

GILPIN COUNTY, COLORADO

FINANCIAL STATEMENTS

December 31, 2010

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FINANCIAL SECTION



**JOHN CUTLER
& ASSOCIATES**

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, Colorado, as of and for the year ended December 31, 2010, which collectively comprise the basic financial statements of the County, as listed in the table of contents. These financial statements are the responsibility of Gilpin County, Colorado'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 Standard*. 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, Colorado, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gilpin County, Colorado's basic financial statements. The combining and individual fund schedules, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying financial information presented and the Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments and Non-Profit Organizations, and has been subject to the auditing procedures applied in the audit of the County's 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.

John Cutler & Associates, LLC

September 15, 2011

GILPIN COUNTY, COLORADO
Management's Discussion and Analysis
For the Year Ended December 31, 2010

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, 2010.

Financial Highlights

The assets of Gilpin County exceeded its liabilities at the close of the most recent fiscal year by \$35,427,931. Of this amount, \$5,971,938 (unrestricted net assets) may be used to meet the county's ongoing obligations to citizens and creditors. The remaining \$29,455,993 is invested in capital assets or restricted by law.

The County's total assets at the end of the year were \$40,315,314.

The general fund ending fund balance was \$4,258,280.

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 nine individual governmental funds. Three are major: the general fund, the public works fund and the human services fund. Six are non-major: the library fund, the public health agency fund, the solid waste fund, the conservation trust fund, the parks and recreation fund, and the retirement fund. Three funds from prior years were moved into the General Fund in preparation for GASB 54 reporting. The transition of the parks and recreation fund was started in 2010 and will finish in 2011. 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 six 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 2010, assets exceeded liabilities by \$35,427,931 which is an increase from 2009 of \$139,887.

Assets:	<u>2010</u>	<u>2009</u>
Cash and Investments	\$7,045,781	\$5,968,451
Accounts Receivable	477,267	321,717
Taxes Receivable	3,814,598	3,879,517
Prepaid Expenses	21,792	8,306
Capital Assets, Net of Accumulated Depreciation	<u>28,955,876</u>	<u>30,110,710</u>
Total Assets	<u>40,315,314</u>	<u>40,288,701</u>
Liabilities:		
Accounts Payable	528,150	539,160
Accrued Expenses	138,113	106,001
Deferred Revenue	3,914,738	3,957,642
Noncurrent Liabilities	<u>306,382</u>	<u>394,854</u>
Total Liabilities	<u>4,887,383</u>	<u>5,000,657</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	28,955,876	30,020,487
Restricted for Emergencies	500,117	488,760
Unrestricted	<u>5,971,938</u>	<u>4,778,797</u>
Total Net Assets	<u>\$35,427,931</u>	<u>\$35,288,044</u>

Governmental Activities: The County's total revenues of \$18,133,284 exceeded program expenses of \$17,993,397 for an increase in net assets of \$139,887. A summary of revenues and expenses follows:

Revenues	<u>2010</u>	<u>2009</u>
Program Revenues		
Charges for Services	\$ 1,131,245	\$ 1,133,251
Operating Grants & Contributions	3,001,276	2,509,683
Capital Grants & Contributions	162,318	166,458
Total Program Revenues	<u>4,294,839</u>	<u>4,691,150</u>
General Revenues		
Property Taxes*	3,802,486	3,341,644
Specific Ownership Taxes*	160,148	182,078
Gaming Taxes*	9,583,747	8,196,195
Payment in Lieu of Taxes*	65,798	76,742
Investment Earnings	8,987	12,693
Other Revenues	217,279	261,182
Total General Revenues	<u>13,838,445</u>	<u>12,070,534</u>
Total Revenues	<u>18,133,284</u>	<u>16,761,684</u>
Expenses		
General Government	7,305,003	7,254,173
Public Safety	3,813,491	3,867,831
Highways and Streets	2,775,371	2,677,356
Health and Welfare	1,963,256	2,101,238
Culture and Recreation	1,793,681	1,853,016
Community Development	340,087	341,280
Interest on Long-Term Debt	2,508	11,754
Total Expenses	<u>17,993,397</u>	<u>18,106,648</u>
Increase / (Decrease) in Net Assets	<u>\$ 139,887</u>	<u>\$ (1,344,964)</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 (22% of total revenues) and gaming taxes (53% 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.

There are no notable changes between 2009 and 2010 expenses by function other than the fact total expenses decreased by \$113,251, which is a decrease of less than 1%.

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 \$6,256,528 and a total combined ending fund balance of \$6,778,437.

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 and capital projects. For the year ended December 31, 2010, the general fund transferred to seven other funds, as listed below. The transfers from the Parks and Recreation, and PILT funds were to close those funds and make them a department of the general fund in preparation for GASB 54 reporting. The transfers from the Reserve and Cemetery funds were to close those funds and set them up as separate cash accounts in the General Fund also in preparation for GASB 54 reporting.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Public Works	General	\$1,400,000
Library	General	145,000
Human Services	General	410,000
Public Health	General	225,000
Solid Waste	General	42,000
Reserve	General	10,909
Parks and Recreation	General	775,000
General	Parks and Recreation	723,804
General	Reserve	500,147
General	PILT	82,769
General	Cemetery	4,774
	Total	<u><u>\$4,319,403</u></u>

A significant increase from \$2,743,283 to \$4,258,280 in the General Fund balance occurred in 2010 mainly due to the transfers in of the Reserve, PILT, Cemetery and Parks & Recreation fund balances to prepare for GASB 54 reporting. A majority of the County revenue is not received until August each year. This means an adequate ending fund balance, which fluctuates year to year, is needed to allow for anticipated spending during the first eight months of the following year.

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 \$9,583,747 was 67% of the total General Fund revenue.

Actual Gaming revenue was \$166,253 less than budget for 2010. This is due to many factors contributing to the calculation of this revenue which make it hard to predict such as ballot issues, the economy and the weather.

In December, the Board of County Commissioners revised the General Fund budget. The budget supplements for expenditures were for grant expenses. Budget expenditure additions totaled \$239,441 and resulted in an ending General Fund expenditure budget of \$11,653,522. Actual expenditures were \$11,081,199 (\$572,323 below the revised budget).

Capital Assets

	<u>2010</u>	<u>2009</u>
Land	\$ 743,471	\$ 743,471
Water Rights	56,000	0
Infrastructure	718,178	913,846
Building	22,433,068	22,987,389
Improvements	2,139,488	2,272,200
Equipment	2,454,676	2,764,111
Construction in progress	410,995	429,687
	<u>\$28,955,876</u>	<u>\$30,110,704</u>

At the end of December 31, 2010, the County had \$28,955,876 invested in capital assets, net of accumulated depreciation. This represents a net decrease of \$1,154,834 or 3.8% over the prior year.

Major capital asset events during the current fiscal year included the following:

- The County added previously purchased water rights in the amount of \$56,000 to the capital asset listing.
- The County capitalized \$210,709 in vehicles. This includes a bus, four trucks for the Sheriff's Office and a vehicle for the Coroner.
- The County capitalized improvements of \$79,727. This includes a cistern for the Library, two water heaters at the Justice Center and boiler control upgrades at the Community Center.
- Equipment and software totaling \$186,215 was capitalized in 2010. This includes road equipment, phone and control system upgrades at the Jail, a Jail access control system, Clerk and Recorder eCommerce and EagleWeb software programs, an oven for the Jail, and a Dispatch network consolidation project.
- The County has several projects under construction. Cost of these projects at the end of 2010 is \$410,996. These include, 1) Missouri Lakes Subdivision \$127,843; 2) Aspen Springs Subdivision \$114,385; 3) Chalet Park Subdivision \$49,550; 4) Fuel Farm \$53,950; 5) Upper Apex Bridge \$34,423; 6) Justice Center Lift Station \$30,845.

Additional Capital Asset information can be found in Note 1, on pages 9 and 10 and in Note 4, on page 14, 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 totals \$306,382 which represents compensated absences. Short-term debt of \$2,000,000 was obtained for the period May to October 2010 to finance operations and capital outlay.

Additional debt information can be found in Note 5 and Note 6, on page 15, in the Notes to the Financial Statements.

The Year Ahead

The budget adopted for 2011 is structured to meet the Board of County Commissioners' priorities. For 2011, those priorities include: exploration of funding opportunities for senior housing; consideration of purchasing open space; evaluation of county buildings for energy efficiency; exploration of bus service with casinos and municipalities; maintenance of at least a \$750,000 reserve; continuation of the boundary line elimination and free slash programs and applying for grants through DOLA, GOCO, TRIAD, GEO, Forestry, Historic Preservation, and others.

In 2011, 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.

FINANCIAL STATEMENTS

GILPIN COUNTY, COLORADO

STATEMENT OF NET ASSETS

As of December 31, 2010

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 7,045,781
Receivables	
Property Taxes	3,814,598
Account	477,267
Prepaid Expenses	21,792
Capital Assets, Not Depreciated	1,210,466
Capital Assets, Depreciated	
Net of Accumulated Depreciation	<u>27,745,410</u>
 TOTAL ASSETS	 <u>40,315,314</u>
LIABILITIES	
Accounts Payable	528,150
Accrued Expenses	138,113
Accrued Compensated Absences	306,382
Deferred Revenues	100,140
Deferred Property Taxes	<u>3,814,598</u>
 TOTAL LIABILITIES	 <u>4,887,383</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	28,955,876
Restricted for Emergencies	500,117
Unrestricted	<u>5,971,938</u>
 TOTAL NET ASSETS	 <u>\$ 35,427,931</u>

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

GILPIN COUNTY, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Assets
PRIMARY GOVERNMENT					Governmental Activities
Governmental Activities					
General Government	\$ 7,305,003	\$ 681,351	\$ 210,990	\$ -	\$ (6,412,662)
Public Safety	3,813,491	100,158	296,990	90,185	(3,326,158)
Health and Welfare	1,963,256	40,382	753,612	72,133	(1,097,129)
Highways and Streets	2,775,371	9,489	1,577,423	-	(1,188,459)
Culture and Recreation	1,793,681	179,364	104,174	-	(1,510,143)
Community Development	340,087	120,501	58,087	-	(161,499)
Interest on Long Term Debt	2,508	-	-	-	(2,508)
Total Governmental Activities	\$ 17,993,397	\$ 1,131,245	\$ 3,001,276	\$ 162,318	\$ (13,698,558)
GENERAL REVENUES					
Property Taxes					3,802,486
Specific Ownership Taxes					160,148
Gaming Taxes					9,583,747
Payment in Lieu of Taxes					65,798
Interest Income					8,987
Other					217,279
TOTAL GENERAL REVENUES					13,838,445
CHANGE IN NET ASSETS					139,887
NET ASSETS, Beginning					35,288,044
NET ASSETS, Ending					\$ 35,427,931

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

GILPIN COUNTY, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2010

	GENERAL FUND	PUBLIC WORKS FUND	HUMAN SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS					
Cash and Investments	\$ 4,462,587	\$ 973,692	\$ 894,735	\$ 714,767	\$ 7,045,781
Property Taxes Receivable	2,968,531	325,440	169,444	351,183	3,814,598
Accounts Receivable	326,364	90,107	53,066	7,730	477,267
Prepaid Expenses	12,516	-	6,941	2,335	21,792
TOTAL ASSETS	\$ 7,769,998	\$ 1,389,239	\$ 1,124,186	\$ 1,076,015	\$ 11,359,438
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 400,837	\$ 84,442	\$ 17,462	\$ 25,409	\$ 528,150
Accrued Expenses	104,676	18,733	7,447	7,257	138,113
Deferred Revenue	37,674	34,564	9,719	18,183	100,140
Deferred Property Taxes	2,968,531	325,440	169,444	351,183	3,814,598
TOTAL LIABILITIES	3,511,718	463,179	204,072	402,032	4,581,001
FUND EQUITY					
Fund Balance					
Reserved for Prepaid Items	12,516	-	6,941	2,335	21,792
Reserved for Emergencies	500,117	-	-	-	500,117
Unreserved, reported in					
General Fund	3,745,647	-	-	-	3,745,647
Special Revenue Funds	-	926,060	913,173	671,648	2,510,881
TOTAL FUND EQUITY	4,258,280	926,060	920,114	673,983	6,778,437
TOTAL LIABILITIES AND FUND EQUITY	\$ 7,769,998	\$ 1,389,239	\$ 1,124,186	\$ 1,076,015	

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.	28,955,876
Long-term liabilities are not due and payable in the current period and are not reported in the funds. This is the amount of accrued compensated absences for the year.	<u>(306,382)</u>
Net assets of governmental activities	<u>\$ 35,427,931</u>

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

GILPIN COUNTY, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2010

	GENERAL FUND	PUBLIC WORKS FUND	HUMAN SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES					
Taxes	\$ 2,967,127	\$ 332,945	\$ 174,656	\$ 487,905	\$ 3,962,633
Gaming Taxes	9,583,747	-	-	-	9,583,747
Intergovernmental	705,293	821,835	1,540,304	131,910	3,199,342
Licenses and Permits	145,716	7,295	-	4,841	157,852
Charges for Services	762,051	33,087	-	194,170	989,308
Interest Income	5,325	782	852	2,028	8,987
Miscellaneous	123,352	82,328	8,262	17,473	231,415
TOTAL REVENUES	14,292,611	1,278,272	1,724,074	838,327	18,133,284
EXPENDITURES					
Current					
General Government	6,644,894	-	-	417,532	7,062,426
Public Safety	3,514,572	-	-	-	3,514,572
Health and Welfare	-	-	1,738,535	222,287	1,960,822
Highways and Streets	4,697	2,147,615	-	-	2,152,312
Culture and Recreation	194,282	-	-	1,138,781	1,333,063
Community Development	339,564	-	-	-	339,564
Capital Outlay	342,507	132,038	-	-	474,545
Debt Service					
Principal	39,417	50,806	-	-	90,223
Interest	1,266	1,242	-	-	2,508
TOTAL EXPENDITURES	11,081,199	2,331,701	1,738,535	1,778,600	16,930,035
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,211,412	(1,053,429)	(14,461)	(940,273)	1,203,249
OTHER FINANCING SOURCES (USES)					
Transfers In	1,311,494	1,400,000	410,000	1,197,909	4,319,403
Transfers Out	(3,007,909)	-	-	(1,311,494)	(4,319,403)
TOTAL OTHER FINANCING SOURCES	(1,696,415)	1,400,000	410,000	(113,585)	-
NET CHANGE IN FUND BALANCES	1,514,997	346,571	395,539	(1,053,858)	1,203,249
FUND BALANCES, Beginning	2,743,283	579,489	524,575	1,727,841	5,575,188
FUND BALANCES, Ending	\$ 4,258,280	\$ 926,060	\$ 920,114	\$ 673,983	\$ 6,778,437

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

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, 2010

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 1,203,249
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 and reported as depreciation expense. This is the amount by which depreciation (\$1,620,209) exceeded capital outlay \$532,645 and loss on disposal (\$67,270) in the current period.	(1,154,834)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. These include capital lease payments of \$90,223, and change in accrued compensated absences of \$1,249.	<u>91,472</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 139,887</u></u>

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

GILPIN COUNTY, COLORADO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
December 31, 2010

	<u>AGENCY FUND</u>
ASSETS	
Cash and Investments	<u>\$ 460,106</u>
LIABILITIES	
Due to Other Governments	\$ 417,308
Deferred for Sheriff Expenditures	<u>42,798</u>
TOTAL LIABILITIES	<u>\$ 460,106</u>

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

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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

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

Reporting Entity

In accordance with governmental accounting standards, the County has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The County is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if County officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the County. The County may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based on the application of these 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. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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*, as are the proprietary fund financial statements. 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.

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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items 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 both the government-wide and proprietary (enterprise) fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has no business-type activities and enterprise funds at this time.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In the fund financial statements, the County reports the following major governmental fund:

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 *Public Works Fund* accounts for resources accumulated for the construction and maintenance of roads and bridges.

The *Human Services Fund* accounts for federal and state public welfare programs administered by the County.

Additionally, the County reports the following fund type:

The *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.

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns 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.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Infrastructure	5 – 40 years
Buildings	10 – 50 years
Improvements	5 – 50 years
Equipment	2 – 25 years

Deferred Revenue

Deferred revenue includes grant funds that have been collected but 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 and an 480 hours of unused sick time. Upon termination of employment from the County, employees will be compensated for all accrued vacation time at their current pay rate. These compensated absences are recognized when due in the governmental fund types. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

Long-Term Obligations

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 Balances

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, fund balances are 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.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes are levied on or before December 22 and attach as an enforceable lien on property on 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 to the County 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. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- Prior to October 15, the County management submits to the 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 Management 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 County Commissioners.
- Budgets are legally adopted for all funds of the County except for the fiduciary funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- Budgeted amounts in the financial statements are as originally adopted or as amended by the County Commissioners. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations by fund.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Legal Compliance

The expenditures of the Parks and Recreation Fund exceeded the budgeted amount by \$1,084. This may be a violation of State statute.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2010 follows:

Petty Cash	\$ 1,268
Cash Deposits	2,683,388
Investments	<u>4,821,231</u>
Total	<u>\$ 7,505,887</u>

The above amounts are classified in the statement of net assets as follows:

Governmental Activities	\$ 7,045,781
Agency Funds	<u>460,106</u>
Total	<u>\$ 7,505,887</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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, 2010, State regulatory commissioners have 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.

The County has no policy regarding custodial credit risk for deposits.

At December 31, 2010, the County had deposits with financial institutions with a carrying amount of \$2,683,388. The bank balances with the financial institutions were \$2,934,839. Of these balances, \$250,000 was covered by federal depository insurance and \$2,684,839 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments

Interest Rate Risk

The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which include:

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

The County had invested \$4,821,231 in the Colorado Government Liquid Asset Trust and the Colorado Surplus Asset Fund Trust (COLOTRUST and CSAFE); investment vehicles established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. They operate similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned 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 entities. Colostrust is rated AAA and CSAFE is rated AAAM by Standard and Poor's.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2010 is summarized below:

	Balances <u>12/31/09</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/10</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 743,471	\$ -	\$ -	\$ 743,471
Water Rights	-	56,000	-	56,000
Construction in Process	<u>429,687</u>	<u>-</u>	<u>18,692</u>	<u>410,995</u>
Total Capital Assets, not depreciated	<u>1,173,158</u>	<u>56,000</u>	<u>18,692</u>	<u>1,210,466</u>
Capital Assets, depreciated				
Buildings	27,524,711	-	-	27,524,711
Infrastructure	2,277,811	-	-	2,277,811
Improvements	3,073,191	79,727	-	3,152,918
Machinery and Equipment	<u>7,469,720</u>	<u>396,924</u>	<u>235,283</u>	<u>7,631,361</u>
Total Capital Assets, depreciated	<u>40,345,433</u>	<u>476,651</u>	<u>235,283</u>	<u>40,586,801</u>
Less Accumulated Depreciation				
Buildings	4,537,322	554,321	-	5,091,643
Infrastructure	1,363,965	195,668	-	1,559,633
Improvements	800,991	212,439	-	1,013,430
Machinery and Equipment	<u>4,705,609</u>	<u>657,781</u>	<u>186,705</u>	<u>5,176,685</u>
Total Accumulated Depreciation	<u>11,407,887</u>	<u>1,620,209</u>	<u>186,705</u>	<u>12,841,391</u>
Total Capital Assets, depreciated, Net	<u>28,937,546</u>	<u>(1,143,558)</u>	<u>48,578</u>	<u>27,745,410</u>
Governmental Activities, Capital Assets, Net	<u>\$ 30,110,704</u>	<u>\$ (1,087,558)</u>	<u>\$ 67,270</u>	<u>\$ 28,955,876</u>

Depreciation expense was charged to functions/programs of the County as follows:

Governmental Activities	
General Government	\$ 279,712
Public Safety	250,401
Highways and Streets	621,743
Health and Welfare	4,893
Culture and Recreation	462,470
Community Development	<u>990</u>
Total	<u>\$ 1,620,209</u>

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2010.

	Balance <u>12/31/09</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/10</u>	Due In <u>One Year</u>
Capital Leases	\$ 90,223	\$ -	\$ 90,223	\$ -	\$ -
Accrued Compensated Absences	<u>307,631</u>	<u>405,427</u>	<u>406,676</u>	<u>306,382</u>	<u>-</u>
Total	<u>\$ 397,854</u>	<u>\$ 405,427</u>	<u>\$ 496,899</u>	<u>\$ 306,382</u>	<u>\$ -</u>

Accrued Compensated Absences are being paid from resources generated by various funds.

Capital Leases

The County has entered into two capital lease agreements to purchase equipment which will be paid from revenues of the General Fund and the Public Works Fund. Both leases were paid in full as of December 31, 2010.

NOTE 6: SHORT TERM DEBT

During the year ended December 31, 2010, the County issued \$2,000,000 Tax Anticipation Notes to finance operations throughout the year. The loan was paid in full when gaming taxes were received.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 7: INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2010, were comprised of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Public Works Fund	General Fund	\$ 1,400,000
Library Fund	General Fund	145,000
Human Services Fund	General Fund	410,000
Public Health Fund	General Fund	225,000
Solid Waste Fund	General Fund	42,000
Parks and Recreation Fund	General Fund	775,000
Reserve Fund	General Fund	10,909
General Fund	Parks and Recreation Fund	723,804
General Fund	Reserve Fund	500,147
General Fund	PILT Fund	82,769
General Fund	Cemetery Fund	<u>4,774</u>
Total		<u>\$ 4,319,403</u>

The General Fund transferred funds to the Public Works Fund, Library Fund, Human Services Fund, Public Health Fund, Solid Waste Fund, Parks and Recreation Fund, and the Reserve Fund to subsidize operations, capital purchases and reserve requirements in those funds. The Parks and Recreation Fund, Reserve Fund, PILT Fund, and Cemetery Fund transferred funds to the General Fund to close out the funds in preparation for the implementation of GASB 54.

NOTE 8: RETIREMENT COMMITMENTS

Employee Pension Plan

The County contributes to a multiple employer defined contribution retirement plan administered by the Colorado Officials and Employees Retirement Association. Substantially all County employees are required to participate immediately upon being hired. Both the County and the employee contribute three percent of the employee's base salary. The contribution rate is determined by CCOERA. During the year ended December 31, 2010, employer and employees contributed \$192,095, equal to their required contributions.

Deferred Compensation

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. All plan investments are held in trust for the exclusive benefit of the employees. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency, unless an employee takes out a loan on their account.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE 9: 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 forming 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 10: 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. On November 1994, voters within the County approved the collection, retention and expenditure of State grants, all sales and use taxes and all other revenue generated by the County in 1995 and subsequent years without limitation, notwithstanding the provisions of the Amendment.

The County has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2010, the emergency reserve of \$500,117 was recorded in the General Fund.

Litigation

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

REQUIRED SUPPLEMENTARY INFORMATION

GILPIN COUNTY, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 3,045,581	\$ 3,045,581	\$ 2,967,127	\$ (78,454)
Gaming Taxes	9,750,000	9,750,000	9,583,747	(166,253)
Licenses and Permits	139,500	139,500	145,716	6,216
Intergovernmental	549,023	549,023	705,293	156,270
Charges for Services	595,775	595,775	762,051	166,276
Fines and Forfeitures	1,000	1,000	-	(1,000)
Interest Income	3,000	3,000	5,325	2,325
Miscellaneous	36,446	36,446	123,352	86,906
TOTAL REVENUES	14,120,325	14,120,325	14,292,611	172,286
EXPENDITURES				
Current				
General Government	6,742,105	6,944,463	6,644,894	299,569
Public Safety	3,815,372	3,815,372	3,514,572	300,800
Highways & Streets	-	5,000	4,697	303
Culture & Recreation	197,538	197,538	194,282	3,256
Community Development	366,038	366,038	339,564	26,474
Capital Outlay	293,028	325,111	342,507	(17,396)
Debt Service				
Principal	-	-	39,417	(39,417)
Interest	-	-	1,266	(1,266)
TOTAL EXPENDITURES	11,414,081	11,653,522	11,081,199	572,323
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,706,244	2,466,803	3,211,412	744,609
OTHER FINANCING SOURCED (USES)				
Transfers In	73,000	73,000	1,311,494	1,238,494
Transfers Out	(3,007,909)	(3,007,909)	(3,007,909)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,934,909)	(2,934,909)	(1,696,415)	1,238,494
NET CHANGE IN FUND BALANCE	(228,665)	(468,106)	1,514,997	1,983,103
FUND BALANCE, Beginning	2,531,626	2,743,283	2,743,283	-
FUND BALANCE, Ending	\$ 2,302,961	\$ 2,275,177	\$ 4,258,280	\$ 1,983,103

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

PUBLIC WORKS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 343,221	\$ 343,221	\$ 332,945	\$ (10,276)
Licenses and Permits	15,000	15,000	7,295	(7,705)
Intergovernmental	679,000	679,000	821,835	142,835
Charges for Services	33,000	33,000	33,087	87
Interest Income	500	500	782	282
Miscellaneous	66,000	66,000	82,328	16,328
TOTAL REVENUES	1,136,721	1,136,721	1,278,272	141,551
EXPENDITURES				
Highways and Streets	2,487,911	2,487,911	2,147,615	340,296
Capital Outlay	-	-	132,038	(132,038)
Debt Service				
Principal	50,806	50,806	50,806	-
Interest	1,242	1,242	1,242	-
TOTAL EXPENDITURES	2,539,959	2,539,959	2,331,701	208,258
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,403,238)	(1,403,238)	(1,053,429)	349,809
OTHER FINANCING SOURCES (USES)				
Transfers In	1,400,000	1,400,000	1,400,000	-
TOTAL OTHER FINANCING SOURCES	1,400,000	1,400,000	1,400,000	-
NET CHANGE IN FUND BALANCES	(3,238)	(3,238)	346,571	349,809
FUND BALANCES, Beginning	527,320	579,489	579,489	-
FUND BALANCES, Ending	\$ 524,082	\$ 576,251	\$ 926,060	\$ 349,809

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO
HUMAN SERVICES FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 178,871	\$ 178,871	\$ 174,656	\$ (4,215)
Intergovernmental	1,324,023	1,324,023	1,540,304	216,281
Interest	500	500	852	352
Miscellaneous	13,900	13,900	8,262	(5,638)
	<u>1,517,294</u>	<u>1,517,294</u>	<u>1,724,074</u>	<u>206,780</u>
TOTAL REVENUES				
EXPENDITURES				
Health and Welfare	1,848,190	1,848,190	1,738,535	109,655
	<u>1,848,190</u>	<u>1,848,190</u>	<u>1,738,535</u>	<u>109,655</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(330,896)</u>	<u>(330,896)</u>	<u>(14,461)</u>	<u>316,435</u>
OTHER FINANCING SOURCES				
Transfers In	410,000	410,000	410,000	-
	<u>410,000</u>	<u>410,000</u>	<u>410,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	79,104	79,104	395,539	316,435
FUND BALANCE, Beginning	<u>380,906</u>	<u>524,577</u>	<u>524,575</u>	<u>(2)</u>
FUND BALANCE, Ending	<u>\$ 460,010</u>	<u>\$ 603,681</u>	<u>\$ 920,114</u>	<u>\$ 316,433</u>

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

GILPIN COUNTY, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 December 31, 2010

	LIBRARY FUND	PUBLIC HEALTH FUND	SOLID WASTE FUND	CONSERVATION TRUST FUND
ASSETS				
Cash and Investments	\$ 78,343	\$ 130,504	\$ 189,537	\$ 80,094
Property Taxes Receivable	92,983	-	108,352	-
Accounts Receivable	765	5,460	894	-
Prepaid Expenses	486	1,849	-	-
TOTAL ASSETS	<u>\$ 172,577</u>	<u>\$ 137,813</u>	<u>\$ 298,783</u>	<u>\$ 80,094</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 4,949	\$ 16,702	\$ 3,339	\$ 419
Accrued Expenses	5,488	308	1,461	-
Deferred Revenue	-	18,003	180	-
Deferred Property Taxes	92,983	-	108,352	-
TOTAL LIABILITIES	<u>103,420</u>	<u>35,013</u>	<u>113,332</u>	<u>419</u>
FUND EQUITY				
Fund Balance				
Reserved for Prepaid Items	486	1,849	-	-
Unreserved, reported in Special Revenue Funds	68,671	100,951	185,451	79,675
TOTAL FUND EQUITY	<u>69,157</u>	<u>102,800</u>	<u>185,451</u>	<u>79,675</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 172,577</u>	<u>\$ 137,813</u>	<u>\$ 298,783</u>	<u>\$ 80,094</u>

See the accompanying independent auditors' report.

<u>PARKS AND RECREATION FUND</u>	<u>EMPLOYEE RETIREMENT FUND</u>	<u>RESERVE FUND</u>	<u>PILT FUND</u>	<u>CEMETERY FUND</u>	<u>TOTALS</u>
\$ -	\$ 236,289	\$ -	\$ -	\$ -	\$ 714,767
-	149,848	-	-	-	351,183
99	512	-	-	-	7,730
-	-	-	-	-	2,335
<u>\$ 99</u>	<u>\$ 386,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,076,015</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,409
-	-	-	-	-	7,257
-	-	-	-	-	18,183
-	149,848	-	-	-	351,183
-	149,848	-	-	-	402,032
-	-	-	-	-	2,335
99	236,801	-	-	-	671,648
99	236,801	-	-	-	673,983
<u>\$ 99</u>	<u>\$ 386,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,076,015</u>

GILPIN COUNTY, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended December 31, 2010

	LIBRARY FUND	PUBLIC HEALTH FUND	SOLID WASTE FUND	CONSERVATION TRUST FUND
REVENUES				
Taxes	\$ 95,843	\$ -	\$ 111,685	\$ -
Intergovernmental	1,000	25,168	-	39,944
Licenses and Permits	-	4,841	-	-
Charges for Services	-	1,466	31,933	-
Interest Income	110	113	262	86
Miscellaneous	3,056	7,267	-	-
TOTAL REVENUES	<u>100,009</u>	<u>38,855</u>	<u>143,880</u>	<u>40,030</u>
EXPENDITURES				
Current				
General Government	-	-	194,847	-
Health and Welfare	-	222,287	-	-
Culture and Recreation	283,449	-	-	23,395
TOTAL EXPENDITURES	<u>283,449</u>	<u>222,287</u>	<u>194,847</u>	<u>23,395</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(183,440)</u>	<u>(183,432)</u>	<u>(50,967)</u>	<u>16,635</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	145,000	225,000	42,000	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>145,000</u>	<u>225,000</u>	<u>42,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(38,440)	41,568	(8,967)	16,635
FUND BALANCES, Beginning	<u>107,597</u>	<u>61,232</u>	<u>194,418</u>	<u>63,040</u>
FUND BALANCES, Ending	<u>\$ 69,157</u>	<u>\$ 102,800</u>	<u>\$ 185,451</u>	<u>\$ 79,675</u>

See the accompanying independent auditors' report.

PARKS AND RECREATION FUND	EMPLOYEE RETIREMENT FUND	RESERVE FUND	PILT FUND	CEMETERY FUND	TOTALS
\$ -	\$ 280,377	\$ -	\$ -	\$ -	\$ 487,905
-	-	-	65,798	-	131,910
-	-	-	-	-	4,841
160,771	-	-	-	-	194,170
638	303	483	29	4	2,028
7,150	-	-	-	-	17,473
168,559	280,680	483	65,827	4	838,327
-	189,677	5	33,003	-	417,532
-	-	-	-	-	222,287
831,937	-	-	-	-	1,138,781
831,937	189,677	5	33,003	-	1,778,600
(663,378)	91,003	478	32,824	4	(940,273)
775,000	-	10,909	-	-	1,197,909
(723,804)	-	(500,147)	(82,769)	(4,774)	(1,311,494)
51,196	-	(489,238)	(82,769)	(4,774)	(113,585)
(612,182)	91,003	(488,760)	(49,945)	(4,770)	(1,053,858)
612,281	145,798	488,760	49,945	4,770	1,727,841
\$ 99	\$ 236,801	\$ -	\$ -	\$ -	\$ 673,983

GILPIN COUNTY, COLORADO

LIBRARY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 98,292	\$ 98,292	\$ 95,843	\$ (2,449)
Intergovernmental	-	-	1,000	1,000
Interest Income	150	150	110	(40)
Miscellaneous	2,750	2,750	3,056	306
TOTAL REVENUES	<u>101,192</u>	<u>101,192</u>	<u>100,009</u>	<u>(1,183)</u>
EXPENDITURES				
Culture and Recreation	<u>284,500</u>	<u>286,500</u>	<u>283,449</u>	<u>3,051</u>
TOTAL EXPENDITURES	<u>284,500</u>	<u>286,500</u>	<u>283,449</u>	<u>3,051</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(183,308)</u>	<u>(185,308)</u>	<u>(183,440)</u>	<u>1,868</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>145,000</u>	<u>145,000</u>	<u>145,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>145,000</u>	<u>145,000</u>	<u>145,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(38,308)	(40,308)	(38,440)	1,868
FUND BALANCES, Beginning	<u>103,848</u>	<u>107,597</u>	<u>107,597</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ 65,540</u>	<u>\$ 67,289</u>	<u>\$ 69,157</u>	<u>\$ 1,868</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

PUBLIC HEALTH FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Licenses and Permits	\$ 10,000	\$ 10,000	\$ 4,841	\$ (5,159)
Intergovernmental	34,458	34,458	25,168	(9,290)
Charges for Services	1,611	1,611	1,466	(145)
Fines and Forfeitures	2,000	2,000	-	(2,000)
Interest Income	-	-	113	113
Miscellaneous	-	-	7,267	7,267
TOTAL REVENUES	48,069	48,069	38,855	(9,214)
EXPENDITURES				
Health and Welfare	271,328	271,328	222,287	49,041
TOTAL EXPENDITURES	271,328	271,328	222,287	49,041
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(223,259)	(223,259)	(183,432)	39,827
OTHER FINANCING SOURCES (USES)				
Transfers In	225,000	225,000	225,000	-
TOTAL OTHER FINANCING SOURCES	225,000	225,000	225,000	-
NET CHANGE IN FUND BALANCES	1,741	1,741	41,568	39,827
FUND BALANCES, Beginning	8,445	61,232	61,232	-
FUND BALANCES, Ending	\$ 10,186	\$ 62,973	\$ 102,800	\$ 39,827

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO
SOLID WASTE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 114,345	\$ 114,345	\$ 111,685	\$ (2,660)
Charges for Services	38,000	38,000	31,933	(6,067)
Interest Income	300	300	262	(38)
	<u>152,645</u>	<u>152,645</u>	<u>143,880</u>	<u>(8,765)</u>
TOTAL REVENUES				
EXPENDITURES				
General Government	185,696	190,696	194,847	(4,151)
Capital Outlay	5,500	5,500	-	5,500
	<u>191,196</u>	<u>196,196</u>	<u>194,847</u>	<u>1,349</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(38,551)</u>	<u>(43,551)</u>	<u>(50,967)</u>	<u>(7,416)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	42,000	42,000	42,000	-
	<u>42,000</u>	<u>42,000</u>	<u>42,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES				
NET CHANGE IN FUND BALANCES	3,449	(1,551)	(8,967)	(7,416)
FUND BALANCES, Beginning	<u>202,753</u>	<u>194,418</u>	<u>194,418</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ 206,202</u>	<u>\$ 192,867</u>	<u>\$ 185,451</u>	<u>\$ (7,416)</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO
 CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 39,944	\$ (56)
Interest Income	400	400	86	(314)
TOTAL REVENUES	<u>40,400</u>	<u>40,400</u>	<u>40,030</u>	<u>(370)</u>
EXPENDITURES				
Culture and Recreation	<u>28,884</u>	<u>28,884</u>	<u>23,395</u>	<u>5,489</u>
TOTAL EXPENDITURES	<u>28,884</u>	<u>28,884</u>	<u>23,395</u>	<u>5,489</u>
NET CHANGE IN FUND BALANCE	11,516	11,516	16,635	5,119
FUND BALANCE, Beginning	<u>59,785</u>	<u>63,040</u>	<u>63,040</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 71,301</u>	<u>\$ 74,556</u>	<u>\$ 79,675</u>	<u>\$ 5,119</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

PARKS AND RECREATION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 162,423	\$ 162,423	\$ 160,771	\$ (1,652)
Interest Income	400	400	638	238
Miscellaneous	5,000	5,000	7,150	2,150
TOTAL REVENUES	<u>167,823</u>	<u>167,823</u>	<u>168,559</u>	<u>736</u>
EXPENDITURES				
Culture and Recreation	<u>968,657</u>	<u>968,657</u>	<u>831,937</u>	<u>136,720</u>
TOTAL EXPENDITURES	<u>968,657</u>	<u>968,657</u>	<u>831,937</u>	<u>136,720</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(800,834)</u>	<u>(800,834)</u>	<u>(663,378)</u>	<u>137,456</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	775,000	775,000	775,000	-
Transfers Out	<u>-</u>	<u>(586,000)</u>	<u>(723,804)</u>	<u>(137,804)</u>
TOTAL OTHER FINANCING SOURCES	<u>775,000</u>	<u>189,000</u>	<u>51,196</u>	<u>(137,804)</u>
NET CHANGE IN FUND BALANCES	(25,834)	(611,834)	(612,182)	(348)
FUND BALANCES, Beginning	<u>576,263</u>	<u>612,281</u>	<u>612,281</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ 550,429</u>	<u>\$ 447</u>	<u>\$ 99</u>	<u>\$ (348)</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO
 EMPLOYEE RETIREMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 287,707	\$ 287,707	\$ 280,377	\$ (7,330)
Interest Income	75	75	303	228
TOTAL REVENUES	<u>287,782</u>	<u>287,782</u>	<u>280,680</u>	<u>(7,102)</u>
EXPENDITURES				
General Government	<u>198,390</u>	<u>198,390</u>	<u>189,677</u>	<u>8,713</u>
TOTAL EXPENDITURES	<u>198,390</u>	<u>198,390</u>	<u>189,677</u>	<u>8,713</u>
NET CHANGE IN FUND BALANCE	89,392	89,392	91,003	1,611
FUND BALANCE, Beginning	<u>141,173</u>	<u>145,798</u>	<u>145,798</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 230,565</u>	<u>\$ 235,190</u>	<u>\$ 236,801</u>	<u>\$ 1,611</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

RESERVE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Interest Income	\$ 500	\$ 500	\$ 483	\$ (17)
TOTAL REVENUES	500	500	483	(17)
EXPENDITURES				
General Government	20	20	5	15
TOTAL EXPENDITURES	20	20	5	15
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	480	480	478	(2)
OTHER FINANCING SOURCES (USES)				
Transfers In	10,909	10,909	10,909	-
Transfers Out	-	(500,147)	(500,147)	-
TOTAL OTHER FINANCING SOURCES	10,909	(489,238)	(489,238)	-
NET CHANGE IN FUND BALANCES	11,389	(488,758)	(488,760)	(2)
FUND BALANCES, Beginning	488,611	488,760	488,760	-
FUND BALANCES, Ending	\$ 500,000	\$ 2	\$ -	\$ (2)

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

PILT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental	\$ 70,000	\$ 70,000	\$ 65,798	\$ (4,202)
Interest Income	80	80	29	(51)
TOTAL REVENUES	<u>70,080</u>	<u>70,080</u>	<u>65,827</u>	<u>(4,253)</u>
EXPENDITURES				
General Government	<u>27,120</u>	<u>33,245</u>	<u>33,003</u>	<u>242</u>
TOTAL EXPENDITURES	<u>27,120</u>	<u>33,245</u>	<u>33,003</u>	<u>242</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>42,960</u>	<u>36,835</u>	<u>32,824</u>	<u>(4,011)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(73,000)</u>	<u>(82,875)</u>	<u>(82,769)</u>	<u>106</u>
TOTAL OTHER FINANCING SOURCES	<u>(73,000)</u>	<u>(82,875)</u>	<u>(82,769)</u>	<u>106</u>
NET CHANGE IN FUND BALANCES	(30,040)	(46,040)	(49,945)	(3,905)
FUND BALANCES, Beginning	<u>49,655</u>	<u>49,945</u>	<u>49,945</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ 19,615</u>	<u>\$ 3,905</u>	<u>\$ -</u>	<u>\$ (3,905)</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO
 CEMETERY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2010

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Interest Income	\$ 5	\$ 5	\$ 4	\$ (1)
TOTAL REVENUES	<u>5</u>	<u>5</u>	<u>4</u>	<u>(1)</u>
EXPENDITURES				
General Government	<u>5</u>	<u>5</u>	<u>-</u>	<u>5</u>
TOTAL EXPENDITURES	<u>5</u>	<u>5</u>	<u>-</u>	<u>5</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	<u>-</u>	<u>(4,770)</u>	<u>(4,774)</u>	<u>(4)</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>(4,770)</u>	<u>(4,774)</u>	<u>(4)</u>
NET CHANGE IN FUND BALANCES	-	(4,770)	(4,770)	-
FUND BALANCES, Beginning	<u>4,025</u>	<u>4,770</u>	<u>4,770</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ 4,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

COMBINING STATEMENT OF FIDUCIARY
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended December 31, 2010

	<u>COUNTY TREASURER</u>	<u>PUBLIC TRUSTEE</u>	<u>SHERIFF FORFEITURE</u>	<u>TOTAL</u>
ASSETS				
Cash and Investments	\$ 345,045	\$ 72,263	\$ 42,798	\$ 460,106
TOTAL ASSETS	<u>\$ 345,045</u>	<u>\$ 72,263</u>	<u>\$ 42,798</u>	<u>\$ 460,106</u>
LIABILITIES				
Due to Other Governments	\$ 345,045	\$ 72,263	\$ -	\$ 417,308
Deferred for Sheriff Expenditures	<u>-</u>	<u>-</u>	<u>42,798</u>	<u>42,798</u>
TOTAL LIABILITIES	<u>\$ 345,045</u>	<u>\$ 72,263</u>	<u>\$ 42,798</u>	<u>\$ 460,106</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, 2010

	<u>BALANCE</u> <u>12/31/2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>12/31/2010</u>
ASSETS				
Cash and Investments				
Treasurer	\$ 203,953	\$ 14,793,541	\$ 14,652,449	\$ 345,045
Public Trustee	54,380	446,274	428,391	72,263
Sheriff Forfeiture	56,025	21	13,248	42,798
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 314,358</u>	<u>\$ 15,239,836</u>	<u>\$ 15,094,088</u>	<u>\$ 460,106</u>
LIABILITIES				
Due to Other Governments	258,333	15,239,816	15,080,841	417,308
Deferred for Sheriff Expenditures	56,025	21	13,248	42,798
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 314,358</u>	<u>\$ 15,239,837</u>	<u>\$ 15,094,089</u>	<u>\$ 460,106</u>

See the accompanying independent auditors' report.

COMPLIANCE



**JOHN CUTLER
& ASSOCIATES**

To the Board of County Commissioners
Gilpin County, Colorado

**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, Colorado, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 15, 2011. 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 the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 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 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 County Board of Trustees, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

John Cutler & Associates, LLC

September 15, 2011



JOHN CUTLER & ASSOCIATES

To The Board of County Commissioners
Gilpin County, Colorado

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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, Colorado with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program to determine the 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, 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 the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 County Commissioners, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

John Luttler & Associates, LLC

September 15, 2011

GILPIN COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

Summary of Auditors- Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no

- Reportable conditions 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

- Reportable conditions 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 Circular A-133? _____ yes x no

Identification of major program:

93.558 Temporary Assistance for Needy Families (TANF)
20.509 Formula Grants For Other Than Urbanized Areas

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

Auditee qualified as low-risk auditee? x yes _____ no

Findings Related to Financial Statements

The audit of the financial statements did not disclose any significant deficiencies in internal control that would be considered a material weakness, and did not disclose any instances of noncompliance with requirements of certain provisions of laws, regulations, and grants that were material to those financial statements.

Findings and Questioned Costs for Federal Awards

The audit of federal awards did not disclose any significant deficiencies in internal control that would be considered a material weakness, and did not disclose any instances of noncompliance with requirements of certain provisions of laws, regulations, and grants that were material to those federal awards

GILPIN COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2010

	<u>Major Program ?</u>	<u>CDFA #</u>	<u>Total Expenditures</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
U.S. Department of Health and Human Services			
Passed through the Colorado Department Of Health and Human Services			
Veteran's Affairs	No	93.000	1,200
Community Development Block Grant	No	93.569	2,597
Community Development Block Grant - ARRA	No	93.569	8,482
Low Income Home Energy Assistance	No	93.568	94,398
Temporary Aid for Needy Families	Yes	93.558	189,837
Child Support Enforcement	No	93.563	7,400
Child Card Development Block Grant	No	93.575	17,465
Child Care Mandatory Matching Funds	No	93.596	33,391
Child Welfare Services	No	93.645	2,479
Title IV-E Foster Care	No	93.658	73,108
Title IV-E Adoption	No	93.659	12,015
Social Services Block Grant	No	93.667	79,172
Medical Assistance Program	No	93.778	25,107
Child Care & Development Block Grant - ARRA	No	93.713	14,859
Passed through the Colorado Department Of Public Health and Environment			
Maternal & Child Health Services Block Grant	No	93.994	<u>1,683</u>
Total U.S. Department of Health and Human Services			<u>563,193</u>
U.S. Department of Agriculture			
Passed through the Colorado Department of Health and Human Services			
Emergency Food Assistance Program	No	10.569	5,194
Emergency Food Assistance Program - Administration	No	10.568	956
Emergency Food Assistance Program - ARRA	No	10.568	4,260
State Administrative Matching Grants fro the Supplemental Nutrition Assistance Program	No	10.561	32,667
Passed through the Colorado Department of Treasury			
Schools and Roads	No	10.665	<u>30,615</u>
Total U.S. Department of Agriculture			<u>73,692</u>
U.S. Department of Transportation			
Passed through the Colorado Department of Transportation			
Formula Grants for Other Than Urbanized Areas - ARRA	Yes	20.509	72,133
Formula Grants for Other Than Urbanized Areas	Yes	20.509	115,917
State and Community Highway Safety	No	20.600	<u>2,183</u>
Total U.S. Department of Transportation			<u>190,233</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2010
(Continued)

	<u>Major Program ?</u>	<u>CDFA #</u>	<u>Total Expenditures</u>
U.S. Department of Homeland Security			
Passed through the Colorado Division of Emergency Management			
Emergency Management Performance Grants	No	97.042	3,833
Passed through the Emergency Food and Shelter Program			
Emergency Food and Shelter National Board Program	No	97.024	<u>2,849</u>
Total U.S. Department of Homeland Security			<u>6,682</u>
U.S. Department of Housing and Urban Development			
Passed through the Colorado Department of Local Affairs			
Community Development Block Grant	No	14.228	<u>46,187</u>
U.S. Department of Interior			
Passed through the Colorado Historical Society			
Historic Preservation Fund Grants-In-Aid	No	15.904	<u>300</u>
U.S. Department of Justice			
Passed through the Colorado Division of Criminal Justice			
Crime Victim Assistance	No	16.575	35,000
Edward Byrne Memorial Justice Assistance	No	16.738	23,040
Bulletproof Vest Partnership Program	No	16.607	2,366
State Criminal Alien Assistance Program	No	16.606	32,083
Violence Against Women Formula Grants - ARRA	No	16.588	<u>23,232</u>
Total U.S. Department of Justice			<u>115,721</u>
Total Federal Financial Assistance			<u>\$ 996,008</u>

NOTES

1. Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the 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 purpose financial statements.

See the accompanying independent auditors' report.

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

LOCAL HIGHWAY FINANCE REPORT		City or County: GILPIN
		YEAR ENDING : December 2010
This Information From The Records Of (example - City of _ or County of COUNTY OF GILPIN)		Prepared By: Phone: CLORINDA SMITH 303.951.3671 x1

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	385
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	635,494
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	9,335
2. General fund appropriations	1,200,000	b. Snow and ice removal	73,909
3. Other local imposts (from page 2)	340,240	c. Other	170,840
4. Miscellaneous local receipts (from page 2)	84,405	d. Total (a. through c.)	254,084
5. Transfers from toll facilities		4. General administration & miscellaneous	1,148,602
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	2,038,565
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)	1,624,645	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	626,774	2. Notes:	
D. Receipts from Federal Government (from page 2)	22,961	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,274,380	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)	2,038,565

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
	686,381	2,274,380	2,038,565	922,196	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2010	
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	318,578	a. Interest on investments	782
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	
4. Licenses		f. Charges for Services	1,209
5. Specific Ownership &/or Other	21,662	g. Other Misc. Receipts	3,379
6. Total (1. through 5.)	21,662	h. Other	79,035
c. Total (a. + b.)	340,240	i. Total (a. through h.)	84,405
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	594,896	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	22,961
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	31,878	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	31,878	g. Total (a. through f.)	22,961
4. Total (1. + 2. + 3.f)	626,774	3. Total (1. + 2.g)	22,961
			(Carry forward to page 1)
		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		385	385
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	385
			(Carry forward to page 1)
Notes and Comments:			