

GILPIN COUNTY, COLORADO

FINANCIAL STATEMENTS

December 31, 2011

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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, 2011, 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, 2011, 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 19, 2012, on our consideration of Gilpin County, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i -vi and 20-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gilpin County, Colorado's financial statements. The combining and individual fund schedules, the combining statements, the statement of changes in assets and liabilities, and schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules, the combining statements, the statement of changes in assets and liabilities and the schedule of expenditure of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

John Luttrell & Associates, LLC

September 19, 2012

GILPIN COUNTY, COLORADO
Management's Discussion and Analysis
For the Year Ended December 31, 2011

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, 2011.

Financial Highlights

At the close of 2011, Gilpin County's assets \$43,444,564, exceeded its liabilities, \$7,673,781, by \$35,770,783. Of this amount, \$7,688,345 (unrestricted net assets) may be used to meet the county's ongoing obligations to citizens and creditors. The remaining \$28,082,438 is invested in capital assets, and restricted by law.

The County's governmental funds reported total ending fund balance of \$11,222,183. This is an increase from the prior year of \$4,379,362. This increase is large because it includes \$2,861,884 of energy performance lease proceeds, the expenses of which won't be entered into fund reporting until 2012 when the work is complete. The remaining increase of \$1,517,474 is a result of conservative budgeting/estimating and spending practices that the County has held in place.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Gilpin County's financial statements. The financial statements include: 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 statements.

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. Evaluation of the overall health of the County would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of County infrastructure, in addition to the financial information provided in this report.

The 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.) An important purpose of the design of the statement of activities is to show the financial reliance of the County's activities or functions on revenues provided by gaming taxes and the County's taxpayers.

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 eight individual governmental funds. Three are major: the general fund, the public works fund and the human services fund. Five are non-major: the library fund, the public health agency fund, the solid waste fund, the conservation trust fund, and the retirement fund. The transition of the parks and recreation fund, for GASB 54 reporting, was started in 2010 and finished 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 five 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 2011, assets exceeded liabilities by \$35,770,783 which is an increase from 2010 of \$342,852.

Assets:	<u>2011</u>	<u>2010</u>
Cash and Investments	\$9,120,684	\$7,045,781
Restricted Cash & Investments	2,722,188	
Accounts Receivable	441,716	477,267
Taxes Receivable	3,434,528	3,814,598
Prepaid Expenses	5,839	21,792
Capital Assets, Net of Accumulated Depreciation	<u>27,719,609</u>	<u>28,955,876</u>
Total Assets	<u>43,444,564</u>	<u>40,315,314</u>
Liabilities:		
Accounts Payable	904,400	528,150
Accrued Expenses	136,453	138,113
Deferred Revenue	3,461,919	3,914,738
Noncurrent Liabilities	<u>309,125</u>	<u>306,382</u>
Total Liabilities	<u>7,673,781</u>	<u>4,887,383</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	27,579,913	28,955,876
Restricted for Emergencies	502,525	500,117
Unrestricted	<u>7,688,345</u>	<u>5,971,938</u>
Total Net Assets	<u>\$35,770,783</u>	<u>\$35,427,931</u>

The County continues to maintain an adequate current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities excluding the restricted cash is 2.70 to 1, as compared to 2.32 to 1, reported at the end of 2010. The County's overall financial position based on this ration improved during calendar year 2011.

Note that 77% of net assets are tied up in capital. The County uses these capital assets to provide services to its citizens. This percentage is down from 82% reported in 2010 and will rise again once the energy performance contract work is complete.

Governmental Activities: The County's total revenues of \$18,936,051 exceeded program expenses of \$18,657,583 for an increase in net assets of \$278,468. A summary of revenues and expenses follows:

Revenues	<u>2011</u>	<u>2010</u>
Program Revenues		
Charges for Services	\$ 1,254,367	\$ 1,131,245
Operating Grants & Contributions	3,822,983	2,509,683
Capital Grants & Contributions	<u>0</u>	<u>162,318</u>
Total Program Revenues	<u>5,077,350</u>	<u>4,294,839</u>
General Revenues		
Property Taxes*	3,861,279	3,802,486
Specific Ownership Taxes*	172,960	160,148
Gaming Taxes*	9,509,856	9,583,747
Payment in Lieu of Taxes*	50,859	65,798
Investment Earnings	5,913	8,987
Other Revenues	<u>257,834</u>	<u>217,279</u>
Total General Revenues	<u>13,858,701</u>	<u>13,838,445</u>
Total Revenues	<u>18,936,051</u>	<u>18,133,284</u>
Expenses		
General Government	7,778,662	7,305,003
Public Safety	3,972,708	3,813,491
Highways and Streets	2,715,665	2,775,371
Health and Welfare	2,225,338	1,963,256
Culture and Recreation	1,688,906	1,793,681
Community Development	276,304	340,087
Interest on Long-Term Debt	<u>0</u>	<u>2,508</u>
Total Expenses	<u>18,657,583</u>	<u>17,993,397</u>
Increase / (Decrease) in Net Assets	<u>\$ 278,468</u>	<u>\$ 139,887</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 (21% of total revenues) and gaming taxes (51% 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 2010 and 2011 expenses by function other than the fact total expenses increased by \$664,186, which is an increase of 3.5%.

Governmental funds

In 2011, the county implemented Governmental Accounting Standards Board Statement 54 (GASB 54), which requires a more specific breakdown of the availability of fund balances, resulting in the components detailed in Note 1 on pages 11-12 of this report. Gilpin County reported a total ending fund balance of \$11,222,183 at the end of 2011, compared to \$6,778,437 at the end of 2010. As mentioned earlier, this increase includes \$2,861,884 for lease proceeds to be expensed in 2012 and the remaining increase of is a result of conservative budgeting/spending measures practiced by the County.

The residual amount of unassigned fund balance in the County’s general fund after accounting for all levels of constraint determined according to GASB 54 is \$5,622,359 which represents resources available for immediate appropriation by the Board for any purpose. There is a need to maintain a certain unassigned amount to cover unexpected expenditures and revenue shortfalls (e.g., an adequate amount to provide liquidity in the event of an economic downturn or natural disaster and to begin saving for capital projects).

The General Fund is the County’s primary operating fund and the largest source of day-to-day service delivery. The General Fund balance portion of the total, which includes the energy performance lease proceeds, was \$8,981,051 in 2011 compared to \$4,258,280 in 2010. An adequate ending fund balance is needed to allow for anticipated spending during the first eight months of the following year since a majority of the County revenue, gaming tax, is not received until mid-August.

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, 2011, the general fund transferred to three other funds, as listed below. The transfer from the Parks and Recreation fund was a final entry to close that fund and make it a department of the general fund for GASB 54 reporting.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Public Works	General	\$800,000
Library	General	175,000
Public Health	General	150,000
General	Parks and Recreation	99
	Total	<u><u>\$1,125,099</u></u>

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 \$9,509,856 was 63% of the total General Fund revenue.

Actual Gaming revenue was \$259,856 more than budget for 2011. This is due to the fact that Gaming revenue is usually budgeted conservatively by the County due to the many factors contributing to the calculation of this revenue such as ballot issues, the economy, road and roadside projects, and the weather.

In December, the Board of County Commissioners revised the General Fund budget. The budget supplements for expenditures were for grant expenses and the energy performance contract. Budget expenditure additions totaled \$3,317,373 and resulted in an ending General Fund expenditure budget of \$15,690,424. Actual expenditures totaled only \$12,184,161. The actual expenditures were much lower because only \$139,636 of the energy lease was actually spent in 2011; the completion of that project will be reported as expenditures in 2012.

Capital Assets

At December 31, 2011, the County had \$27,719,609 invested in a broad range of capital assets. This is a decrease of \$1,236,267 or 4.2% over the prior year.

In 2006, the county added all infrastructure per GASB 34 using the standard depreciation approach which distributes the loss in value of assets across their lives.

Additional Capital Asset information can be found in Note 1, on page 10 and in Note 4, on page 14, in the Notes to the Financial Statements.

The following table provides a summary of capital asset activity:

	<u>2011</u>	<u>2010</u>
Land	\$ 743,471	\$ 743,471
Water Rights	32,000	56,000
Infrastructure	579,589	718,178
Building	21,879,098	22,433,068
Improvements	1,998,004	2,139,488
Equipment	1,936,756	2,454,676
Construction in progress	550,691	410,995
	<u>\$27,719,609</u>	<u>\$28,955,876</u>

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

- The County capitalized \$26,113 for vehicles. This includes a truck for the Sheriff's Office and a donated vehicle for the senior program.
- The County capitalized improvements of \$78,938. This includes a fire alarm panel at the Justice Center, Biomass Boiler Control Modifications at the Public Works Facility, and two pool pumps at the Community Center.
- Equipment totaling \$60,043 was capitalized in 2011. This includes six trash collection containers, a kiln donation to the Community Center, a filing system at Human Services, and CCTV systems and cameras for two Public Works locations.
- The County has several projects in the Construction in progress category. Cost of these projects at the end of 2011 was \$550,692. 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; 7) Energy Performance Contract \$139,696.

Debt

At the end of the calendar year, the County had outstanding debt obligations of \$3,171,009, including debt for compensated absences. In 2011, the County had a net increase in compensated absence balances due of \$2,743. No short-term debt was needed in 2011 to finance operations and capital outlay as has been necessary in the past.

	<u>2011</u>	<u>2010</u>
Capital Lease - Energy Performance	\$ 2,861,884	\$ -
Compensated Absences	<u>309,125</u>	<u>306,382</u>
Total	<u><u>\$ 3,171,009</u></u>	<u><u>\$ 306,382</u></u>

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 2012 is structured to meet the Board of County Commissioners' priorities. For 2012, those priorities include: explore additional cell phone service opportunities; locate funding opportunities for senior housing; acquire property for public/law enforcement shooting range, county cemetery and ball fields; consider acquisition of open space; continued evaluation of county buildings for energy efficiency; explore bus service with casinos and municipalities; maintenance of at least a \$850,000 reserve; continue the free slash program and apply for grants through DOLA, GOCO, TRIAD, GEO, Forestry, Historic Preservation, and others.

In 2012, the major source of budgeted revenue for Gilpin County continues to be gaming tax, 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 decreases, services could decrease or cost users more unless the voters approve a property tax increase. Gaming tax revenue currently allows Gilpin County great flexibility in the level of services it provides.

Grant funding has been difficult to obtain. Increases in Human Services assistance provided to the residents of Gilpin County were supplemented through additional funding through the state and federal levels, but have also put more of a burden on local resources. In circumstances where external funding has been either lost or reduced, service levels and programs are evaluated, and expenditures are adjusted. In order to maintain services, the County is continuing to pursue all cost-effective sources of funding. County offices and departments continue to sustain services as best they can, with the funding available.

In closing, Gilpin County government continues on a cautious and fiscally responsible course to maintain necessary services.

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, 2011

	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Investments	\$ 9,120,684	\$ 7,045,781
Restricted Cash and Investments	2,722,188	-
Receivables		
Property Taxes	3,434,528	3,814,598
Account	441,716	477,267
Prepaid Expenses	5,839	21,792
Capital Assets, Not Depreciated	1,326,162	1,210,466
Capital Assets, Depreciated		
Net of Accumulated Depreciation	<u>26,393,447</u>	<u>27,745,410</u>
 TOTAL ASSETS	 <u>43,444,564</u>	 <u>40,315,314</u>
LIABILITIES		
Accounts Payable	904,400	528,150
Accrued Expenses	136,453	138,113
Accrued Compensated Absences	309,125	306,382
Deferred Revenues	27,391	100,140
Deferred Property Taxes	3,434,528	3,814,598
Noncurrent Liabilities		
Due in More Than One Year	<u>2,861,884</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>7,673,781</u>	 <u>4,887,383</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	27,579,913	28,955,876
Restricted for Emergencies	502,525	500,117
Unrestricted	<u>7,688,345</u>	<u>5,971,938</u>
 TOTAL NET ASSETS	 <u>\$ 35,770,783</u>	 <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, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2011	2010
PRIMARY GOVERNMENT						
Governmental Activities						
General Government	\$ 7,778,662	\$ 757,346	\$ 848,767	\$ -	\$ (6,172,549)	\$ (6,412,662)
Public Safety	3,972,708	99,857	334,063	-	(3,538,788)	(3,326,158)
Health and Welfare	2,225,338	39,072	1,799,239	-	(387,027)	(1,097,129)
Highways and Streets	2,715,665	42,667	732,152	-	(1,940,846)	(1,188,459)
Culture and Recreation	1,688,906	178,024	107,042	-	(1,403,840)	(1,510,143)
Community Development	276,304	137,401	1,720	-	(137,183)	(161,499)
Interest on Long Term Debt	-	-	-	-	-	(2,508)
Total Governmental Activities	\$ 18,657,583	\$ 1,254,367	\$ 3,822,983	\$ -	\$ (13,580,233)	\$ (13,698,558)
GENERAL REVENUES						
					3,861,279	3,802,486
					172,960	160,148
					9,509,856	9,583,747
					50,859	65,798
					5,913	8,987
					257,834	217,279
TOTAL GENERAL REVENUES						
					13,858,701	13,838,445
CHANGE IN NET ASSETS						
					278,468	139,887
NET ASSETS, Beginning						
					35,427,931	35,288,044
Prior Period Adjustment						
					64,384	-
NET ASSETS, Ending						
					\$ 35,770,783	\$ 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, 2011

	GENERAL FUND	PUBLIC WORKS FUND	HUMAN SERVICES FUND	OTHER GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	\$ 6,838,973	\$ 791,375	\$ 837,576	\$ 652,760
Restricted Cash and Investments	2,722,188	-	-	-
Property Taxes Receivable	2,666,994	295,635	153,925	317,974
Accounts Receivable	289,250	72,497	55,735	24,234
Prepaid Expenses	2,975	390	238	2,236
TOTAL ASSETS	\$ 12,520,380	\$ 1,159,897	\$ 1,047,474	\$ 997,204
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 762,179	\$ 72,259	\$ 12,785	\$ 57,177
Accrued Expenses	106,574	16,710	6,636	6,533
Deferred Revenue	3,582	-	9,159	14,650
Deferred Property Taxes	2,666,994	295,635	153,925	317,974
TOTAL LIABILITIES	3,539,329	384,604	182,505	396,334
FUND EQUITY				
Fund Balance				
Nonspendable	2,975	390	238	2,236
Restricted	3,224,713	774,903	848,697	36,322
Committed	-	-	-	562,312
Assigned	131,004	-	16,034	-
Unassigned	5,622,359	-	-	-
TOTAL FUND EQUITY	8,981,051	775,293	864,969	600,870
TOTAL LIABILITIES AND EQUITY	\$ 12,520,380	\$ 1,159,897	\$ 1,047,474	\$ 997,204

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 period and are not reported in the funds. This is the amount of capital leases payable (\$2,861,884) and the balance of accrued compensated absences (\$309,125) for the year.

Net assets of governmental activities

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

TOTAL

2011	2010
\$ 9,120,684	\$ 7,045,781
2,722,188	-
3,434,528	3,814,598
441,716	477,267
5,839	21,792
\$ 15,724,955	\$ 11,359,438

\$ 904,400	\$ 528,150
136,453	138,113
27,391	100,140
3,434,528	3,814,598
4,502,772	4,581,001

5,839	21,792
4,884,635	500,117
562,312	-
147,038	3,745,647
5,622,359	2,510,881
11,222,183	6,778,437

27,719,609	28,955,876
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(3,171,009)	(306,382)
\$ 35,770,783	\$ 35,427,931

GILPIN COUNTY, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	GENERAL FUND	PUBLIC WORKS FUND	HUMAN SERVICES FUND	OTHER GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 3,142,005	\$ 340,803	\$ 178,844	\$ 372,588
Gaming Taxes	9,509,856	-	-	-
Intergovernmental	1,279,048	729,593	1,746,183	84,126
Licenses and Permits	155,255	5,422	-	13,036
Charges for Services	913,505	37,245	-	152,743
Fines and Forfeitures	-	-	-	23
Interest Income	4,225	538	652	498
Miscellaneous	136,055	114,215	15,506	4,087
TOTAL REVENUES	<u>15,139,949</u>	<u>1,227,816</u>	<u>1,941,185</u>	<u>627,101</u>
EXPENDITURES				
Current				
General Government	7,083,387	-	-	396,128
Public Safety	3,700,145	-	-	-
Health and Welfare	-	-	1,989,564	231,350
Highways and Streets	2,499	2,200,842	-	-
Culture and Recreation	919,097	-	-	327,767
Community Development	274,534	-	-	-
Capital Outlay	204,499	12,125	6,766	69,870
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	<u>12,184,161</u>	<u>2,212,967</u>	<u>1,996,330</u>	<u>1,025,115</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,955,788</u>	<u>(985,151)</u>	<u>(55,145)</u>	<u>(398,014)</u>
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	2,861,884	-	-	-
Transfers In	99	800,000	-	325,000
Transfers Out	(1,125,000)	-	-	(99)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,736,983</u>	<u>800,000</u>	<u>-</u>	<u>324,901</u>
NET CHANGE IN FUND BALANCES	4,692,771	(185,151)	(55,145)	(73,113)
FUND BALANCES, Beginning	4,258,280	926,060	920,114	673,983
Prior Period Adjustment	30,000	34,384	-	-
FUND BALANCES, Ending	<u>\$ 8,981,051</u>	<u>\$ 775,293</u>	<u>\$ 864,969</u>	<u>\$ 600,870</u>

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

TOTAL

2011	2010
\$ 4,034,240	\$ 3,962,633
9,509,856	9,583,747
3,838,950	3,199,342
173,713	157,852
1,103,493	989,308
23	-
5,913	8,987
269,863	231,415
<u>18,936,051</u>	<u>18,133,284</u>
7,479,515	7,062,426
3,700,145	3,514,572
2,220,914	1,960,822
2,203,341	2,152,312
1,246,864	1,333,063
274,534	339,564
293,260	474,545
-	90,223
-	2,508
<u>17,418,573</u>	<u>16,930,035</u>
<u>1,517,478</u>	<u>1,203,249</u>
2,861,884	-
1,125,099	4,319,403
<u>(1,125,099)</u>	<u>(4,319,403)</u>
<u>2,861,884</u>	<u>-</u>
4,379,362	1,203,249
6,778,437	5,575,188
64,384	-
<u>\$ 11,222,183</u>	<u>\$ 6,778,437</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, 2011

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 4,379,362
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 (\$1,514,213) exceeded capital outlay additions \$304,790 and deletions (\$26,844) in the current period.	(1,236,267)
Capital Lease proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not effect the statement of activities.	(2,861,884)
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. This is the amount of change in compensated absences for the year	<u>(2,743)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 278,468</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, 2011

	<u>AGENCY FUND</u>
ASSETS	
Cash and Investments	<u>\$ 545,349</u>
LIABILITIES	
Due to Other Governments	\$ 509,498
Deferred for Sheriff Expenditures	<u>35,851</u>
TOTAL LIABILITIES	<u>\$ 545,349</u>

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

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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, 2011

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, 2011

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, 2011

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

In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The County has classified \$502,525 in Emergency Reserves as being restricted because its use is restricted by State Statute for declared emergencies. In addition, the County classified unspent lease proceeds in the amount of \$2,722,188 as restricted because its use is restricted per the terms of the lease agreement. The County has classified a portion of the fund balance of the Human Service Fund because its use is restricted by State and Federal Granting Agencies. Also, The County has classified the fund balance of the Conservation Trust Fund is classified as restricted because its use is restricted by State Statute for parks and recreation expenditures and the fund balance of the Public Works Fund because its use is restricted for highway and street maintenance and activities.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of County Commissioners. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The County has classified the fund balances of the Library Fund, Public Health Fund, Solid Waste Fund and the Retirement Fund as committed as the use of these funds has been committed through resolutions previously approved by the Board.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The County has classified portions of the fund balances of the General Fund and the Human Services Fund as assigned because their use has been designated for a specific purpose by the Finance Director.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The County would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

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.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets and Budgetary Accounting

- 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.

Legal Compliance

The expenditures of the Human Services Fund exceeded the budgeted amount by \$73,542. This may be a violation of State statute.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2011 follows:

Petty Cash	\$ 2,430
Cash Deposits	5,890,947
Investments	<u>6,494,844</u>
Total	<u>\$ 12,388,221</u>

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

Governmental Activities	\$ 9,120,684
Governmental Activities – Restricted	2,722,188
Agency Funds	<u>545,349</u>
Total	<u>\$ 12,388,221</u>

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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, 2011, 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, 2011, the County had deposits with financial institutions with a carrying amount of \$5,890,947. The bank balances with the financial institutions were \$6,004,275. Of these balances, \$500,000 was covered by federal depository insurance and \$5,504,275 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

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.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 \$6,494,844 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. Both Colotrust and CSAFE have been rated AAAM by Standard and Poor's.

Restricted Cash

Cash in the amount of \$2,722,188 is restricted in the General Fund for improvements and equipment purchases required under the lease-purchase agreement.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2011 is summarized below:

	<u>Balances</u> <u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/11</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 743,471	\$ -	\$ -	\$ 743,471
Water Rights	56,000	-	24,000	32,000
Construction in Process	<u>410,995</u>	<u>139,696</u>	<u>-</u>	<u>550,691</u>
Total Capital Assets, not depreciated	<u>1,210,466</u>	<u>139,696</u>	<u>24,000</u>	<u>1,326,162</u>
Capital Assets, depreciated				
Buildings	27,524,711	-	-	27,524,711
Infrastructure	2,277,811	-	-	2,277,811
Improvements	3,152,918	78,938	-	3,231,856
Machinery and Equipment	<u>7,631,361</u>	<u>86,156</u>	<u>61,090</u>	<u>7,656,427</u>
Total Capital Assets, depreciated	<u>40,586,801</u>	<u>165,094</u>	<u>61,090</u>	<u>40,690,805</u>
Less Accumulated Depreciation				
Buildings	5,091,643	553,970	-	5,645,613
Infrastructure	1,559,633	138,589	-	1,698,222
Improvements	1,013,430	220,422	-	1,233,852
Machinery and Equipment	<u>5,176,685</u>	<u>601,232</u>	<u>58,246</u>	<u>5,719,671</u>
Total Accumulated Depreciation	<u>12,841,391</u>	<u>1,514,213</u>	<u>58,246</u>	<u>14,297,358</u>
Total Capital Assets, depreciated, Net	<u>27,745,410</u>	<u>(1,349,119)</u>	<u>2,844</u>	<u>26,393,447</u>
Governmental Activities, Capital Assets, Net	<u>\$ 28,955,876</u>	<u>\$ (1,209,423)</u>	<u>\$ 26,844</u>	<u>\$ 27,719,609</u>

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

Governmental Activities	
General Government	\$ 275,156
Public Safety	256,714
Highways and Streets	517,851
Health and Welfare	2,065
Culture and Recreation	<u>462,427</u>
Total	<u>\$ 1,514,213</u>

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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, 2011.

	Balance <u>12/31/10</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/11</u>	Due In <u>One Year</u>
Capital Leases	\$ -	\$ 2,861,884	\$ -	\$ 2,861,884	\$ -
Accrued Compensated Absences	<u>306,382</u>	<u>404,030</u>	<u>401,287</u>	<u>309,125</u>	<u>309,125</u>
Total	<u>\$ 306,382</u>	<u>\$ 3,265,914</u>	<u>\$ 401,287</u>	<u>\$ 3,171,009</u>	<u>\$ 309,125</u>

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

Capital Leases

In November 2011, the County entered into a capital lease agreement to purchase equipment which will be paid from revenues of the General Fund. The lease requires quarterly payments of \$73,542, beginning in November 2012. This lease bears interest at a rate of 3.15% and will mature in August 2024.

Future Debt Service Requirements

Following is a schedule of the future minimum lease payments required under the capital lease obligation at December 31, 2011:

Year Ended December 31,

2012	\$ 73,542
2013	294,168
2014	294,168
2015	294,168
2016	294,168
2017 – 2021	1,470,840
2022 – 2024	<u>808,943</u>
Total Minimum Lease Payments	3,529,997
Less: Interest	<u>(668,113)</u>
Present Value of Minimum Lease Payments	<u>\$ 2,861,884</u>

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 6: INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2011, were comprised of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Public Works Fund	General Fund	\$ 800,000
Library Fund	General Fund	175,000
Public Health Fund	General Fund	150,000
General Fund	Parks and Recreation Fund	<u>99</u>
Total		<u>\$ 1,125,099</u>

The General Fund transferred funds to the Public Works Fund, Library Fund, and Public Health Fund to subsidize operations and capital purchases in those funds. The Parks and Recreation Fund transferred funds to the General Fund to close out the funds in preparation for the implementation of GASB 54.

NOTE 7: 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, 2011, employer and employees each contributed \$192,022, 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, 2011

NOTE 8: 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 9: 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, 2011, the emergency reserve of \$502,525 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, 2011

	2011			VARIANCE	2010 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes	\$ 3,104,831	\$ 3,104,831	\$ 3,142,005	\$ 37,174	\$ 2,967,127
Gaming Taxes	9,250,000	9,250,000	9,509,856	259,856	9,583,747
Licenses and Permits	118,600	118,600	155,255	36,655	145,716
Intergovernmental	848,327	848,327	1,279,048	430,721	705,293
Charges for Services	817,395	817,395	913,505	96,110	762,051
Interest Income	3,430	3,430	4,225	795	5,325
Miscellaneous	22,612	22,612	136,055	113,443	123,352
TOTAL REVENUES	<u>14,165,195</u>	<u>14,165,195</u>	<u>15,139,949</u>	<u>974,754</u>	<u>14,292,611</u>
EXPENDITURES					
Current					
General Government	7,185,606	7,641,095	7,083,387	557,708	6,644,894
Public Safety	3,872,010	3,872,010	3,700,145	171,865	3,514,572
Highways & Streets	4,380	4,380	2,499	1,881	4,697
Culture & Recreation	1,012,926	1,012,926	919,097	93,829	194,282
Community Development	271,129	271,129	274,534	(3,405)	339,564
Capital Outlay	27,000	2,888,884	204,499	2,684,385	342,507
Debt Service					
Principal	-	-	-	-	39,417
Interest	-	-	-	-	1,266
TOTAL EXPENDITURES	<u>12,373,051</u>	<u>15,690,424</u>	<u>12,184,161</u>	<u>3,506,263</u>	<u>11,081,199</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,792,144</u>	<u>(1,525,229)</u>	<u>2,955,788</u>	<u>4,481,017</u>	<u>3,211,412</u>
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	2,861,884	2,861,884	-	-
Transfers In	-	99	99	-	1,311,494
Transfers Out	<u>(1,125,000)</u>	<u>(1,125,000)</u>	<u>(1,125,000)</u>	<u>-</u>	<u>(3,007,909)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,125,000)</u>	<u>1,736,983</u>	<u>1,736,983</u>	<u>-</u>	<u>(1,696,415)</u>
NET CHANGE IN FUND BALANCE	667,144	211,754	4,692,771	4,481,017	1,514,997
FUND BALANCE, Beginning	3,886,471	4,258,280	4,258,280	-	2,743,283
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 4,553,615</u>	<u>\$ 4,470,034</u>	<u>\$ 8,981,051</u>	<u>\$ 4,511,017</u>	<u>\$ 4,258,280</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

PUBLIC WORKS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	2011		VARIANCE Positive (Negative)	2010 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 340,440	\$ 340,803	\$ 363	\$ 332,945
Licenses and Permits	7,000	5,422	(1,578)	7,295
Intergovernmental	761,241	729,593	(31,648)	821,835
Charges for Services	34,000	37,245	3,245	33,087
Interest Income	300	538	238	782
Miscellaneous	76,000	114,215	38,215	82,328
TOTAL REVENUES	1,218,981	1,227,816	8,835	1,278,272
EXPENDITURES				
Highways and Streets	2,260,735	2,200,842	59,893	2,147,615
Capital Outlay	-	12,125	(12,125)	132,038
Debt Service				
Principal	-	-	-	50,806
Interest	-	-	-	1,242
TOTAL EXPENDITURES	2,260,735	2,212,967	47,768	2,331,701
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,041,754)	(985,151)	56,603	(1,053,429)
OTHER FINANCING SOURCES				
Transfers In	800,000	800,000	-	1,400,000
TOTAL OTHER FINANCING SOURCES	800,000	800,000	-	1,400,000
NET CHANGE IN FUND BALANCES	(241,754)	(185,151)	56,603	346,571
FUND BALANCES, Beginning	859,365	926,060	66,695	579,489
Prior Period Adjustment	-	34,384	34,384	-
FUND BALANCES, Ending	\$ 617,611	\$ 775,293	\$ 157,682	\$ 926,060

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

HUMAN SERVICES FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	2011		VARIANCE Positive (Negative)	2010 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 177,444	\$ 178,844	\$ 1,400	\$ 174,656
Intergovernmental	1,542,096	1,746,183	204,087	1,540,304
Interest	400	652	252	852
Miscellaneous	2,400	15,506	13,106	8,262
TOTAL REVENUES	<u>1,722,340</u>	<u>1,941,185</u>	<u>218,845</u>	<u>1,724,074</u>
EXPENDITURES				
Health and Welfare	1,922,788	1,989,564	(66,776)	1,738,535
Capital Outlay	-	6,766	(6,766)	-
TOTAL EXPENDITURES	<u>1,922,788</u>	<u>1,996,330</u>	<u>(73,542)</u>	<u>1,738,535</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(200,448)</u>	<u>(55,145)</u>	<u>145,303</u>	<u>(14,461)</u>
OTHER FINANCING SOURCES				
Transfers In	-	-	-	410,000
NET CHANGE IN FUND BALANCE	(200,448)	(55,145)	145,303	395,539
FUND BALANCE, Beginning	<u>1,069,209</u>	<u>920,114</u>	<u>(149,095)</u>	<u>524,575</u>
FUND BALANCE, Ending	<u>\$ 868,761</u>	<u>\$ 864,969</u>	<u>\$ (3,792)</u>	<u>\$ 920,114</u>

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

GILPIN COUNTY, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 December 31, 2011

	LIBRARY FUND	PUBLIC HEALTH FUND	SOLID WASTE FUND	CONSERVATION TRUST FUND
ASSETS				
Cash and Investments	\$ 81,881	\$ 128,980	\$ 194,093	\$ 37,203
Property Taxes Receivable	83,420	-	98,429	-
Accounts Receivable	589	22,109	1,058	-
Prepaid Expenses	258	1,978	-	-
TOTAL ASSETS	<u>\$ 166,148</u>	<u>\$ 153,067</u>	<u>\$ 293,580</u>	<u>\$ 37,203</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 5,462	\$ 34,749	\$ 16,085	\$ 881
Accrued Expenses	3,991	227	2,315	-
Deferred Revenue	-	14,650	-	-
Deferred Property Taxes	83,420	-	98,429	-
TOTAL LIABILITIES	<u>92,873</u>	<u>49,626</u>	<u>116,829</u>	<u>881</u>
FUND EQUITY				
Fund Balance				
Nonspendable	258	1,978	-	-
Restricted	-	-	-	36,322
Committed	73,017	101,463	176,751	-
TOTAL FUND EQUITY	<u>73,275</u>	<u>103,441</u>	<u>176,751</u>	<u>36,322</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 166,148</u>	<u>\$ 153,067</u>	<u>\$ 293,580</u>	<u>\$ 37,203</u>

See the accompanying independent auditors' report.

PARKS AND RECREATION FUND	EMPLOYEE RETIREMENT FUND	TOTALS	
		2011	2010
\$ -	\$ 210,603	\$ 652,760	\$ 714,767
-	136,125	317,974	351,183
-	478	24,234	7,730
-	-	2,236	2,335
<u>\$ -</u>	<u>\$ 347,206</u>	<u>\$ 997,204</u>	<u>\$ 1,076,015</u>
\$ -	\$ -	\$ 57,177	\$ 25,409
-	-	6,533	7,257
-	-	14,650	18,183
-	136,125	317,974	351,183
-	136,125	396,334	402,032
-	-	2,236	2,335
-	-	36,322	-
-	211,081	562,312	671,648
-	211,081	600,870	673,983
<u>\$ -</u>	<u>\$ 347,206</u>	<u>\$ 997,204</u>	<u>\$ 1,076,015</u>

GILPIN COUNTY, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended December 31, 2011

	LIBRARY FUND	PUBLIC HEALTH FUND	SOLID WASTE FUND	CONSERVATION TRUST FUND
REVENUES				
Taxes	\$ 98,138	\$ -	\$ 114,363	\$ -
Intergovernmental	3,000	38,170	-	42,956
Licenses and Permits	-	13,036	-	-
Charges for Services	-	30,682	122,061	-
Fines and Forfeitures	-	23	-	-
Interest Income	46	80	134	53
Miscellaneous	4,087	-	-	-
TOTAL REVENUES	<u>105,271</u>	<u>81,991</u>	<u>236,558</u>	<u>43,009</u>
EXPENDITURES				
Current				
General Government	-	-	210,136	-
Health and Welfare	-	231,350	-	-
Culture and Recreation	276,153	-	-	51,614
Capital Outlay	-	-	35,122	34,748
TOTAL EXPENDITURES	<u>276,153</u>	<u>231,350</u>	<u>245,258</u>	<u>86,362</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(170,882)</u>	<u>(149,359)</u>	<u>(8,700)</u>	<u>(43,353)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	175,000	150,000	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>175,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	4,118	641	(8,700)	(43,353)
FUND BALANCES, Beginning	<u>69,157</u>	<u>102,800</u>	<u>185,451</u>	<u>79,675</u>
FUND BALANCES, Ending	<u>\$ 73,275</u>	<u>\$ 103,441</u>	<u>\$ 176,751</u>	<u>\$ 36,322</u>

See the accompanying independent auditors' report.

PARKS AND RECREATION FUND	EMPLOYEE RETIREMENT FUND	TOTALS	
		2011	2010
\$ -	\$ 160,087	\$ 372,588	\$ 487,905
-	-	84,126	131,910
-	-	13,036	4,841
-	-	152,743	194,170
-	-	23	-
-	185	498	2,028
-	-	4,087	17,473
-	160,272	627,101	838,327
-	185,992	396,128	417,532
-	-	231,350	222,287
-	-	327,767	1,138,781
-	-	69,870	-
-	185,992	1,025,115	1,778,600
-	(25,720)	(398,014)	(940,273)
-	-	325,000	1,197,909
(99)	-	(99)	(1,311,494)
(99)	-	324,901	(113,585)
(99)	(25,720)	(73,113)	(1,053,858)
99	236,801	673,983	1,727,841
<u>\$ -</u>	<u>\$ 211,081</u>	<u>\$ 600,870</u>	<u>\$ 673,983</u>

GILPIN COUNTY, COLORADO

LIBRARY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	2011			VARIANCE	2010
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES					
Taxes	\$ 97,283	\$ 97,283	\$ 98,138	\$ 855	\$ 95,843
Intergovernmental	-	2,000	3,000	1,000	1,000
Interest Income	75	75	46	(29)	110
Miscellaneous	3,800	3,800	4,087	287	3,056
TOTAL REVENUES	101,158	103,158	105,271	2,113	100,009
EXPENDITURES					
Culture and Recreation	281,169	283,169	276,153	7,016	283,449
TOTAL EXPENDITURES	281,169	283,169	276,153	7,016	283,449
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(180,011)	(180,011)	(170,882)	9,129	(183,440)
OTHER FINANCING SOURCES					
Transfers In	175,000	175,000	175,000	-	145,000
TOTAL OTHER FINANCING SOURCES	175,000	175,000	175,000	-	145,000
NET CHANGE IN FUND BALANCES	(5,011)	(5,011)	4,118	9,129	(38,440)
FUND BALANCES, Beginning	70,287	69,157	69,157	-	107,597
FUND BALANCES, Ending	\$ 65,276	\$ 64,146	\$ 73,275	\$ 9,129	\$ 69,157

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

PUBLIC HEALTH FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	2011			VARIANCE	2010 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Licenses and Permits	\$ 5,000	\$ 5,000	\$ 13,036	\$ 8,036	\$ 4,841
Intergovernmental	31,276	31,276	38,170	6,894	25,168
Charges for Services	6,292	32,749	30,682	(2,067)	1,466
Fines and Forfeitures	1,500	1,500	23	(1,477)	-
Interest Income	20	20	80	60	113
Miscellaneous	10,150	10,150	-	(10,150)	7,267
TOTAL REVENUES	54,238	80,695	81,991	1,296	38,855
EXPENDITURES					
Health and Welfare	245,039	271,496	231,350	40,146	222,287
TOTAL EXPENDITURES	245,039	271,496	231,350	40,146	222,287
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(190,801)	(190,801)	(149,359)	41,442	(183,432)
OTHER FINANCING SOURCES (USES)					
Transfers In	150,000	150,000	150,000	-	225,000
NET CHANGE IN FUND BALANCES	(40,801)	(40,801)	641	41,442	41,568
FUND BALANCES, Beginning	100,495	102,800	102,800	-	61,232
FUND BALANCES, Ending	\$ 59,694	\$ 61,999	\$ 103,441	\$ 41,442	\$ 102,800

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

SOLID WASTE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	2011		VARIANCE Positive (Negative)	2010 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 113,352	\$ 114,363	\$ 1,011	\$ 111,685
Charges for Services	159,000	122,061	(36,939)	31,933
Interest Income	250	134	(116)	262
TOTAL REVENUES	<u>272,602</u>	<u>236,558</u>	<u>(36,044)</u>	<u>143,880</u>
EXPENDITURES				
General Government	216,701	210,136	6,565	194,847
Capital Outlay	55,000	35,122	19,878	-
TOTAL EXPENDITURES	<u>271,701</u>	<u>245,258</u>	<u>26,443</u>	<u>194,847</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>901</u>	<u>(8,700)</u>	<u>(9,601)</u>	<u>(50,967)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	42,000
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,000</u>
NET CHANGE IN FUND BALANCES	901	(8,700)	(9,601)	(8,967)
FUND BALANCES, Beginning	<u>190,043</u>	<u>185,451</u>	<u>(4,592)</u>	<u>194,418</u>
FUND BALANCES, Ending	<u>\$ 190,944</u>	<u>\$ 176,751</u>	<u>\$ (14,193)</u>	<u>\$ 185,451</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	2011			VARIANCE	2010 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Intergovernmental	\$ 37,000	\$ 37,000	\$ 42,956	\$ 5,956	\$ 39,944
Interest Income	90	90	53	(37)	86
TOTAL REVENUES	<u>37,090</u>	<u>37,090</u>	<u>43,009</u>	<u>5,919</u>	<u>40,030</u>
EXPENDITURES					
Culture and Recreation	67,825	67,825	51,614	16,211	23,395
Capital Outlay	-	34,750	34,748	2	-
TOTAL EXPENDITURES	<u>67,825</u>	<u>102,575</u>	<u>86,362</u>	<u>16,213</u>	<u>23,395</u>
NET CHANGE IN FUND BALANCE	(30,735)	(65,485)	(43,353)	22,132	16,635
FUND BALANCE, Beginning	<u>72,609</u>	<u>79,675</u>	<u>79,675</u>	-	<u>63,040</u>
FUND BALANCE, Ending	<u>\$ 41,874</u>	<u>\$ 14,190</u>	<u>\$ 36,322</u>	<u>\$ 22,132</u>	<u>\$ 79,675</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

PARKS AND RECREATION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	2011			VARIANCE Positive (Negative)	2010 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ 160,771
Interest Income	-	-	-	-	638
Miscellaneous	-	-	-	-	7,150
TOTAL REVENUES	-	-	-	-	168,559
EXPENDITURES					
Culture and Recreation	-	-	-	-	831,937
TOTAL EXPENDITURES	-	-	-	-	831,937
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(663,378)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	775,000
Transfers Out	-	(99)	(99)	-	(723,804)
TOTAL OTHER FINANCING SOURCES (USES)	-	(99)	(99)	-	51,196
NET CHANGE IN FUND BALANCES	-	(99)	(99)	-	(612,182)
FUND BALANCES, Beginning	-	99	99	-	612,281
FUND BALANCES, Ending	\$ -	\$ -	\$ -	\$ -	\$ 99

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

EMPLOYEE RETIREMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	2011		VARIANCE Positive (Negative)	2010 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 156,548	\$ 160,087	\$ 3,539	\$ 280,377
Interest Income	200	185	(15)	303
TOTAL REVENUES	<u>156,748</u>	<u>160,272</u>	<u>3,524</u>	<u>280,680</u>
EXPENDITURES				
General Government	<u>194,973</u>	<u>185,992</u>	<u>8,981</u>	<u>189,677</u>
TOTAL EXPENDITURES	<u>194,973</u>	<u>185,992</u>	<u>8,981</u>	<u>189,677</u>
NET CHANGE IN FUND BALANCE	(38,225)	(25,720)	12,505	91,003
FUND BALANCE, Beginning	<u>238,929</u>	<u>236,801</u>	<u>(2,128)</u>	<u>145,798</u>
FUND BALANCE, Ending	<u>\$ 200,704</u>	<u>\$ 211,081</u>	<u>\$ 10,377</u>	<u>\$ 236,801</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

COMBINING STATEMENT OF FIDUCIARY
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended December 31, 2011

	<u>COUNTY TREASURER</u>	<u>PUBLIC TRUSTEE</u>	<u>SHERIFF FORFEITURE</u>	<u>TOTAL</u>
ASSETS				
Cash and Investments	<u>\$ 442,365</u>	<u>\$ 67,133</u>	<u>\$ 35,851</u>	<u>\$ 545,349</u>
TOTAL ASSETS	<u><u>\$ 442,365</u></u>	<u><u>\$ 67,133</u></u>	<u><u>\$ 35,851</u></u>	<u><u>\$ 545,349</u></u>
LIABILITIES				
Due to Other Governments	<u>\$ 442,365</u>	<u>\$ 67,133</u>	<u>\$ -</u>	<u>\$ 509,498</u>
Deferred for Sheriff Expenditures	<u>-</u>	<u>-</u>	<u>35,851</u>	<u>35,851</u>
TOTAL LIABILITIES	<u><u>\$ 442,365</u></u>	<u><u>\$ 67,133</u></u>	<u><u>\$ 35,851</u></u>	<u><u>\$ 545,349</u></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, 2011

	<u>BALANCE</u> <u>12/31/2010</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>12/31/2011</u>
ASSETS				
Cash and Investments				
Treasurer	\$ 345,045	\$ 17,184,870	\$ 17,087,550	\$ 442,365
Public Trustee	72,263	1,634,308	1,639,438	67,133
Sheriff Forfeiture	42,798	17	6,964	35,851
	<u>460,106</u>	<u>18,819,195</u>	<u>18,733,952</u>	<u>545,349</u>
TOTAL ASSETS	<u>\$ 460,106</u>	<u>\$ 18,819,195</u>	<u>\$ 18,733,952</u>	<u>\$ 545,349</u>
LIABILITIES				
Due to Other Governments	417,308	18,819,178	18,726,988	509,498
Deferred for Sheriff Expenditures	42,798	17	6,964	35,851
	<u>460,106</u>	<u>18,819,195</u>	<u>18,733,952</u>	<u>545,349</u>
TOTAL LIABILITIES	<u>\$ 460,106</u>	<u>\$ 18,819,195</u>	<u>\$ 18,733,952</u>	<u>\$ 545,349</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 19, 2012. 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 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 Cutler & Associates, LLC

September 19, 2012



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, 2011. 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, 2011.

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 Cutler & Associates, LLC

September 19, 2012

GILPIN COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2011

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:

93.568 Low Income Home Energy Assistance (LEAP)
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, 2011

	<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			
Community Development Block Grant	No	93.569	6,075
Low Income Home Energy Assistance	Yes	93.568	74,320
Temporary Aid for Needy Families	No	93.558	159,672
Child Support Enforcement	No	93.563	8,924
Child Card Development Block Grant	No	93.575	22,636
Child Care Mandatory Matching Funds	No	93.596	34,534
Child Welfare Services	No	93.645	11,751
Title IV-E Foster Care	No	93.658	54,507
Title IV-E Adoption	No	93.659	12,026
Social Services Block Grant	No	93.667	44,181
Medical Assistance Program	No	93.778	31,584
Passed through the Colorado Department Of Public Health and Environment			
Maternal & Child Health Services Block Grant	No	93.994	697
Total U.S. Department of Health and Human Services			<u>460,907</u>
U.S. Department of Agriculture			
Passed through the Colorado Department of Health and Human Services			
Emergency Food Assistance Program	No	10.569	4,942
Emergency Food Assistance Program - Administration	No	10.568	100
State Administrative Matching Grants fro the Supplemental Nutrition Assistance Program	No	10.561	39,007
Passed through the Colorado Department of Treasury			
Schools and Roads	No	10.665	31,369
Total U.S. Department of Agriculture			<u>75,418</u>
U.S. Department of Transportation			
Passed through the Colorado Department of Transportation			
Formula Grants for Other Than Urbanized Areas	Yes	20.509	118,456
State and Community Highway Safety	No	20.600	4,500
Total U.S. Department of Transportation			<u>122,956</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2011

(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	<u>5,470</u>
National Endowment for the Humanities			
Promotion of the Humanities - Let's Talk About It Grant	No	45.168	<u>1,464</u>
U.S. Department of Justice			
Passed through the Colorado Division of Criminal Justice Crime Victim Assistance	No	16.575	50,965
Violence Against Women Formula Grants - ARRA	No	16.588	<u>5,583</u>
Total U.S. Department of Justice			<u>56,548</u>
Total Federal Financial Assistance			<u>\$ 722,763</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 2011
This Information From The Records Of (example - City of _ or County of _) COUNTY OF GILPIN	Prepared By: CLORINDA SMITH Phone: 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)	237
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	608,619
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	8,103
2. General fund appropriations	730,899	b. Snow and ice removal	85,449
3. Other local imposts (from page 2)	346,226	c. Other	122,054
4. Miscellaneous local receipts (from page 2)	119,898	d. Total (a. through c.)	215,606
5. Transfers from toll facilities		4. General administration & miscellaneous	1,164,756
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,989,218
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)	1,197,023	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	634,627	2. Notes:	
D. Receipts from Federal Government (from page 2)	10,665	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,842,315	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)	1,989,218

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
	922,196	1,842,315	1,989,218	775,293	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2011

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	326,895	a. Interest on investments	538
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	4,968
5. Specific Ownership &/or Other	19,331	g. Other Misc. Receipts	177
6. Total (1. through 5.)	19,331	h. Other	114,215
c. Total (a. + b.)	346,226	i. Total (a. through h.)	119,898
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	602,350	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	10,665
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	32,277	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	32,277	g. Total (a. through f.)	10,665
4. Total (1. + 2. + 3.f)	634,627	3. Total (1. + 2.g)	10,665
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		237	237
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	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	237	237
			(Carry forward to page 1)

Notes and Comments: