

GILPIN COUNTY, COLORADO

FINANCIAL STATEMENTS

December 31, 2013

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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, 2013, 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, 2013, 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 July 17, 2014 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

July 17, 2014

GILPIN COUNTY, COLORADO
Management's Discussion and Analysis
For the Year Ended December 31, 2013

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, 2013.

Financial Highlights

At the close of 2013, Gilpin County's assets of \$43,052,143 exceeded its liabilities of \$4,038,441, and the deferred inflows of resources, \$3,355,868 by \$35,657,834. Of this amount, \$8,883,033 (the unrestricted part of net position) may be used to meet the county's ongoing obligations to citizens and creditors. The remaining \$26,774,802 is invested in capital assets, and is restricted by law.

The County's unassigned fund balance was \$6,619,498, or 35% of total expenditures.

The County's governmental funds reported a total ending fund balance of \$9,734,754, or 51% 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 2013, assets exceeded liabilities and deferred inflows of resources by \$35,657,834 which is an increase from 2012 of \$348,265.

Assets:	<u>2013</u>	<u>2012</u>
Cash and Investments	\$9,880,073	\$9,645,204
Restricted Cash & Investments	-	602,989
Accounts Receivable	516,349	530,868
Taxes Receivable	3,355,868	3,517,823
Inventory	7,664	-
Prepaid Expenses	2,159	56,147
Capital Assets, Net of Accumulated Depreciation	<u>29,290,030</u>	<u>29,265,071</u>
Total Assets	<u>43,052,143</u>	<u>43,618,102</u>
Liabilities:		
Accounts Payable	472,186	1,066,507
Accrued Expenses	188,756	242,135
Unearned Revenues	10,549	25,619
Accrued Compensated Absences	341,722	311,160
Noncurrent Liabilities	<u>3,025,228</u>	<u>3,145,289</u>
Total Liabilities	<u>4,038,441</u>	<u>4,790,710</u>
Deferred Inflows of Resources:		
Deferred Property Tax Revenue	<u>3,355,868</u>	<u>3,517,823</u>
Net Position:		
Net Investment in Capital Assets	26,264,802	26,722,771
Restricted for Emergencies	510,000	502,525
Unrestricted	<u>8,883,032</u>	<u>8,084,273</u>
Total Net Position	<u>\$35,657,834</u>	<u>\$35,309,569</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 2.93 to 1, as compared to 2.53 to 1 reported at the end of 2012. The County's overall financial position based on this ratio strengthened during calendar year 2013.

Note that 74% 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 \$19,008,195 exceeded program expenses of \$18,659,930 for an increase in net position of \$348,265. A summary of revenues and expenses follows:

Revenues	<u>2013</u>	<u>2012</u>
Program Revenues		
Charges for Services	\$ 1,247,725	\$ 1,286,189
Operating Grants & Contributions	3,696,272	3,687,223
Capital Grants & Contributions	597,479	119,927
Total Program Revenues	<u>5,541,476</u>	<u>5,093,339</u>
General Revenues		
Property Taxes*	3,503,826	3,598,551
Specific Ownership Taxes*	179,157	164,755
Gaming Taxes*	9,262,517	9,134,430
Payment in Lieu of Taxes*	91,160	90,766
Investment Earnings	26,876	21,352
Other Revenues	403,183	335,649
Loss on Disposal of Assets	-	(305,848)
Total General Revenues	<u>13,466,719</u>	<u>13,039,655</u>
Total Revenues	<u>19,008,195</u>	<u>18,132,994</u>
Expenses		
General Government	8,033,963	7,966,009
Public Safety	4,124,137	4,079,491
Highways and Streets	2,452,152	2,356,205
Health and Welfare	2,117,139	2,229,458
Culture and Recreation	1,602,298	1,645,365
Community Development	233,061	241,894
Interest on Long-Term Debt	97,180	75,786
Total Expenses	<u>18,659,930</u>	<u>18,594,208</u>
Increase/(Decrease) in Net Position	<u>\$ 348,265</u>	<u>\$ (461,214)</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 (18% of total revenues) and gaming taxes (49% 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 2012 and 2013 expenses by function other than the fact total expenses increased by \$65,721, which is an increase of less than 1%.

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 \$9,734,754 at the end of 2013, compared to \$9,500,947 at the end of 2012. This increase is a result of conservative budgeting/spending measures practiced by Gilpin County.

The residual amount of unassigned fund balance in the County's general fund after accounting for all levels of constraint determined according to GASB 54 is \$6,619,498 which represents resources available for immediate appropriation by the Board for any purpose. There is a need to maintain a certain unassigned amount to cover unexpected expenditures and revenue shortfalls (e.g., an adequate amount to provide liquidity in the event of an economic downturn or natural disaster and to begin saving for capital projects).

The General Fund is the County's primary operating fund and the largest source of day-to-day service delivery. A decrease from \$7,349,201 to \$7,314,867 in the General Fund balance occurred in 2013.

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, 2013, the general fund transferred to five other funds, as listed below.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Public Works	General	\$825,000
Library	General	175,000
Human Services	General	170,000
Public Health	General	125,000
Solid Waste	General	145,000
	Total	<u>\$1,440,000</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 \$9,262,517 was 61% of the total General Fund revenue.

Actual Gaming revenue was \$337,483 less than budget for 2013. This is due to many factors contributing to the calculation of this revenue which makes it hard to predict such as ballot issues, the economy and the weather.

In November, the Board of County Commissioners revised the General Fund budget. The budget supplements for expenditures were for grant expenses, the energy performance contract, the communication tower project at the Justice Center, overtime at the jail, a replacement vehicle, professional services and a donation. Budget expenditure additions totaled \$391,000 and resulted in an ending General Fund expenditure budget of \$13,755,082. Actual expenditures were \$13,849,008 (\$93,926 more than the revised budget). Actual expenditures were higher than expected for a grant coordinated through another county and the actual information from that county was not made available until after December 31, 2013.

Capital Assets

At December 31, 2013, the County had \$29,290,030 invested in a broad range of capital assets. This is an increase of \$24,959 or less than 1% 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>2013</u>	<u>2012</u>
Land	\$ 770,471	\$ 743,471
Water Rights	32,000	32,000
Infrastructure	302,411	441,000
Building	20,774,678	21,326,888
Improvements	4,629,858	1,937,576
Equipment	1,875,447	1,768,117
Construction in progress	905,165	3,016,019
	<u>\$29,290,030</u>	<u>\$29,265,071</u>

Capital asset additions during the current fiscal year included the following:

- \$373,472 for vehicles which includes seven vehicles for the Sheriff's Office, one for Maintenance, one for Public Works and a Roll Off Truck for Solid Waste.
- \$2,971,140 in improvements including modernizing a bathroom near the Trash Transfer Site, a lift station grinder at the Justice Center, window repairs at the Apex Facility, heating for the Courthouse front steps, a fence around the communication tower at the Justice Center, electrical upgrades at the Courthouse, excavation at the Exhibit Barn for lift station work, and the energy performance contract work at the Courthouse, Justice Center, Community Center, Library, Rollinsville Shop, Apex Facility, and Exhibit Barn.
- \$268,389 of equipment including cameras at the jail, 911 software, the communication tower and foundation at the Justice Center, a pool cover for the activity pool, and a pump for the Exhibit Barn lift station.
- Donated land with a value of \$27,000.

The County also has several projects in the Construction in Progress category. Cost of these projects at the end of 2013 was \$905,165. These include, 1) Fuel Farm \$53,950; 2) Upper Apex Bridge \$34,423; 3) Justice Center Lift Station \$30,845; 4) Interoperability Grant Project \$785,947.

Debt

At the end of the calendar year, the County had outstanding debt obligations of \$3,366,950, including debt for compensated absences. In 2013, the County had a net increase in compensated absence balances due of \$30,562. No short-term debt was needed in 2013 to finance operations and capital outlay as has been necessary in the past.

	<u>2013</u>	<u>2012</u>
Capital Lease - Energy Performance	\$ 2,656,008	\$ 2,861,884
Capital Lease – Grinder	210,888	283,405
Capital Lease – Roll Off Truck	158,332	-
Compensated Absences	341,722	311,160
Total	<u>\$ 3,366,950</u>	<u>\$ 3,456,449</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 2014 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, a county cemetery, historic preservation and ball fields; continued improvement of county buildings for energy efficiency; the promotion of forest health; maintenance of at least a \$510,000 TABOR reserve and \$400,000 for emergencies; continuation of the free slash program and application for grants.

In 2014, 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.

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, 2013

	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and Investments	\$ 9,880,073	\$ 9,645,204
Restricted Cash and Investments	-	602,989
Receivables		
Property Taxes	3,355,868	3,517,823
Account	516,349	530,868
Inventory	7,664	-
Prepaid Expenses	2,159	56,147
Capital Assets, Not Depreciated	1,707,636	3,791,490
Capital Assets, Depreciated		
Net of Accumulated Depreciation	<u>27,582,394</u>	<u>25,473,581</u>
 TOTAL ASSETS	 <u>43,052,143</u>	 <u>43,618,102</u>
LIABILITIES		
Accounts Payable	472,186	1,066,507
Accrued Expenses	188,756	242,135
Accrued Compensated Absences	341,722	311,160
Unearned Revenues	10,549	25,619
Noncurrent Liabilities		
Due within One Year	327,659	278,393
Due in More Than One Year	<u>2,697,569</u>	<u>2,866,896</u>
 TOTAL LIABILITIES	 <u>4,038,441</u>	 <u>4,790,710</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenue	<u>3,355,868</u>	<u>3,517,823</u>
NET POSITION		
Net Investment in Capital Assets	26,264,802	26,722,771
Restricted for Emergencies	510,000	502,525
Unrestricted	<u>8,883,032</u>	<u>8,084,273</u>
 TOTAL NET POSITION	 <u>\$ 35,657,834</u>	 <u>\$ 35,309,569</u>

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

GILPIN COUNTY, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

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	
					2013	2012
PRIMARY GOVERNMENT						
Governmental Activities						
General Government	\$ 8,033,963	\$ 742,874	\$ 767,586	\$ -	\$ (6,523,503)	\$ (6,425,974)
Public Safety	4,124,137	124,942	344,275	597,479	(3,057,441)	(3,485,831)
Health and Welfare	2,117,139	38,598	1,712,004	-	(366,537)	(351,963)
Highways and Streets	2,452,152	39,295	746,442	-	(1,666,415)	(1,699,539)
Culture and Recreation	1,602,298	200,130	125,065	-	(1,277,103)	(1,344,262)
Community Development	233,061	101,886	900	-	(130,275)	(117,514)
Interest on Long Term Debt	97,180	-	-	-	(97,180)	(75,786)
Total Governmental Activities	\$ 18,659,930	\$ 1,247,725	\$ 3,696,272	\$ 597,479	\$ (13,118,454)	\$ (13,500,869)
GENERAL REVENUES						
					3,503,826	3,598,551
					179,157	164,755
					9,262,517	9,134,430
					91,160	90,766
					26,876	21,352
					403,183	335,649
SPECIAL ITEM						
					-	(305,848)
TOTAL GENERAL REVENUES						
					13,466,719	13,039,655
CHANGE IN NET POSITION					348,265	(461,214)
NET POSITION, Beginning					35,309,569	35,770,783
NET POSITION, Ending					\$ 35,657,834	\$ 35,309,569

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

GILPIN COUNTY, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2013

	GENERAL FUND	PUBLIC WORKS FUND	HUMAN SERVICES FUND	OTHER GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	\$ 7,557,131	\$ 732,467	\$ 917,218	\$ 673,257
Restricted Cash and Investments	-	-	-	-
Property Taxes Receivable	2,609,629	287,432	149,655	309,152
Accounts Receivable	288,877	184,298	36,184	6,990
Inventory	-	7,199	465	-
Prepaid Expenses	1,536	-	273	350
TOTAL ASSETS	\$ 10,457,173	\$ 1,211,396	\$ 1,103,795	\$ 989,749
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 379,088	\$ 53,269	\$ 13,533	\$ 26,296
Accrued Expenses	146,435	23,562	10,548	8,211
Unearned Revenue	7,154	-	2,835	560
TOTAL LIABILITIES	532,677	76,831	26,916	35,067
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	2,609,629	287,432	149,655	309,152
FUND EQUITY				
Fund Balance				
Nonspendable	1,536	7,199	738	350
Restricted	510,000	839,934	912,495	111,988
Committed	-	-	-	533,192
Assigned	183,833	-	13,991	-
Unassigned	6,619,498	-	-	-
TOTAL FUND EQUITY	7,314,867	847,133	927,224	645,530
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	\$ 10,457,173	\$ 1,211,396	\$ 1,103,795	\$ 989,749

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 (\$3,025,228) and the balance of accrued compensated absences (\$341,722) for the year.

Net position of governmental activities

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

TOTAL

2013	2012
\$ 9,880,073	\$ 9,645,204
-	602,989
3,355,868	3,517,823
516,349	530,868
7,664	-
2,159	56,147
\$ 13,762,113	\$ 14,353,031

\$ 472,186	\$ 1,066,507
188,756	242,135
10,549	25,619
671,491	1,334,261

3,355,868	3,517,823
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9,823	56,147
2,374,417	2,265,700
533,192	540,795
197,824	185,064
6,619,498	6,453,241
9,734,754	9,500,947

29,290,030	29,265,071
------------	------------

(3,366,950)	(3,456,449)
\$ 35,657,834	\$ 35,309,569

GILPIN COUNTY, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2013

	GENERAL FUND	PUBLIC WORKS FUND	HUMAN SERVICES FUND	OTHER GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 2,874,890	\$ 310,150	\$ 162,623	\$ 335,318
Gaming Taxes	9,262,517	-	-	-
Intergovernmental	1,842,373	746,442	1,680,769	104,703
Licenses and Permits	111,380	2,733	-	12,125
Charges for Services	939,221	36,562	-	136,978
Fines and Forfeitures	-	-	-	-
Interest Income	20,828	2,089	2,045	1,914
Miscellaneous	203,465	203,775	11,850	3,445
TOTAL REVENUES	<u>15,254,674</u>	<u>1,301,751</u>	<u>1,857,287</u>	<u>594,483</u>
EXPENDITURES				
Current				
General Government	7,272,901	-	-	436,997
Public Safety	3,899,130	-	-	-
Health and Welfare	-	-	1,914,480	195,824
Highways and Streets	-	1,974,393	-	-
Culture and Recreation	886,603	-	-	284,835
Community Development	233,770	-	-	-
Capital Outlay	1,262,438	27,500	-	168,276
Debt Service				
Principal	205,876	-	-	82,461
Interest	88,290	-	-	8,890
TOTAL EXPENDITURES	<u>13,849,008</u>	<u>2,001,893</u>	<u>1,914,480</u>	<u>1,177,283</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,405,666</u>	<u>(700,142)</u>	<u>(57,193)</u>	<u>(582,800)</u>
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	-	-	168,276
Transfers In	-	825,000	170,000	445,000
Transfers Out	(1,440,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,440,000)</u>	<u>825,000</u>	<u>170,000</u>	<u>613,276</u>
NET CHANGE IN FUND BALANCES	(34,334)	124,858	112,807	30,476
FUND BALANCES, Beginning	<u>7,349,201</u>	<u>722,275</u>	<u>814,417</u>	<u>615,054</u>
FUND BALANCES, Ending	<u>\$ 7,314,867</u>	<u>\$ 847,133</u>	<u>\$ 927,224</u>	<u>\$ 645,530</u>

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

TOTAL

2013	2012
\$ 3,682,981	\$ 3,763,304
9,262,517	9,134,430
4,374,287	4,003,811
126,238	153,616
1,112,761	1,129,002
-	-
26,876	21,352
422,535	233,327
19,008,195	18,438,842
7,709,898	7,674,119
3,899,130	3,822,902
2,110,304	2,228,062
1,974,393	1,855,050
1,171,438	1,187,763
233,770	247,040
1,458,214	3,352,761
288,337	17,795
97,180	75,786
18,942,664	20,461,278
65,531	(2,022,436)
168,276	301,200
1,440,000	1,125,000
(1,440,000)	(1,125,000)
168,276	301,200
233,807	(1,721,236)
9,500,947	11,222,183
\$ 9,734,754	\$ 9,500,947

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, 2013

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 233,807
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 \$1,490,214 exceeded depreciation (\$1,465,255) in the current period.	24,959
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.	(168,276)
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 \$288,337, and change in compensated absences of (\$30,562).	<u>257,775</u>
Change in Net Position of Governmental Activities	<u><u>\$ 348,265</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, 2013

	<u>AGENCY FUND</u>
ASSETS	
Cash and Investments	<u>\$ 444,256</u>
LIABILITIES	
Due to Other Governments	\$ 411,394
Deferred for Sheriff Expenditures	<u>32,862</u>
TOTAL LIABILITIES	<u>\$ 444,256</u>

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

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013

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, 2013

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

Unearned Revenue

Unearned 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, 2013

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 600 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, 2013

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 inventory and prepaid expenses as nonspendable as of December 31, 2013.
- 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 \$510,000 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. Resolution #11-23 designates the Finance Director as the official to determine fund balance amounts that will be reported as “Assigned” on the year-end financial statements.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

The County has classified portions of the fund balances of the General Fund and Human Services Fund as assigned because their use has been designated for a specific purpose. For Gilpin County this includes funds for the Bald Mountain Cemetery, eRecording funds received by the Clerk & Recorder, and donations received by CSU Extension, Seniors, Parks and Recreation, Community Development, GCART, and Human Services.

- 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.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets and Budgetary Accounting (Continued)

- Prior to December 31, the budget is legally enacted through passage of a resolution.
- The County Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the County Commissioners.
- Budgets are legally adopted for all funds of the County except for the fiduciary funds. Budgets are adopted on a basis consistent with generally accepted, accounting principles (GAAP).
- Budgeted amounts in the financial statements are as originally adopted or as amended by the County Commissioners. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations by fund.

Legal Compliance

The expenditures of the General Fund exceeded the budgeted amount by \$93,926 and the expenditures of the Conservation Trust Fund exceeded the budgeted amount by \$7. This may be a violation of State statute.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2013 follows:

Petty Cash	\$ 1,518
Cash Deposits	7,399,337
Investments	<u>2,923,474</u>
Total	<u>\$ 10,324,329</u>

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

Governmental Activities	\$ 9,880,073
Agency Funds	<u>444,256</u>
Total	<u>\$ 10,324,329</u>

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013, 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, 2013, the County had deposits with financial institutions with a carrying amount of \$7,399,337. The bank balances with the financial institutions were \$7,488,114. Of these balances, \$250,000 was covered by federal depository insurance and \$7,238,114 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, 2013

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 \$2,923,474 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.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2013 is summarized below:

	<u>Balances</u> <u>12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/13</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 743,471	\$ 27,000	\$ -	\$ 770,471
Water Rights	32,000	-	-	32,000
Construction in Process	<u>3,016,019</u>	<u>603,558</u>	<u>2,714,412</u>	<u>905,165</u>
Total Capital Assets, not depreciated	<u>3,791,490</u>	<u>630,558</u>	<u>2,714,412</u>	<u>1,707,636</u>
Capital Assets, depreciated				
Buildings	27,524,711	-	-	27,524,711
Infrastructure	2,277,811	-	-	2,277,811
Improvements	3,398,663	2,932,207	-	6,330,870
Machinery and Equipment	<u>7,861,106</u>	<u>641,861</u>	<u>408,120</u>	<u>8,094,847</u>
Total Capital Assets, depreciated	<u>41,062,291</u>	<u>3,574,068</u>	<u>408,120</u>	<u>44,228,239</u>
Less Accumulated Depreciation				
Buildings	6,197,823	552,210	-	6,750,033
Infrastructure	1,836,811	138,589	-	1,975,400
Improvements	1,461,087	239,925	-	1,701,012
Machinery and Equipment	<u>6,092,989</u>	<u>534,531</u>	<u>408,120</u>	<u>6,219,400</u>
Total Accumulated Depreciation	<u>15,588,710</u>	<u>1,465,255</u>	<u>408,120</u>	<u>16,645,845</u>
Total Capital Assets, depreciated, Net	<u>25,473,581</u>	<u>2,108,813</u>	<u>-</u>	<u>27,582,394</u>
Governmental Activities, Capital Assets, Net	<u>\$ 29,265,071</u>	<u>\$ 2,739,371</u>	<u>\$ 2,714,412</u>	<u>\$ 29,290,030</u>

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

Governmental Activities	
General Government	\$ 356,491
Public Safety	212,975
Highways and Streets	462,033
Health and Welfare	2,992
Culture and Recreation	<u>430,764</u>
Total	<u>\$ 1,465,255</u>

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013.

	Balance <u>12/31/12</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/13</u>	Due In <u>One Year</u>
Capital Leases	\$ 3,145,289	\$ 168,276	\$ 288,337	\$ 3,025,228	\$ 327,659
Accrued Compensated Absences	<u>311,160</u>	<u>388,697</u>	<u>358,135</u>	<u>341,722</u>	<u>341,722</u>
Total	<u>\$ 3,456,449</u>	<u>\$ 556,973</u>	<u>\$ 646,472</u>	<u>\$ 3,366,950</u>	<u>\$ 669,381</u>

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

Capital Leases

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

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 August 2016.

In July 2013, 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 \$11,193, beginning October 2013. This lease bears interest at a rate of 2.96% and will mature in July 2017.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013:

Year Ended December 31,

2014	\$ 419,098
2015	419,098
2016	399,059
2017	327,748
2018	294,168
2019 – 2023	1,470,840
2024	<u>220,607</u>
Total Minimum Lease Payments	3,550,618
Less: Interest	<u>(525,390)</u>
Present Value of Minimum Lease Payments	<u>\$ 3,025,228</u>

NOTE 6: INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2013, were comprised of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Public Works Fund	General Fund	\$ 825,000
Library Fund	General Fund	175,000
Human Services Fund	General Fund	170,000
Public Health Fund	General Fund	125,000
Solid Waste Fund	General Fund	<u>145,000</u>
Total		<u>\$ 1,440,000</u>

The General Fund transferred funds to the Public Works Fund, Library Fund, Human Services Fund, Public Health Fund and Solid Waste Fund to subsidize operations and capital purchases in those funds.

GILPIN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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 Gilpin County. During the years ended December 31, 2013 and 2012, employer and employees each contributed \$193,659 and \$186,606, 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, 2013

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, 2013, the emergency reserve of \$510,000 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 10: 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, 2013

	2013			VARIANCE	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes	\$ 2,857,000	\$ 2,857,000	\$ 2,874,890	\$ 17,890	\$ 2,962,330
Gaming Taxes	9,600,000	9,600,000	9,262,517	(337,483)	9,134,430
Licenses and Permits	129,200	129,200	111,380	(17,820)	142,023
Intergovernmental	1,190,016	1,190,016	1,842,373	652,357	1,497,683
Charges for Services	833,585	833,585	939,221	105,636	949,378
Interest Income	5,000	5,000	20,828	15,828	16,072
Miscellaneous	52,370	52,370	203,465	151,095	161,626
TOTAL REVENUES	<u>14,667,171</u>	<u>14,667,171</u>	<u>15,254,674</u>	<u>587,503</u>	<u>14,863,542</u>
EXPENDITURES					
Current					
General Government	7,665,187	7,681,319	7,272,901	408,418	7,276,859
Public Safety	3,950,041	3,975,041	3,899,130	75,911	3,822,902
Culture & Recreation	990,861	990,861	886,603	104,258	898,488
Community Development	237,827	237,827	233,770	4,057	247,040
Capital Outlay	226,000	575,868	1,262,438	(686,570)	3,051,561
Debt Service					
Principal	205,876	205,876	205,876	-	-
Interest	88,290	88,290	88,290	-	73,542
TOTAL EXPENDITURES	<u>13,364,082</u>	<u>13,755,082</u>	<u>13,849,008</u>	<u>(93,926)</u>	<u>15,370,392</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,303,089</u>	<u>912,089</u>	<u>1,405,666</u>	<u>493,577</u>	<u>(506,850)</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	<u>(1,440,000)</u>	<u>(1,440,000)</u>	<u>(1,440,000)</u>	<u>-</u>	<u>(1,125,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,440,000)</u>	<u>(1,440,000)</u>	<u>(1,440,000)</u>	<u>-</u>	<u>(1,125,000)</u>
NET CHANGE IN FUND BALANCE	(136,911)	(527,911)	(34,334)	493,577	(1,631,850)
FUND BALANCE, Beginning	<u>6,583,946</u>	<u>6,583,946</u>	<u>7,349,201</u>	<u>765,255</u>	<u>8,981,051</u>
FUND BALANCE, Ending	<u>\$ 6,447,035</u>	<u>\$ 6,056,035</u>	<u>\$ 7,314,867</u>	<u>\$ 1,258,832</u>	<u>\$ 7,349,201</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

PUBLIC WORKS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013		VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 310,700	\$ 310,150	\$ (550)	\$ 307,097
Licenses and Permits	1,434	2,733	1,299	2,339
Intergovernmental	609,719	746,442	136,723	616,197
Charges for Services	30,000	36,562	6,562	38,130
Interest Income	600	2,089	1,489	1,854
Miscellaneous	195,563	203,775	8,212	36,415
TOTAL REVENUES	<u>1,148,016</u>	<u>1,301,751</u>	<u>153,735</u>	<u>1,002,032</u>
EXPENDITURES				
Highways and Streets	2,018,308	1,974,393	43,915	1,855,050
Capital Outlay	30,000	27,500	2,500	-
TOTAL EXPENDITURES	<u>2,048,308</u>	<u>2,001,893</u>	<u>46,415</u>	<u>1,855,050</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(900,292)</u>	<u>(700,142)</u>	<u>200,150</u>	<u>(853,018)</u>
OTHER FINANCING SOURCES				
Transfers In	825,000	825,000	-	800,000
TOTAL OTHER FINANCING SOURCES	<u>825,000</u>	<u>825,000</u>	<u>-</u>	<u>800,000</u>
NET CHANGE IN FUND BALANCES	(75,292)	124,858	200,150	(53,018)
FUND BALANCES, Beginning	<u>651,298</u>	<u>722,275</u>	<u>70,977</u>	<u>775,293</u>
FUND BALANCES, Ending	<u>\$ 576,006</u>	<u>\$ 847,133</u>	<u>\$ 271,127</u>	<u>\$ 722,275</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

HUMAN SERVICES FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013		VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 162,000	\$ 162,623	\$ 623	\$ 161,080
Intergovernmental	1,822,488	1,680,769	(141,719)	1,800,203
Interest	400	2,045	1,645	1,796
Miscellaneous	3,964	11,850	7,886	8,930
TOTAL REVENUES	<u>1,988,852</u>	<u>1,857,287</u>	<u>(131,565)</u>	<u>1,972,009</u>
EXPENDITURES				
Health and Welfare	2,212,409	1,914,480	297,929	2,022,561
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>2,212,409</u>	<u>1,914,480</u>	<u>297,929</u>	<u>2,022,561</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(223,557)</u>	<u>(57,193)</u>	<u>166,364</u>	<u>(50,552)</u>
OTHER FINANCING SOURCES				
Transfers In	<u>170,000</u>	<u>170,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(53,557)	112,807	166,364	(50,552)
FUND BALANCE, Beginning	<u>783,005</u>	<u>814,417</u>	<u>31,412</u>	<u>864,969</u>
FUND BALANCE, Ending	<u>\$ 729,448</u>	<u>\$ 927,224</u>	<u>\$ 197,776</u>	<u>\$ 814,417</u>

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

GILPIN COUNTY, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 December 31, 2013

	LIBRARY FUND	PUBLIC HEALTH FUND	SOLID WASTE FUND	CONSERVATION TRUST FUND
ASSETS				
Cash and Investments	\$ 82,573	\$ 122,846	\$ 226,926	\$ 111,988
Property Taxes Receivable	81,106	-	95,698	-
Accounts Receivable	872	1,151	4,967	-
Prepaid Expenses	350	-	-	-
TOTAL ASSETS	<u>\$ 164,901</u>	<u>\$ 123,997</u>	<u>\$ 327,591</u>	<u>\$ 111,988</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 6,858	\$ 15,917	\$ 3,521	\$ -
Accrued Expenses	5,175	172	2,864	-
Unearned Revenue	-	560	-	-
TOTAL LIABILITIES	<u>12,033</u>	<u>16,649</u>	<u>6,385</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	81,106	-	95,698	-
FUND EQUITY				
Fund Balance				
Nonspendable	350	-	-	-
Restricted	-	-	-	111,988
Committed	71,412	107,348	225,508	-
Assigned	-	-	-	-
TOTAL FUND EQUITY	<u>71,762</u>	<u>107,348</u>	<u>225,508</u>	<u>111,988</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 164,901</u>	<u>\$ 123,997</u>	<u>\$ 327,591</u>	<u>\$ 111,988</u>

See the accompanying independent auditors' report.

EMPLOYEE RETIREMENT FUND	TOTALS	
	2013	2012
\$ 128,924	\$ 673,257	\$ 666,963
132,348	309,152	320,442
-	6,990	8,959
-	350	2,409
<u>\$ 261,272</u>	<u>\$ 989,749</u>	<u>\$ 998,773</u>
\$ -	\$ 26,296	\$ 34,622
-	8,211	10,837
-	560	17,818
<u>-</u>	<u>35,067</u>	<u>63,277</u>
132,348	309,152	320,442
-	350	2,409
-	111,988	61,850
128,924	533,192	540,795
-	-	10,000
<u>128,924</u>	<u>645,530</u>	<u>615,054</u>
<u>\$ 261,272</u>	<u>\$ 989,749</u>	<u>\$ 998,773</u>

GILPIN COUNTY, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended December 31, 2013

	LIBRARY FUND	PUBLIC HEALTH FUND	SOLID WASTE FUND	CONSERVATION TRUST FUND
REVENUES				
Taxes	\$ 88,135	\$ -	\$ 103,990	\$ -
Intergovernmental	7,500	43,325	3,417	50,461
Licenses and Permits	-	12,125	-	-
Charges for Services	-	5,272	131,706	-
Fines and Forfeitures	-	-	-	-
Interest Income	348	389	595	184
Miscellaneous	3,445	-	-	-
TOTAL REVENUES	99,428	61,111	239,708	50,645
EXPENDITURES				
Current				
General Government	-	-	249,481	-
Health and Welfare	-	195,824	-	-
Culture and Recreation	284,328	-	-	507
Debt Service				
Principal	-	-	82,461	-
Interest and Fiscal Charges	-	-	8,890	-
Capital Outlay	-	-	168,276	-
TOTAL EXPENDITURES	284,328	195,824	509,108	507
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(184,900)	(134,713)	(269,400)	50,138
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	-	168,276	-
Transfers In	175,000	125,000	145,000	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	175,000	125,000	313,276	-
NET CHANGE IN FUND BALANCES	(9,900)	(9,713)	43,876	50,138
FUND BALANCES, Beginning	81,662	117,061	181,632	61,850
FUND BALANCES, Ending	<u>\$ 71,762</u>	<u>\$ 107,348</u>	<u>\$ 225,508</u>	<u>\$ 111,988</u>

See the accompanying independent auditors' report.

EMPLOYEE RETIREMENT FUND	TOTALS	
	2013	2012
\$ 143,193	\$ 335,318	\$ 332,797
-	104,703	89,728
-	12,125	9,254
-	136,978	141,494
-	-	-
398	1,914	1,630
-	3,445	26,356
<u>143,591</u>	<u>594,483</u>	<u>601,259</u>
187,516	436,997	397,260
-	195,824	205,501
-	284,835	289,275
-	-	-
-	82,461	17,795
-	8,890	2,244
-	168,276	301,200
<u>187,516</u>	<u>1,177,283</u>	<u>1,213,275</u>
<u>(43,925)</u>	<u>(582,800)</u>	<u>(612,016)</u>
-	168,276	301,200
-	445,000	325,000
-	-	-
<u>-</u>	<u>613,276</u>	<u>626,200</u>
(43,925)	30,476	14,184
<u>172,849</u>	<u>615,054</u>	<u>600,870</u>
<u>\$ 128,924</u>	<u>\$ 645,530</u>	<u>\$ 615,054</u>

GILPIN COUNTY, COLORADO

LIBRARY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes	\$ 87,000	\$ 87,000	\$ 88,135	\$ 1,135	\$ 87,300
Intergovernmental	-	-	7,500	7,500	-
Interest Income	100	100	348	248	263
Miscellaneous	3,340	3,340	3,445	105	13,571
TOTAL REVENUES	90,440	90,440	99,428	8,988	101,134
EXPENDITURES					
Culture and Recreation	272,374	277,574	284,328	(6,754)	267,747
Capital Outlay	10,000	10,000	-	10,000	-
TOTAL EXPENDITURES	282,374	287,574	284,328	3,246	267,747
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(191,934)	(197,134)	(184,900)	12,234	(166,613)
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	(16,934)	(22,134)	(9,900)	12,234	8,387
FUND BALANCES, Beginning	76,372	76,372	81,662	5,290	73,275
FUND BALANCES, Ending	\$ 59,438	\$ 54,238	\$ 71,762	\$ 17,524	\$ 81,662

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

PUBLIC HEALTH FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013		VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Licenses and Permits	\$ 5,000	\$ 12,125	\$ 7,125	\$ 9,254
Intergovernmental	37,488	43,325	5,837	42,793
Charges for Services	6,535	5,272	(1,263)	3,924
Interest Income	100	389	289	365
Miscellaneous	-	-	-	12,785
TOTAL REVENUES	<u>49,123</u>	<u>61,111</u>	<u>11,988</u>	<u>69,121</u>
EXPENDITURES				
Health and Welfare	<u>223,577</u>	<u>195,824</u>	<u>27,753</u>	<u>205,501</u>
TOTAL EXPENDITURES	<u>223,577</u>	<u>195,824</u>	<u>27,753</u>	<u>205,501</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(174,454)</u>	<u>(134,713)</u>	<u>39,741</u>	<u>(136,380)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>150,000</u>
NET CHANGE IN FUND BALANCES	(49,454)	(9,713)	39,741	13,620
FUND BALANCES, Beginning	<u>119,690</u>	<u>117,061</u>	<u>(2,629)</u>	<u>103,441</u>
FUND BALANCES, Ending	<u>\$ 70,236</u>	<u>\$ 107,348</u>	<u>\$ 37,112</u>	<u>\$ 117,061</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

SOLID WASTE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013		VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 103,000	\$ 103,990	\$ 990	\$ 103,003
Intergovernmental	-	3,417	3,417	-
Charges for Services	123,500	131,706	8,206	137,570
Interest Income	150	595	445	434
TOTAL REVENUES	<u>226,650</u>	<u>239,708</u>	<u>13,058</u>	<u>241,007</u>
EXPENDITURES				
General Government	251,074	249,481	1,593	216,087
Capital Outlay	170,000	168,276	1,724	301,200
Debt Service				
Principal	115,017	82,461	32,556	17,795
Interest and Fiscal Charges	10,615	8,890	1,725	2,244
TOTAL EXPENDITURES	<u>546,706</u>	<u>509,108</u>	<u>37,598</u>	<u>537,326</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(320,056)</u>	<u>(269,400)</u>	<u>50,656</u>	<u>(296,319)</u>
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	170,000	168,276	(1,724)	301,200
Transfers In	145,000	145,000	-	-
TOTAL OTHER FINANCING SOURCES	<u>315,000</u>	<u>313,276</u>	<u>(1,724)</u>	<u>301,200</u>
NET CHANGE IN FUND BALANCES	(5,056)	43,876	48,932	4,881
FUND BALANCES, Beginning	<u>172,258</u>	<u>181,632</u>	<u>9,374</u>	<u>176,751</u>
FUND BALANCES, Ending	<u>\$ 167,202</u>	<u>\$ 225,508</u>	<u>\$ 58,306</u>	<u>\$ 181,632</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Intergovernmental	\$ 40,000	\$ 40,000	\$ 50,461	\$ 10,461	\$ 46,935
Interest Income	50	50	184	134	121
TOTAL REVENUES	40,050	40,050	50,645	10,595	47,056
EXPENDITURES					
Culture and Recreation	400	500	507	(7)	21,528
TOTAL EXPENDITURES	400	500	507	(7)	21,528
NET CHANGE IN FUND BALANCE	39,650	39,550	50,138	10,588	25,528
FUND BALANCE, Beginning	50,435	50,435	61,850	11,415	36,322
FUND BALANCE, Ending	\$ 90,085	\$ 89,985	\$ 111,988	\$ 22,003	\$ 61,850

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

EMPLOYEE RETIREMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013		VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 142,000	\$ 143,193	\$ 1,193	\$ 142,494
Interest Income	200	398	198	447
TOTAL REVENUES	<u>142,200</u>	<u>143,591</u>	<u>1,391</u>	<u>142,941</u>
EXPENDITURES				
General Government	<u>195,074</u>	<u>187,516</u>	<u>7,558</u>	<u>181,173</u>
TOTAL EXPENDITURES	<u>195,074</u>	<u>187,516</u>	<u>7,558</u>	<u>181,173</u>
NET CHANGE IN FUND BALANCE	(52,874)	(43,925)	8,949	(38,232)
FUND BALANCE, Beginning	<u>166,862</u>	<u>172,849</u>	<u>5,987</u>	<u>211,081</u>
FUND BALANCE, Ending	<u>\$ 113,988</u>	<u>\$ 128,924</u>	<u>\$ 14,936</u>	<u>\$ 172,849</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

COMBINING STATEMENT OF FIDUCIARY
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended December 31, 2013

	<u>COUNTY TREASURER</u>	<u>PUBLIC TRUSTEE</u>	<u>SHERIFF FORFEITURE</u>	<u>TOTAL</u>
ASSETS				
Cash and Investments	<u>\$ 368,619</u>	<u>\$ 42,775</u>	<u>\$ 32,862</u>	<u>\$ 444,256</u>
TOTAL ASSETS	<u><u>\$ 368,619</u></u>	<u><u>\$ 42,775</u></u>	<u><u>\$ 32,862</u></u>	<u><u>\$ 444,256</u></u>
LIABILITIES				
Due to Other Governments	<u>\$ 368,619</u>	<u>\$ 42,775</u>	<u>\$ -</u>	<u>\$ 411,394</u>
Deferred for Sheriff Expenditures	<u>-</u>	<u>-</u>	<u>32,862</u>	<u>32,862</u>
TOTAL LIABILITIES	<u><u>\$ 368,619</u></u>	<u><u>\$ 42,775</u></u>	<u><u>\$ 32,862</u></u>	<u><u>\$ 444,256</u></u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended December 31, 2013

	<u>BALANCE</u> <u>12/31/2012</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>12/31/2013</u>
ASSETS				
Cash and Investments				
Treasurer	\$ 299,906	\$ 15,878,873	\$ 15,810,160	\$ 368,619
Public Trustee	59,684	131,425	148,334	42,775
Sheriff Forfeiture	<u>28,016</u>	<u>17,436</u>	<u>12,590</u>	<u>32,862</u>
 TOTAL ASSETS	 <u>\$ 387,606</u>	 <u>\$ 16,027,734</u>	 <u>\$ 15,971,084</u>	 <u>\$ 444,256</u>
LIABILITIES				
Due to Other Governments	359,590	16,010,298	15,958,494	411,394
Deferred for Sheriff Expenditures	<u>28,016</u>	<u>17,436</u>	<u>12,590</u>	<u>32,862</u>
 TOTAL LIABILITIES	 <u>\$ 387,606</u>	 <u>\$ 16,027,734</u>	 <u>\$ 15,971,084</u>	 <u>\$ 444,256</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, 2013, 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 July 17, 2014.

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

July 17, 2014



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, 2013. 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, 2013.

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

July 17, 2014

GILPIN COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

	<u>Major Program ?</u>	<u>CDFA #</u>	<u>Total Expenditures</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
U.S. Department of Health and Human Services			
Passed through the Colorado Department Of Health and Human Services			
Community Development Block Grant	No	93.569	5,000
Low Income Home Energy Assistance	No	93.568	40,761
Temporary Aid for Needy Families	Yes	93.558	96,701
Child Support Enforcement	No	93.563	7,126
Child Card Development Block Grant	No	93.575	(11,921)
Child Care Mandatory Matching Funds	No	93.596	35,374
Child Welfare Services	No	93.645	9,410
Title IV-E Foster Care	No	93.658	93,704
Title IV-E Adoption	No	93.659	14,124
Social Services Block Grant	No	93.667	43,050
Medical Assistance Program	No	93.778	<u>28,891</u>
Total U.S. Department of Health and Human Services			<u>362,220</u>
U.S. Department of Agriculture			
Passed through the Colorado Department of Health and Human Services			
Emergency Food Assistance Program	No	10.569	5,751
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Yes	10.561	39,408
Passed through the Colorado Department of Treasury Schools and Roads	No	10.665	<u>27,056</u>
Total U.S. Department of Agriculture			<u>72,215</u>

See the accompanying independent auditors' report.

GILPIN COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2013

(Continued)

	<u>Major Program ?</u>	<u>CDFA #</u>	<u>Total Expenditures</u>
U.S. Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	No	97.036	130,238
Passed through the Colorado Division of Emergency Management			
Emergency Management Performance Grants	No	97.042	7,573
Passed through the Arapahoe County			
State Homeland Security Program - 2010	Yes	97.067	286,137
State Homeland Security Program - 2011	Yes	97.067	<u>272,754</u>
Total U.S. Department of Homeland Security			<u>696,702</u>
National Endowment for the Humanities			
Promotion of the Humanities - Let's Talk About It Grant	No	45.168	<u>2,448</u>
U.S. Department of Justice			
State Criminal Alien Assistance Program	No	16.606	27,965
Bulletproof Vest Partnership Program	No	16.607	665
Passed through the Colorado Division of Criminal Justice			
Crime Victim Assistance	No	16.575	<u>62,400</u>
Total U.S. Department of Justice			<u>91,030</u>
Total Federal Financial Assistance			<u><u>\$ 1,224,615</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.

LOCAL HIGHWAY FINANCE REPORT	City or County: GILPIN
	YEAR ENDING : December 2013
This Information From The Records Of (example - City of _ or County of _) COUNTY OF GILPIN	Prepared By: Phone: CLORINDA SMITH 303-951-3671 x1

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	150
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	613,431
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	11,975
2. General fund appropriations	825,000	b. Snow and ice removal	41,212
3. Other local imposts (from page 2)	312,883	c. Other	106,762
4. Miscellaneous local receipts (from page 2)	208,816	d. Total (a. through c.)	159,950
5. Transfers from toll facilities		4. General administration & miscellaneous	1,228,362
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	2,001,893
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,346,699	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	641,765	2. Notes:	
D. Receipts from Federal Government (from page 2)	138,286	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,126,750	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,001,893

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

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	722,275	2,126,750	2,001,893	847,132	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2013

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	294,908	a. Interest on investments	2,089
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	161,219
4. Licenses		f. Charges for Services	2,953
5. Specific Ownership &/or Other	17,974	g. Other Misc. Receipts	14,785
6. Total (1. through 5.)	17,974	h. Other	27,770
c. Total (a. + b.)	312,883	i. Total (a. through h.)	208,816
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	608,155	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	9,199
a. State bond proceeds		b. FEMA	129,087
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	33,609	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	33,609	g. Total (a. through f.)	138,286
4. Total (1. + 2. + 3.f)	641,765	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		150	150
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	150	150
			(Carry forward to page 1)

Notes and Comments: