

**GILPIN COUNTY, COLORADO**

**FINANCIAL STATEMENTS**

**December 31, 2012**

## TABLE OF CONTENTS

### PAGE

### INTRODUCTORY SECTION

Title Page

Table of Contents

### FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

i - vi

#### **Basic Financial Statements**

Government–Wide Financial Statements

Statement of Net Position

1

Statement of Activities

2

Fund Financial Statements

Balance Sheet – Governmental Funds

3

Statement of Revenues, Expenditures and Changes in Fund Balances –  
Governmental Funds

4

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities

5

Statement of Fiduciary Assets and Liabilities – Agency Funds

6

Notes to Financial Statements

7 – 20

#### **Required Supplementary Information**

General Fund – Budgetary Comparison Schedule

21

Public Works Fund – Budgetary Comparison Schedule

22

Human Services Fund – Budgetary Comparison Schedule

23

**TABLE OF CONTENTS**  
(Continued)

	<u>PAGE</u>
<b>FINANCIAL SECTION (Continued)</b>	
<b>Combining and Individual Fund Schedules</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	24
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	25
Library Fund – Budgetary Comparison Schedule	26
Public Health Fund – Budgetary Comparison Schedule	27
Solid Waste Fund – Budgetary Comparison Schedule	28
Conservation Trust Fund – Budgetary Comparison Schedule	29
Employee Retirement Fund – Budgetary Comparison Schedule	30
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	31
Combining Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds	32
<b>COMPLIANCE</b>	
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	33 – 34
Report On Compliance For Each Major Federal Program, Report On Internal Control Over Compliance As Required By OMB Circular A-133	35 – 36
Schedule of Findings and Questioned Costs	37
Schedule of Expenditures of Federal Awards	38 – 39
Local Highway Finance Report	40 – 41

## **FINANCIAL SECTION**



## JOHN CUTLER & ASSOCIATES

Board of County Commissioners  
Gilpin County  
Central City, Colorado

### INDEPENDENT AUDITORS' REPORT

#### Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### 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, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary information on pages 21-23 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund schedules, and the schedule of expenditures of federal awards, as required by the *Office of Management and Budget Circular A-133, audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)* listed in the table of contents 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 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2013 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* in considering Gilpin County, Colorado's internal control over financial reporting and compliance.

*John Luttrell & Associates, LLC*

August 20, 2013

**GILPIN COUNTY, COLORADO**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012

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, 2012.

**Financial Highlights**

At the close of 2012, Gilpin County's assets of \$43,618,102 exceeded its liabilities of \$4,790,710, and the deferred inflows of resources, \$3,517,823 by \$35,309,569. Of this amount, \$8,084,273 (the unrestricted part of net position) may be used to meet the county's ongoing obligations to citizens and creditors. The remaining \$27,225,296 is invested in capital assets, and is restricted by law.

The County's unassigned fund balance was \$6,453,241, or 32% of total expenditures.

The County's governmental funds reported a total ending fund balance of \$9,500,947, or 46% of total expenditures.

Since a majority of the County revenue is not received until August each year an adequate unassigned fund balance is needed to allow for anticipated spending during the first eight months of the following year.

**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 position presents information on all of Gilpin County's assets and liabilities with the difference between the two reported as net position. Changes in net position 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 position changed during the most recent fiscal year. All changes in net position 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. 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 Position** As noted earlier, net position may serve as a useful indicator of the County's financial position. At the close of fiscal year 2012, assets exceeded liabilities and deferred inflows of resources by \$35,309,569 which is a decrease from 2011 of \$461,214.

Assets:	<u>2012</u>	<u>2011</u>
Cash and Investments	\$9,645,204	\$9,120,684
Restricted Cash & Investments	602,989	2,722,188
Accounts Receivable	530,868	441,716
Taxes Receivable	3,517,823	3,434,528
Prepaid Expenses	56,147	5,839
Capital Assets, Net of Accumulated Depreciation	<u>29,265,071</u>	<u>27,719,609</u>
Total Assets	<u>43,618,102</u>	<u>43,444,564</u>
Liabilities:		
Accounts Payable	1,066,507	904,400
Accrued Expenses	242,135	136,453
Unearned Revenues	25,619	27,391
Accrued Compensated Absences	311,160	309,125
Noncurrent Liabilities	<u>3,145,289</u>	<u>2,861,884</u>
Total Liabilities	<u>4,790,710</u>	<u>4,239,253</u>
Deferred Inflows of Resources:		
Deferred Property Tax Revenue	<u>3,517,823</u>	<u>3,434,528</u>
Net Position:		
Net Investment in Capital Assets	26,722,771	27,579,913
Restricted for Emergencies	502,525	502,525
Unrestricted	<u>8,084,273</u>	<u>7,688,345</u>
Total Net Position	<u>\$35,309,569</u>	<u>\$35,770,783</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 and including deferred property tax revenue is 2.66 to 1, as compared to 2.70 to 1 reported at the end of 2011. The County's overall financial position based on this ratio weakened slightly during calendar year 2012.

Note that 83% of net position is tied up in capital. The County uses these capital assets to provide services to its citizens; consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the majority of capital assets themselves cannot be used to liquidate these liabilities.

**Governmental Activities:** The County's total revenues of \$18,132,994 exceeded program expenses of \$18,594,208 for a decrease in net position of \$461,214 mostly due to the removal of a few projects started in prior years. A summary of revenues and expenses follows:

Revenues	<u>2012</u>	<u>2011</u>
Program Revenues		
Charges for Services	\$ 1,286,189	\$ 1,254,367
Operating Grants & Contributions	3,687,223	3,822,983
Capital Grants & Contributions	119,927	0
Total Program Revenues	<u>5,093,339</u>	<u>5,077,350</u>
General Revenues		
Property Taxes*	3,598,551	3,861,279
Specific Ownership Taxes*	164,755	172,960
Gaming Taxes*	9,134,430	9,509,856
Payment in Lieu of Taxes*	90,766	50,859
Investment Earnings	21,352	5,913
Other Revenues	335,649	257,834
Loss on Disposal of Assets	(305,848)	
Total General Revenues	<u>13,039,655</u>	<u>13,858,701</u>
Total Revenues	<u>18,132,994</u>	<u>18,936,051</u>
Expenses		
General Government	7,966,009	7,778,662
Public Safety	4,079,491	3,972,708
Highways and Streets	2,356,205	2,715,665
Health and Welfare	2,229,458	2,225,338
Culture and Recreation	1,645,365	1,688,906
Community Development	241,894	276,304
Interest on Long-Term Debt	75,786	0
Total Expenses	<u>18,594,208</u>	<u>18,657,583</u>
Increase/(Decrease) in Net Position	<u>\$ (461,214)</u>	<u>\$ 278,468</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 (20% 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 2011 and 2012 expenses by function.

**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 \$9,500,947 at the end of 2012, compared to \$11,222,183 at the end of 2011. The amount for 2011 included \$2,861,884 of lease proceeds that were not expensed until 2012.

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 \$6,453,241 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).

The General Fund is the County’s primary operating fund and the largest source of day-to-day service delivery. A decrease from \$8,981,051 to \$7,349,201 in the General Fund balance occurred in 2012. Most of this decrease is due to the amount of the energy performance project completed in 2012.

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, 2012, the general fund transferred to three other funds, as listed below.

<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
	Total	<u>\$1,125,000</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, recreation 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 \$9,134,430 was 62% of the total General Fund revenue.

Actual Gaming revenue was \$234,430 more than budget for 2012. 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, the Ambulance IGA and the energy performance contract. Budget expenditure additions totaled \$2,815,412 and resulted in an ending General Fund expenditure budget of \$15,856,268. Actual expenditures were \$15,370,392 (\$485,876 below the revised budget).

**Capital Assets**

At December 31, 2012, the County had \$29,265,071 invested in a broad range of capital assets. This is an increase of \$1,545,462 or 5.3% over the prior year.

In 2006, the county added 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 9 and in Note 4, on page 16, in the Notes to the Financial Statements.

The following table provides a summary of capital asset activity:

	<u>2012</u>	<u>2011</u>
Land	\$ 743,471	\$ 743,471
Water Rights	32,000	32,000
Infrastructure	441,000	579,589
Building	21,326,888	21,879,098
Improvements	1,937,576	1,998,004
Equipment	1,768,117	1,936,756
Construction in progress	3,016,019	550,691
	<u>\$29,265,071</u>	<u>\$27,719,609</u>

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

- o The County capitalized \$45,375 for vehicles. This includes two vehicles for the Sheriff’s Office and one for Maintenance.
- o The County capitalized improvements of \$167,807. This includes gutters, downspouts and heat trace at the Apex Facility, Courthouse front steps with handrails and hydro tubing, and AC units and loading dock concrete and handrail work at the Justice Center.
- o Equipment totaling \$382,473 was capitalized in 2012. This includes a wireless panic alarm system at the courts, a recording server for the Clerk & Recorder’s Office, a welder/generator for Maintenance, a grinder for Solid Waste, and phone systems at the Apex Facility, Courthouse and Justice Center.
- o The County has several projects in the Construction in Progress category. Cost of these projects at the end of 2012 was \$3,016,019. These include, 1) Fuel Farm \$53,950; 2) Upper Apex Bridge \$34,423; 3) Justice Center Lift Station \$30,845; 4) Energy Performance Contract \$2,686,323; 5) Interoperability Grant Project \$182,389; 6) Justice Center Camera Project \$28,090.

**Debt**

At the end of the calendar year, the County had outstanding debt obligations of \$3,456,449, including debt for compensated absences. In 2012, the County had a net increase in compensated absence balances due of \$2,035. No short-term debt was needed in 2012 to finance operations and capital outlay as has been necessary in the past.

	<u>2012</u>	<u>2011</u>
Capital Lease - Energy Performance	\$ 2,861,884	\$ 2,861,884
Capital Lease – Grinder	283,405	
Compensated Absences	<u>311,160</u>	<u>309,125</u>
Total	<u>\$ 3,456,449</u>	<u>\$ 3,171,009</u>

Additional debt information can be found in Note 5, on page 17-18, in the Notes to the Financial Statements.

**The Year Ahead**

The budget adopted for 2013 is structured to include: exploration of additional cell phone service opportunities; consideration of the acquisition of open space and property for public/law enforcement shooting range; continued improvement of county buildings for energy efficiency; maintenance of at least a \$850,000 reserve; continuation of the free slash program and application for grants.

In 2013, 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.

## **FINANCIAL STATEMENTS**

GILPIN COUNTY, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2012

	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and Investments	\$ 9,645,204	\$ 9,120,684
Restricted Cash and Investments	602,989	2,722,188
Receivables		
Property Taxes	3,517,823	3,434,528
Account	530,868	441,716
Prepaid Expenses	56,147	5,839
Capital Assets, Not Depreciated	3,791,490	1,326,162
Capital Assets, Depreciated		
Net of Accumulated Depreciation	<u>25,473,581</u>	<u>26,393,447</u>
TOTAL ASSETS	<u>43,618,102</u>	<u>43,444,564</u>
<b>LIABILITIES</b>		
Accounts Payable	1,066,507	904,400
Accrued Expenses	242,135	136,453
Accrued Compensated Absences	311,160	309,125
Unearned Revenues	25,619	27,391
Noncurrent Liabilities		
Due within One Year	278,393	-
Due in More Than One Year	<u>2,866,896</u>	<u>2,861,884</u>
TOTAL LIABILITIES	<u>4,790,710</u>	<u>4,239,253</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Property Tax Revenue	<u>3,517,823</u>	<u>3,434,528</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	26,722,771	27,579,913
Restricted for Emergencies	502,525	502,525
Unrestricted	<u>8,084,273</u>	<u>7,688,345</u>
TOTAL NET POSITION	<u>\$ 35,309,569</u>	<u>\$ 35,770,783</u>

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

GILPIN COUNTY, COLORADO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2012

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2012	2011
<b>PRIMARY GOVERNMENT</b>						
<b>Governmental Activities</b>						
General Government	\$ 7,966,009	\$ 810,219	\$ 729,816	\$ -	\$ (6,425,974)	\$ (6,172,549)
Public Safety	4,079,491	99,404	374,329	119,927	(3,485,831)	(3,538,788)
Health and Welfare	2,229,458	34,581	1,842,914	-	(351,963)	(387,027)
Highways and Streets	2,356,205	40,469	616,197	-	(1,699,539)	(1,940,846)
Culture and Recreation	1,645,365	177,336	123,767	-	(1,344,262)	(1,403,840)
Community Development	241,894	124,180	200	-	(117,514)	(137,183)
Interest on Long Term Debt	75,786	-	-	-	(75,786)	-
Total Governmental Activities	<u>\$ 18,594,208</u>	<u>\$ 1,286,189</u>	<u>\$ 3,687,223</u>	<u>\$ 119,927</u>	<u>\$ (13,500,869)</u>	<u>\$ (13,580,233)</u>
GENERAL REVENUES						
					3,598,551	3,861,279
					164,755	172,960
					9,134,430	9,509,856
					90,766	50,859
					21,352	5,913
					335,649	257,834
SPECIAL ITEM						
					(305,848)	-
TOTAL GENERAL REVENUES						
					<u>13,039,655</u>	<u>13,858,701</u>
CHANGE IN NET POSITION					(461,214)	278,468
NET POSITION, Beginning					35,770,783	35,427,931
Prior Period Adjustment					-	64,384
NET POSITION, Ending					<u>\$ 35,309,569</u>	<u>\$ 35,770,783</u>

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

GILPIN COUNTY, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2012

	GENERAL FUND	PUBLIC WORKS FUND	HUMAN SERVICES FUND	OTHER GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and Investments	\$ 7,416,477	\$ 743,056	\$ 818,708	\$ 666,963
Restricted Cash and Investments	602,989	-	-	-
Property Taxes Receivable	2,744,331	297,930	155,120	320,442
Accounts Receivable	454,054	42,698	25,157	8,959
Prepaid Expenses	53,714	-	24	2,409
<b>TOTAL ASSETS</b>	<b>\$ 11,271,565</b>	<b>\$ 1,083,684</b>	<b>\$ 999,009</b>	<b>\$ 998,773</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 982,980	\$ 33,861	\$ 15,044	\$ 34,622
Accrued Expenses	191,006	29,618	10,674	10,837
Unearned Revenue	4,047	-	3,754	17,818
<b>TOTAL LIABILITIES</b>	<b>1,178,033</b>	<b>63,479</b>	<b>29,472</b>	<b>63,277</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	2,744,331	297,930	155,120	320,442
<b>FUND EQUITY</b>				
Fund Balance				
Nonspendable	53,714	-	24	2,409
Restricted	678,085	722,275	803,490	61,850
Committed	-	-	-	540,795
Assigned	164,161	-	10,903	10,000
Unassigned	6,453,241	-	-	-
<b>TOTAL FUND EQUITY</b>	<b>7,349,201</b>	<b>722,275</b>	<b>814,417</b>	<b>615,054</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY</b>	<b>\$ 11,271,565</b>	<b>\$ 1,083,684</b>	<b>\$ 999,009</b>	<b>\$ 998,773</b>

Amounts reported for governmental activities in the statement of net position 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 (\$3,145,289) and the balance of accrued compensated absences (\$311,160) for the year.

Net position of governmental activities

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



TOTAL

2012	2011
\$ 9,645,204	\$ 9,120,684
602,989	2,722,188
3,517,823	3,434,528
530,868	441,716
56,147	5,839
\$ 14,353,031	\$ 15,724,955
\$ 1,066,507	\$ 904,400
242,135	136,453
25,619	27,391
1,334,261	1,068,244
3,517,823	3,434,528
56,147	5,839
2,265,700	4,884,635
540,795	562,312
185,064	147,038
6,453,241	5,622,359
9,500,947	11,222,183
29,265,071	27,719,609
(3,456,449)	(3,171,009)
\$ 35,309,569	\$ 35,770,783

GILPIN COUNTY, COLORADO

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2012

	GENERAL FUND	PUBLIC WORKS FUND	HUMAN SERVICES FUND	OTHER GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 2,962,330	\$ 307,097	\$ 161,080	\$ 332,797
Gaming Taxes	9,134,430	-	-	-
Intergovernmental	1,497,683	616,197	1,800,203	89,728
Licenses and Permits	142,023	2,339	-	9,254
Charges for Services	949,378	38,130	-	141,494
Fines and Forfeitures	-	-	-	-
Interest Income	16,072	1,854	1,796	1,630
Miscellaneous	161,626	36,415	8,930	26,356
TOTAL REVENUES	<u>14,863,542</u>	<u>1,002,032</u>	<u>1,972,009</u>	<u>601,259</u>
EXPENDITURES				
Current				
General Government	7,276,859	-	-	397,260
Public Safety	3,822,902	-	-	-
Health and Welfare	-	-	2,022,561	205,501
Highways and Streets	-	1,855,050	-	-
Culture and Recreation	898,488	-	-	289,275
Community Development	247,040	-	-	-
Capital Outlay	3,051,561	-	-	301,200
Debt Service				
Principal	-	-	-	17,795
Interest	73,542	-	-	2,244
TOTAL EXPENDITURES	<u>15,370,392</u>	<u>1,855,050</u>	<u>2,022,561</u>	<u>1,213,275</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(506,850)</u>	<u>(853,018)</u>	<u>(50,552)</u>	<u>(612,016)</u>
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	-	-	301,200
Transfers In	-	800,000	-	325,000
Transfers Out	(1,125,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,125,000)</u>	<u>800,000</u>	<u>-</u>	<u>626,200</u>
NET CHANGE IN FUND BALANCES	(1,631,850)	(53,018)	(50,552)	14,184
FUND BALANCES, Beginning	8,981,051	775,293	864,969	600,870
Prior Period Adjustment	-	-	-	-
FUND BALANCES, Ending	<u>\$ 7,349,201</u>	<u>\$ 722,275</u>	<u>\$ 814,417</u>	<u>\$ 615,054</u>

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

TOTAL

2012	2011
\$ 3,763,304	\$ 4,034,240
9,134,430	9,509,856
4,003,811	3,838,950
153,616	173,713
1,129,002	1,103,493
-	23
21,352	5,913
233,327	269,863
<u>18,438,842</u>	<u>18,936,051</u>
7,674,119	7,479,515
3,822,902	3,700,145
2,228,062	2,220,914
1,855,050	2,203,341
1,187,763	1,246,864
247,040	274,534
3,352,761	293,260
17,795	-
75,786	-
<u>20,461,278</u>	<u>17,418,573</u>
<u>(2,022,436)</u>	<u>1,517,478</u>
301,200	2,861,884
1,125,000	1,125,099
<u>(1,125,000)</u>	<u>(1,125,099)</u>
<u>301,200</u>	<u>2,861,884</u>
(1,721,236)	4,379,362
11,222,183	6,778,437
-	64,384
<u>\$ 9,500,947</u>	<u>\$ 11,222,183</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, 2012

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (1,721,236)
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 capital outlay additions \$3,060,983 exceeded depreciation (\$1,501,451) and deletions (\$14,070) in the current period.	1,545,462
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 position and does not effect the statement of activities.	(301,200)
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 position. This is capital lease payments of \$17,795, and change in compensated absences of (\$2,035).	<u>15,760</u>
Change in Net Position of Governmental Activities	<u><u>\$ (461,214)</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, 2012

	<u>AGENCY FUND</u>
ASSETS	
Cash and Investments	<u>\$ 387,606</u>
LIABILITIES	
Due to Other Governments	\$ 359,590
Deferred for Sheriff Expenditures	<u>28,016</u>
TOTAL LIABILITIES	<u>\$ 387,606</u>

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

# GILPIN COUNTY, COLORADO

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

### 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 position 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, 2012

**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.

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.

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

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

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

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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

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

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.

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.



GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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

**Compensated Absences**

Employees of the County are allowed to accumulate unused vacation time up to 208 hours and 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.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Net Position**

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

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**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. The County has reported prepaid expenses as restricted as of December 31, 2012.
- 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. 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. In addition, 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 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, 2012

**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, 2012

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

**Budgets and Budgetary Accounting** (Continued)

- 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.

**NOTE 3: DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2012 follows:

Petty Cash	\$ 1,567
Cash Deposits	9,461,252
Investments	<u>1,172,980</u>
Total	<b><u>\$ 10,635,799</u></b>

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

Governmental Activities	\$ 9,645,204
Governmental Activities – Restricted	602,989
Agency Funds	<u>387,606</u>
Total	<b><u>\$ 10,635,799</u></b>

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**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, 2012, 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, 2012, the County had deposits with financial institutions with a carrying amount of \$9,461,252. The bank balances with the financial institutions were \$9,633,526. Of these balances, \$500,000 was covered by federal depository insurance and \$9,133,526 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.

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

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Investments** (Continued)

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

The County had invested \$1,172,980 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 Colostrust and CSAFE have been rated AAAM by Standard and Poor's.

**Restricted Cash**

Cash in the amount of \$602,989 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, 2012

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2012 is summarized below:

	<u>Balances</u> <u>12/31/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/12</u>
<b>Governmental Activities</b>				
Capital Assets, not depreciated				
Land	\$ 743,471	\$ -	\$ -	\$ 743,471
Water Rights	32,000	-	-	32,000
Construction in Process	<u>550,691</u>	<u>2,757,106</u>	<u>291,778</u>	<u>3,016,019</u>
Total Capital Assets, not depreciated	<u>1,326,162</u>	<u>2,757,106</u>	<u>291,778</u>	<u>3,791,490</u>
Capital Assets, depreciated				
Buildings	27,524,711	-	-	27,524,711
Infrastructure	2,277,811	-	-	2,277,811
Improvements	3,231,856	167,807	1,000	3,398,663
Machinery and Equipment	<u>7,656,427</u>	<u>427,848</u>	<u>223,169</u>	<u>7,861,106</u>
Total Capital Assets, depreciated	<u>40,690,805</u>	<u>595,655</u>	<u>224,169</u>	<u>41,062,291</u>
Less Accumulated Depreciation				
Buildings	5,645,613	552,210	-	6,197,823
Infrastructure	1,698,222	138,589	-	1,836,811
Improvements	1,233,852	227,831	596	1,461,087
Machinery and Equipment	<u>5,719,671</u>	<u>582,821</u>	<u>209,503</u>	<u>6,092,989</u>
Total Accumulated Depreciation	<u>14,297,358</u>	<u>1,501,451</u>	<u>210,099</u>	<u>15,588,710</u>
Total Capital Assets, depreciated, Net	<u>26,393,447</u>	<u>(905,796)</u>	<u>14,070</u>	<u>25,473,581</u>
Governmental Activities, Capital Assets, Net	<u>\$ 27,719,609</u>	<u>\$ 1,851,310</u>	<u>\$ 305,848</u>	<u>\$ 29,265,071</u>

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

<b>Governmental Activities</b>	
General Government	\$ 288,881
Public Safety	245,838
Highways and Streets	501,786
Health and Welfare	3,954
Culture and Recreation	<u>460,992</u>
Total	<u>\$ 1,501,451</u>

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**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, 2012.

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/12</u>	<u>Due In</u> <u>One Year</u>
Capital Leases	\$ 2,861,884	\$ 301,200	\$ 17,795	\$ 3,145,289	\$ 278,393
Accrued Compensated Absences	<u>309,125</u>	<u>338,418</u>	<u>336,383</u>	<u>311,160</u>	<u>311,160</u>
Total	<b><u>\$ 3,171,009</u></b>	<b><u>\$ 639,618</u></b>	<b><u>\$ 354,178</u></b>	<b><u>\$ 3,456,449</u></b>	<b><u>\$ 589,553</u></b>

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.

In August 2012, the County entered into a capital lease agreement to purchase equipment which will be paid from revenues of the Solid Waste Fund. The lease requires quarterly payments of \$20,039, beginning November 2012. This lease bears interest at a rate of 2.98% and will mature in July 2016.



GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2012

**NOTE 5: LONG-TERM DEBT** (Continued)

**Future Debt Service Requirements**

Following is a schedule of the future minimum lease payments required under the capital lease obligation at December 31, 2012:

Year Ended December 31,

2013	\$ 374,325
2014	374,325
2015	374,325
2016	354,285
2017	294,168
2018 – 2022	1,470,840
2023 – 2024	<u>514,775</u>
Total Minimum Lease Payments	3,757,043
Less: Interest	<u>(611,754)</u>
Present Value of Minimum Lease Payments	<b><u>\$ 3,145,289</u></b>

**NOTE 6: INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2012, 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	<u>150,000</u>
<b>Total</b>		<b><u>\$ 1,125,000</u></b>

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.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**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 years ended December 31, 2012 and 2011, employer and employees each contributed \$186,606 and \$192,022, respectively, 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.

**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.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**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, 2012, 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.

**NOTE 12: SUBSEQUENT EVENTS**

The County has evaluated subsequent events through the date which the financial statements were issued. There were no material subsequent events that required recognition or additional disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

GILPIN COUNTY, COLORADO

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2012

	2012			VARIANCE	2011 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes	\$ 2,791,994	\$ 2,791,994	\$ 2,962,330	\$ 170,336	\$ 3,142,005
Gaming Taxes	8,900,000	8,900,000	9,134,430	234,430	9,509,856
Licenses and Permits	129,200	129,200	142,023	12,823	155,255
Intergovernmental	1,186,431	1,216,155	1,497,683	281,528	1,279,048
Charges for Services	822,618	822,618	949,378	126,760	913,505
Interest Income	2,000	2,000	16,072	14,072	4,225
Miscellaneous	27,162	27,162	161,626	134,464	136,055
TOTAL REVENUES	<u>13,859,405</u>	<u>13,889,129</u>	<u>14,863,542</u>	<u>974,413</u>	<u>15,139,949</u>
EXPENDITURES					
Current					
General Government	7,617,863	7,707,508	7,276,859	430,649	7,083,387
Public Safety	3,919,322	3,919,322	3,822,902	96,420	3,700,145
Highways & Streets	-	-	-	-	2,499
Culture & Recreation	932,033	932,033	898,488	33,545	919,097
Community Development	236,115	236,115	247,040	(10,925)	274,534
Capital Outlay	261,981	2,987,748	3,051,561	(63,813)	204,499
Debt Service					
Interest	73,542	73,542	73,542	-	-
TOTAL EXPENDITURES	<u>13,040,856</u>	<u>15,856,268</u>	<u>15,370,392</u>	<u>485,876</u>	<u>12,184,161</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>818,549</u>	<u>(1,967,139)</u>	<u>(506,850)</u>	<u>1,460,289</u>	<u>2,955,788</u>
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	-	-	-	2,861,884
Transfers In	-	-	-	-	99
Transfers Out	<u>(1,125,000)</u>	<u>(1,125,000)</u>	<u>(1,125,000)</u>	<u>-</u>	<u>(1,125,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,125,000)</u>	<u>(1,125,000)</u>	<u>(1,125,000)</u>	<u>-</u>	<u>1,736,983</u>
NET CHANGE IN FUND BALANCE	(306,451)	(3,092,139)	(1,631,850)	1,460,289	4,692,771
FUND BALANCE, Beginning	5,924,398	5,924,398	8,981,051	3,056,653	4,258,280
Prior Period Adjustment	-	-	-	-	30,000
FUND BALANCE, Ending	<u>\$ 5,617,947</u>	<u>\$ 2,832,259</u>	<u>\$ 7,349,201</u>	<u>\$ 4,516,942</u>	<u>\$ 8,981,051</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

PUBLIC WORKS FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2012

	2012		VARIANCE Positive (Negative)	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 309,635	\$ 307,097	\$ (2,538)	\$ 340,803
Licenses and Permits	1,500	2,339	839	5,422
Intergovernmental	610,225	616,197	5,972	729,593
Charges for Services	34,000	38,130	4,130	37,245
Interest Income	300	1,854	1,554	538
Miscellaneous	40,425	36,415	(4,010)	114,215
TOTAL REVENUES	996,085	1,002,032	5,947	1,227,816
EXPENDITURES				
Highways and Streets	1,996,016	1,855,050	140,966	2,200,842
Capital Outlay	-	-	-	12,125
TOTAL EXPENDITURES	1,996,016	1,855,050	140,966	2,212,967
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(999,931)	(853,018)	146,913	(985,151)
OTHER FINANCING SOURCES				
Transfers In	800,000	800,000	-	800,000
TOTAL OTHER FINANCING SOURCES	800,000	800,000	-	800,000
NET CHANGE IN FUND BALANCES	(199,931)	(53,018)	146,913	(185,151)
FUND BALANCES, Beginning	676,502	775,293	98,791	926,060
Prior Period Adjustment	-	-	-	34,384
FUND BALANCES, Ending	\$ 476,571	\$ 722,275	\$ 245,704	\$ 775,293

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

HUMAN SERVICES FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2012

	2012			VARIANCE	2011 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes	\$ 160,925	\$ 160,925	\$ 161,080	\$ 155	\$ 178,844
Intergovernmental	1,518,372	1,845,507	1,800,203	(45,304)	1,746,183
Interest	400	400	1,796	1,396	652
Miscellaneous	5,400	5,400	8,930	3,530	15,506
TOTAL REVENUES	<u>1,685,097</u>	<u>2,012,232</u>	<u>1,972,009</u>	<u>(40,223)</u>	<u>1,941,185</u>
EXPENDITURES					
Health and Welfare	1,798,377	2,131,445	2,022,561	108,884	1,989,564
Capital Outlay	-	-	-	-	6,766
TOTAL EXPENDITURES	<u>1,798,377</u>	<u>2,131,445</u>	<u>2,022,561</u>	<u>108,884</u>	<u>1,996,330</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(113,280)</u>	<u>(119,213)</u>	<u>(50,552)</u>	<u>68,661</u>	<u>(55,145)</u>
NET CHANGE IN FUND BALANCE	(113,280)	(119,213)	(50,552)	68,661	(55,145)
FUND BALANCE, Beginning	<u>834,984</u>	<u>834,984</u>	<u>864,969</u>	<u>29,985</u>	<u>920,114</u>
FUND BALANCE, Ending	<u>\$ 721,704</u>	<u>\$ 715,771</u>	<u>\$ 814,417</u>	<u>\$ 98,646</u>	<u>\$ 864,969</u>

See the accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL FUND SCHEDULES**



GILPIN COUNTY, COLORADO

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2012

	LIBRARY FUND	PUBLIC HEALTH FUND	SOLID WASTE FUND	CONSERVATION TRUST FUND
<b>ASSETS</b>				
Cash and Investments	\$ 91,589	\$ 148,993	\$ 191,983	\$ 62,001
Property Taxes Receivable	84,068	-	99,193	-
Accounts Receivable	277	5,173	3,057	-
Prepaid Expenses	333	-	2,076	-
<b>TOTAL ASSETS</b>	<u>\$ 176,267</u>	<u>\$ 154,166</u>	<u>\$ 296,309</u>	<u>\$ 62,001</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 3,941	\$ 18,974	\$ 11,556	\$ 151
Accrued Expenses	6,596	313	3,928	-
Unearned Revenue	-	17,818	-	-
<b>TOTAL LIABILITIES</b>	<u>10,537</u>	<u>37,105</u>	<u>15,484</u>	<u>151</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	84,068	-	99,193	-
<b>FUND EQUITY</b>				
Fund Balance				
Nonspendable	333	-	2,076	-
Restricted	-	-	-	61,850
Committed	71,329	117,061	179,556	-
Assigned	10,000	-	-	-
<b>TOTAL FUND EQUITY</b>	<u>81,662</u>	<u>117,061</u>	<u>181,632</u>	<u>61,850</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<u>\$ 176,267</u>	<u>\$ 154,166</u>	<u>\$ 296,309</u>	<u>\$ 62,001</u>

See the accompanying independent auditors' report.

EMPLOYEE RETIREMENT FUND	TOTALS	
	2012	2011
\$ 172,397	\$ 666,963	\$ 652,760
137,181	320,442	317,974
452	8,959	24,234
-	2,409	2,236
<u>\$ 310,030</u>	<u>\$ 998,773</u>	<u>\$ 997,204</u>
\$ -	\$ 34,622	\$ 57,177
-	10,837	6,533
-	17,818	14,650
<u>-</u>	<u>63,277</u>	<u>78,360</u>
137,181	320,442	317,974
-	2,409	2,236
-	61,850	36,322
172,849	540,795	562,312
-	10,000	-
<u>172,849</u>	<u>615,054</u>	<u>600,870</u>
<u>\$ 310,030</u>	<u>\$ 998,773</u>	<u>\$ 997,204</u>

GILPIN COUNTY, COLORADO

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 Year Ended December 31, 2012

	LIBRARY FUND	PUBLIC HEALTH FUND	SOLID WASTE FUND	CONSERVATION TRUST FUND
<b>REVENUES</b>				
Taxes	\$ 87,300	\$ -	\$ 103,003	\$ -
Intergovernmental	-	42,793	-	46,935
Licenses and Permits	-	9,254	-	-
Charges for Services	-	3,924	137,570	-
Fines and Forfeitures	-	-	-	-
Interest Income	263	365	434	121
Miscellaneous	13,571	12,785	-	-
<b>TOTAL REVENUES</b>	<b>101,134</b>	<b>69,121</b>	<b>241,007</b>	<b>47,056</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	216,087	-
Health and Welfare	-	205,501	-	-
Culture and Recreation	267,747	-	-	21,528
Debt Service				
Principal	-	-	17,795	-
Interest and Fiscal Charges	-	-	2,244	-
Capital Outlay	-	-	301,200	-
<b>TOTAL EXPENDITURES</b>	<b>267,747</b>	<b>205,501</b>	<b>537,326</b>	<b>21,528</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(166,613)</b>	<b>(136,380)</b>	<b>(296,319)</b>	<b>25,528</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease Proceeds	-	-	301,200	-
Transfers In	175,000	150,000	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>175,000</b>	<b>150,000</b>	<b>301,200</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>8,387</b>	<b>13,620</b>	<b>4,881</b>	<b>25,528</b>
FUND BALANCES, Beginning	73,275	103,441	176,751	36,322
FUND BALANCES, Ending	<u>\$ 81,662</u>	<u>\$ 117,061</u>	<u>\$ 181,632</u>	<u>\$ 61,850</u>

See the accompanying independent auditors' report.

EMPLOYEE RETIREMENT FUND	TOTALS	
	2012	2011
\$ 142,494	\$ 332,797	\$ 372,588
-	89,728	84,126
-	9,254	13,036
-	141,494	152,743
-	-	23
447	1,630	498
-	26,356	4,087
<u>142,941</u>	<u>601,259</u>	<u>627,101</u>
181,173	397,260	396,128
-	205,501	231,350
-	289,275	327,767
-	-	-
-	17,795	-
-	2,244	-
-	301,200	69,870
<u>181,173</u>	<u>1,213,275</u>	<u>1,025,115</u>
<u>(38,232)</u>	<u>(612,016)</u>	<u>(398,014)</u>
-	301,200	-
-	325,000	325,000
-	-	(99)
<u>-</u>	<u>626,200</u>	<u>324,901</u>
(38,232)	14,184	(73,113)
<u>211,081</u>	<u>600,870</u>	<u>673,983</u>
<u>\$ 172,849</u>	<u>\$ 615,054</u>	<u>\$ 600,870</u>

GILPIN COUNTY, COLORADO

LIBRARY FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2012

	2012			VARIANCE Positive (Negative)	2011 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes	\$ 86,420	\$ 86,420	\$ 87,300	\$ 880	\$ 98,138
Intergovernmental	-	-	-	-	3,000
Interest Income	25	25	263	238	46
Miscellaneous	4,180	4,180	13,571	9,391	4,087
TOTAL REVENUES	90,625	90,625	101,134	10,509	105,271
EXPENDITURES					
Culture and Recreation	272,128	272,664	267,747	4,917	276,153
TOTAL EXPENDITURES	272,128	272,664	267,747	4,917	276,153
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(181,503)	(182,039)	(166,613)	15,426	(170,882)
OTHER FINANCING SOURCES					
Transfers In	175,000	175,000	175,000	-	175,000
TOTAL OTHER FINANCING SOURCES	175,000	175,000	175,000	-	175,000
NET CHANGE IN FUND BALANCES	(6,503)	(7,039)	8,387	15,426	4,118
FUND BALANCES, Beginning	67,037	67,037	73,275	6,238	69,157
FUND BALANCES, Ending	\$ 60,534	\$ 59,998	\$ 81,662	\$ 21,664	\$ 73,275

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

PUBLIC HEALTH FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2012

	2012		VARIANCE Positive (Negative)	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Licenses and Permits	\$ 5,000	\$ 9,254	\$ 4,254	\$ 13,036
Intergovernmental	35,266	42,793	7,527	38,170
Charges for Services	8,088	3,924	(4,164)	30,682
Fines and Forfeitures	-	-	-	23
Interest Income	50	365	315	80
Miscellaneous	13,033	12,785	(248)	-
TOTAL REVENUES	<u>61,437</u>	<u>69,121</u>	<u>7,684</u>	<u>81,991</u>
EXPENDITURES				
Health and Welfare	<u>245,105</u>	<u>205,501</u>	<u>39,604</u>	<u>231,350</u>
TOTAL EXPENDITURES	<u>245,105</u>	<u>205,501</u>	<u>39,604</u>	<u>231,350</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(183,668)</u>	<u>(136,380)</u>	<u>47,288</u>	<u>(149,359)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
NET CHANGE IN FUND BALANCES	(33,668)	13,620	47,288	641
FUND BALANCES, Beginning	<u>79,510</u>	<u>103,441</u>	<u>23,931</u>	<u>102,800</u>
FUND BALANCES, Ending	<u>\$ 45,842</u>	<u>\$ 117,061</u>	<u>\$ 71,219</u>	<u>\$ 103,441</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

SOLID WASTE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2012

	2012			VARIANCE	2011 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes	\$ 102,429	\$ 102,429	\$ 103,003	\$ 574	\$ 114,363
Charges for Services	125,000	125,000	137,570	12,570	122,061
Interest Income	100	100	434	334	134
<b>TOTAL REVENUES</b>	<b>227,529</b>	<b>227,529</b>	<b>241,007</b>	<b>13,478</b>	<b>236,558</b>
EXPENDITURES					
General Government	233,727	233,727	216,087	17,640	210,136
Capital Outlay	160,000	301,200	301,200	-	35,122
Debt Service					
Principal	73,750	17,795	17,795	-	-
Interest and Fiscal Charges	6,250	2,244	2,244	-	-
<b>TOTAL EXPENDITURES</b>	<b>473,727</b>	<b>554,966</b>	<b>537,326</b>	<b>17,640</b>	<b>245,258</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(246,198)	(327,437)	(296,319)	31,118	(8,700)
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	320,000	320,000	301,200	(18,800)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>320,000</b>	<b>320,000</b>	<b>301,200</b>	<b>(18,800)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>73,802</b>	<b>(7,437)</b>	<b>4,881</b>	<b>12,318</b>	<b>(8,700)</b>
FUND BALANCES, Beginning	158,930	158,930	176,751	17,821	185,451
FUND BALANCES, Ending	\$ 232,732	\$ 151,493	\$ 181,632	\$ 30,139	\$ 176,751

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

CONSERVATION TRUST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2012

	2012		VARIANCE Positive (Negative)	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 37,000	\$ 46,935	\$ 9,935	\$ 42,956
Interest Income	85	121	36	53
TOTAL REVENUES	<u>37,085</u>	<u>47,056</u>	<u>9,971</u>	<u>43,009</u>
EXPENDITURES				
Culture and Recreation	32,875	21,528	11,347	51,614
Capital Outlay	-	-	-	34,748
TOTAL EXPENDITURES	<u>32,875</u>	<u>21,528</u>	<u>11,347</u>	<u>86,362</u>
NET CHANGE IN FUND BALANCE	4,210	25,528	21,318	(43,353)
FUND BALANCE, Beginning	<u>29,000</u>	<u>36,322</u>	<u>7,322</u>	<u>79,675</u>
FUND BALANCE, Ending	<u>\$ 33,210</u>	<u>\$ 61,850</u>	<u>\$ 28,640</u>	<u>\$ 36,322</u>

See the accompanying independent auditors' report.



GILPIN COUNTY, COLORADO

EMPLOYEE RETIREMENT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2012

	2012		VARIANCE Positive (Negative)	2011 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 141,125	\$ 142,494	\$ 1,369	\$ 160,087
Interest Income	200	447	247	185
TOTAL REVENUES	<u>141,325</u>	<u>142,941</u>	<u>1,616</u>	<u>160,272</u>
EXPENDITURES				
General Government	<u>191,507</u>	<u>181,173</u>	<u>10,334</u>	<u>185,992</u>
TOTAL EXPENDITURES	<u>191,507</u>	<u>181,173</u>	<u>10,334</u>	<u>185,992</u>
NET CHANGE IN FUND BALANCE	(50,182)	(38,232)	11,950	(25,720)
FUND BALANCE, Beginning	<u>208,622</u>	<u>211,081</u>	<u>2,459</u>	<u>236,801</u>
FUND BALANCE, Ending	<u>\$ 158,440</u>	<u>\$ 172,849</u>	<u>\$ 14,409</u>	<u>\$ 211,081</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

COMBINING STATEMENT OF FIDUCIARY  
ASSETS AND LIABILITIES  
AGENCY FUNDS  
Year Ended December 31, 2012

	<u>COUNTY TREASURER</u>	<u>PUBLIC TRUSTEE</u>	<u>SHERIFF FORFEITURE</u>	<u>TOTAL</u>
ASSETS				
Cash and Investments	\$ 299,906	\$ 59,684	\$ 28,016	\$ 387,606
TOTAL ASSETS	<u>\$ 299,906</u>	<u>\$ 59,684</u>	<u>\$ 28,016</u>	<u>\$ 387,606</u>
LIABILITIES				
Due to Other Governments	\$ 299,906	\$ 59,684	\$ -	\$ 359,590
Deferred for Sheriff Expenditures	<u>-</u>	<u>-</u>	<u>28,016</u>	<u>28,016</u>
TOTAL LIABILITIES	<u>\$ 299,906</u>	<u>\$ 59,684</u>	<u>\$ 28,016</u>	<u>\$ 387,606</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, 2012

	<u>BALANCE</u> <u>12/31/2011</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>12/31/2012</u>
<b>ASSETS</b>				
Cash and Investments				
Treasurer	\$ 442,365	\$ 15,766,625	\$ 15,909,084	\$ 299,906
Public Trustee	67,133	149,312	156,761	59,684
Sheriff Forfeiture	35,851	15,646	23,481	28,016
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 545,349</u>	<u>\$ 15,931,583</u>	<u>\$ 16,089,326</u>	<u>\$ 387,606</u>
<b>LIABILITIES</b>				
Due to Other Governments	509,498	15,915,937	16,065,845	359,590
Deferred for Sheriff Expenditures	35,851	15,646	23,481	28,016
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>\$ 545,349</u>	<u>\$ 15,931,583</u>	<u>\$ 16,089,326</u>	<u>\$ 387,606</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, in accordance with the 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, the 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, 2012, and the related notes to the financial statements, which collectively comprise Gilpin County, Colorado's basic financial statements, and have issued our report thereon dated August 20, 2013.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Gilpin County, Colorado's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gilpin County, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Gilpin County, Colorado's internal control.

*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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

*John Luttrell & Associates, LLC*

August 20, 2013



## JOHN CUTLER & ASSOCIATES

To The Board of County Commissioners  
Gilpin County, Colorado

### **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133**

#### **Report on Compliance for Each Major Federal Program**

We have audited Gilpin County, Colorado's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Gilpin County, Colorado's major federal programs for the year ended December 31, 2012. Gilpin County, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### **Auditor's Responsibility**

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

#### **Opinion on Each Major Federal Program**

In our opinion, Gilpin County, Colorado complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

## Report on Internal Control Over Compliance

Management of Gilpin County, Colorado is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Gilpin County, Colorado's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Gilpin County, Colorado'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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*John Cutler & Associates, LLC*

August 20, 2013



GILPIN COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2012

**Summary of Auditors- Results**

*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes   x   no
- Significant deficiencies noted? \_\_\_\_\_ yes   x   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   x   no

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes   x   no
- Significant deficiencies identified? \_\_\_\_\_ 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:

- 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
- 93.558 Temporary Aid for Needy Families
- 93.714 Temporary Aid for Needy Families – ARRA
- 97.067 State Homeland Security Program

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, 2012

	<u>Major Program ?</u>	<u>CDFA #</u>	<u>Total Expenditures</u>
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>			
<b>U.S. Department of Health and Human Services</b>			
Passed through the Colorado Department Of Health and Human Services			
Community Development Block Grant	No	93.569	6,306
Low Income Home Energy Assistance	No	93.568	52,021
Temporary Aid for Needy Families	Yes	93.558	135,549
Temporary Aid for Needy Families - ARRA	Yes	93.714	2,357
Child Support Enforcement	No	93.563	1,334
Child Card Development Block Grant	No	93.575	(7,252)
Child Care Mandatory Matching Funds	No	93.596	51,545
Child Welfare Services	No	93.645	9,397
Title IV-E Foster Care	No	93.658	57,860
Title IV-E Adoption	No	93.659	11,672
Social Services Block Grant	No	93.667	76,828
Medical Assistance Program	No	93.778	<u>34,502</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>432,119</u>
<b>U.S. Department of Agriculture</b>			
Passed through the Colorado Department of Health and Human Services			
Emergency Food Assistance Program	No	10.569	4,848
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Yes	10.561	39,216
Passed through the Colorado State Forest Service			
Cooperative Forestry Assistance	No	10.664	48,446
Passed through the Colorado Department of Treasury			
Schools and Roads	No	10.665	<u>29,825</u>
<b>Total U.S. Department of Agriculture</b>			<u>122,335</u>
<b>U.S. Department of Transportation</b>			
Passed through the Colorado Department of Transportation			
State and Community Highway Safety	No	20.600	<u>5,294</u>
<b>Total U.S. Department of Transportation</b>			<u>5,294</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2012

(Continued)

	<u>Major Program ?</u>	<u>C DFA #</u>	<u>Total Expenditures</u>
<b>U.S. Department of Homeland Security</b>			
Emergency Food and Shelter National Board Program	No	97.024	1,731
Passed through the Arapahoe County			
Interoperable Emergency Communications Grant - 2009	No	97.001	29,359
Interoperable Emergency Communications Grant - 2010	No	97.055	13,813
State Homeland Security Program	Yes	97.067	<u>42,129</u>
<b>Total U.S. Department of Homeland Security</b>			<u>87,032</u>
<b>National Endowment for the Humanities</b>			
Promotion of the Humanities - Let's Talk About It Grant	No	45.168	<u>1,536</u>
<b>U.S. Department of Justice</b>			
State Criminal Alien Assistance Program	No	16.606	31,857
Bulletproof Vest Partnership Program	No	16.607	2,042
Passed through the Colorado Division of Criminal Justice			
Crime Victim Assistance	No	16.575	51,300
Edward Byrne Memorial Justice Assistance	No	16.738	<u>3,579</u>
<b>Total U.S. Department of Justice</b>			<u>88,778</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 737,094</u></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.

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: GILPIN
	YEAR ENDING : December 2012
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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	279
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	557,022
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	8,595
2. General fund appropriations	800,000	b. Snow and ice removal	53,352
3. Other local imposts (from page 2)	309,436	c. Other	106,587
4. Miscellaneous local receipts (from page 2)	44,140	d. Total (a. through c.)	168,535
5. Transfers from toll facilities		4. General administration & miscellaneous	1,129,215
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,855,051
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,153,576	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	638,317	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	10,140	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	1,802,033	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,855,051

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	775,293	1,802,033	1,855,051	722,275	0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2012

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	292,932	a. Interest on investments	1,854
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	5,851
5. Specific Ownership &/or Other	16,504	g. Other Misc. Receipts	1,104
6. Total (1. through 5.)	16,504	h. Other	35,331
c. Total (a. + b.)	309,436	i. Total (a. through h.)	44,140
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	606,037	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	10,140
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	32,280	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	32,280	g. Total (a. through f.)	10,140
4. Total (1. + 2. + 3.f)	638,317	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		279	279
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)		279	279
			(Carry forward to page 1)

Notes and Comments: