

**GILPIN COUNTY, COLORADO**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**December 31, 2006**

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## **FINANCIAL SECTION**

Board of County Commissioners  
Gilpin County  
Central City, Colorado

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gilpin County, as of and for the year ended December 31, 2006, which collectively comprise the basic financial statements of Gilpin County, as listed in the table of contents. These financial statements are the responsibility of Gilpin County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, each major fund, and the aggregate remaining fund information of Gilpin County, as of December 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are 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 supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 23, 2007, on our consideration of Gilpin County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gilpin County's basic financial statements. The combining and individual fund financial statements and schedules and local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.



July 23, 2007

**GILPIN COUNTY, COLORADO**  
Management's Discussion and Analysis  
December 31, 2006

As management of Gilpin County, we offer readers of our financial statements this narrative overview and analysis of the financial activities of Gilpin County for the fiscal year ended December 31, 2006.

**Financial Highlights**

The assets of Gilpin County exceeded its liabilities at the close of the most recent fiscal year by \$35,230,095. Of this amount, \$8,763,386 (unrestricted net assets) may be used to meet the county's ongoing obligations to citizens and creditors.

The County's total assets at the end of the year were \$39,562,369.

The general fund ending fund balance was \$4,874,357.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Gilpin County's financial statements. These financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This management report also contains supplementary information to give the reader a more detailed view of the county's financial performance.

**Government-Wide Financial Statements** The government-wide financial statements are designed to provide readers with a broad overview of Gilpin County's finances, in a manner similar to a private-sector business. For Gilpin County this means using the accrual basis of accounting, and including depreciation on capital assets.

The statement of net assets presents information on all of Gilpin County's assets and liabilities with the difference between the two reported as net assets. Changes in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow changes in future fiscal periods (e.g., earned but unused vacation leave.)

The government-wide financial statements can be found on pages 1-2 of this report.

**Fund Financial Statements** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Gilpin County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All Gilpin County funds are governmental funds, which focus on how money flows into and out of the funds and the balances left at year-end available for spending.

Gilpin County maintains 13 individual governmental funds. Three are major: the general fund, the road and bridge fund, and the capital improvement fund. Ten are non-major: the library fund, the human services fund, the solid waste fund, the conservation trust fund, the parks and recreation fund, the retirement fund, the reserve fund, the PILT fund, the Bald Mountain Cemetery fund, and the events (fair) fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the three major funds, and is combined into a single aggregated presentation for the 10 non-major governmental funds.

Gilpin County adopts an annual appropriated budget for each fund. A budgetary comparison schedule has been provided for each fund to demonstrate compliance with these budgets.

### Government-Wide Financial Analysis

**Net Assets** As noted earlier, net assets may serve as a useful indicator of the County's financial position. At the close of fiscal year 2006, assets exceeded liabilities by \$35,230,095 which is an increase from 2005 of \$2,446,083.

Assets:	<u>2006</u>	<u>2005</u>
Cash and Investments	\$10,066,949	\$8,113,283
Accounts Receivable	320,357	159,975
Taxes Receivable	3,098,561	2,723,396
Prepaid Expenses	53,030	41,508
Capital Assets, Net of Accumulated Depreciation	<u>26,023,472</u>	<u>25,381,451</u>
Total Assets	<u>39,562,369</u>	<u>36,419,613</u>
Liabilities:		
Accounts Payable	746,582	475,363
Accrued Salaries	212,976	196,786
Deferred Revenue	3,168,403	2,775,586
Long-Term Liabilities Due Within One Year	<u>204,313</u>	<u>187,866</u>
Total Liabilities	<u>4,332,274</u>	<u>3,635,601</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	26,023,472	25,381,451
Restricted for Emergencies	443,237	309,770
Unrestricted	<u>8,763,386</u>	<u>7,092,791</u>
Total Net Assets	<u>\$35,230,095</u>	<u>\$32,784,012</u>

**Governmental Activities** The County's total revenues of \$16,352,108 exceeded program expenses of \$13,906,025 for an increase in net assets of \$2,446,083. A summary of revenues and expenses follows:

Revenues	<u>2006</u>	<u>2005</u>
Program Revenues		
Charges for Services	\$ 778,084	\$ 924,057
Operating Grants & Contributions	2,265,026	2,064,137
Capital Grants & Contributions	47,528	50,968
Total Program Revenues	<u>3,090,638</u>	<u>3,039,162</u>
General Revenues		
Property Taxes*	2,727,715	2,752,167
Specific Ownership Taxes*	210,087	227,752
Gaming Taxes*	9,616,921	8,893,755
Other Taxes*	1,424	2,117
Payment in Lieu of Taxes*	49,999	47,548
Investment Earnings	339,843	174,080
Other Revenues	315,481	143,160
Total General Revenues	<u>13,261,470</u>	<u>12,240,579</u>
Total Revenues	<u>16,352,108</u>	<u>15,279,741</u>
Expenses		
General Government	5,485,681	5,700,859
Public Safety	2,685,369	2,695,899
Highways and Streets	2,555,383	2,183,308
Health and Welfare	1,119,982	1,189,030
Culture and Recreation	1,796,513	1,318,174
Community Development	263,097	353,075
Interest on Long-Term Debt	0	19,550
Total Expenses	<u>13,906,025</u>	<u>13,459,895</u>
Increase in Net Assets	<u>\$ 2,446,083</u>	<u>\$ 1,819,846</u>

\*It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

The primary revenues for Gilpin County are property taxes (16% of total revenues) and gaming taxes (58% of total revenues.) Gaming taxes are authorized by the Constitution of the State of Colorado, set annually by the Colorado Limited Gaming Control Commission, collected by the State from casinos in Black Hawk and Central City and released to Gilpin County on an annual basis.

### **Governmental Funds**

Unreserved fund balance is a useful measure of the County's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year Gilpin County's governmental funds reported a combined unrestricted ending fund balance of \$8,914,669 and a total combined ending fund balance of \$9,410,936.



Since all general revenues, primarily gaming taxes, are recorded in the General Fund, the General Fund routinely transfers amounts to other funds to subsidize operations or capital projects. For the year ended December 31, 2006, the general fund transferred the following amounts to other funds:

<b><u>Transfers In</u></b>	<b><u>Amount</u></b>
Road and Bridge	\$ 500,000
Solid Waste	150,000
Human Services	175,000
Reserve	120,000
Library	72,000
Capital Improvement	860,000
Parks and Recreation	482,452
Events (Fair)	<u>6,000</u>
<b>Total</b>	<b><u><u>\$ 2,365,452</u></u></b>

A significant increase from \$2,616,512 to \$4,874,357 in the General Fund balance occurred in 2006. The fund balance in the Road & Bridge Fund decreased notably, from \$1,110,202 to \$430,018. The fund balance in the Human Services Fund increased notably, from \$85,245 to \$239,006. The fund balance in the Parks & Recreation Fund decreased notably, from \$405,113 to \$144,337. The County planned these for cash flow purposes.

The County closed one fund during the year (Events/Fair) and made it a department of the General Fund. It was not necessary to have this reported as a special fund.

### **General Fund Budgetary Highlights**

The General Fund accounts for all of the general governmental services provided by the County. This includes public safety, health, community development, maintenance, and general administration. Funding for these services comes from a variety of sources but the general fund is heavily funded by gaming taxes. Gaming revenue of \$9,616,921 was 71% of the total General Fund revenue.

In November, the Board of County Commissioners revised the General Fund budget. The budget supplementals for expenditures, excluding transfers out to other funds, were for water storage, professional services, capital items and payment toward an animal shelter. Budget expenditure additions totaled \$413,875 and resulted in an ending General Fund expenditure budget of \$9,237,179. Actual expenditures were \$8,740,668 (\$496,511 below the revised budget).

## Capital Assets

	<u>2006</u>	<u>2005</u>
Land	\$ 398,610	\$ 398,610
Infrastructure	1,494,439	1,398,846*
Building	18,941,084	19,136,696
Improvements	1,082,624	1,096,597
Equipment	3,131,804	3,142,977
Construction in progress	<u>974,911</u>	<u>207,725</u>
	<u>\$26,023,472</u>	<u>\$25,381,451</u>

\*Includes prior period infrastructure of \$1,005,128 and related depreciation of \$642,617.

The Governmental Accounting Standards Board (GASB) in Statement No. 34 required all governments to record infrastructure assets, such as streets, storm drainage, bridges, trails and roads, on their accounting records. Gilpin County fulfilled their requirement one year early. In 2006, the County added prior period infrastructure of \$1,005,128.

At the end of December 31, 2006, the County had \$26,023,472 invested in capital assets, net of accumulated depreciation. This represents a net increase of \$642,021 or 3% over the prior year.

This year's major additions included:

Prior Period Infrastructure	1,005,128
Vehicle purchases/Road equipment	471,578
Equipment/Hardware & Software	147,529
Current Year Infrastructure	155,513
Buildings & Improvements	267,480

Additional Capital Asset information can be found in Note 1, on page 9 and in Note 3, on page 12 and 13, in the Notes to the Financial Statements.

## Debt

Gilpin County does not have a significant level of debt. Long-term debt reported in the Governmental Activities of \$204,313 represents employee compensated absences.

Additional debt information can be found in Note 4, on page 13, in the Notes to the Financial Statements.

## The Year Ahead

The budget adopted for 2007 is structured to meet the Board of County Commissioners' priorities. For 2007, those priorities include: continue the construction process of an energy-efficient Road & Bridge facility; repair the wall behind the Courthouse; maintain fund balances; continue responsible growth management activities by continuing the boundary line elimination program; revise county employees' salaries and pay scale; expand WIC services to include local Farmer's Market privileges; write an emergency and disaster plan and continue to conduct mass casualty exercises; explore public transportation access to the library; and contribute funds to the Gilpin Ambulance, Inc to improve north county response times.

In 2007, the major source of budgeted revenue for Gilpin County is gaming taxes, authorized by the constitution of the State of Colorado. Gilpin County has exempted gaming tax revenue from TABOR but has not exempted property tax revenue. With this combination of rules, if the amount of gaming tax revenue ever decreases, services could potentially decrease unless the voters approve a property tax increase. Gaming tax revenue currently allows Gilpin County great flexibility in the level of services it provides.

### **Requests for Information**

This financial report is designed to provide a general overview of Gilpin County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Gilpin County Finance Director, PO Box 366, Central City, CO 80427.

## **BASIC FINANCIAL STATEMENTS**

GILPIN COUNTY, COLORADO

STATEMENT OF NET ASSETS

December 31, 2006

	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Cash and Investments	\$ 10,066,949	\$ 8,113,283
Accounts Receivable	320,357	159,975
Taxes Receivable	3,098,561	2,723,396
Prepaid Expenses	53,030	41,508
Capital Assets, Net of Accumulated Depreciation	<u>26,023,472</u>	<u>25,381,451</u>
 TOTAL ASSETS	 <u>39,562,369</u>	 <u>36,419,613</u>
<b>LIABILITIES</b>		
Accounts Payable	746,582	475,363
Accrued Salaries	212,976	196,786
Deferred Revenue	3,168,403	2,775,586
Noncurrent Liabilities		
Due Within One Year	<u>204,313</u>	<u>187,866</u>
 TOTAL LIABILITIES	 <u>4,332,274</u>	 <u>3,635,601</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	26,023,472	25,381,451
Restricted for Emergencies	443,237	309,770
Unrestricted	<u>8,763,386</u>	<u>7,092,791</u>
 TOTAL NET ASSETS	 <u>\$ 35,230,095</u>	 <u>\$ 32,784,012</u>

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

GILPIN COUNTY, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 5,485,681	\$ 401,406	\$ 94,103	\$ -
Public Safety	2,685,369	75,905	402,146	-
Highways and Streets	2,555,383	39,056	531,350	-
Health and Welfare	1,119,982	12,235	1,180,104	-
Culture and Recreation	1,796,513	159,596	57,323	47,528
Community Development	263,097	89,886	-	-
Interest on Long-Term Debt	-	-	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 13,906,025</b>	<b>\$ 778,084</b>	<b>\$ 2,265,026</b>	<b>\$ 47,528</b>

GENERAL REVENUES

Property Taxes  
 Specific Ownership Taxes  
 Gaming Taxes  
 Other Taxes  
 Payment in Lieu of Taxes  
 Investment Earnings  
 Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET ASSETS

NET ASSETS, Beginning, As Restated

NET ASSETS, Ending

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

NET REVENUE (EXPENSE) AND  
CHANGE IN NET ASSETS

GOVERNMENTAL ACTIVITIES

2006

2005

\$	(4,990,172)	\$	(5,219,974)
	(2,207,318)		(2,337,601)
	(1,984,977)		(1,647,137)
	72,357		117,730
	(1,532,066)		(1,072,234)
	(173,211)		(241,967)
	-		(19,550)
	<u>(10,815,387)</u>		<u>(10,420,733)</u>
	2,727,715		2,752,167
	210,087		227,752
	9,616,921		8,893,755
	1,424		2,117
	49,999		47,548
	339,843		174,080
	<u>315,481</u>		<u>143,160</u>
	<u>13,261,470</u>		<u>12,240,579</u>
	2,446,083		1,819,846
	<u>32,784,012</u>		<u>30,964,166</u>
\$	<u><u>35,230,095</u></u>	\$	<u><u>32,784,012</u></u>

GILPIN COUNTY, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2006

	<u>GENERAL</u> <u>FUND</u>	<u>ROAD AND</u> <u>BRIDGE</u>	<u>CAPITAL</u> <u>IMPROVEMENT</u>	<u>OTHER</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
<b>ASSETS</b>				
Cash and Investments	\$ 5,294,218	\$ 506,358	\$ 2,782,871	\$ 1,483,502
Accounts Receivable	272,532	21,631	-	26,194
Taxes Receivable	2,304,768	266,697	-	527,096
Prepaid Items	52,550	-	-	480
<b>TOTAL ASSETS</b>	<b>\$ <u>7,924,068</u></b>	<b>\$ <u>794,686</u></b>	<b>\$ <u>2,782,871</u></b>	<b>\$ <u>2,037,272</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 540,787	\$ 64,867	\$ 53,367	\$ 87,561
Accrued Salaries	145,483	33,104	-	34,389
Deferred Revenue	2,363,441	266,697	-	538,265
<b>TOTAL LIABILITIES</b>	<b><u>3,049,711</u></b>	<b><u>364,668</u></b>	<b><u>53,367</u></b>	<b><u>660,215</u></b>
<b>FUND BALANCES</b>				
Reserved for Prepaid Items	52,550	-	-	480
Reserved for Emergencies	-	-	-	443,237
Unreserved, Reported in				
General Fund	4,821,807	-	-	-
Special Revenue Funds	-	430,018	2,729,504	933,340
<b>TOTAL FUND BALANCES</b>	<b><u>4,874,357</u></b>	<b><u>430,018</u></b>	<b><u>2,729,504</u></b>	<b><u>1,377,057</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>7,924,068</u></b>	<b>\$ <u>794,686</u></b>	<b>\$ <u>2,782,871</u></b>	<b>\$ <u>2,037,272</u></b>

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.

Net Assets of Governmental Activities

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



TOTAL GOVERNMENTAL FUNDS

	<u>2006</u>	<u>2005</u>
\$	10,066,949	\$ 8,113,283
	320,357	159,975
	3,098,561	2,723,396
	<u>53,030</u>	<u>41,508</u>
\$	<u>13,538,897</u>	<u>\$ 11,038,162</u>
\$	746,582	\$ 475,363
	212,976	196,786
	<u>3,168,403</u>	<u>2,775,586</u>
	<u>4,127,961</u>	<u>3,447,735</u>
	53,030	41,508
	443,237	309,770
	4,821,807	2,575,746
	<u>4,092,862</u>	<u>4,663,403</u>
	9,410,936	7,590,427
	26,023,472	25,381,451
	<u>(204,313)</u>	<u>(187,866)</u>
\$	<u>35,230,095</u>	<u>\$ 32,784,012</u>

GILPIN COUNTY, COLORADO

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
 Year Ended December 31, 2006

	GENERAL	ROAD AND BRIDGE	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Taxes	\$ 2,128,980	\$ 270,899	\$ -	\$ 539,347
Gaming Taxes	9,616,921	-	-	-
Licenses and Permits	80,612	-	-	-
Intergovernmental	888,689	531,350	-	942,514
Charges for Services	476,235	39,056	-	182,181
Investment Earnings	150,143	29,344	103,981	56,375
Miscellaneous	16,009	157,609	-	141,863
<b>TOTAL REVENUES</b>	<b>13,357,589</b>	<b>1,028,258</b>	<b>103,981</b>	<b>1,862,280</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	5,386,005	-	1,281	501,492
Public Safety	2,478,468	-	-	-
Highways and Streets	-	1,801,221	-	-
Health and Welfare	128,165	-	-	1,016,155
Culture and Recreation	93,510	-	-	1,296,331
Community Development	259,698	-	-	-
Capital Outlay	394,822	407,221	750,133	17,097
<b>Debt Service</b>				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>8,740,668</b>	<b>2,208,442</b>	<b>751,414</b>	<b>2,831,075</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,616,921</b>	<b>(1,180,184)</b>	<b>(647,433)</b>	<b>(968,795)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	6,376	500,000	860,000	1,005,452
Transfers Out	(2,365,452)	-	-	(6,376)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,359,076)</b>	<b>500,000</b>	<b>860,000</b>	<b>999,076</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,257,845</b>	<b>(680,184)</b>	<b>212,567</b>	<b>30,281</b>
FUND BALANCES, Beginning	2,616,512	1,110,202	2,516,937	1,346,776
FUND BALANCES, Ending	\$ 4,874,357	\$ 430,018	\$ 2,729,504	\$ 1,377,057

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

TOTAL GOVERNMENTAL FUNDS

	<u>2006</u>		<u>2005</u>
\$	2,939,226	\$	2,982,036
	9,616,921		8,893,755
	80,612		96,187
	2,362,553		2,213,653
	697,472		776,870
	339,843		174,080
	315,481		143,160
	<u>16,352,108</u>		<u>15,279,741</u>
	5,888,778		5,507,203
	2,478,468		2,524,486
	1,801,221		1,738,955
	1,144,320		1,176,424
	1,389,841		930,435
	259,698		349,094
	1,569,273		1,157,090
	-		275,000
	-		19,550
	<u>14,531,599</u>		<u>13,678,237</u>
	<u>1,820,509</u>		<u>1,601,504</u>
	2,371,828		5,877,857
	<u>(2,371,828)</u>		<u>(5,877,857)</u>
	-		-
	1,820,509		1,601,504
	<u>7,590,427</u>		<u>5,988,923</u>
\$	<u><u>9,410,936</u></u>	\$	<u><u>7,590,427</u></u>

GILPIN COUNTY, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

	2006	2005
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net Change in Fund Balances of Governmental Funds	\$ 1,820,509	\$ 1,601,504
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is amount by which capital outlay \$1,809,286 exceeded depreciation expense (\$1,167,265) in the current year.	642,021	(28,990)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in compensated absences in the current year.	(16,447)	247,332
Change in Net Assets of Governmental Activities	\$ 2,446,083	\$ 1,819,846

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

GILPIN COUNTY, COLORADO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

December 31, 2006

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and Investments	\$ <u>361,407</u>	\$ <u>334,782</u>
TOTAL ASSETS	\$ <u><u>361,407</u></u>	\$ <u><u>334,782</u></u>
LIABILITIES		
Due to Other Governments	\$ 291,417	\$ 266,430
Deferred for Sheriff Expenditures	<u>69,990</u>	<u>68,352</u>
TOTAL LIABILITIES	\$ <u><u>361,407</u></u>	\$ <u><u>334,782</u></u>

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

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Gilpin County, Colorado (the “County”) conform to generally accepted accounting principles as applicable to governments.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

**Reporting Entity**

The financial reporting entity consists of the County and organizations for which the County is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the County. In addition, any legally separate organizations for which the County is financially accountable are considered part of the reporting entity. Financial accountability exists if the County appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the County.

Based on the application of this criteria, the County does not include additional organizations in its reporting entity.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the County’s government-wide financial statements. Major governmental funds are reported as separate columns in the fund financial statements.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The fiduciary fund financial statements are reported using the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current year.

Property taxes, specific ownership taxes, grants, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the County's practice to use restricted resources first, then unrestricted resources as they are needed.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund.

The *Road and Bridge Fund* accounts for resources accumulated for construction and maintenance of roads and bridges.

The *Capital Improvement Fund* accounts for the construction of major capital projects.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Additionally, the County reports the following fund type:

*Agency Funds* are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and other governments. The County holds all assets in a purely custodial capacity.

**Assets, Liabilities and Net Assets/Fund Balances**

*Cash and Investments* - Investments are reported at fair value.

*Capital Assets* - Capital assets, which include land, infrastructure, buildings, and equipment are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives.

Infrastructure	10 years
Buildings	50 years
Improvements	10 to 20 years
Equipment	5 to 8 years

*Deferred Revenue* - Deferred revenue includes grant funds that have been collected but the corresponding expenditures have not been incurred. Property taxes earned but not levied for the current year are also reported as deferred revenue.

*Compensated Absences* - Employees of the County are allowed to accumulate unused vacation time up to 208 hours. Upon termination of employment from the County, an employee will be compensated for all accrued vacation time at their current pay rate.

These compensated absences are recognized in the governmental funds when due. A long-term liability has been reported in the government-wide financial statements for the accrued compensated absences.



GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Assets/Fund Balances (Continued)**

*Long-Term Liabilities* - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources.

*Net Assets/Fund Balance* - In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**Property Taxes**

Property taxes attach as an enforceable lien on property on January 1 and are levied the following January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits them on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31.

**Contraband Forfeitures**

The Colorado Contraband Forfeiture Act allows law enforcement agencies to retain proceeds from the seizure of contraband. These proceeds are not subject to appropriation in the budget process. Cash proceeds are recorded in the Sheriff Forfeiture Agency Fund. Property and equipment seized are recorded in the government-wide financial statements.

**Comparative Data**

Comparative total data for the prior year has been presented in the financial statements in order to provide an understanding of changes in financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE 2: CASH AND INVESTMENTS**

A summary of cash and investments as of December 31, 2006, follows:

Petty Cash	\$ 2,876
Deposits	1,797,951
Investments	<u>8,627,529</u>
Total	<b><u>\$ 10,428,356</u></b>

Cash and investments are reported in the financial statements as follows:

Governmental Activities	\$ 10,066,949
Agency Funds	<u>361,407</u>
Total	<b><u>\$ 10,428,356</u></b>

**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 regulations. At December 31, 2006, the State regulatory commissioners had indicated that all financial institutions holding deposits for the County are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. 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 uninsured deposits. At December 31, 2006, the County had bank deposits of \$1,945,847 collateralized with securities held by the financial institutions' agents but not in the County's name.

**Investments**

The County is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest which include the following. State statutes do not address custodial risk.

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

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments** (Continued)

The County's investment policy follows State statutes.

*Local Government Investment Pool* - At December 31, 2006, the County had \$523,928 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), \$3,328,755 in the Colorado Local Government Diversified Trust, and \$4,774,846 in the Colorado Surplus Asset Fund Trust (CSAFE). The Pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. The Pools operate similarly to a money market fund with each share equal in value to \$1.00. The Pools are rated AAAM by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**NOTE 3: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2006, is summarized below.

	Restated Balance 12/31/05	Additions	Deletions	Balance 12/31/06
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 398,610	\$ -	\$ -	\$ 398,610
Construction in Progress	207,725	863,542	96,356	974,911
Total Capital Assets, Not Being Depreciated	<u>606,335</u>	<u>863,542</u>	<u>96,356</u>	<u>1,373,521</u>
Capital Assets, Being Depreciated				
Infrastructure	2,168,342	97,213	-	2,265,555
Buildings	21,716,124	242,400	-	21,958,524
Improvements	1,348,008	83,381	-	1,431,389
Equipment	5,801,831	619,106	306,616	6,114,321
Total Capital Assets, Being Depreciated	<u>31,034,305</u>	<u>1,042,100</u>	<u>306,616</u>	<u>31,769,789</u>
Less Accumulated Depreciation				
Infrastructure	769,496	1,620	-	771,116
Buildings	2,579,428	438,012	-	3,017,440
Improvements	251,411	97,354	-	348,765
Equipment	2,658,854	630,279	306,616	2,982,517
Total Accumulated Depreciation	<u>6,259,189</u>	<u>1,167,265</u>	<u>306,616</u>	<u>7,119,838</u>
Total Capital Assets, Being Depreciated, Net	<u>24,775,116</u>	<u>(125,165)</u>	<u>-</u>	<u>24,649,951</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,381,451</u>	<u>\$ 738,377</u>	<u>\$ 96,356</u>	<u>\$ 26,023,472</u>

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE 3: CAPITAL ASSETS (Continued)**

Depreciation was allocated to programs of the County as follows:

General Government	\$ 198,439
Public Safety	205,335
Highway and Streets	347,250
Health and Welfare	10,539
Culture and Recreation	403,722
Community Development	<u>1,980</u>
 Total	 <b><u>\$ 1,167,265</u></b>

**NOTE 4: LONG-TERM LIABILITIES**

Following is a summary of long-term liability transactions of the County for the year ended December 31, 2006.

	<u>Balance</u> <u>12/31/05</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/06</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	<u>\$ 187,866</u>	<u>\$ 276,482</u>	<u>\$ 260,035</u>	<u>\$ 204,313</u>	<u>\$ 204,313</u>

Compensated absences are expected to be liquidated with revenues of the General Fund.

**NOTE 5: INTERFUND TRANSFERS**

For the year ended December 31, 2006, the County transferred the following amounts between funds.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Fair	\$ 6,376
Road and Bridge	General	500,000
Capital Improvement	General	860,000
Human Services	General	175,000
Solid Waste	General	150,000
Library	General	72,000
Reserve	General	120,000
Parks and Recreation	General	482,452
Fair	General	<u>6,000</u>
 Total		 <b><u>\$ 2,371,828</u></b>

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE 5:**        **INTERFUND TRANSFERS** (Continued)

Since all general revenues, primarily gaming taxes, are initially recorded in the General Fund, the General Fund routinely transfers amounts to other funds to subsidize operations or capital projects. The Fair Fund was closed during the current year and all remaining funds were transferred to the General Fund.

**NOTE 6:**        **PUBLIC ENTITY RISK POOL**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the County is involved with the Colorado Counties Casualty and Property Pool and the County Workers' Compensation Pool. These are public entity risk pools that operate as common risk management and insurance programs for member counties.

The purposes of the pools are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of the Pools, their employees and officers.

The County pays an annual contribution to each of these pools. The intergovernmental agreement of formation for each pool provides that the pool will be financially, self-sustaining through member contributions and additional assessments, if necessary. The pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each year.

**NOTE 7:**        **RETIREMENT COMMITMENTS**

**Retirement Plan**

The County is a member of the Colorado County Officials and Employees Retirement Association (CCOERA), which operates a defined contribution retirement plan. Substantially all County employees are required to participate immediately upon being hired. Both the County and the employees are required to contribute 5% of the employee's base salary. The contribution rate is determined by CCOERA. County and employee contributions for the year ended December 31, 2006, were \$228,845 and \$228,845, respectively.

**Deferred Compensation Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all County employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

**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 government. In November 1993, the voters of the County elected to allow an increase in spending and revenues, to the extent of distributions to the County of its share of monies from the limited gaming fund, notwithstanding the provisions of the Amendment.

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 compliance.

The County has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2006, the emergency reserve of \$443,237 was recorded as a reservation of fund balance in the Reserve Special Revenue Fund.

**Litigation**

The County is involved in various lawsuits. The outcome of this litigation cannot be determined at this time.

**Claims and Judgements**

The County participates in federal programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of December 31, 2006, significant amounts of grant expenses have not been audited but the County believes that subsequent audits will not have a material effect on the overall financial position of the County.

**NOTE 9: PRIOR PERIOD ADJUSTMENT**

During the year ended December 31, 2006, the County added infrastructure assets purchased or constructed prior to January 1, 2004, to its capital assets. As a result, net assets of the governmental activities at December 31, 2005, were restated as follows:

	<u>Capital Assets</u>	<u>Net Assets</u>
Balance, December 31, 2005 as Originally Stated	\$ 25,018,940	\$ 32,421,501
Infrastructure	<u>362,511</u>	<u>362,511</u>
Balance, December 31, 2005 as Restated	<u><b>\$ 25,381,451</b></u>	<u><b>\$ 32,784,012</b></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

## GILPIN COUNTY, COLORADO

BUDGETARY COMPARISON SCHEDULEGENERAL FUND

Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 2,151,979	\$ 2,151,979	\$ 2,128,980	\$ (22,999)
Gaming Taxes	9,000,000	9,000,000	9,616,921	616,921
Licenses and Permits	80,300	80,300	80,612	312
Intergovernmental	841,680	841,680	888,689	47,009
Charges for Services	471,551	471,551	471,580	29
Fines and Forfeitures	1,000	1,000	4,655	3,655
Investment Earnings	35,000	35,000	150,143	115,143
Miscellaneous	5,060	5,060	16,009	10,949
TOTAL REVENUES	<u>12,586,570</u>	<u>12,586,570</u>	<u>13,357,589</u>	<u>771,019</u>
EXPENDITURES				
Current				
General Government	5,260,907	5,517,782	5,386,005	131,777
Public Safety	2,582,264	2,582,264	2,478,468	103,796
Health and Welfare	132,094	132,094	128,165	3,929
Culture and Recreation	101,203	101,203	93,510	7,693
Community Development	267,886	267,886	259,698	8,188
Capital Outlay	478,950	635,950	394,822	241,128
TOTAL EXPENDITURES	<u>8,823,304</u>	<u>9,237,179</u>	<u>8,740,668</u>	<u>496,511</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,763,266	3,349,391	4,616,921	1,267,530
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	6,376	6,376
Transfers Out	(2,240,500)	(2,366,500)	(2,365,452)	1,048
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,240,500)</u>	<u>(2,366,500)</u>	<u>(2,359,076)</u>	<u>7,424</u>
NET CHANGE IN FUND BALANCE	1,522,766	982,891	2,257,845	1,274,954
FUND BALANCE, Beginning	<u>2,575,425</u>	<u>2,616,512</u>	<u>2,616,512</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 4,098,191</u>	<u>\$ 3,599,403</u>	<u>\$ 4,874,357</u>	<u>\$ 1,274,954</u>

See the accompanying Independent Auditors' Report.



GILPIN COUNTY, COLORADO

BUDGETARY COMPARISON SCHEDULE

ROAD AND BRIDGE FUND

Year Ended December 31, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 272,795	\$ 272,795	\$ 270,899	\$ (1,896)
Intergovernmental	521,002	521,002	531,350	10,348
Charges for Services	35,500	35,500	39,056	3,556
Investment Earnings	7,500	7,500	29,344	21,844
Miscellaneous	59,500	59,500	157,609	98,109
<b>TOTAL REVENUES</b>	<u>896,297</u>	<u>896,297</u>	<u>1,028,258</u>	<u>131,961</u>
<b>EXPENDITURES</b>				
Highways and Streets	1,972,711	1,981,711	1,801,221	180,490
Capital Outlay	323,000	348,000	407,221	(59,221)
<b>TOTAL EXPENDITURES</b>	<u>2,295,711</u>	<u>2,329,711</u>	<u>2,208,442</u>	<u>121,269</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,399,414)	(1,433,414)	(1,180,184)	253,230
<b>OTHER FINANCING SOURCES</b>				
Transfers In	500,000	500,000	500,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(899,414)	(933,414)	(680,184)	253,230
<b>FUND BALANCE, Beginning</b>	<u>1,097,921</u>	<u>1,110,202</u>	<u>1,110,202</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 198,507</u>	<u>\$ 176,788</u>	<u>\$ 430,018</u>	<u>\$ 253,230</u>

See the accompanying Independent Auditors' Report.

GILPIN COUNTY, COLORADO

BUDGETARY COMPARISON SCHEDULE

CAPITAL IMPROVEMENT FUND

Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Investment Earnings	\$ 700	\$ 700	\$ 103,981	\$ 103,281
EXPENDITURES				
General Government	107	107	1,281	(1,174)
Capital Outlay	<u>3,336,500</u>	<u>3,336,500</u>	<u>750,133</u>	<u>2,586,367</u>
TOTAL EXPENDITURES	<u>3,336,607</u>	<u>3,336,607</u>	<u>751,414</u>	<u>2,585,193</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,335,907)	(3,335,907)	(647,433)	2,688,474
OTHER FINANCING SOURCES				
Transfers In	<u>860,000</u>	<u>860,000</u>	<u>860,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,475,907)	(2,475,907)	212,567	2,688,474
FUND BALANCE, Beginning	<u>2,504,997</u>	<u>2,516,937</u>	<u>2,516,937</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 29,090</u>	<u>\$ 41,030</u>	<u>\$ 2,729,504</u>	<u>\$ 2,688,474</u>

See the accompanying Independent Auditors' Report.

GILPIN COUNTY, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2006

**NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, the Finance Officer submits to the Board of County Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- The County Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of County Commissioners.
- Budgets are legally adopted for all funds of the County except the Fiduciary Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations by fund.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

GILPIN COUNTY, COLORADO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2006

	<u>HUMAN SERVICES</u>	<u>EMPLOYEES' RETIREMENT</u>	<u>SOLID WASTE</u>	<u>PILT</u>	<u>CONSERVATION TRUST</u>
<b>ASSETS</b>					
Cash and Investments	\$ 244,310	\$ 148,387	\$ 95,221	\$ 68,655	\$ 218,040
Accounts Receivable	23,528	58	23	-	-
Taxes Receivable	138,859	223,244	88,794	-	-
Prepaid Items	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 406,697</u>	<u>\$ 371,689</u>	<u>\$ 184,038</u>	<u>\$ 68,655</u>	<u>\$ 218,040</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 9,234	\$ -	\$ 15,744	\$ -	\$ -
Accrued Salaries	10,026	-	972	-	-
Deferred Revenue	148,431	223,244	88,794	-	-
<b>TOTAL LIABILITIES</b>	<u>167,691</u>	<u>223,244</u>	<u>105,510</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Reserved for Prepaid Items	-	-	-	-	-
Reserved for Emergencies	-	-	-	-	-
Unreserved, Reported in Special Revenue Funds	239,006	148,445	78,528	68,655	218,040
<b>TOTAL FUND BALANCES</b>	<u>239,006</u>	<u>148,445</u>	<u>78,528</u>	<u>68,655</u>	<u>218,040</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 406,697</u>	<u>\$ 371,689</u>	<u>\$ 184,038</u>	<u>\$ 68,655</u>	<u>\$ 218,040</u>

See the accompanying Independent Auditors' Report.

<u>LIBRARY</u>	<u>RESERVE</u>	<u>PARKS AND RECREATION</u>	<u>FAIR</u>	<u>CEMETERY</u>	<u>TOTAL</u>
\$ 40,641	\$ 443,237	\$ 220,015	\$ -	\$ 4,996	\$ 1,483,502
2,585	-	-	-	-	26,194
76,199	-	-	-	-	527,096
480	-	-	-	-	480
<u>\$ 119,905</u>	<u>\$ 443,237</u>	<u>\$ 220,015</u>	<u>\$ -</u>	<u>\$ 4,996</u>	<u>\$ 2,037,272</u>
\$ 5,925	\$ -	\$ 56,658	\$ -	\$ -	\$ 87,561
5,968	-	17,423	-	-	34,389
76,199	-	1,597	-	-	538,265
<u>88,092</u>	<u>-</u>	<u>75,678</u>	<u>-</u>	<u>-</u>	<u>660,215</u>
480	-	-	-	-	480
-	443,237	-	-	-	443,237
<u>31,333</u>	<u>-</u>	<u>144,337</u>	<u>-</u>	<u>4,996</u>	<u>933,340</u>
<u>31,813</u>	<u>443,237</u>	<u>144,337</u>	<u>-</u>	<u>4,996</u>	<u>1,377,057</u>
<u>\$ 119,905</u>	<u>\$ 443,237</u>	<u>\$ 220,015</u>	<u>\$ -</u>	<u>\$ 4,996</u>	<u>\$ 2,037,272</u>

GILPIN COUNTY, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended December 31, 2006

	<u>HUMAN SERVICES</u>	<u>EMPLOYEES' RETIREMENT</u>	<u>SOLID WASTE</u>	<u>PILT</u>	<u>CONSERVATION TRUST</u>
REVENUES					
Taxes	\$ 142,082	\$ 228,428	\$ 90,856	\$ -	\$ -
Intergovernmental	838,033	-	-	49,999	47,528
Charges for Services	-	-	22,585	-	-
Investment Earnings	7,470	7,889	3,353	2,300	7,821
Miscellaneous	<u>7,331</u>	<u>-</u>	<u>5,796</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>994,916</u>	<u>236,317</u>	<u>122,590</u>	<u>52,299</u>	<u>55,349</u>
EXPENDITURES					
Current					
General Government	-	219,557	240,052	41,883	-
Health and Welfare	1,016,155	-	-	-	-
Culture and Recreation	-	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,016,155</u>	<u>219,557</u>	<u>240,052</u>	<u>41,883</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,239)</u>	<u>16,760</u>	<u>(117,462)</u>	<u>10,416</u>	<u>55,349</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	175,000	-	150,000	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>175,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	153,761	16,760	32,538	10,416	55,349
FUND BALANCES, Beginning	<u>85,245</u>	<u>131,685</u>	<u>45,990</u>	<u>58,239</u>	<u>162,691</u>
FUND BALANCES, Ending	<u>\$ 239,006</u>	<u>\$ 148,445</u>	<u>\$ 78,528</u>	<u>\$ 68,655</u>	<u>\$ 218,040</u>

See the accompanying Independent Auditors' Report.

	<u>LIBRARY</u>	<u>RESERVE</u>	<u>PARKS AND RECREATION</u>	<u>FAIR</u>	<u>CEMETERY</u>	<u>TOTAL</u>
\$	77,981	\$ -	\$ -	\$ -	\$ -	\$ 539,347
	6,954	-	-	-	-	942,514
	-	-	153,868	5,728	-	182,181
	2,631	13,467	9,825	1,419	200	56,375
	1,817	-	126,919	-	-	141,863
	<u>89,383</u>	<u>13,467</u>	<u>290,612</u>	<u>7,147</u>	<u>200</u>	<u>1,862,280</u>
	-	-	-	-	-	501,492
	-	-	-	-	-	1,016,155
	211,276	-	1,016,743	68,312	-	1,296,331
	-	-	17,097	-	-	17,097
	<u>211,276</u>	<u>-</u>	<u>1,033,840</u>	<u>68,312</u>	<u>-</u>	<u>2,831,075</u>
	<u>(121,893)</u>	<u>13,467</u>	<u>(743,228)</u>	<u>(61,165)</u>	<u>200</u>	<u>(968,795)</u>
	72,000	120,000	482,452	6,000	-	1,005,452
	-	-	-	(6,376)	-	(6,376)
	<u>72,000</u>	<u>120,000</u>	<u>482,452</u>	<u>(376)</u>	<u>-</u>	<u>999,076</u>
	(49,893)	133,467	(260,776)	(61,541)	200	30,281
	<u>81,706</u>	<u>309,770</u>	<u>405,113</u>	<u>61,541</u>	<u>4,796</u>	<u>1,346,776</u>
\$	<u>31,813</u>	<u>443,237</u>	<u>144,337</u>	<u>-</u>	<u>4,996</u>	<u>1,377,057</u>



GILPIN COUNTY, COLORADO

BUDGETARY COMPARISON SCHEDULE

HUMAN SERVICES FUND

Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 141,621	\$ 141,621	\$ 142,082	\$ 461
Intergovernmental	780,243	865,243	838,033	(27,210)
Investment Earnings	1,000	14,000	7,470	(6,530)
Miscellaneous	1,127	1,127	7,331	6,204
<b>TOTAL REVENUES</b>	<u>923,991</u>	<u>1,021,991</u>	<u>994,916</u>	<u>(27,075)</u>
<b>EXPENDITURES</b>				
Health and Welfare	1,069,381	1,274,381	1,016,155	258,226
<b>TOTAL EXPENDITURES</b>	<u>1,069,381</u>	<u>1,274,381</u>	<u>1,016,155</u>	<u>258,226</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(145,390)	(252,390)	(21,239)	231,151
<b>OTHER FINANCING SOURCES</b>				
Transfers In	175,000	175,000	175,000	-
<b>NET CHANGE IN FUND BALANCE</b>	29,610	(77,390)	153,761	231,151
<b>FUND BALANCE, Beginning</b>	<u>44,229</u>	<u>85,245</u>	<u>85,245</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 73,839</u>	<u>\$ 7,855</u>	<u>\$ 239,006</u>	<u>\$ 231,151</u>

See the accompanying Independent Auditors' Report.

GILPIN COUNTY, COLORADO

BUDGETARY COMPARISON SCHEDULE

EMPLOYEES' RETIREMENT FUND

Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 227,608	\$ 227,608	\$ 228,428	\$ 820
Investment Earnings	<u>2,500</u>	<u>2,500</u>	<u>7,889</u>	<u>5,389</u>
TOTAL REVENUES	<u>230,108</u>	<u>230,108</u>	<u>236,317</u>	<u>6,209</u>
EXPENDITURES				
General Government				
Pension Contributions	<u>229,604</u>	<u>229,604</u>	<u>219,557</u>	<u>10,047</u>
TOTAL EXPENDITURES	<u>229,604</u>	<u>229,604</u>	<u>219,557</u>	<u>10,047</u>
NET CHANGE IN FUND BALANCE	504	504	16,760	16,256
FUND BALANCE, Beginning	<u>130,325</u>	<u>131,685</u>	<u>131,685</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 130,829</u>	<u>\$ 132,189</u>	<u>\$ 148,445</u>	<u>\$ 16,256</u>

See the accompanying Independent Auditors' Report.

GILPIN COUNTY, COLORADO

BUDGETARY COMPARISON SCHEDULE

SOLID WASTE FUND

Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 90,666	\$ 90,666	\$ 90,856	\$ 190
Charges for Services	18,000	18,000	22,585	4,585
Investment Earnings	1,000	1,000	3,353	2,353
Miscellaneous	-	-	5,796	5,796
<b>TOTAL REVENUES</b>	<u>109,666</u>	<u>109,666</u>	<u>122,590</u>	<u>12,924</u>
<b>EXPENDITURES</b>				
General Government	<u>244,814</u>	<u>269,814</u>	<u>240,052</u>	<u>29,762</u>
<b>TOTAL EXPENDITURES</b>	<u>244,814</u>	<u>269,814</u>	<u>240,052</u>	<u>29,762</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(135,148)	(160,148)	(117,462)	42,686
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	14,852	(10,148)	32,538	42,686
FUND BALANCE, Beginning	<u>18,640</u>	<u>45,990</u>	<u>45,990</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 33,492</u>	<u>\$ 35,842</u>	<u>\$ 78,528</u>	<u>\$ 42,686</u>

See the accompanying Independent Auditors' Report.

GILPIN COUNTY, COLORADO

BUDGETARY COMPARISON SCHEDULE

PILT FUND

Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 49,999	\$ 4,999
Investment Earnings	500	500	2,300	1,800
TOTAL REVENUES	<u>45,500</u>	<u>45,500</u>	<u>52,299</u>	<u>6,799</u>
EXPENDITURES				
General Government				
Health	2,000	2,000	2,000	-
Community	<u>23,443</u>	<u>45,443</u>	<u>39,883</u>	<u>5,560</u>
TOTAL EXPENDITURES	<u>25,443</u>	<u>47,443</u>	<u>41,883</u>	<u>5,560</u>
NET CHANGE IN FUND BALANCE	20,057	(1,943)	10,416	12,359
FUND BALANCE, Beginning	<u>57,853</u>	<u>58,239</u>	<u>58,239</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 77,910</u>	<u>\$ 56,296</u>	<u>\$ 68,655</u>	<u>\$ 12,359</u>

See the accompanying Independent Auditors' Report.

GILPIN COUNTY, COLORADO

BUDGETARY COMPARISON SCHEDULE

CONSERVATION TRUST FUND

Year Ended December 31, 2006

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 35,000	\$ 47,528	\$ 12,528
Investment Earnings	<u>1,500</u>	<u>7,821</u>	<u>6,321</u>
TOTAL REVENUES	<u>36,500</u>	<u>55,349</u>	<u>18,849</u>
EXPENDITURES			
Culture and Recreation	<u>365</u>	<u>-</u>	<u>365</u>
TOTAL EXPENDITURES	<u>365</u>	<u>-</u>	<u>365</u>
NET CHANGE IN FUND BALANCE	36,135	55,349	19,214
FUND BALANCE, Beginning	<u>162,691</u>	<u>162,691</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 198,826</u>	<u>\$ 218,040</u>	<u>\$ 19,214</u>

See the accompanying Independent Auditors' Report.

GILPIN COUNTY, COLORADO

BUDGETARY COMPARISON SCHEDULE

LIBRARY FUND

Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 78,227	\$ 78,227	\$ 77,981	\$ (246)
Intergovernmental	-	-	6,954	6,954
Investment Earnings	300	300	2,631	2,331
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>1,817</u>	<u>317</u>
<b>TOTAL REVENUES</b>	<u>80,027</u>	<u>80,027</u>	<u>89,383</u>	<u>9,356</u>
<b>EXPENDITURES</b>				
Culture and Recreation	<u>209,451</u>	<u>218,951</u>	<u>211,276</u>	<u>7,675</u>
<b>TOTAL EXPENDITURES</b>	<u>209,451</u>	<u>218,951</u>	<u>211,276</u>	<u>7,675</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(129,424)	(138,924)	(121,893)	17,031
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>72,000</u>	<u>72,000</u>	<u>72,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(57,424)	(66,924)	(49,893)	17,031
<b>FUND BALANCE, Beginning</b>	<u>83,132</u>	<u>81,706</u>	<u>81,706</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 25,708</u>	<u>\$ 14,782</u>	<u>\$ 31,813</u>	<u>\$ 17,031</u>

See the accompanying Independent Auditors' Report.

GILPIN COUNTY, COLORADO

BUDGETARY COMPARISON SCHEDULE

RESERVE FUND

Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Investment Earnings	\$ 4,500	\$ 4,500	\$ 13,467	\$ 8,967
OTHER FINANCING SOURCES				
Transfers In	-	120,000	120,000	-
NET CHANGE IN FUND BALANCE	4,500	124,500	133,467	8,967
FUND BALANCE, Beginning	309,770	309,770	309,770	-
FUND BALANCE, Ending	<u>\$ 314,270</u>	<u>\$ 434,270</u>	<u>\$ 443,237</u>	<u>\$ 8,967</u>

See the accompanying Independent Auditors' Report.

GILPIN COUNTY, COLORADO

BUDGETARY COMPARISON SCHEDULE

PARKS AND RECREATION FUND

Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Charges for Services	\$ 142,346	\$ 142,346	\$ 153,868	\$ 11,522
Investment Earnings	1,000	1,000	9,825	8,825
Miscellaneous	3,000	123,895	126,919	3,024
<b>TOTAL REVENUES</b>	<u>146,346</u>	<u>267,241</u>	<u>290,612</u>	<u>23,371</u>
<b>EXPENDITURES</b>				
Culture and Recreation	914,316	1,059,316	1,016,743	42,573
Capital Outlay	18,000	18,000	17,097	903
<b>TOTAL EXPENDITURES</b>	<u>932,316</u>	<u>1,077,316</u>	<u>1,033,840</u>	<u>43,476</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(785,970)	(810,075)	(743,228)	66,847
<b>OTHER FINANCING SOURCES</b>				
Transfers In	483,500	483,500	482,452	(1,048)
<b>NET CHANGE IN FUND BALANCE</b>	(302,470)	(326,575)	(260,776)	65,799
<b>FUND BALANCE, Beginning</b>	<u>369,277</u>	<u>405,113</u>	<u>405,113</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 66,807</u>	<u>\$ 78,538</u>	<u>\$ 144,337</u>	<u>\$ 65,799</u>

See the accompanying Independent Auditors' Report.



GILPIN COUNTY, COLORADO

BUDGETARY COMPARISON SCHEDULE

FAIR FUND

Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
<b>REVENUES</b>				
Charges for Services	\$ 7,060	\$ 7,060	\$ 5,728	\$ (1,332)
Investment Earnings	500	500	1,419	919
<b>TOTAL REVENUES</b>	<u>7,560</u>	<u>7,560</u>	<u>7,147</u>	<u>(413)</u>
<b>EXPENDITURES</b>				
Culture and Recreation	65,037	75,037	68,312	6,725
<b>TOTAL EXPENDITURES</b>	<u>65,037</u>	<u>75,037</u>	<u>68,312</u>	<u>6,725</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(57,477)	(67,477)	(61,165)	6,312
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	6,000	6,000	-
Transfers Out	-	-	(6,376)	(6,376)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>6,000</u>	<u>(376)</u>	<u>(6,376)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(57,477)	(61,477)	(61,541)	(64)
FUND BALANCE, Beginning	60,565	61,541	61,541	-
FUND BALANCE, Ending	<u>\$ 3,088</u>	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ (64)</u>

See the accompanying Independent Auditors' Report.

GILPIN COUNTY, COLORADO

BUDGETARY COMPARISON SCHEDULE

CEMETERY FUND

Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Investment Earnings	\$ 50	\$ 50	\$ 200	\$ 150
EXPENDITURES				
General Government	-	5	-	5
NET CHANGE IN FUND BALANCE	50	45	200	155
FUND BALANCE, Beginning	4,798	4,796	4,796	-
FUND BALANCE, Ending	<u>\$ 4,848</u>	<u>\$ 4,841</u>	<u>\$ 4,996</u>	<u>\$ 155</u>

See the accompanying Independent Auditors' Report.

GILPIN COUNTY, COLORADO

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

December 31, 2006

	<u>COUNTY TREASURER</u>	<u>PUBLIC TRUSTEE</u>	<u>SHERIFF FORFEITURE</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash and Investments	\$ 247,613	\$ 43,804	\$ 69,990	\$ 361,407
<b>TOTAL ASSETS</b>	<u>\$ 247,613</u>	<u>\$ 43,804</u>	<u>\$ 69,990</u>	<u>\$ 361,407</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 247,613	\$ 43,804	\$ -	\$ 291,417
Deferred for Sheriff Expenditures	<u>-</u>	<u>-</u>	<u>69,990</u>	<u>69,990</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 247,613</u>	<u>\$ 43,804</u>	<u>\$ 69,990</u>	<u>\$ 361,407</u>

See the accompanying Independent Auditors' Report.

GILPIN COUNTY, COLORADO

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

Year Ended December 31, 2006

	<u>BALANCE</u> 12/31/05	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> 12/31/06
<b>ASSETS</b>				
Cash and Investments				
Treasurer	\$ 195,546	\$ 13,787,330	\$ 13,735,263	\$ 247,613
Public Trustee	70,884	965,086	992,166	43,804
Sheriff Forfeiture	<u>68,352</u>	<u>14,411</u>	<u>12,773</u>	<u>69,990</u>
TOTAL ASSETS	<u>\$ 334,782</u>	<u>\$ 14,766,827</u>	<u>\$ 14,740,202</u>	<u>\$ 361,407</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 266,430	\$ 14,752,416	\$ 14,727,429	\$ 291,417
Deferred for Sheriff Expenditures	<u>68,352</u>	<u>14,411</u>	<u>12,773</u>	<u>69,990</u>
TOTAL LIABILITIES	<u>\$ 334,782</u>	<u>\$ 14,766,827</u>	<u>\$ 14,740,202</u>	<u>\$ 361,407</u>

See the accompanying Independent Auditors' Report.

**COMPLIANCE SECTION**

**FEDERAL FINANCIAL ASSISTANCE**



Board of County Commissioners  
Gilpin County  
Central City, Colorado

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gilpin County, as of and for the year ended December 31, 2006, which collectively comprise the basic financial statements of Gilpin County, and have issued our report thereon dated July 23, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Gilpin County's internal control.

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

**Compliance and Other Matters**

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

This report is intended solely for the information and use of the Board of County Commissioners, 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.



July 23, 2007





Board of County Commissioners  
Gilpin County  
Central City, Colorado

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

**Compliance**

We have audited the compliance of Gilpin 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, 2006. Gilpin County's major federal programs are identified in the summary of auditors' 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 Gilpin County's management. Our responsibility is to express an opinion on Gilpin County's compliance based on our audit.

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

In our opinion, Gilpin 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, 2006.

**Internal Control Over Compliance**

The management of Gilpin 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 Gilpin 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gilpin County's internal control over compliance.

A control deficiency in Gilpin County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Gilpin County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Gilpin County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Gilpin County's internal control.

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

This report is intended solely for the information and use of the Board of County Commissioners, 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.

*Swanburt & Company LLC*

July 23, 2007

GILPIN COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2006

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes      x   no
  
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes      x   no

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes      x   no
  
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

\_\_\_\_\_ yes      x   no

Identification of major programs:

- 10.551    Food Stamps
- 10.561    State Administrative Matching Grants for Food Stamp Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?                      x   yes    \_\_\_\_\_ no

**Financial Statement Findings**

The audit of the financial statements did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose fraud, illegal acts, violations of provisions of contracts and grant agreements, or abuse that were material to those financial statements.

**Federal Awards Findings and Questioned Costs**

The audit of federal awards did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose instances of noncompliance or abuse that were material to those federal awards.

Board of County Commissioners  
Gilpin County  
Central City, Colorado

**INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gilpin County, as of and for the year ended December 31, 2006, which collectively comprise the basic financial statements of Gilpin County, and have issued our report thereon dated July 23, 2007. These financial statements are the responsibility of Gilpin County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gilpin County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The information in this schedule 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.

*Swanhorst & Company LLC*

July 23, 2007

GILPIN COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2006

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Expenditures
<b>U.S. Department of Health and Human Services</b>		
Passed through Colorado Department of Public Health and Environment		
Maternal and Child Health Federal Consolidated Programs	93.110	\$ 252
Maternal and Child Health Services Block Grant	93.994	936
Passed through Colorado Department of Human Services		
Temporary Assistance for Needy Families	93.558	51,872
Child Support Enforcement	93.563	12,951
Low-Income Home Energy Assistance	93.568	54,935
Community Services Block Grant	93.569	748
Child Care and Development Block Grant	93.575	31,693
Child Care and Development Mandatory and Matching Funds	93.596	23,047
Child Welfare Services	93.645	3,235
Foster Care	93.658	59,362
Adoption Assistance	93.659	12,446
Social Services Block Grant	93.667	32,141
Medical Assistance Program	93.778	<u>38,405</u>
Total U.S. Department of Health and Human Services		<u>322,023</u>
<b>U. S. Department of Agriculture</b>		
Passed through Colorado Department of Human Services		
Food Stamps	10.551	167,432
State Administrative Matching Grants for Food Stamp Program	10.561	25,507
Emergency Food Assistance Program Administrative Costs	10.568	462
Emergency Food Assistance Program Food Commodities	10.569	<u>1,929</u>
Total U. S. Department of Agriculture		<u>195,330</u>
<b>U.S. Department of Homeland Security</b>		
Passed through Colorado Department of Local Affairs, Division of Emergency Management		
Emergency Management Performance Grants	97.042	<u>10,579</u>
<b>U.S. Department of Justice</b>		
Passed through Colorado Department of Public Safety, Division of Criminal Justice		
Crime Victim Assistance	16.575	<u>35,000</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>		<u>\$ <u>562,932</u></u>

See the accompanying Independent Auditors' Report.

GILPIN COUNTY, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2006

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards 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 the financial statements.

## **STATE COMPLIANCE**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: GILPIN COUNTY
		YEAR ENDING : December 2006
This Information From The Records Of (example - City of _ or County of COUNTY OF GILPIN	Prepared By: Phone:	Clorinda Smith 303.951.3671 ext 1

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	125,347
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	960,969
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	10,099
2. General fund appropriations	500,000	b. Snow and ice removal	57,796
3. Other local imposts (from page 2)	276,638	c. Other	88,898
4. Miscellaneous local receipts (from page 2)	191,389	d. Total (a. through c.)	156,794
5. Transfers from toll facilities		4. General administration & miscellaneous	965,332
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	2,208,441
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	968,027	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	540,667	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	19,562	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	1,528,257	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	2,208,441

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,110,201	1,528,257	2,208,441	430,017	(0)

**Notes and Comments:**



<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2006	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	251,403	a. Interest on investments	29,344
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	86,428
4. Licenses		f. Charges for Services	4,437
5. Specific Ownership &/or Other	25,235	g. Other Misc. Receipts	557
6. Total (1. through 5.)	25,235	h. Other	70,624
c. Total (a. + b.)	276,638	i. Total (a. through h.)	191,389
	(Carry forward to page 1)		(Carry forward to page 1)
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	511,788	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	19,562
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	28,880	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	28,880	g. Total (a. through f.)	19,562
4. Total (1. + 2. + 3.f)	540,667	3. Total (1. + 2.g)	
			(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		30,134	30,134
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation		95,213	95,213
(5). Total Construction (1) + (2) + (3) + (4)	0	95,213	95,213
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	125,347	125,347
			(Carry forward to page 1)
<b>Notes and Comments:</b>			