governments	\$ 1,102,011	\$ -	\$ 13,387	\$ 1,088,624
Jail Inmate Trust	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
Assets				
Cash	\$ 30,837	\$ 218,283	\$ 226,378	\$ 22,742
Liabilities				
Due to other governments	\$ 30,837	\$ 218,283	\$ 226,378	\$ 22,742
Total	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
Assets				
Cash	\$ 2,403,995	\$ 771,381	\$ 239,765	\$ 2,935,611
Liabilities				
Due to other governments	\$ 2,403,995	\$ 771,381	\$ 239,765	\$ 2,935,611

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

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

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

LOCAL HIGHWAY FINANCE REPORT		City or County: GARFIELD COUNTY
		YEAR ENDING : December 2004
This Information From The Records of Garfield County, Colorado	Prepared By: Phone:	Patsy C. Hernandez 970-945-7284, ext 1310

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 non-highway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	3,444,229
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,647,037
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+ b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	53,966
3. Other local imposts (from page 2)	3,012,142	c. Other	
4. Miscellaneous local receipts (from page 2)	240,641	d. Total (a. through c.)	53,966
5. Transfers from toll facilities		4. General administration & miscellaneous	637,377
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	6,782,609
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	3,252,783	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	3,115,639	2. Notes:	
D. Receipts from Federal Government (from page 2)	429,404	a. Interest	
E. Total receipts (A.7 + B + C + D)	6,797,826	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	6,782,609

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
	7,767,273	6,797,826	6,782,609	7,782,490	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2004

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	454,037	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	2,014,389	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	4,500
4. Licenses		f. Charges for Services (permits)	229,313
5. Other - see below	543,716	g. Other Misc. Receipts	1,454
6. Total (1. through 5.)	2,558,105	h. Other	5,374
c. Total (a. + b.)	3,012,142	i. Total (a. through h.)	240,641
	(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	2,522,097	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	429,404
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle	114,842	d. Federal Transit Admin	
d. Other (Specify) - DOLA grant	478,700	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	593,542	g. Total (a. through f.)	429,404
4. Total (1. + 2. + 3.f)	3,115,639	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		51,715	51,715
c. Construction:			
(1). New Facilities		2,090,606	2,090,606
(2). Capacity Improvements		30,000	30,000
(3). System Preservation		1,197,239	1,197,239
(4). System Enhancement & Operation		74,669	74,669
(5). Total Construction (1) + (2) + (3) + (4)	0	3,392,514	3,392,514
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	3,444,229	3,444,229
			(Carry forward to page 1)

Notes and Comments:

A.3.5. Other	
Specific Ownership Taxes	53,716
Encana Oil & Gas grant	90,000
Encana Oil & Gas grant	400,000
	543,716

SINGLE AUDIT REPORTS AND SCHEDULES



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

Board of County Commissioners Garfield County, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Garfield County, Colorado (the "County"), as of and for the year ended December 31, 2004, and have issued our report thereon dated March 11, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

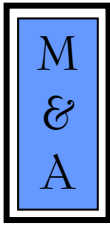
McMahan and Associates, L.L.C.
March 11, 2005

Performing services for local governments throughout Colorado

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

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

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

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

Compliance

We have audited the compliance of Garfield County, Colorado (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

As described in items 2004-1 through 2004-2 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding documentation of eligibility that are applicable to its Food Assistance and TANF programs. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

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

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*Board of County Commissioners
Garfield County, Colorado*

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

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

McMahan and Associates, LLC.

**McMahan and Associates, L.L.C.
March 11, 2005**

Garfield County, Colorado

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2004**

Part I: Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Reportable condition identified that is not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Qualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	Yes
Major program:	
Food Assistance	CFDA #10.551
State Administrative: Food Stamp Program	CFDA #10.561
Special Supplement WIC	CFDA #10.557
TANF Colorado Works	CFDA# 93.558
Child Support Enforcement (Title IV-D)	CFDA# 93.563
Child Care and Development Fund	CFDA# 93.596
Foster Care – Title IV-E	CFDA# 93.658
Medicaid Assistance Program	CFDA# 93.778
Airport Improvement Program	CFDA# 20.106

Dollar threshold used to identify Type A from Type B programs	\$300,000
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Identified as low-risk auditee	No
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Part II: Findings Related to Financial Statements

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

(continued)

Garfield County, Colorado

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2004
(continued)

Part III: Findings Related to Federal Awards

Findings related to federal awards as required by Government Auditing Standards:

2004-1 Food Stamps

In reviewing the Food Stamp program awards for eligibility it was noted that two files selected did not have adequate documentation.

Criteria: Proper documentation in ensuring eligibility for the program.

Condition: Two files selected were missing proper documentation.

Questioned Costs: Undetermined.

Context: In a sample of 15 case files, two exceptions were noted and include the following:

One file did not contain a recent food stamp recertification or application for the payment.

One file contained only 2005 documentation and 2004 documentation was not available.

Effect: Payments may have been made to individuals who would not meet the eligibility requirements.

Course: The condition was caused by not adequately implementing existing procedures to monitor eligibility.

Recommendations: Reiterating the proper documentation requirements with program technicians.

Management's Response: The County believes it had the appropriate documentation but all files were cleansed upon implementation of the Colorado Benefits Management System (CBMS). Cleansing required the physical handling and transfer of all files between staff and offices which increased the possibility of lost or misplaced documentation. After the cleansing for CBMS was completed on March 1, 2005, County DSS began development of new quality assurance (QA) procedures for regular monitoring and review of cases.

Contact person: Lynn Renick, Department of Human Services Director

(continued)

Garfield County, Colorado

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2004
(continued)

Part III: Findings Related to Federal Awards (continued)

2004-2 Temporary Assistance for Needy Families:

In reviewing TANF program awards for eligibility it was noted that several files selected did not have adequate documentation.

Criteria:	Proper documentation in ensuring eligibility for the program.
Condition:	Several files selected were missing proper documentation including a current application or redetermination, immunization records for all children, monthly status reports, and birth certificates.
Questioned Costs:	Undetermined.
Context:	In a sample of 16 case files, six exceptions were noted and include the following: Three files did not contain a current application or redetermination Two files did not contain proof of immunization for all children One file did not contain birth certificates to determine citizenship
Effect:	Payments may have been made to individuals who would not meet the eligibility requirements.
Course:	The condition was caused by not adequately implementing existing procedures to ensure monitoring of eligibility.
Recommendations:	Reiterating the eligibility requirements and proper documentation with Program technicians.
Management's Response:	The County believes it had the appropriate documentation but all files were cleansed upon implementation of the Colorado Benefits Management System (CBMS). Cleansing required the physical handling and transfer of all files between staff and offices which increased the possibility of lost or misplaced documentation. After the cleansing for CBMS was completed on March 1, 2005, County DSS began development of new quality assurance (QA) procedures for regular monitoring and review of cases.
Contact person:	Lynn Renick, Department of Human Services Director

Garfield County, Colorado

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2004**

There were no findings or questioned costs in the prior audit year ended December 31, 2003.

Garfield County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
Department of Agriculture:			
Passed through Colorado Department of Human Services:			
Temporary Emergency Food Assistance Program (TEFAP) Administration	10.568	No	\$ 2,035
Food Donation	10.569	No	27,693
Food Assistance	10.551	Yes	1,865,776
State Administrative Matching Grants for Food Stamp Program	10.561	Yes	137,202
Passed through Colorado Department of Public Health and Environment:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	Yes	171,077
Special Supplemental Nutrition Program for Women, Infants and Children - Non-cash vouchers	10.557	Yes	689,536
Total Department of Agriculture			<u>2,893,319</u>
Department of Health and Human Services:			
Passed through Colorado Department of Health Care Policy and Financing:			
Medical Assistance Program	93.778	No	190,381
Passed through Colorado Department of Human Services:			
Temporary Assistance for Needy Families	93.558	Yes	570,184
Child Support Enforcement (Title IV-D - Administration)	93.563	Yes	423,335
Low-Income Home Energy Assistance	93.568	No	157,176
Child Care and Development Block Grant	93.575	No	291,332
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Yes	663,667
Child Welfare Services - State Grants	93.645	No	34,092
Foster Care - Title IV-E	93.658	Yes	425,747
Adoption Assistance	93.659	No	99,878
Social Services Block Grant	93.667	No	267,274
Independent Living	93.674	No	15,110
Medicaid Assistance Program	93.778	Yes	615,522
Adjustment to Federal Assistance	93.XXX	No	(15,326)
Passed through Colorado Department of Public Health and Environment:			
Maternal and Child Health Federal Consolidated Programs	93.110	No	3,055
Family Planning Services	93.217	No	4,675
Immunization Grants	93.268	No	43,242
Center for Disease Control and Prevention - Investigations and Technical Assistance	93.283	No	51,812
Medicaid Assistance Program	93.778	No	15,000
Passed through Area Aging Council of Northwest Colorado:			
National Family Caregiver Support	93.052	No	59,317
Total Department of Health and Human Services			<u>3,915,473</u>
Department of Transportation:			
Airport Improvement Program	20.106	Yes	338,103
Total Department of Transportation			<u>338,103</u>
Department of Justice:			
Passed through Colorado Department of Public Safety:			
State Domestic Preparedness Equipment Support Program	16.007	No	2,931
State Criminal Alien Assistance Program	16.606	No	88,553
Passed through City of Glenwood Springs, Colorado:			
High Intensity Drug Trafficking Assistance	16.729	No	2,250
Total Department of Justice			<u>\$ 93,734</u>

(continued)

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

Garfield County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004
(Continued)

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
Department of Homeland Security:			
Passed through Colorado Department of Local Affairs:			
Hazardous Materials Training Program	97.020	No	\$ 27,580
Total Department of Homeland Security			<u>27,580</u>
Department of Veterans Affairs:			
Veterans Information and Assistance	64.115	No	600
Total Department of Veterans Affairs			<u>600</u>
National Endowment for the Humanities:			
Promotion of the Humanities - Division of Preservation and Access	45.149	No	3,909
Total National Endowment for the Humanities			<u>3,909</u>
Total Federal Financial Assistance			<u>\$ 7,272,718</u>

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2004

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Garfield County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements.

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

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

Note 3. Pass Through Sub recipients:

The County had no sub recipients as of December 31, 2004.