



FINANCIAL STATEMENTS

For The Year Ended

DECEMBER 31, 2012





TELLER COUNTY, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2012

Teller County, Colorado
Annual Financial Report
For The Year Ended December 31, 2012

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Independent Auditors' Report

Board of County Commissioners
Teller County, Colorado
Cripple Creek, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of Teller County, Colorado (the County) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' 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 auditors' 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, the business-type activities, each major fund and the aggregate remaining fund information of the County as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and modified approach for County infrastructure capital assets on pages i through ix, 35 through 37 and 38 through 39, respectively, 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, which 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 statements and schedules, the Highway Users Tax Fund Schedule and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report On Summarized Comparative Information

We have previously audited the County's 2011 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated June 24, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 the County's internal control over financial reporting and compliance.

RubinBrown LLP

May 31, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Teller County, Colorado, we offer readers of the Teller County financial statements this narrative overview and analysis of the financial activities of Teller County for the fiscal year ended December 31, 2012. Consistent with the required reporting standards mandated by the Governmental Accounting Standards Board Statement #34 (GASB34), as of this reporting period, Teller County is pleased to present our annual financial report in what we hope to be an informative and understandable format. We encourage readers to consider the information presented here while reviewing the financial statements.

Financial Highlights

- The County's assets exceeded its liabilities by \$275,731,805 (net position) for the calendar year reported. At December 31, 2011 net position of \$271,520,202 were reported. This substantial increase in net position is primarily due to road projects capitalized in 2012, including one completed by the Cripple Creek & Victor Mining Company and donated to the County, and those completed by the County using current operating revenues.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$269,521,679 include infrastructure, property and equipment, net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$400,000 is restricted for emergencies by constraints imposed from outside the County, and \$988,500 is restricted through debt service and project security agreements.
 - (3) Unrestricted net position of \$4,821,626 represents the portion available to maintain the County's continuing obligations to citizens and creditors, and includes an improvement from net position of \$4,745,123 unrestricted at December 31, 2011.
- In 2011 the overall assessed values of property in the County that generate our property tax revenues dropped substantially. This caused a reduction in 2012 property tax revenues of approximately \$350,000. Through proactive budgeting and spending policies, the County found ways to further reduce expenditures, while maintaining services.
- The County's governmental funds reported total ending fund balance of \$5,911,899 this year, a decrease of \$49,834 from the prior year ending fund balance of \$5,961,733. Ongoing analysis during the year had indicated that savings in expenditures and better revenues were going to result in fund balances slightly higher than those at the end of 2011, however, unanticipated legal and election costs were later funded by reducing governmental fund balances.
- At the end of the reported calendar year, fund balance for the General Fund was \$3,113,615, or 23.9% of total General Fund expenditures, compared to 23.7% at December 31, 2011.
- Overall, the County has strengthened its financial position by adhering to budget policies and long-term capital plans, which are to maintain the County's operating abilities and service levels, fund balances and capital reserves during a weakened economic period while diligently improving the County's capital fleet and infrastructure. Although it is still a long term strategic goal of the County to improve the County's owned versus rented building space ratio, until economic conditions improve this has become a lesser priority for funding during the annual budget process.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the County's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The County also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The County's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the County's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the County's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County as a whole 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 second government-wide statement is the *Statement of Activities*, which reports how the County's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both government-wide financial statements distinguish governmental activities of the County that are principally supported by property taxes, grants and other inter-governmental revenues from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works and health and human services. Business-type activities include the wastewater and detentions facilities in Divide.

The government-wide financial statements are presented on pages 3 and 4 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of the report.

The County uses three types of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the County's governmental funds. These statements report short-term calendar year accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 6 to 9 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. The County has three proprietary funds, two are classified as enterprise funds, and one as an internal service fund. The two enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the County organization for the wastewater utility and the jail. The internal service fund is used to track the acquisition, and provide for the replacement and maintenance of the County's fleet of vehicles and road equipment, and is classified as governmental activities in the government-wide statements.

The basic proprietary fund financial statements are presented on pages 10 to 13 of this report.

The *Fiduciary funds* are custodial in nature and include the County's agency funds, held by the County for payroll-related disbursements and for other organizations and entities, as presented on page 14 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 15 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the County's method of reporting infrastructure assets, and budget presentations. Infrastructure asset information is included in the "required supplementary information" section that begins on page 35. Budgetary comparison statements are also included as "required supplementary information" for the general fund, the road and bridge fund and the social services fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the County's adopted and final revised budget. As discussed, the County reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 40.

Financial Analysis of the County as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the County as a whole.

The County's net position at calendar year-end 2012 was \$275,731,805, as compared to \$271,520,202 the previous year. The following table provides a summary of the County's net position:

Summary of Net Assets for the year ended December 31, 2012
(With comparative amounts for the year ended December 31, 2011)

	2012				2011	
	Governmental Activities	Business-type Activities	Total	Percentage of Total	Total	Percentage of Total
Assets:						
Current assets	\$ 18,294,721	\$ (1,175,137)	\$ 17,119,584	6%	\$ 16,140,868	6%
Capital assets	269,639,387	3,480,448	273,119,835	94%	269,765,568	94%
Total assets	287,934,108	2,305,311	290,239,419	100%	285,906,436	100%
Liabilities:						
Current liabilities	10,503,373	345,888	10,849,261	75%	10,495,521	73%
Long-term liabilities	298,835	3,359,518	3,658,353	25%	3,890,713	27%
Total liabilities	10,802,208	3,705,406	14,507,614	100%	14,386,234	100%
Net position:						
Net investment in capital assets	269,639,387	(117,708)	269,521,679	97%	265,386,612	97%
Restricted	1,388,500	-	1,388,500	1%	1,388,467	1%
Unrestricted	6,104,013	(1,282,387)	4,821,626	2%	4,745,123	2%
Total net position	\$ 277,131,900	\$ (1,400,095)	\$ 275,731,805	100%	271,520,202	100%

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 is 1.74 to 1. The business-type activities report a negative current ratio resulting from the general fund loans to both the wastewater utility fund and the jail fund. For the County overall, the current ratio is 1.57 to 1, as compared to 1.54 to 1, reported at the end of 2011.

The County reported positive balances in net position for the governmental activities but reports negative net position for the combination of the wastewater utility fund and the jail fund. The jail fund reports negative net position of \$1,596,380, as compared to negative net position of \$1,893,444 at the end of 2011. Net position increased \$3,929,864 for governmental activities and improved by \$281,739 for business-type activities. The County's overall financial position improved during calendar year 2012.

Note that 97% of the governmental activities' net position results from investment in capital. The County uses these capital assets to provide services to its citizens. Capital assets in the business-type activities also provide services, but in addition, they generate revenues for these funds. 98% of the County's total net position is included in capital assets, the same percentage as prior years.

The following table provides a summary of the County's changes in net position:

Summary of Changes in Net Assets for the year ended December 31, 2012
(With comparative amounts for the year ended December 31, 2011)

	2012			2011		
	Governmental Activities	Business-type Activities	Total	Percentage of Total	Total	Percentage of Total
Revenues:						
Program:						
Charges for services	\$ 1,738,089	\$ 2,817,245	\$ 4,555,334	17%	\$ 4,547,106	19%
Operating grants & contributions	6,385,684	-	6,385,684	24%	6,023,151	25%
Capital grants & contributions	3,387,809	-	3,387,809	13%	400,000	2%
General:						
Taxes	9,093,437	-	9,093,437	34%	9,347,274	40%
Other	2,946,575	52,412	2,998,987	11%	3,254,963	14%
Total revenues	<u>23,551,594</u>	<u>2,869,657</u>	<u>26,421,251</u>	<u>100%</u>	<u>23,572,494</u>	<u>100%</u>
Program Expenses:						
General government	6,170,603	-	6,170,603	28%	6,011,084	27%
Public safety	6,603,816	-	6,603,816	30%	6,454,081	29%
Public works	3,431,756	-	3,431,756	15%	3,775,562	17%
Health and human services	3,307,818	-	3,307,818	15%	3,255,731	14%
Culture and recreation	97,485	-	97,485	0%	216,593	1%
Interest	10,252	-	10,252	0%	32,384	0%
Wastewater utility	-	136,339	136,339	1%	256,228	1%
Jail	-	2,451,579	2,451,579	11%	2,566,917	11%
Total expenses	<u>19,621,730</u>	<u>2,587,918</u>	<u>22,209,648</u>	<u>100%</u>	<u>22,568,580</u>	<u>100%</u>
Excess/(deficiency)	3,929,864	281,739	4,211,603		1,003,914	
Beginning net assets	<u>273,202,036</u>	<u>(1,681,834)</u>	<u>271,520,202</u>		<u>270,516,288</u>	
Ending net assets	<u>\$ 277,131,900</u>	<u>\$ (1,400,095)</u>	<u>\$ 275,731,805</u>		<u>\$ 271,520,202</u>	

GOVERNMENTAL REVENUES

The County is heavily reliant on property and sales taxes to support governmental operations and capital. These taxes provided 39% and 45% of the County's total governmental revenues in 2012 and 2011, respectively. Operating grants and

contributions are the second largest revenue source with \$6.4 million in 2012 governmental revenues or 27% of the total. Because of the County's healthy financial position, we were able to earn \$25,952 in interest earnings to support governmental activities. The \$3,387,809 in capital contributions represent a capitalized infrastructure project constructed by the CC&V Mining Company in compliance with the County's adopted roadway standards and donated to the County, which does not show as program expenses in the government-wide statement of activities. Note that charges for services and operating grants and contributions cover 41% of governmental program expenses with road and social services aid making up the majority of program operating revenues. Slow but steady increases in sales tax and building permit revenues over the past three years indicate a positive change in the local economy. The government's taxpayers and the County's other general governmental revenues funded only 59% of the governmental activities, which would be considered relatively low when compared with county governments throughout the country.

GOVERNMENTAL FUNCTIONAL EXPENSES

The public safety and public works functions make up approximately 51% of the total governmental activities expenses for 2012, down from 52% in 2011. General government totals about 31% (up from 30% in 2011) and the County spent about 17% of Governmental Activity expenditures on health and human services, compared to 16% in 2011.

This table presents the total cost of each of the County's programs, as compared to the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the County's taxpayers by each of these functions.

	Governmental Activities			
	2012		2011	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 6,170,603	\$ 4,898,834	\$ 6,011,084	\$ 4,581,397
Public safety	6,603,816	4,675,511	6,454,081	4,675,268
Public works	3,431,756	(2,328,032)	3,775,562	1,093,474
Health and human services	3,307,818	904,027	3,255,731	1,063,233
Culture and recreation	97,485	(50,444)	216,593	41,222
Interest	10,252	10,252	32,384	32,384
Total	\$ 19,621,730	\$ 8,110,148	\$ 19,745,435	\$ 11,486,978

In this table, in 2012 the County recognized \$3,387,809 (as compared to \$400,000 in 2011) capital grants and contributions as current year public works program revenues, but which offset expenditures that are capitalized as infrastructure assets. Disregarding the capital grant revenues the net cost of services in 2012 totals \$11,497,957, as compared to \$11,886,978 in 2011. After reducing gross expenses by program revenues (disregarding capital contributions), public safety (which includes Community Development Services) totals 41% and 39% of the adjusted net cost of services in 2012 and 2011, respectively. Public works shows approximately 9% of the 2012 net cost of services before recognition of the capital contribution discussed above. The majority of funding for the operations of the Road and Bridge Fund (in public works) is Highway User Tax Fund money received from the State.

BUSINESS-TYPE ACTIVITIES Revenues vs. Costs

The major enterprise fund is the County's detentions facility. The jail enterprise fund showed net operating income of \$535,233 in 2012, compared to \$322,330 in 2011. Teller County continues to market our facility to obtain external revenue through increased numbers of prisoners from other entities.

The 2012 wastewater fund net operating loss was \$15,325 as compared to \$125,609 in 2011. The major reconditioning of the system performed in 2011 has improved plant operations and the efficiency of the system.

Financial Analysis of the County's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. As of 2011, the County implemented Governmental Accounting Standards Board statement 54 (GASB54), which requires a more specific breakdown of the availability of fund balances, resulting in the components detailed in Note 4-I on page 30 of this report. Governmental funds reported ending fund balances of \$5,911,899, a slight decrease from \$5,961,733 at the end of 2011. The residual amount of unassigned fund balance in the County's general fund, after accounting for all levels of constraint determined according to GASB54, is \$2,420,875 as compared to \$1,911,821 at the end of 2011.

The County continues to practice conservative spending measures in response to the prolonged slump in economic conditions. The County's long-term capital plan has been in place since 2002, with the goal of replacing rental space with County-owned facilities without requesting any tax increase from our residents and businesses. However, leadership and management realize that this goal is not as high of a priority as more immediate operating needs and mandates.

Major Governmental Funds

The general fund is the County's primary operating fund and the largest source of day-to-day service delivery. The general fund's fund balance increased by \$44,420, again as the result of conservative revenue estimates and spending practices. While general fund revenues were above the 2012 adjusted budget amounts by about \$90,000, departments continued to hold the line on expenditures, resulting in expenses of nearly \$836,000 less than budget.

Property taxes distributed to the general fund dropped from calendar year 2011, due to the effect on assessed values of the property reassessment cycle and the depressed housing market. Distribution of sales taxes to the general fund increased by about 28% from the prior year, mainly resulting from a shift in distribution from other funds that was determined necessary during the previous year's budgeting process, although sales tax revenues as a whole increased nearly 5% over the previous calendar year. Revenues from other governmental entities (mainly State and Federal) remained consistent with those in 2011. Total general fund licenses and permits increased 20% or about \$121,000, indicating the recent uptick in the local construction industry. Charges for general fund services show a drop of about 18%, however, this is the effect of an adjustment made for minimal distribution errors from the Clerk and Records office over the past 15-20 years. The procedures that caused these errors have been corrected and improved reconciliations put into place. If this adjustment had not been made, current year charges for services would have been relatively consistent with the prior year.

Over the past seven budget cycles, we have targeted governmental operating fund balances level with the prior year's target. Our long-term capital plan has been put on hold until the economy improves. Fleet replacement has continued according to plan. While maintaining a budget level sufficient to operate with, County departments have responded to the continuing economic slump by holding off on non-critical spending, and not filling open personnel positions whenever possible. Long-term goals and management plans are only being accomplished as far as we can without additional County funds. The general fund balance is considered adequate, and due to conservative spending over the past few years, it now shows the equivalent of 23.9% of annual expenditures in 2012 (including fund balances from special revenue funds discontinued in 2011.) Funds held for future fleet replacement provide the county with ample cash flow.

Total road and bridge fund revenues decreased by \$651,583, due to a planned "off-year" in capital road projects. No capital road grants were targeted for 2012, and reductions in distributions of property and gaming taxes to this fund were specified during the budget process. This bi-annual cycle of capital road projects dropped total 2012 road and bridge fund expenditures by nearly \$600,000.

During 2012, a higher percentage of property tax revenue was distributed to the social services fund, and higher State and Federal program reimbursements were recognized, in response to increases in recent years' social services program usage. In 2012, however, total expenditures did not materialize at the level that we had anticipated, resulting in a favorable net change in fund balance of about \$220,000.

The Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. This information was discussed in previous areas of the MD&A.

Budgetary Highlights

The General Fund – Over the course of the year, the Board of County Commissioners has found it necessary to adopt adjustments and supplemental appropriations to the 2012 general fund budget, for the following reasons:

- Revenues that were not anticipated in the originally adopted budget, that have been obtained to fund specific programs or services (ie: grants approved after adoption of the budget, increased program funding)
- Carryover of designated funds received in 2011 but not expended until 2012
- Moving budgeted funds from one spending authority or area to another

Adjustments to the general fund budget resulted in a net increase of appropriations equaling \$467,446.

Actual general fund revenues came in \$90,421 higher than the adjusted budget amounts. County departments continued to reduce costs through careful monitoring of expenditures, which came in at \$835,955 lower than the adjusted budget. Past revenue trends are taken into account while developing conservative estimates for the budget. The County spent 94% of the authorized general fund budget, as compared to 94% in 2011 and 95% in 2010.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2012, the County had \$273,119,835 invested in a broad range of capital assets, including land, buildings, park facilities, roads, bridges and sewer lines. This is an increase of \$3,354,267 or 1%, which results from the additions of capital road improvements and county fleet purchases, net of 2012 depreciation expense and fleet sales. In 2006, the County had completed valuation and condition assessments of all infrastructure (road and trail systems) built prior to 2003, and included them under the “modified approach” of reporting as non-depreciable assets under GASB34. This method of reporting, assessing and tracking the County’s infrastructure has already shown to be a very valuable asset management tool, and we believe it will become even more useful in the future, as we accumulate more years of data. The 2nd full assessment of all county road and trail infrastructure was performed in the three years ended December 31, 2009. Due to the successful results of tracking road and trail infrastructure under the modified approach, in 2011 the County reconditioned the Wastewater infrastructure, completed a full assessment of the system, and has added that infrastructure to the assets tracked under the modified approach of reporting. The County will continue to perform infrastructure assessments every three years. The County's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2012, was \$269,639,387 and \$3,480,448 respectively. The total change in this net investment was an increase of 1.3% for governmental and a 5.1% decrease for business-type activities. See Note 4-D for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity:

	Capital Assets (net of depreciation)						% Change
	Governmental Activities		Business Activities		Total		
	2012	2011	2012	2011	2012	2011	
Land	\$ 3,225,910	\$ 3,226,076	\$ 101,300	\$ 101,300	\$ 3,327,210	\$ 3,327,376	0%
Buildings & Improvements	6,368,390	6,660,124	2,424,841	2,611,301	8,793,231	9,271,425	-5%
Machinery and equipment	3,492,217	3,610,814	1,595	2,715	3,493,812	3,613,529	-3%
Software	65,959	41,346	-	-	65,959	41,346	0%
Infrastructure	256,486,911	252,559,180	952,712	952,712	257,439,623	253,511,892	2%
Total Capital Assets, net	\$ 269,639,387	\$ 266,097,540	\$ 3,480,448	\$ 3,668,028	\$ 273,119,835	\$ 269,765,568	1%

Long-term Debt

At the end of the calendar year, the County had outstanding debt obligations of \$4,357,747, including debt for compensated absences. During the year, the County retired \$809,703 in capital leases, or 17.0% of the beginning outstanding capital lease obligations. In 2012, the County had a net increase in compensated absence balances due, of \$10,922 or 2.7%.

	Outstanding Debt						% Change
	Governmental Activities		Business-type Activities		Totals		
	2012	2011	2012	2011	2012	2011	
Capital leases	\$ -	\$ 549,703	\$ 3,945,000	\$ 4,205,000	\$ 3,945,000	\$ 4,754,703	-17%
Compensated Absences	373,544	363,649	39,203	38,176	412,747	401,825	3%
Total	\$ 373,544	\$ 913,352	\$ 3,984,203	\$ 4,243,176	\$ 4,357,747	\$ 5,156,528	-15%

See Note 4-G for additional information about the County's long-term debt. Business-type capital leases include Certificates of Participation held by the Teller County Facilities Corporation, which were renegotiated at a lower cost, in March, 2005.

Economic Conditions Affecting the County

Local economic indicator revenues appear to be making steady improvements over the past three years with exception of gaming revenues that continue to decline, at an increased rate. While we are optimistic that the economy is slowly growing, we continue to maintain very conservative fiscal policies.

Continuing drought conditions also play a substantial roll in the County's available funds and the area's economy as a whole. During the 2012 budget process, the County Commissioners recognized the need to dedicate a portion of County property tax revenues for emergency wildfire expenses. In the summer of 2012, the County experienced three significant regional events, including multiple arson fires, the Springer fire west of the County, and the Waldo Canyon fire to the east. Although none of them required expenditure of the wildfire funds set aside, it was necessary to activate the County's emergency management team, which redirected resources of virtually every County department to address the immediate and critical needs of the community. In addition to direct County effects, evacuations and the closure of Highway 24 negatively affected regional businesses and industries. Looking forward to 2013, statewide drought conditions continue to put a strain on limited funds

and resources that might be available for a local event. The commissioners continued and have, in fact increased the annual property tax amount being dedicated towards wildfire expenses.

The effects of the depressed housing market remain, in that the cycle of Colorado's assessed valuations uses comparable sales values over the past two years to assign biannual re-evaluations of taxable property. We anticipate that many taxing entities within the County will see reductions in their 2014 property tax revenues, resulting from the re-evaluation performed by the County Assessor's office in 2013. To proactively offset the anticipated shortages in 2014 revenues the County increased their targeted ending fund balances in the 2013 budget.

Grant funding continues to be difficult to obtain, and the uncertainty of continued program funding at the Federal level further emphasizes the need for conservative budgetary policies. Even though the net cost to the County for health and human services programs dropped in 2012, usage of those programs continues at very high levels, indicating that the economy is still negatively affecting residents of Teller County. In circumstances where external funding has been either lost or reduced, service levels and programs are evaluated, and expenditures are adjusted as county-wide priorities dictate.

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. With 100% participation in the Strategic Planning process, County leadership continues to work together to accomplish the goals set in the strategic plan. The plan was originally developed by the County in 2009 and is updated annually to reflect evolving priorities. We continually strive to improve in all areas of responsibility. Community outreach and communications goals remain a county-wide priority.

The Cripple Creek & Victor Gold Mining Company continues to be a valuable member of the community. Continued increases in production have stimulated the economy in many ways including jobs and various construction projects. The increases in the production have also provided a much needed tax benefit that helps counter the decreases in other property tax amounts that the county and other local taxing entities have been experiencing.

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

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the County's Director of Finance or the County Administrator at the County's Centennial Building, 112 North "A" Street, Cripple Creek, CO 80813.



BASIC FINANCIAL STATEMENTS

Teller County, Colorado
Statement of Net Position
December 31, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and investments: (Note 4-A)			
Unrestricted	\$ 6,453,473	\$ -	\$ 6,453,473
Restricted	988,500	-	988,500
Receivables:			
Accounts	1,269,534	33,682	1,303,216
Property taxes	7,807,828	-	7,807,828
Intergovernmental	157,825	-	157,825
Internal	1,399,109	(1,399,109)	-
Prepaid expenses	99,157	-	99,157
Inventory	119,295	-	119,295
Other Assets			
Prepaid items	-	50,270	50,270
Deferred charges	-	140,020	140,020
Capital Assets (Note 4-D)			
Nondepreciable capital assets	259,712,821	1,054,012	260,766,833
Depreciable capital assets, net	9,926,566	2,426,436	12,353,002
Total Assets	287,934,108	2,305,311	290,239,419
Liabilities			
Current Liabilities			
Accounts payable	1,918,882	52,375	1,971,257
Intergovernmental payable	701,954	-	701,954
Accrued interest payable	-	15,672	15,672
Unearned revenue	7,807,828	-	7,807,828
Compensated absences payable	74,709	7,841	82,550
Capital leases payable	-	270,000	270,000
Long-Term Liabilities: (Note 4-G)			
Unamortized charge	-	(346,844)	(346,844)
Compensated absences payable (net of current portion)	298,835	31,362	330,197
Capital leases payable (net of current portion)	-	3,675,000	3,675,000
Total Liabilities	10,802,208	3,705,406	14,507,614
Net Position			
Net investment in capital assets (Note 4-I)	269,639,387	(117,708)	269,521,679
Restricted for:			
Emergencies (Note 5-C)	400,000	-	400,000
Debt service	988,500	-	988,500
Unrestricted (deficit)	6,104,013	(1,282,387)	4,821,626
Total Net Position	\$ 277,131,900	\$ (1,400,095)	\$ 275,731,805

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Statement of Activities
For the Year Ended December 31, 2012

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 6,170,603	\$ 812,481	\$ 459,288	\$ -	\$ (4,898,834)	\$ -	\$ (4,898,834)
Public safety	6,603,816	843,541	1,084,764	-	(4,675,511)	-	(4,675,511)
Public works	3,431,756	59,750	2,312,229	3,387,809	2,328,032	-	2,328,032
Health and human services	3,307,818	22,125	2,381,666	-	(904,027)	-	(904,027)
Culture and recreation	97,485	192	147,737	-	50,444	-	50,444
Interest	10,252	-	-	-	(10,252)	-	(10,252)
Total Governmental Activities	19,621,730	1,738,089	6,385,684	3,387,809	(8,110,148)	-	(8,110,148)
Business-Type Activities:							
Water and sewer	136,339	121,014	-	-	-	(15,325)	(15,325)
Jail	2,451,579	2,696,231	-	-	-	244,652	244,652
Total Business-Type Activities	2,587,918	2,817,245	-	-	-	229,327	229,327
Total - Primary Government	\$ 22,209,648	\$ 4,555,334	\$ 6,385,684	\$ 3,387,809	(8,110,148)	229,327	(7,880,821)
General Revenues							
Property taxes levied for general government purposes					6,958,620	-	6,958,620
Sales taxes					2,134,817	-	2,134,817
Gaming taxes					1,809,256	-	1,809,256
Specific ownership taxes and other					709,851	-	709,851
Unrestricted grants					203,568	-	203,568
Gain on sale of capital assets					400	-	400
Investment earnings					25,952	-	25,952
Miscellaneous					197,548	52,412	249,960
Total General Revenues					12,040,012	52,412	12,092,424
Change in Net Position					3,929,864	281,739	4,211,603
Net Position Beginning of Year					273,202,036	(1,681,834)	271,520,202
Net Position End of Year					\$ 277,131,900	\$ (1,400,095)	\$ 275,731,805

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Balance Sheet
Governmental Funds
December 31, 2012

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and investments					
Unrestricted	\$ 1,492,356	\$ 893,283	\$ 1,042,282	\$ 1,330,735	\$ 4,758,656
Restricted	988,500	-	-	-	988,500
Receivables:					
Accounts	873,185	340,929	1,855	42,708	1,258,677
Property taxes	6,750,007	291,758	616,227	149,836	7,807,828
Intergovernmental	-	-	157,825	-	157,825
Interfund	1,654,619	5,556	59	-	1,660,234
Prepaid expenses	94,236	1,012	2,884	1,025	99,157
Total Assets	<u>11,852,903</u>	<u>1,532,538</u>	<u>1,821,132</u>	<u>1,524,304</u>	<u>16,730,877</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	1,715,958	52,813	81,703	3,500	1,853,974
Intergovernmental payable	-	-	701,954	-	701,954
Interfund payable	273,323	142,066	23,920	15,913	455,222
Deferred revenue	6,750,007	291,758	616,227	149,836	7,807,828
Total Liabilities	<u>8,739,288</u>	<u>486,637</u>	<u>1,423,804</u>	<u>169,249</u>	<u>10,818,978</u>
Fund Balances					
Nonspendable	94,236	1,012	2,884	1,025	99,157
Restricted	-	-	-	703,015	703,015
Committed	-	-	-	99,350	99,350
Assigned	598,504	1,044,889	394,444	551,665	2,589,502
Unassigned	2,420,875	-	-	-	2,420,875
Total Fund Balances	<u>3,113,615</u>	<u>1,045,901</u>	<u>397,328</u>	<u>1,355,055</u>	<u>5,911,899</u>
Total Liabilities and Fund Balances	<u>\$ 11,852,903</u>	<u>\$ 1,532,538</u>	<u>\$ 1,821,132</u>	<u>\$ 1,524,304</u>	<u>\$ 16,730,877</u>

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Reconciliation of Governmental Funds Balance Sheet to
The Statement of Net Position
December 31, 2012

Total Governmental Fund Balances	\$	5,911,899
 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 (exclusive of internal service funds' capital assets)		
Cost	\$ 272,174,281	
Less accumulated depreciation	<u>(4,998,759)</u>	267,175,522
The internal service funds are used by management to charge the costs of the operation and maintenance of the vehicle fleet to individual funds. The assets and liabilities of the internal service funds are included in governmental activities columns in the statement of net position.		
		4,406,260
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net position:		
Interfund receivables	\$ (239,555)	
Interfund payables	<u>239,555</u>	-
Liabilities not due and payable in the current period and therefore are not reported in the fund balance sheets but are reported on the government-wide statement of net position:		
Capital leases payable	\$ -	
Compensated absences	<u>(361,781)</u>	<u>(361,781)</u>
Net Position of Governmental Activities	\$	<u>277,131,900</u>

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Road and Bridge	Social Services	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 5,914,414	\$ 242,762	\$ 702,094	\$ 99,350	\$ 6,958,620
Sales taxes	1,302,238	619,097	-	213,482	2,134,817
Intergovernmental	3,660,473	2,871,344	2,263,534	197,085	8,992,436
Licenses and permits	733,798	12,471	-	-	746,269
Charges for services	861,545	2,420	10,245	-	874,210
Fines and forfeitures	31,534	7,234	-	-	38,768
Investment earnings	10,390	3,020	-	6,931	20,341
Miscellaneous	275,852	31,741	5,878	78,842	392,313
Total Revenues	<u>12,790,244</u>	<u>3,790,089</u>	<u>2,981,751</u>	<u>595,690</u>	<u>20,157,774</u>
Expenditures					
Current:					
General government	5,745,248	-	-	50,120	5,795,368
Public safety	6,476,765	-	-	-	6,476,765
Highways and streets	-	3,269,302	-	-	3,269,302
Health and human services	723,038	-	2,578,021	-	3,301,059
Culture and recreation	39,684	-	-	57,445	97,129
Capital Outlay	23,718	638,682	-	45,630	708,030
Debt Service:					
Principal retirement	-	-	-	549,703	549,703
Interest and fiscal charges	-	-	-	10,252	10,252
Total Expenditures	<u>13,008,453</u>	<u>3,907,984</u>	<u>2,578,021</u>	<u>713,150</u>	<u>20,207,608</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(218,209)</u>	<u>(117,895)</u>	<u>403,730</u>	<u>(117,460)</u>	<u>(49,834)</u>
Other Financing Sources (Uses)					
Transfers in	262,629	-	-	-	262,629
Transfers out	-	-	(183,978)	(78,651)	(262,629)
Total Other Financing Sources (Uses)	<u>262,629</u>	<u>-</u>	<u>(183,978)</u>	<u>(78,651)</u>	<u>-</u>
Net Change in Fund Balances	44,420	(117,895)	219,752	(196,111)	(49,834)
Fund Balances Beginning of Year	<u>3,069,195</u>	<u>1,163,796</u>	<u>177,576</u>	<u>1,551,166</u>	<u>5,961,733</u>
Fund Balances End of Year	<u>\$ 3,113,615</u>	<u>\$ 1,045,901</u>	<u>\$ 397,328</u>	<u>\$ 1,355,055</u>	<u>\$ 5,911,899</u>

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2012

Net Changes In Fund Balances - Total Governmental Funds	\$	(49,834)
 Amounts reported for governmental activities in the statement of activities are different because:		
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 as depreciation expense. This is the amount by which capital outlay and donated capital value exceeded depreciation expense in the current period.		
Depreciation expense	\$ (474,185)	
Capital outlay	708,030	
Capitalized donations	<u>3,387,809</u>	3,621,654
 Net value of disposition of assets not recorded in Governmental funds		
Accumulated depreciation	\$ 32,862	
Capitalized asset	<u>(104,018)</u>	(71,156)
 Elimination of transfers between governmental funds:		
Transfers in	\$ (262,629)	
Transfers out	<u>262,629</u>	-
 The internal service funds used by management to charge the costs of the operation and maintenance of the vehicle fleet to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.		
		(112,459)
 Retirement of capital lease debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		549,703
 Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12/31/12	\$ (361,781)	
Liability @ 12/31/11	<u>353,737</u>	<u>(8,044)</u>
 Change in Net Position of Governmental Activities	 \$	 <u><u>3,929,864</u></u>

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Wastewater Utility	Jail	Total	
Assets				
Current Assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ 1,694,817
Receivables:				
Accounts	8,594	25,088	33,682	10,857
Interfund	-	216,713	216,713	195,143
Inventory	-	-	-	119,295
Prepaid items	-	50,270	50,270	-
Total Current Assets	<u>8,594</u>	<u>292,071</u>	<u>300,665</u>	<u>2,020,112</u>
Noncurrent Assets:				
Deferred charges	-	140,020	140,020	-
Capital Assets:				
Land	-	101,300	101,300	-
Infrastructure	952,712	-	952,712	-
Depreciable capital assets, net	-	2,426,436	2,426,436	2,463,865
Total Noncurrent Assets	<u>952,712</u>	<u>2,667,756</u>	<u>3,620,468</u>	<u>2,463,865</u>
Total Assets	<u>961,306</u>	<u>2,959,827</u>	<u>3,921,133</u>	<u>4,483,977</u>
Liabilities				
Current Liabilities:				
Accounts payable	9,724	42,651	52,375	64,908
Interfund payable	755,297	860,525	1,615,822	1,046
Accrued interest	-	15,672	15,672	-
Compensated absences payable	-	7,841	7,841	2,353
Capital leases payable	-	270,000	270,000	-
Total Current Liabilities	<u>765,021</u>	<u>1,196,689</u>	<u>1,961,710</u>	<u>68,307</u>
Long-Term Liabilities:				
Compensated absences payable (net of current portion)	-	31,362	31,362	9,410
Unamortized charge	-	(346,844)	(346,844)	-
Capital leases payable (net of current portion)	-	3,675,000	3,675,000	-
Total Long-Term Liabilities	<u>-</u>	<u>3,359,518</u>	<u>3,359,518</u>	<u>9,410</u>
Total Liabilities	<u>765,021</u>	<u>4,556,207</u>	<u>5,321,228</u>	<u>77,717</u>
Net Position				
Net investment in capital assets	952,712	(1,070,420)	(117,708)	2,463,865
Unrestricted	(756,427)	(525,960)	(1,282,387)	1,942,395
Total Net Position	<u>\$ 196,285</u>	<u>\$ (1,596,380)</u>	<u>\$ (1,400,095)</u>	<u>\$ 4,406,260</u>

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Wastewater Utility	Jail	Total	
Operating Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ 2,166
Charges for services	121,014	2,696,231	2,817,245	1,544,355
Miscellaneous	-	52,412	52,412	3,585
Total Operating Revenues	<u>121,014</u>	<u>2,748,643</u>	<u>2,869,657</u>	<u>1,550,106</u>
Operating Expenses				
Administration	3,749	23,952	27,701	-
Operations	132,590	2,001,878	2,134,468	1,136,052
Depreciation	-	187,580	187,580	532,524
Total Operating Expenses	<u>136,339</u>	<u>2,213,410</u>	<u>2,349,749</u>	<u>1,668,576</u>
Operating Income (Loss)	<u>(15,325)</u>	<u>535,233</u>	<u>519,908</u>	<u>(118,470)</u>
Non-Operating Revenues (Expenses)				
Gain on sale of capital assets	-	-	-	400
Investment earnings	-	-	-	5,611
Interest and fiscal charges	-	(226,501)	(226,501)	-
Amortization	-	(11,668)	(11,668)	-
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(238,169)</u>	<u>(238,169)</u>	<u>6,011</u>
Change in Net Position	<u>(15,325)</u>	<u>297,064</u>	<u>281,739</u>	<u>(112,459)</u>
Net Position Beginning of Year	<u>211,610</u>	<u>(1,893,444)</u>	<u>(1,681,834)</u>	<u>4,518,719</u>
Net Position End of Year	<u>\$ 196,285</u>	<u>\$ (1,596,380)</u>	<u>\$ (1,400,095)</u>	<u>\$ 4,406,260</u>

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Wastewater Utility	Jail	Total	
Cash Flows from Operating Activities				
Cash received from customers	\$ 140,443	\$ 2,475,601	\$ 2,616,044	\$ 1,576,441
Cash payments for goods and services	(140,443)	(783,153)	(923,596)	(874,049)
Cash payments to employees for services	-	(1,233,983)	(1,233,983)	(214,535)
Net Cash Provided by Operating Activities	-	458,465	458,465	487,857
Cash Flows from Capital and Related Financing Activities				
Amortization	-	28,903	28,903	-
Principal paid on long-term debt	-	(260,000)	(260,000)	-
Interest paid on long-term debt	-	(239,036)	(239,036)	-
Prepaid fees	-	11,668	11,668	-
Proceeds from sale of capital assets	-	-	-	400
Payments for capital acquisitions	-	-	-	(523,873)
Net Cash Used in Capital and Related Financing Activities	-	(458,465)	(458,465)	(523,473)
Cash Flows from Investing Activities				
Investment earnings	-	-	-	5,611
Net Decrease in Cash and Cash Equivalents	-	-	-	(30,005)
Cash and Cash Equivalents Beginning of Year	-	-	-	1,724,822
Cash and Cash Equivalents End of Year	\$ -	\$ -	\$ -	\$ 1,694,817

(continued)

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

(continued)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Wastewater Utility	Jail	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ (15,325)	\$ 535,233	\$ 519,908	\$ (118,470)
Adjustments:				
Depreciation		187,580	187,580	532,524
(Increase) Decrease in Assets:				
Accounts receivable	902	14,245	15,147	54,075
Prepaid expenses	-	(2,893)	(2,893)	-
Interfund receivable	-	(43,328)	(43,328)	(24,864)
Inventory	-	-	-	48,374
Increase (Decrease) in Liabilities:				
Accounts payable	(4,104)	10,560	6,456	(2,757)
Compensated absences payable	-	1,027	1,027	1,851
Interfund payable	18,527	(243,959)	(225,432)	(2,876)
Net Cash Provided by Operating Activities	<u>\$ -</u>	<u>\$ 458,465</u>	<u>\$ 458,465</u>	<u>\$ 487,857</u>

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Comparative Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and investments	\$ 1,211,140	\$ 689,252
Receivables:		
Accounts	15,534	16,622
Total Assets	<u>1,226,674</u>	<u>705,874</u>
Liabilities		
County warrants outstanding	42,246	120,704
Accounts payable	579,296	16,622
Due to other entities	605,132	568,548
Total Liabilities	<u>\$ 1,226,674</u>	<u>\$ 705,874</u>

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 1 - Summary of Significant Accounting Policies

The financial statements of Teller County (County) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the County's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt.

The reporting entity has been defined to include all County elected officials, including the Treasurer, Public Trustee, Assessor, Clerk & Recorder (including Elections), Sheriff (including Detentions, Animal Control, Auxiliary Organizations and Search & Rescue), Coroner, Surveyor and Board of County Commissioners. The District Attorney does not meet the criteria of an includable entity; however, the County's contribution to the District Attorney's Office has been included as an expenditure of the general fund. In addition, the following County departments and organizations which report to the Teller County Board of County Commissioners are considered part of the reporting entity:

- Community Development Services (including Building, Planning and Environmental Health);
- Public Works (including Transportation, Fleet Services, Facilities, Parks and Wastewater Utility operations);
- and:
- Finance & Budget
- Legal Services
- Public Health
- County Fair
- Veterans Office
- Human Resources
- Information Technology
- Social Services
- CSU Extension Office

The County has one component unit that is presented as "blended." When blended, it is reported as if it were a fund of the County throughout the year. It is included at both the government-wide and the fund financial reporting levels.

A brief description of the blended component unit follows:

The County entered into an annually renewable 28-year lease-purchase agreement with the Teller County Facilities Corporation for the Corporation's detentions facility in Divide, Colorado. The Facilities Corporation issued certificates of participation in June 1997 to purchase the jail facility from the Teller County Jail Authority. In 2005, these certificates of participation were re-financed, and the County entered into an amendment to the annually renewable lease-purchase agreement, over the remaining term of the old agreement, in order to recognize the cost savings gained through the re-finance. As the Corporation is thereby financially dependent upon the County for the lease payments, the financial activities of the Corporation have been blended in this report in the County's Jail Enterprise Fund.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

1-B. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the County as a whole, excluding fiduciary funds. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and County's general revenues, from business-type activities, generally financed in whole or in part with user fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the County.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not classified as program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental, proprietary funds and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns in the fund financial statements.

Fund Accounting - The County uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County uses three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance. The following are the County's major governmental funds:

The General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Colorado.

Road and Bridge Fund - This fund accounts for revenues that are generated from highway user tax funds, property taxes, various grants and other intergovernmental revenues and fees. Spending is restricted, committed or assigned to all types of construction and maintenance of the County's transportation system.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Social Services Fund – This fund accounts for revenues that are generated from state & federal human services payments, property taxes and other intergovernmental revenues and fees. Spending is restricted, committed or assigned to the administration of, and the County’s share of program costs for, public assistance and welfare activities.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds and as an internal service fund. The proprietary funds are:

Wastewater Utility Fund – This fund is used to account for the capital assets, liabilities and operations of the Teller County Wastewater Utility in Divide, Colorado. The utility’s costs are intended to be financed or recovered primarily through user charges.

Jail Fund – This fund is used to account for the capital assets, liabilities and operations of the Teller County Detentions Facility in Divide, Colorado. The facility’s costs are intended to be financed or recovered primarily through user charges.

Fleet Management Internal Service Fund – This fund is used to account for the capital assets, liabilities and operational management of the Teller County Fleet. The fleet-related services are provided to other County departments on a cost reimbursement basis.

Fiduciary Funds – Fiduciary fund reporting focuses on net position. The County’s fiduciary funds are agency funds.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities in the government-wide financial statements are prepared and reported. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Fiduciary funds use the accrual basis of accounting on the statement of fiduciary assets and liabilities.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 4-C) Property taxes assessed in 2012 that are due in 2013 are recorded as property taxes receivable and deferred revenue at December 31, 2012.

Revenue from grants and donations is recognized in the fiscal year in which eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, fees, federal and state grants and intergovernmental revenue.

Deferred/Unearned Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) are recorded as unearned revenue.

Deferred revenue is reclassified as “*unearned revenue*” on the government-wide statement of net assets.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Investments are stated at fair value based on quoted market prices.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest:

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

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

1-E-2 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-E-3 Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed. Inventories of the proprietary funds are expensed when consumed.

1-E-4 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

1-E-5 Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars. The County's infrastructure consists of road improvements, trails and our wastewater system. The County has inventoried, valued and added 100% of defined infrastructure to the government-wide statement of net position. The County has adopted the modified approach under GASB 34, of tracking infrastructure assets as non-depreciable assets and targeting maintenance of infrastructure at certain condition levels. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

All reported capital assets are depreciated except for land, infrastructure and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and plant	30 years	30 years
Improvements	15 – 20 years	15 - 45 years
Machinery, equipment and vehicles	5 – 15 years	5 – 15 years
Furniture and fixtures	5 – 15 years	5 – 10 years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

1-E-6 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits do not vest and therefore are not accrued.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

1-E-7 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

1-E-8 Capital Lease Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, premiums and discounts on certificates of participation are netted against capital leases payable and issuance costs are reported as deferred charges. On the government-wide and proprietary fund type statement of activities, premiums and discounts and issuance costs are deferred and amortized over the life of the capital lease using the effective interest method.

1-E-9 Fund Equity (See Note 4-I)

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Teller County Board of County Commissioners through the adoption of a resolution. The Board of County Commissioners also may modify or rescind the commitment through the same action as adopted.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. By resolution, the Board of County Commissioners has authorized the County Administrator and the County Director of Finance and Budget as the body which assigns fund balances.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County’s policy to use fund balance in the following order:

- **Committed**
- **Assigned**
- **Unassigned**

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Bond issuance deferred amounts are no longer included in the computation of net investment in capital assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

1-E-10 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for wastewater and prisoner housing. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund.

1-E-11 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources intended to be used for capital acquisition, construction and maintenance.

1-E-12 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as transfers. Transfers are reported as other financing sources/uses in governmental funds and as capital contributions after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

Eliminations have been made to minimize the double counting of internal activities. The County’s internal service fund (which provide services primarily to other funds of the County) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the County’s governmental activities, financial activities of the internal service funds are presented in the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate function/program (general government, public safety, public works, health and human services, and culture and recreation) in the statement of activities.

1-E-13 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The estimate used for self-insurance claims is significant.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

1-E-14 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Note 2 – Joint Ventures

In 1985 the County entered into an agreement with El Paso County, the City of Colorado Springs and the District Attorney's Office to establish a Special Investigations Fund to account for money received from public nuisance seizures. The funds are used for special investigations of organized crime, white collar crime and other illegal activity. In accordance with the agreement, the El Paso County Sheriff's Department is responsible for all assets of the fund (such as cash and equipment purchased through the fund) and all reporting and audits as required. The financial statements of the fund are integrated into the El Paso County Annual Financial Reports. The County has no specific claim to any assets of the fund, except as requested to pay for the costs over and above normal operations of the County Sheriff's Department that are incurred during special investigations as approved by the Executive Committee in charge of the fund.

Selected financial information for the special investigations fund as of and for the year ended December 31, 2012 is as follows:

Assets	\$ 888,877
Liabilities	<u>1,441</u>
Net Position	<u><u>\$ 887,436</u></u>
Revenues	\$ 801,134
Expenditures	<u>915,807</u>
Change in Net Position	<u><u>\$ (114,673)</u></u>

Separate financial statements of the joint venture can be obtained by contacting the El Paso County Sheriff's Office.

Note 3 – Stewardship, Compliance and Accountability

3-A. Budgetary Information – The County adopts an annual operating budget for all County funds. All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the individual fund level; however additional restrictions on the use of personnel, fleet and other departmental budget amounts are established at the time of adoption by resolution. Any change in total to a fund appropriation or to the additionally restricted amounts requires approval of the County Commissioners through the adoption of a resolution, subsequent to legal publication.

Department heads and elected officials may transfer appropriations within each department from one line item to another, except that personal services appropriations may not be used for operations or capital outlay and vice-versa, and certain fleet expense appropriations cannot be used for other line items.

All unexpended annual appropriations lapse at year-end.

The 2012 adopted budget was amended upward from \$26,275,663 to \$27,340,569.

3-B. Excess of Expenditures over Appropriations

No individual funds had expenditures/expenses in excess of approved appropriations.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 4 - Detailed Notes on All Funds

4-A. Deposits and Investments

Custodial Credit Risk

Custodial credit risk for deposits and investments is the risk that, in the event of failure of the custodian, the County may not be able to recover the value of deposits that are in the possession of a third party. 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. Accounts not earning interest are fully insured, and accounts earning interest are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The institution is allowed 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 following schedules show the cash balances and amount of insured versus collateralized deposits.

As of December 31, 2012, the County had the following deposits:

	Insured	Collateralized	Fair Value/ Bank Balance	Carrying Amount	Maturities
Cash On Hand	\$ -	\$ -	\$ -	\$ 4,612	
Deposits	900,863	3,752,453	4,653,316	4,789,723	
CDs	250,000	-	250,000	250,000	12/1/2013
Total Deposits and Cash on Hand	<u>\$ 1,150,863</u>	<u>\$ 3,752,453</u>	<u>\$ 4,903,316</u>	<u>\$ 5,044,335</u>	

Investment Risk Factors

There are many factors that can affect the value of investments, some of which are custodial credit risk, credit risk and interest rate risk. The County Treasurer has established a cash and investment policy to minimize the County's exposure to these risks. The County follows Colorado state statutes for investing. As such, in 2012 the County investment portfolio includes certificates of deposit with maturity lengths in excess of three months. Because of this, the only exposure the County has is to custodial credit risk. The County's investment policy does not specifically address these risks.

Investment in obligations of the U.S government, or those explicitly guaranteed by the U.S. Government, are not subject to custodial credit risk, credit risk or foreign currency risk. The County's government obligations are subject to interest rate risk based on their maturity dates. The County has the intent and ability to hold all investments to maturity. Maturity dates and values are as below:

	Fair Value/ Carrying Amount	Maturities	Rating
Investments			
GNMA	<u>26,364</u>	10/15/17-3/20/32	AAA
Total	<u>\$ 26,364</u>		

Investments in local government investment pools (see above) or in money market funds are not evidenced by securities that exist in physical or book entry form. The County had invested \$3,582,414 in Public Trust Pools, which are investment vehicles established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The pools operate similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank provides safekeeping and depository services to the pools in connection with the direct investment and withdrawal functions of the pools. All securities owned by the pools 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 pools. Investments of the pools consist of U.S. Treasury bills,

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. The State securities commission administers and enforces all state statutes governing public trust pools.

	Amount	Rating
Investments in local government Investment Pools		
Colotrust	\$2,380,269	AAAm
CSAFE	1,202,145	AAAm
Total	\$3,582,414	

Financial statements for Colotrust may be obtained through its website at: www.colotrust.com . Financial statements for CSAFE may be obtained through its website at: www.csafe.org .

Restricted Cash

Detail of the restricted cash balances is as follows:

Security deposit for completion of road project	\$518,499
Wells Fargo COP debt service reserve fund	470,001
Total	\$988,500

Cash & Investment Reconciliation:

	Cash and Cash Equivalents
Fund Reporting Level:	
Governmental Funds - Balance Sheet	\$5,747,156
Proprietary Fund Type Statement of Net Assets	1,694,817
Statement of Fiduciary Assets and Liabilities	1,211,140
Total	\$8,653,113

4-B. Receivables

Receivables at December 31, 2012 consisted of taxes, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants and other intergovernmental revenues.

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

4-C. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on January 1 and payable in two installments on the last day of February and June 15, or in one installment due April 30. The Teller County Treasurer bills and collects property taxes for the County.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

4-D. Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance 01/1/2012	Additions	Deductions	Balance 12/31/2012
Governmental activities, (excluding internal service fund):				
Capital assets not being depreciated:				
Land	\$ 2,594,155	\$ -	\$ -	\$ 2,594,155
Land - right of ways	631,921	-	166	631,755
Infrastructure - Roads	252,396,187	3,996,991	69,260	256,323,918
Infrastructure - Trails	162,993	-	-	162,993
Total capital assets not being depreciated	255,785,256	3,996,991	69,426	259,712,821
Other capital assets:				
Buildings	8,406,997	-	-	8,406,997
Vehicles and road equipment	155,509	-	-	155,509
Furniture and fixtures	1,991,162	58,326	34,592	2,014,896
Software	594,265	40,522	-	634,787
Parks other improvements	1,249,271	-	-	1,249,271
Total depreciable capital assets	12,397,204	98,848	34,592	12,461,460
Total cost of capital assets	268,182,460	4,095,839	104,018	272,174,281
Accumulated depreciation:				
Buildings	2,867,483	252,566	-	3,120,049
Vehicles and road equipment	39,368	6,804	-	46,172
Furniture and fixtures	969,005	159,738	32,862	1,095,881
Software	552,919	15,909	-	568,828
Parks other improvements	128,661	39,168	-	167,829
Total accumulated depreciation	4,557,436	474,185	32,862	4,998,759
Governmental activities capital assets, net	\$ 263,625,024	\$ 3,621,654	\$ 71,156	\$ 267,175,522

Additions include \$3,387,809 in asset value donated to the County, which was not current year capital outlay.

Governmental activities depreciation expense

General government	\$ 289,947
Public safety	91,149
Highways and streets	90,151
Health and welfare	2,938
Total governmental activities depreciation expense	\$ 474,185

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

	Balance 01/1/2012	Correction to 2011 depreciation	Additions	Deductions	Balance 12/31/2012
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 101,300	\$ -	\$ -	\$ -	\$ 101,300
Infrastructure - Wastewater system	952,712	-	-	-	952,712
Total non-depreciable capital assets	<u>1,054,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,054,012</u>
Depreciable capital assets:					
Building/Plant	5,188,697	-	-	-	5,188,697
Other improvements	405,100	-	-	-	405,100
Equipment	101,712	-	-	-	101,712
Furniture & Fixtures	63,815	-	-	-	63,815
Total depreciable capital assets	<u>5,759,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,759,324</u>
Total cost of capital assets	<u>6,813,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,813,336</u>
Accumulated depreciation:					
Building/plant	2,771,472	-	172,956	-	2,944,428
Other improvements	211,024	-	13,504	-	224,528
Equipment	97,877	1,120	1,120	-	100,117
Furniture & Fixtures	64,935	(1,120)	-	-	63,815
Total accumulated depreciation	<u>3,145,308</u>	<u>-</u>	<u>187,580</u>	<u>-</u>	<u>3,332,888</u>
Business-type activities capital assets, net	<u>\$ 3,668,028</u>	<u>\$ -</u>	<u>\$ (187,580)</u>	<u>\$ -</u>	<u>\$ 3,480,448</u>

	Balance 01/1/2012	Additions	Deductions	Balance 12/31/2012
Internal service fund				
Assets not yet put into service	\$ 205,698	\$ 378,331	\$ 276,085	\$ 307,944
Depreciable capital assets:				
Machinery and Equipment	8,943,293	423,727	21,940	9,345,080
Less accumulated depreciation	<u>6,676,475</u>	<u>532,524</u>	<u>19,840</u>	<u>7,189,159</u>
Internal service fund, net	<u>\$ 2,472,516</u>	<u>\$ 269,534</u>	<u>\$ 278,185</u>	<u>\$ 2,463,865</u>

The additions to accumulated depreciation are current year depreciation expense of \$532,524. On the government-wide statement of net position, the internal service assets are included in the governmental activities column.

4-E. Interfund Balances and Transfers

Interfund balances at December 31, 2012 consisted of the following amounts and represent charges for services, reimbursable expenses or wastewater and jail cash overdraws that are covered by the general fund. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The County expects to repay all interfund balances within one year. The following table reflects the elimination of the liabilities between agency and other governmental funds of \$90,898.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Payable from:

Payable to:	General	Road and Bridge	Social Services	Capital Projects	Non-major governmental	Wastewater Utility	Jail	Internal Service	Total
General	\$ -	\$ 8,364	\$ 20,397	\$ 13,315	\$ 1,811	\$ 754,294	\$ 855,392	\$ 1,046	\$ 1,654,619
Road and bridge	4,951	-	-	-	-	605	-	-	5,556
Social services	59	-	-	-	-	-	-	-	59
Jail	216,713	-	-	-	-	-	-	-	216,713
Internal service	51,600	133,702	3,523	-	787	398	5,133	-	195,143
Total	\$ 273,323	\$ 142,066	\$ 23,920	\$ 13,315	\$ 2,598	\$ 755,297	\$ 860,525	\$ 1,046	\$ 2,072,090

Interfund transfers for the year ended December 31, 2012 consisted of the following:

Transfers to	Transfers From:		Total
	Social Services Fund	Capital Projects Fund	
General Fund	\$ 183,978	\$ 78,651	\$ 262,629

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. All County transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

4-F. Other Commitments

Operating Leases - As a part of a long-term plan to build a combined County facility in the northern part of the County, and in conjunction with the funding of the preservation of the Catamount Ranch, in July 1998, the County traded its two Woodland Park office buildings to the State Land Board. The County entered into a lease for those buildings, in the amount of \$303,655, beginning in July 1998, and ending in June 2003, or until such time as the County offices can be moved into a new facility. According to the Amendment signed on May 1, 2008, the lease may be extended for a period up to nineteen (19) additional years, in one-year increments. In June, 2011 the lease was renegotiated, adjusting the annual date range to August 1 through July 30, and resulting in the following rates through 2013:

Year	Annual Rent
8/11 - 7/12	\$ 100,485
8/12 - 7/13	128,804
8/13 - 7/14	131,544

Quarterly payments are made through the General Fund, and the Social Services Fund reimburses the General Fund for a portion of the rent. The amount paid for 2012 was \$124,693, of which \$60,850 was reimbursed from Social Services.

On October 25th, 2007, the County entered into a lease agreement with PK Enterprises, Inc. The property is located at 11115 Highlands Center Building in Divide and houses the Teller County Public Health Department. This is a one-year lease with ten (10) one-year options to extend the lease. The initial monthly rent amount was \$2,000 plus triple net (NNN) charges. The rent will increase by 5% each year upon County exercising its lease renewal option.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Total rent for 2012 was \$29,294 and total NNN charges were \$8,795. This lease has been renewed through November 30, 2013 at \$2,553 per month plus NNN charges.

Other Agreements - The County has a lease-purchase agreement with the Teller County Facilities Corporation for the County detentions facility in Divide. The agreement is for the County to make all payments under the Corporation's Certificate of Participation agreement. As the County provides all fiscal support to the Facilities Corporation, payments under this agreement are blended into the financial statements, through the jail enterprise fund.

4-G. Long-Term Debt

County Government Capital Leases - In 2006, the County entered into an annually renewable lease-purchase to build the Public Works building in Divide. Construction was started in 2007 and completed in 2009. Final payment was made on this capital lease in 2012.

County Business-type Capital Leases - The County had entered into capital leases for a wastewater system and a detentions facility. During 2005, in order to take advantage of lower interest rates and to reduce the annual costs of the previous certificates of participation (COP's), the Teller County Facilities Corporation re-financed the certificates of participation. As part of that process, the County entered into an amendment to the annually-renewable lease-purchase agreement with the Facilities Corporation, to gain the benefit of the re-finance. The assets acquired through the Jail COP's are as follows (amortization expense is included in depreciation expense):

	<u>Business-Type Activities</u>
Capital Assets	\$5,860,624
Less: Accumulated Depreciation	<u>(3,332,888)</u>
Total	<u>\$2,527,736</u>

Funds are being held in a restricted interest-bearing account in the Teller County Facilities Corporation's name, in the amount of \$470,001 at December 31, 2012, an amount sufficient to make the final payment on the certificates. The refunded principal was \$5,070,000. Bond insurance was also obtained at a one-time cost of about \$103,000, as compared to a 1% annual cost of a letter of credit required on the refunded certificates. The average interest rate on the refunded certificates was approximately 6.72%, as compared to an average of about 4.65% after conversion. The present value savings resulting from the refinancing was calculated at about \$639,000. Remaining maturity dates are from December 2013 through December 2024. Future minimum lease payments are as follows:

Year	<u>Capital Leases</u>		Total
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 270,000	\$ 188,065	\$ 458,065
2014	280,000	176,860	456,860
2015	285,000	164,960	449,960
2016	300,000	150,710	450,710
2017	310,000	137,510	447,510
2018-2022	1,715,000	458,310	2,173,310
2023-2024	<u>785,000</u>	<u>59,250</u>	<u>844,250</u>
Total	<u>\$ 3,945,000</u>	<u>\$ 1,335,665</u>	<u>\$ 5,280,665</u>

Changes in Long-term Debt - Changes in the County's long-term obligations consisted of the following for the year ended December 31, 2012:

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

	Outstanding 1/1/2012	Additions	Reductions	Outstanding 12/31/2012	Amounts Due in One Year
Governmental Activities					
Capital leases	\$ 549,703	\$ -	\$ 549,703	\$ -	\$ -
Compensated absences*	363,649	9,895	-	373,544	74,709
Total Governmental Activities	<u>\$ 913,352</u>	<u>\$ 9,895</u>	<u>\$ 549,703</u>	<u>\$ 373,544</u>	<u>\$ 74,709</u>
Business-Type Activities					
Capital leases	\$ 4,205,000	\$ -	\$ 260,000	\$ 3,945,000	\$ 270,000
Compensated absences	38,176	1,027	-	39,203	7,841
Total Business-Type Activities	<u>\$ 4,243,176</u>	<u>\$ 1,027</u>	<u>\$ 260,000</u>	<u>\$ 3,984,203</u>	<u>\$ 277,841</u>

* Includes the internal service fund liability.

The business-type activities capital lease is being retired from the jail fund. In 2012, government-wide interest costs and interest charged to expense were \$236,751.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

4-H. Pensions

The County is a member of the Colorado County Officials and Employees Retirement Association, which operates a defined contribution retirement plan. Substantially all County employees are required to participate after one year of continuous service. Total payroll for 2012 was \$9,241,013 and covered payroll totaled \$7,727,395. Contributions by the County (employer) are 4% of the eligible employee's annual compensation. Employees must contribute a matching amount, but can increase their contribution up to ten percent on a non-deductible basis. Contributions made by the employer and employees for 2012 were \$309,096 each, which represents 3.3% of total payroll and 4% of covered payroll. The plan is funded through the various funds that pay for the employment of County personnel to cover the County's (employer) share. The County maintains no control over the plan, other than being a member of the Association. As of January 1, 1997, the plan was changed to pre-tax status (414H). No fixed benefits are paid or payable upon retirement; therefore, the County has no unfunded liability under the plan. Financial statements for CCOERA may be obtained through its website at: www.ccoera.org.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

4-I. Fund Equity (Note 1-E-9)

Fund Balances:

The components of fund balances are made up of:

	General Fund	Road & Bridge Fund	Social Services Fund	Other Governmental Funds	Total
Fund balances:					
Nonspendable:					
Prepaid expenses	\$94,236	\$1,012	\$2,884	\$1,025	\$99,157
Restricted for:					
Local declared emergency disaster	-	-	-	400,000	400,000
Parks & open space	-	-	-	303,015	303,015
Total restricted:	-	-	-	703,015	703,015
Committed to:					
Local declared emergency disaster-wildfire	-	-	-	99,350	99,350
Assigned to:					
County Parks	114,148	-	-	-	114,148
Easements & Titlework	-	100,000	-	-	100,000
Slash/mulch program	48,594	-	-	-	48,594
Sheriff's Auxilliaris	12,408	-	-	-	12,408
Ensuing year's budget	405,017	309,202	133,088	430	847,737
County transportation system	-	635,687	-	-	635,687
Social services programs	-	-	261,356	-	261,356
Local declared emergency disaster	-	-	-	33,143	33,143
Capital purchases & projects	-	-	-	518,092	518,092
Other purposes	18,337	-	-	-	18,337
Total assigned:	598,504	1,044,889	394,444	551,665	2,589,502
Unassigned:	2,420,875	-	-	-	2,420,875
Total fund balances	\$3,113,615	\$1,045,901	\$397,328	\$1,355,055	\$5,911,899

Net Position:

Net investment in capital assets reported on the government-wide statement of net position as of December 31, 2012 is as follows:

	Go vernmental Activities	Business Type Activities
Cost of capital assets	\$ 281,827,305	\$ 6,813,336
Less accumulated depreciation	12,187,918	3,332,888
Book value	269,639,387	3,480,448
Less capital related debt	-	3,945,000
Plus unamortized loss on refunding	-	346,844
Net investment in capital assets	\$ 269,639,387	\$ (117,708)

Note 5 - Other Notes

5-A. Risk Management

Employee Benefits- The County has continued its health insurance carrier contract with Humana and continues to offer two health plan choices. The County maintains self-insurance arrangements with both Humana and Delta Dental, whereas those companies will administer employee benefits comparable to past plans for compensation of a flat administrative fee and reimbursement for claims paid. A monthly premium amount based on previous years' experience is required to be deposited in an

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

interest-bearing account belonging to the County, from which claims are paid. In order to maintain a reasonable level of funds in this account, including an additional amount for potential outstanding claims upon termination of the contracts, the County examines the balance on a regular basis and, when appropriate, adjusts the required monthly liability deposits.

The Humana agreement includes a \$70,000 individual stop-loss and a 125% aggregate stop-loss carry-forward. The County requires employee contributions based on the type of plan chosen, and the number of dependents covered, under an S125 "Premium Only" plan.

For ease of tracking, the County records the related assets and liabilities of these agreements in an employee benefits fund, and expenses the monthly premiums to each fund and department with employee benefits, based on types of coverages. Cash is transferred from the various funds charged, to the employee benefits fund, and payments for claims and fees are made from that fund. Interest earned on the bank account is recognized as revenue in the employee benefits fund.

For reporting purposes, in compliance with GASB Statement #10 - "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," the Employee Benefits Fund assets, liabilities, interest revenue and fund balance have been combined into the General Fund.

Activity and balances related to these agreements for the past two years are as follows:

	<u>2012</u>	<u>2011</u>
Estimated Claims liability at January 1	\$ 586,960	\$ 68,567
Deposits	2,282,432	2,561,092
Less:		
Fixed Administrative Costs	413,219	397,177
Contributions to HSA's	110,757	112,687
Claims Paid	<u>1,573,075</u>	<u>1,532,835</u>
Estimated Claims liability at December 31	<u>\$ 772,341</u>	<u>\$ 586,960</u>

The County also provides, at a minimum cost to the County, vision coverage and a minimal Employee Life Insurance Plan, neither of which is self-funded, and neither of which requires an employee contribution.

Insurance Pools - The County is exposed to various risks of loss related to injuries of employees while on the job. In 1985, the County joined together with other Counties in the State of Colorado to form the County Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties.

The County also is exposed to various risks of loss related to property and casualty losses. In 1986, the County joined together with other Counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool (CAPP), a public entity risk pool currently operating as a common risk management and insurance program for member counties.

The County pays an annual contribution to each of these pools, respectively, for its workers' compensation and casualty and property insurance coverages. The intergovernmental agreement of formation of each pool provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and 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. County claims to either of these pools have not exceeded coverage in the last three years.

5-B. Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the County believes such disallowances, if any, will be immaterial.

The County continues to be involved in a number of litigation matters regarding property assessments, bankruptcies and code enforcement which, in the opinion of County management, will not have a material effect on the financial position of the County.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

5-C. Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, (TABOR) which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation.

In November 1997, the County asked for and received voter approval to collect, retain and expend all revenues beyond the limitations of TABOR and any other law, to be expended for road improvements and law enforcement. In accordance with legal counsel, the County believes it is in compliance with the requirements of the applicable law, with this voter-approved exemption.

In accordance with Article X, Section 20 of the Colorado Constitution, the County has reserved all fund balances for future expenditures. Included in these reserves is 3% for Emergency Reserves, estimated to be \$400,000 at December 31, 2012.

5-D Welfare Reform

Conversion to the Colorado Electronic Benefit Transfer System occurred on August 1, 1997 pursuant to C.R.S. 26-1-122 (2) (a) and 26-2-104. The method of payment to recipients and service providers changed from a paper warrant system to an electronic debit card system or direct deposits. The electronic payments are processed by a State contractor, JPMorganChase. EBTS reduces or eliminates the amount of expenditures and revenues for the TANF, Colorado Works/JOBS, AND, OAP, AB, HCA, FA, LEAP, Child Care, Child Welfare & CORE programs reflected in the County General Ledger. The full amount of the EBT's are shown as expenditures at the state level and only the county share is shown on the County General Ledger. The State of Colorado assumes much of the internal control responsibility for these programs. The following is the Schedule of EBT Authorizations, Warrant Expenditures and Total Expenditures for the year ended December 31, 2012:

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

PROGRAM	STATE PD FOR TELLER COUNTY	COUNTY SHARE OF STATE PAID	EXPENDITURES BY COUNTY WARRANT	STATE PD + EXPEND. BY COUNTY WARRANT	TOTAL EXPEND & TRFRS OUT
Temporary Assistance for Needy Families (TANF)	317,706	99,200	209,428	527,134	308,628
CHATS/Child Care	212,988	31,264	40,227	253,215	71,491
Child Welfare	1,310,339	291,687	887,057	2,197,396	1,178,744
Regular Administration	3,114	3,114	476,727	479,841	479,841
Core Services	231,034	1,825	317,463	548,497	319,288
IV-D Administration	3,164	5,314	103,188	106,352	108,502
Low-Income Energy Assistance (LEAP)	312,482	0	19,251	331,733	19,251
Aid to the Needy Disabled (AND)	77,007	16,306	0	77,007	16,306
Old Age Pension (OAP)	137,110	284	12,210	149,320	12,494
Food Assistance	3,275,793	0	0	3,275,793	0
Food Assist Job Search	0	0	0	0	0
CBMS Conversion Costs	0	0	0	0	0
Title XX Training	0	246	1,991	1,991	2,237
FosterCare Celebration Grant	0	0	0	0	0
Child Care Quality Grant	0	0	0	0	0
PSSF grant (title IV-B pt 2)	0	0	35,723	35,723	35,723
Adoption Incentive Grant	0	0	0	0	0
1) Subtotal	5,880,737	449,240	2,103,265	7,984,002	2,552,505
Use of IV-E Revenue	0	0	0	0	0
Use of Parental Fees	0	0	16,141	16,141	16,141
Use of HB1451 incentives	0	0	194,278	194,278	194,278
Medicaid Transportation	0	0	0	0	0
Workfare	0	0	0	0	0
RMS bkd to state not county	0	0	-22,131	-22,131	-22,131
County Only	0	0	15,059	15,059	15,059
Acctg Basis Differences	0	0	6,146	6,146	6,146
2) Subtotal	0	0	209,493	209,493	209,493
Grand Total	5,880,737	449,240	2,312,758	8,193,495	2,761,998

1) Programs Settled in CFMS

2) Programs Not Settled in CFMS



REQUIRED

SUPPLEMENTARY INFORMATION

Teller County, Colorado
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Property taxes	\$ 5,982,245	\$ 5,982,245	\$ 5,914,414	\$ (67,831)
Sales taxes	1,214,012	1,293,999	1,302,238	8,239
Intergovernmental	3,339,431	3,555,800	3,660,473	104,673
Licenses and permits	567,400	640,296	733,798	93,502
Charges for services	998,698	1,022,773	861,545	(161,228)
Fines and forfeitures	35,750	35,750	31,534	(4,216)
Investment earnings	10,625	12,225	10,390	(1,835)
Miscellaneous	107,800	156,735	275,852	119,117
Total Revenues	<u>12,255,961</u>	<u>12,699,823</u>	<u>12,790,244</u>	<u>90,421</u>
Expenditures				
Current:				
General government	5,922,622	6,462,355	5,745,248	717,107
Public safety	6,670,698	6,571,358	6,476,765	94,593
Health and human services	750,486	757,267	723,038	34,229
Culture and recreation	26,956	42,428	39,684	2,744
Capital Outlay	<u>6,200</u>	<u>11,000</u>	<u>23,718</u>	<u>(12,718)</u>
Total Expenditures	<u>13,376,962</u>	<u>13,844,408</u>	<u>13,008,453</u>	<u>835,955</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,121,001)</u>	<u>(1,144,585)</u>	<u>(218,209)</u>	<u>926,376</u>
Other Financing Sources				
Transfers in	197,008	197,008	262,629	65,621
Total Other Financing Sources	<u>197,008</u>	<u>197,008</u>	<u>262,629</u>	<u>65,621</u>
Net Change in Fund Balances	(923,993)	(947,577)	44,420	991,997
Reserve for abatements	(16,000)	(16,000)	-	16,000
Fund Balances Beginning of Year	<u>2,478,599</u>	<u>2,502,183</u>	<u>3,069,195</u>	<u>567,012</u>
Fund Balances End of Year	<u>\$ 1,538,606</u>	<u>\$ 1,538,606</u>	<u>\$ 3,113,615</u>	<u>\$ 1,575,009</u>

Note: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

Teller County, Colorado
Road and Bridge Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 246,931	\$ 246,931	\$ 242,762	\$ (4,169)
Sales taxes	569,590	569,590	619,097	49,507
Intergovernmental	2,810,499	2,923,437	2,871,344	(52,093)
Licenses and permits	7,500	7,500	12,471	4,971
Charges for services	2,420	2,420	2,420	-
Fines and forfeitures	10,000	10,000	7,234	(2,766)
Investment earnings	3,500	3,500	3,020	(480)
Miscellaneous	4,200	8,200	31,741	23,541
Total Revenues	3,654,640	3,771,578	3,790,089	18,511
Expenditures				
Current:				
Highways and streets	3,361,309	3,370,747	3,269,302	101,445
Capital Outlay	750,000	957,500	638,682	318,818
Total Expenditures	4,111,309	4,328,247	3,907,984	420,263
Net Change in Fund Balances	(456,669)	(556,669)	(117,895)	438,774
Reserve for abatements	(2,000)	(2,000)	-	2,000
Fund Balances Beginning of Year	854,086	954,086	1,163,796	209,710
Fund Balances End of Year	\$ 395,417	\$ 395,417	\$ 1,045,901	\$ 650,484

Note: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

Teller County, Colorado
Social Services Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 708,217	\$ 708,217	\$ 702,094	\$ (6,123)
Intergovernmental	2,167,129	2,295,129	2,263,534	(31,595)
Charges for services	38,000	38,000	10,245	(27,755)
Miscellaneous	-	6,020	5,878	(142)
Total Revenues	2,913,346	3,047,366	2,981,751	(65,615)
Expenditures				
Current:				
Health and human services	2,754,924	2,893,424	2,578,021	315,403
Excess (Deficiency) of Revenues Over (Under) Expenditures	158,422	153,942	403,730	249,788
Other Financing (Uses)				
Transfers out	(197,008)	(197,008)	(183,978)	13,030
Net Change in Fund Balances	(38,586)	(43,066)	219,752	262,818
Reserve for abatements	(2,000)	(2,000)	-	2,000
Fund Balances Beginning of Year	120,594	125,074	177,576	52,502
Fund Balances End of Year	\$ 80,008	\$ 80,008	\$ 397,328	\$ 317,320

Note: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

***Teller County, Colorado
Required Supplementary Information
Modified Approach for County Infrastructure Capital Assets
For the Year Ended December 31, 2012***

In accordance with GASB Statement No. 34, the County is required to account for and report infrastructure capital assets. The County has several major infrastructure systems including the road system, trail systems and the wastewater system. Each major infrastructure system can be divided into subsystems. For example, the road system can be divided into paved, unpaved (both including culverts/drainage & cattleguard improvements, original striping), bridges, traffic control devices (including signage, traffic lights, street lights), guardrails and land (right-of-way). Subsystem detail is not presented in these basic financial statements; however, the County maintains detailed information on these subsystems.

In 2006, the County elected to use the “Modified Approach” as defined by GASB Statement No. 34 for infrastructure reporting for its road and trail systems. As of 2011 the County additionally elected to use the “Modified Approach” for reporting of the wastewater infrastructure system. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated, with the following requirements:

- ❖ The County manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amounts to maintain and preserve at the established condition assessment levels.
- ❖ The County documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level. The Teller County Public Works Department completes condition assessment surveys of all infrastructure systems every three years in accordance with the County’s Asset Management Program.
 - Road and trail improvements: The County uses the HUTF criteria administered by the State of Colorado to rate the condition of our infrastructure systems, with the exception of our bridges and tunnel.
 - Bridge and tunnel improvements: The County uses the AASHTO standards in compliance with CDOT and FHWA to rate bridges and the tunnel in our infrastructure systems. An engineering firm contracted by the State of Colorado performs condition assessments biannually on County bridges and the tunnel, with supplemental ratings performed by the County Engineer, as necessary to comply with the 3-year assessment cycle requirement. The state engineer’s sufficiency rating is converted to the County’s rating system.
 - Wastewater improvements: The Teller County Public Works department has developed criteria to measure the condition of the wastewater system, which are documented in the County infrastructure records.
 - County’s rating system for all eligible infrastructure capital assets:

<u>Condition</u>	<u>Rating</u>
Good	40
Fair	25
Poor	10

County management believes that compliance with these requirements will facilitate constructive planning and tracking tools for the County’s development, repair and maintenance of our infrastructure networks.

Road and trail infrastructure systems:

The County policy is to maintain at least 60% of these infrastructure systems at a rating of 40, with an additional 25% at least at a rating of 25. These levels allow for normal wear and tear and Colorado weather events. The most recent 3-year assessment cycle was completed as of December 31, 2012.

Teller County, Colorado
Required Supplementary Information
Modified Approach for County Infrastructure Capital Assets
For the Year Ended December 31, 2012

The past three assessments rated the County's road and trail infrastructure as follows:

Condition Distribution			
As of 3 Years Ended:	12/31/2006	12/31/2009	12/31/2012
Good	67%	64%	93%
Fair	28%	28%	4%
Poor	5%	8%	3%

The County's next full 3-year assessment cycle will be completed as of December 31, 2015.

The County's road and trail infrastructure is constantly deteriorating from the following factors: 1) usage; 2) weather and 3) utility installation and private road cuts. The County is continuously taking action to mediate the effects of deterioration through maintenance and improvement activities as annually defined in our Road Maintenance and Improvement Plan.

The County expended \$3,269,302 and \$3,434,517, respectively, in 2012 and 2011 to maintain County roads. A schedule of the estimated annual cost to maintain and preserve roads at the targeted levels compared to actual expenditures for the road maintenance for the last five years is presented below.

<u>Year</u>	<u>Maintenance Estimate</u>	<u>Actual Expenditures</u>
2012	\$ 3,370,747	\$ 3,269,302
2011	3,449,824	3,434,517
2010	3,494,909	3,316,452
2009	3,592,953	3,266,319
2008	3,304,422	3,186,669

The County's goal will always be to maintain our roads in a passable condition.

Minimal amounts have been spent on maintaining County trails, as the system is relatively small and includes no hard surface improvements.

Wastewater infrastructure system:

The County policy is to maintain at least 70% of this infrastructure system in good condition, with the remaining 30% in fair condition, since any poor condition would cause an unacceptable failure in the wastewater treatment.

Initial condition assessment performed in 2011 resulted in 98% of the infrastructure in good condition and 2% in fair condition. The County's next full 3-year assessment cycle will be completed as of December 31, 2014.

The County expended \$18,208 and \$124,613, respectively, to maintain the system in 2012 and to recondition and maintain the system in 2011. A schedule of the estimated annual costs to maintain and preserve the wastewater infrastructure at the targeted levels compared to actual expenditures for maintenance for the last two years is presented below.

<u>Year</u>	<u>Maintenance Estimate</u>	<u>Actual Expenditures</u>
2012	\$ 31,745	\$ 18,208
2011	147,053	124,613

Best Management Practices (BMP's) that have been implemented (Infiltration program, pollution prevention program) and the enhanced performance of the plant since reconditioning are decreasing operating costs.



SUPPLEMENTARY INFORMATION



**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

Teller County, Colorado
Combining Balance Sheet by Fund Type
Nonmajor Governmental Funds
December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 838,704	\$ 492,031	\$ 1,330,735
Receivables:			
Accounts	-	42,708	42,708
Property taxes	149,836	-	149,836
Prepaid expenses	1,025	-	1,025
Total Assets	989,565	534,739	1,524,304
Liabilities and Fund Balances			
Liabilities			
Accounts payable	168	3,332	3,500
Interfund payable	2,598	13,315	15,913
Deferred revenues	149,836	-	149,836
Total Liabilities	152,602	16,647	169,249
Fund Balances			
Nonspendable	1,025	-	1,025
Restricted	703,015	-	703,015
Committed	99,350	-	99,350
Assigned	33,573	518,092	551,665
Total Liabilities and Fund Balances	\$ 989,565	\$ 534,739	\$ 1,524,304

See the accompanying independent auditors' report.

Teller County, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances by Fund Type
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Property taxes	\$ 99,350	\$ -	\$ 99,350
Sales taxes	-	213,482	213,482
Intergovernmental	146,159	50,926	197,085
Investment earnings	671	6,260	6,931
Miscellaneous	-	78,842	78,842
Total Revenues	246,180	349,510	595,690
Expenditures			
Current:			
General government	-	50,120	50,120
Culture and recreation	57,445	-	57,445
Capital Outlay	-	45,630	45,630
Debt Service:			
Principal retirement	-	549,703	549,703
Interest and fiscal charges	-	10,252	10,252
Total Expenditures	57,445	655,705	713,150
Excess (Deficiency) of Revenues Over (Under) Expenditures	188,735	(306,195)	(117,460)
Other Financing Sources (Uses)			
Transfers out	-	(78,651)	(78,651)
Total Other Financing Sources (Uses)	-	(78,651)	(78,651)
Net Change in Fund Balances	188,735	(384,846)	(196,111)
Fund Balances Beginning of Year	648,228	902,938	1,551,166
Fund Balances End of Year	\$ 836,963	\$ 518,092	\$ 1,355,055

See the accompanying independent auditors' report.

Teller County, Colorado
General Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues		
Property taxes	\$ 5,914,414	\$ 6,247,024
Sales taxes	1,302,238	1,017,925
Intergovernmental	3,660,473	3,664,298
Licenses and permits	733,798	612,936
Charges for services	861,545	1,048,529
Fines and forfeitures	31,534	36,484
Investment earnings	10,390	12,637
Miscellaneous	275,852	278,505
Total Revenues	<u>12,790,244</u>	<u>12,918,338</u>
Expenditures		
Current:		
General government	5,745,248	5,695,498
Public safety	6,476,765	6,278,635
Health and human services	723,038	758,075
Culture and recreation	39,684	140,778
Capital Outlay	<u>23,718</u>	<u>56,705</u>
Total Expenditures	<u>13,008,453</u>	<u>12,929,691</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>(218,209)</u>	<u>(11,353)</u>
Other Financing Sources (Uses)		
Transfers in	<u>262,629</u>	<u>167,005</u>
Total Other Financing Sources (Uses)	<u>262,629</u>	<u>167,005</u>
Net Change in Fund Balances	44,420	155,652
Fund Balances Beginning of Year	<u>3,069,195</u>	<u>2,913,543</u>
Fund Balances End of Year	<u>\$ 3,113,615</u>	<u>\$ 3,069,195</u>

See the accompanying independent auditors' report.

Teller County, Colorado
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012			2011	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Taxes					
Property taxes	\$ 5,982,245	\$ 5,982,245	\$ 5,929,510	\$ (52,735)	\$ 6,205,572
Delinquent property taxes	-	-	(34,725)	(34,725)	14,825
Interest and penalties	-	-	19,629	19,629	26,627
Sales taxes	1,214,012	1,293,999	1,302,238	8,239	1,017,925
Total Taxes	7,196,257	7,276,244	7,216,652	(59,592)	7,264,949
Intergovernmental					
Election fees	5,000	15,888	17,331	1,443	24,330
Specific ownership	470,000	480,000	504,782	24,782	471,622
Payment in lieu of taxes	243,000	243,000	201,864	(41,136)	243,378
Gaming taxes	1,326,683	1,326,683	1,242,959	(83,724)	1,270,475
Gaming impact grants	601,220	601,220	601,220	-	682,477
Cigarette taxes	5,000	5,000	6,858	1,858	5,968
Veterans office	1,200	1,200	1,200	-	600
Public health contracts	199,404	241,069	279,031	37,962	270,337
Law enforcement contracts	-	12,037	118,743	106,706	13,147
Federal mineral lease distribution	98,000	98,000	147,128	49,128	154,575
Senior services contracts	15,500	15,500	16,850	1,350	14,777
Sanitarian contract	21,825	21,825	20,006	(1,819)	21,825
Build a generation grants	150,000	150,000	146,809	(3,191)	147,353
LEAF	2,700	2,700	1,881	(819)	2,445
EMA	42,500	42,500	50,875	8,375	41,535
EMS subsidy	-	28,369	28,369	-	-
State impact assistance	549	549	565	16	549
State payment in lieu taxes	1,100	1,100	1,139	39	1,119
Other governmental contracts	3,750	72,519	58,575	(13,944)	121,587
Other	152,000	196,641	214,288	17,647	176,199
Total Intergovernmental	3,339,431	3,555,800	3,660,473	104,673	3,664,298
Licenses and Permits					
Building permits	422,000	494,896	554,272	59,376	483,166
Elevator permits	5,000	5,000	4,960	(40)	5,520
Sanitation permits	20,000	20,000	26,573	6,573	16,877
Contractor licenses	70,000	70,000	65,230	(4,770)	67,720
Liquor licenses	2,400	2,400	2,578	178	1,714
Health licenses	30,000	30,000	40,559	10,559	14,756
Planning and zoning fees	18,000	18,000	39,626	21,626	23,183
Total Licenses and Permits	\$ 567,400	\$ 640,296	\$ 733,798	\$ 93,502	\$ 612,936

(continued)

See the accompanying independent auditors' report.

Teller County, Colorado
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

(continued)

	2012			2011	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues					
Charges For Services					
Fees of County Office					
Assessor	\$ 1,000	\$ 1,000	\$ 2,171	\$ 1,171	\$ 886
Sheriff	81,000	82,800	79,666	(3,134)	79,946
Clerk	489,000	489,000	306,420	(182,580)	497,438
Treasurer	290,000	294,640	302,599	7,959	299,609
Public health	41,698	41,698	49,505	7,807	44,610
Public trustee	90,000	99,240	95,674	(3,566)	83,411
Other services	6,000	14,395	25,510	11,115	42,629
Total Charges For Services	<u>998,698</u>	<u>1,022,773</u>	<u>861,545</u>	<u>(161,228)</u>	<u>1,048,529</u>
Fines and Forfeitures					
Model traffic code fines	31,500	31,500	24,858	(6,642)	33,139
Code and enforcement	150	150	200	50	450
Animal control	4,100	4,100	4,529	429	2,895
Other fines	-	-	1,947	1,947	-
Total Fines and Forfeitures	<u>35,750</u>	<u>35,750</u>	<u>31,534</u>	<u>(4,216)</u>	<u>36,484</u>
Investment Earnings	<u>10,625</u>	<u>12,225</u>	<u>10,390</u>	<u>(1,835)</u>	<u>12,637</u>
Miscellaneous					
Donations	-	-	1,803	1,803	9,055
Sheriffs Auxiliary Organizations	-	18,600	20,891	2,291	48,031
Other	107,800	138,135	253,158	115,023	221,419
Total Miscellaneous	<u>107,800</u>	<u>156,735</u>	<u>275,852</u>	<u>119,117</u>	<u>278,505</u>
Total Revenues	<u>\$ 12,255,961</u>	<u>\$ 12,699,823</u>	<u>\$ 12,790,244</u>	<u>\$ 90,421</u>	<u>\$ 12,918,338</u>

See the accompanying independent auditors' report.

Teller County, Colorado
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012			2011	
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures					
General Government					
Office of the Board	\$ 499,455	\$ 492,502	\$ 480,280	\$ 12,222	\$ 485,497
Finance	474,263	475,858	466,581	9,277	473,449
Legal services	624,723	696,710	671,794	24,916	629,409
Human resources	172,041	165,645	149,640	16,005	161,564
Central utilities	181,370	191,370	188,045	3,325	192,992
Public works administration	267,516	262,472	261,211	1,261	293,717
Central support	681,055	543,961	520,778	23,183	624,352
Information technology	660,957	652,753	643,390	9,363	633,323
Assessor	880,764	842,019	806,664	35,355	824,180
Clerk and recorder	467,629	548,969	531,256	17,713	457,345
Elections	82,884	145,859	144,176	1,683	36,069
Treasurer	311,621	315,913	306,988	8,925	304,527
Public trustee	91,141	102,181	101,484	697	94,866
County surveyor	10,455	9,655	9,038	617	8,904
Facilities	516,748	476,160	462,483	13,677	474,087
Personnel contingency	-	538,728	-	538,728	-
Employee benefits	-	1,600	1,440	160	1,217
Total General Government	<u>5,922,622</u>	<u>6,462,355</u>	<u>5,745,248</u>	<u>717,107</u>	<u>5,695,498</u>
Public Safety					
Law Enforcement					
Sheriff	3,221,742	3,086,734	3,074,719	12,015	2,922,793
Detentions	2,150,000	2,200,000	2,208,260	(8,260)	2,096,266
Sheriff Auxilliary Organizations	-	18,600	17,710	890	41,060
Animal control	121,276	109,886	102,588	7,298	92,104
Search and rescue	9,794	17,935	16,046	1,889	17,811
Coronor	89,852	97,706	86,258	11,448	80,393
CDSD - administration	191,278	188,384	179,293	9,091	175,269
CDSD - operations	687,545	601,510	586,405	15,105	663,806
Emergency management	148,884	168,722	133,445	35,277	146,232
Fire and EMS support	44,427	75,981	69,817	6,164	38,850
Hazmat	5,900	5,900	2,224	3,676	4,051
Total Public Safety	<u>6,670,698</u>	<u>6,571,358</u>	<u>6,476,765</u>	<u>94,593</u>	<u>6,278,635</u>
Health and Human Services					
Public health	582,172	539,116	558,476	(19,360)	594,989
Build a generation	150,000	199,137	146,955	52,182	146,176
Veterans office	18,314	19,014	17,607	1,407	16,910
Total Health and Human Services	<u>750,486</u>	<u>757,267</u>	<u>723,038</u>	<u>34,229</u>	<u>758,075</u>
Culture and Recreation					
County parks	5,387	9,777	9,428	349	4,435
Extension office	21,569	26,461	24,067	2,394	50,947
County fair support	-	6,190	6,189	1	85,396
Total Culture and Recreation	<u>26,956</u>	<u>42,428</u>	<u>39,684</u>	<u>2,744</u>	<u>140,778</u>
Capital Outlay	<u>6,200</u>	<u>11,000</u>	<u>23,718</u>	<u>(12,718)</u>	<u>56,705</u>
Total Expenditures	<u>\$ 13,376,962</u>	<u>\$ 13,844,408</u>	<u>\$ 13,008,453</u>	<u>\$ 835,955</u>	<u>\$ 12,929,691</u>

See the accompanying independent auditors' report.

Teller County, Colorado
Road and Bridge Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues		
Property taxes	\$ 242,762	\$ 512,073
Sales taxes	619,097	631,114
Intergovernmental	2,871,344	3,270,345
Charges for services	2,420	2,420
Licenses and permits	12,471	7,763
Fines and forfeitures	7,234	10,245
Earnings on investments	3,020	3,092
Miscellaneous	31,741	4,620
Total Revenues	<u>3,790,089</u>	<u>4,441,672</u>
Expenditures		
Current:		
Highways and streets	3,269,302	3,434,517
Capital Outlay	<u>638,682</u>	<u>1,072,906</u>
Total Expenditures	<u>3,907,984</u>	<u>4,507,423</u>
Net Change in Fund Balances	(117,895)	(65,751)
Fund Balances Beginning of Year	<u>1,163,796</u>	<u>1,229,547</u>
Fund Balances End of Year	<u>\$ 1,045,901</u>	<u>\$ 1,163,796</u>

See the accompanying independent auditors' report.

Teller County, Colorado
Social Services Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2012 and 2011

	2012	2011
Revenues		
Property taxes	\$ 702,094	\$ 552,326
Intergovernmental	2,263,534	2,042,893
Charges for services	10,245	39,110
Miscellaneous	5,878	5,139
Total Revenues	2,981,751	2,639,468
Expenditures		
Current:		
Health and human services	2,578,021	2,486,742
Excess of Revenues Over Expenditures	403,730	152,726
Other Financing (Uses)		
Transfers out	(183,978)	(167,005)
Total Other Financing Sources (Uses)	(183,978)	(167,005)
Net Change in Fund Balances	219,752	(14,279)
Fund Balances Beginning of Year	177,576	191,855
Fund Balances End of Year	\$ 397,328	\$ 177,576

See the accompanying independent auditors' report.

Teller County, Colorado
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	Conservation Trust	Contingent	Total Nonmajor Special Revenue Funds
Assets			
Cash and investments	\$ 305,781	\$ 532,923	\$ 838,704
Receivables:			
Property taxes	-	149,836	149,836
Prepaid expenses	1,025	-	1,025
Total Assets	306,806	682,759	989,565
Liabilities and Fund Balances			
Liabilities			
Accounts payable	168	-	168
Interfund payable	2,598	-	2,598
Deferred revenues	-	149,836	149,836
Total Liabilities	2,766	149,836	152,602
Fund Balances			
Nonspendable	1,025	-	1,025
Restricted	303,015	400,000	703,015
Committed	-	99,350	99,350
Assigned	-	33,573	33,573
Total Liabilities and Fund Balances	\$ 306,806	\$ 682,759	\$ 989,565

See the accompanying independent auditors' report.

Teller County, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

	Conservation Trust	Contingent	Total Nonmajor Special Revenue Funds
Revenues			
Property taxes	\$ -	\$ 99,350	\$ 99,350
Intergovernmental	146,159	-	146,159
Investment earnings	671	-	671
Total Revenues	146,830	99,350	246,180
Expenditures			
Current:			
Culture and recreation	57,445	-	57,445
Total Expenditures	57,445	-	57,445
Net Change in Fund Balances	89,385	99,350	188,735
Fund Balances Beginning of Year	214,655	433,573	648,228
Fund Balances End of Year	\$ 304,040	\$ 532,923	\$ 836,963

See the accompanying independent auditors' report.

Teller County, Colorado
Conservation Trust Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 125,000	\$ 125,000	\$ 146,159	\$ 21,159
Investment earnings	750	750	671	(79)
Total Revenues	<u>125,750</u>	<u>125,750</u>	<u>146,830</u>	<u>21,080</u>
Expenditures				
Current:				
Culture and recreation	176,929	176,929	57,445	119,484
Total Expenditures	<u>176,929</u>	<u>176,929</u>	<u>57,445</u>	<u>119,484</u>
Net Change in Fund Balances	(51,179)	(51,179)	89,385	140,564
Fund Balances Beginning of Year	<u>114,178</u>	<u>114,178</u>	<u>214,655</u>	<u>100,477</u>
Fund Balances End of Year	<u>\$ 62,999</u>	<u>\$ 62,999</u>	<u>\$ 304,040</u>	<u>\$ 241,041</u>

See the accompanying independent auditors' report.

Teller County, Colorado
Contingent Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 100,000	\$ 100,000	\$ 99,350	\$ (650)
Total Revenues	100,000	100,000	99,350	(650)
Other Financing (Uses)				
Transfers out	(500,000)	(500,000)	-	500,000
Net Change in Fund Balances	(400,000)	(400,000)	99,350	499,350
Fund Balances Beginning of Year	433,573	433,573	433,573	-
Fund Balances End of Year	<u>\$ 33,573</u>	<u>\$ 33,573</u>	<u>\$ 532,923</u>	<u>\$ 499,350</u>

See the accompanying independent auditors' report.

Teller County, Colorado
Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Sales taxes	\$ 193,134	\$ 193,134	\$ 213,482	\$ 20,348
Intergovernmental	14,565	52,150	50,926	(1,224)
Investment earnings	6,950	6,950	6,260	(690)
Miscellaneous	77,000	77,000	78,842	1,842
Total Revenues	<u>291,649</u>	<u>329,234</u>	<u>349,510</u>	<u>20,276</u>
Expenditures				
Current:				
General government	10,725	54,845	50,120	4,725
Capital Outlay	42,405	53,427	45,630	7,797
Debt Service:				
Principal retirement	549,703	549,703	549,703	-
Interest and fiscal charges	10,300	10,300	10,252	48
Total Expenditures	<u>613,133</u>	<u>668,275</u>	<u>655,705</u>	<u>12,570</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(321,484)	(339,041)	(306,195)	32,846
Other Financing Sources				
Transfers out	-	(81,880)	(78,651)	3,229
Net Change in Fund Balances	(321,484)	(420,921)	(384,846)	36,075
Fund Balances Beginning of Year	<u>838,501</u>	<u>937,938</u>	<u>902,938</u>	<u>(35,000)</u>
Fund Balances End of Year	<u>\$ 517,017</u>	<u>\$ 517,017</u>	<u>\$ 518,092</u>	<u>\$ 1,075</u>

Note: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

Teller County, Colorado
Wastewater Utility Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Charges for services	\$ 121,014	\$ 130,215
Total Operating Revenues	<u>121,014</u>	<u>130,215</u>
Operating Expenses		
Administration	3,749	18,939
Operations	<u>132,590</u>	<u>236,885</u>
Total Operating Expenses	<u>136,339</u>	<u>255,824</u>
Operating (Loss)	<u>(15,325)</u>	<u>(125,609)</u>
Non-Operating (Expenses)		
Interest and fiscal charges	<u>-</u>	<u>(404)</u>
Total Non-Operating (Expenses)	<u>-</u>	<u>(404)</u>
Change in Net Position	(15,325)	(126,013)
Net Position Beginning of Year	<u>211,610</u>	<u>337,623</u>
Net Position End of Year	<u>\$ 196,285</u>	<u>\$ 211,610</u>

See the accompanying independent auditors' report.

Teller County, Colorado
Wastewater Utility Fund
Schedule of Revenues, Expenses and
Changes in Fund Net Position - Budget and Actual
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues				
Charges for services	\$ 125,000	\$ 125,000	\$ 121,014	\$ (3,986)
Total Operating Revenues	<u>125,000</u>	<u>125,000</u>	<u>121,014</u>	<u>(3,986)</u>
Operating Expenses				
Administration	4,422	20,422	3,749	16,673
Operations	145,349	145,349	132,590	12,759
Total Operating Expenses	<u>149,771</u>	<u>165,771</u>	<u>136,339</u>	<u>29,432</u>
Operating (Loss)	<u>(24,771)</u>	<u>(40,771)</u>	<u>(15,325)</u>	<u>25,446</u>
Change in Net Position	(24,771)	(40,771)	(15,325)	25,446
Net Position Beginning of Year	<u>175,069</u>	<u>191,069</u>	<u>211,610</u>	<u>20,541</u>
Net Position End of Year	<u>\$ 150,298</u>	<u>\$ 150,298</u>	<u>\$ 196,285</u>	<u>\$ 45,987</u>

See the accompanying independent auditors' report.

Teller County, Colorado
Jail Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Charges for services	\$ 2,696,231	\$ 2,581,585
Miscellaneous	52,412	59,626
Total Operating Revenues	<u>2,748,643</u>	<u>2,641,211</u>
Operating Expenses		
Administration	23,952	27,122
Operations	2,001,878	2,104,179
Depreciation	187,580	187,580
Total Operating Expenses	<u>2,213,410</u>	<u>2,318,881</u>
Operating Income (Loss)	<u>535,233</u>	<u>322,330</u>
Non-Operating (Expenses)		
Interest	(226,501)	(236,368)
Amortization	(11,668)	(11,668)
Total Non-Operating (Expenses)	<u>(238,169)</u>	<u>(248,036)</u>
Change in Net Position	297,064	74,294
Net Position Beginning of Year	<u>(1,893,444)</u>	<u>(1,967,738)</u>
Net Position End of Year	<u>\$ (1,596,380)</u>	<u>\$ (1,893,444)</u>

See the accompanying independent auditors' report.

Teller County, Colorado
Jail Fund
Schedule of Revenues, Expenses and
Changes in Fund Net Position - Budget and Actual
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues				
Charges for services	\$ 2,694,000	\$ 2,694,000	\$ 2,696,231	\$ 2,231
Miscellaneous	40,000	40,000	52,412	12,412
Total Operating Revenues	2,734,000	2,734,000	2,748,643	14,643
Operating Expenses				
Administration	31,541	31,541	23,952	7,589
Operations	2,250,649	2,257,649	2,001,878	255,771
Depreciation	187,580	187,580	187,580	-
Total Operating Expenses	2,469,770	2,476,770	2,213,410	263,360
Operating Income (Loss)	264,230	257,230	535,233	278,003
Non-Operating (Expenses)				
Interest	(227,500)	(227,500)	(226,501)	999
Amortization	(11,700)	(11,700)	(11,668)	32
Total Non-Operating (Expenses)	(239,200)	(239,200)	(238,169)	1,031
Change in Net Position	25,030	18,030	297,064	279,034
Net Position Beginning of Year	(1,986,397)	(1,979,397)	(1,893,444)	85,953
Net Position End of Year	\$ (1,961,367)	\$ (1,961,367)	\$ (1,596,380)	\$ 364,987

See the accompanying independent auditors' report.

Teller County, Colorado
Fleet Management Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Charges for services	\$ 1,544,355	\$ 1,414,773
Intergovernmental	2,166	-
Miscellaneous	3,585	3,430
Total Operating Revenues	<u>1,550,106</u>	<u>1,418,203</u>
Operating Expenses		
Operations	1,136,052	1,197,394
Depreciation	532,524	552,594
Total Operating Expenses	<u>1,668,576</u>	<u>1,749,988</u>
Operating Income (Loss)	<u>(118,470)</u>	<u>(331,785)</u>
Non-Operating Revenues		
Gain (loss) on sale of capital assets	400	104,651
Investment earnings	5,611	6,182
Total Non-Operating Revenues	<u>6,011</u>	<u>110,833</u>
Income Before Transfers In and Capital Contributions	(112,459)	(220,952)
Capital contributions	<u>-</u>	<u>915</u>
Change in Net Position	(112,459)	(220,037)
Net Position Beginning of Year	<u>4,518,719</u>	<u>4,738,756</u>
Net Position End of Year	<u>\$ 4,406,260</u>	<u>\$ 4,518,719</u>

See the accompanying independent auditors' report.

Teller County, Colorado
Fleet Management Fund
Schedule of Revenues, Expenses and
Changes in Fund Net Position - Budget and Actual
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues				
Charges for services	\$ 1,468,173	\$ 1,550,173	\$ 1,544,355	\$ (5,818)
Intergovernmental	-	-	2,166	2,166
Miscellaneous	2,000	2,000	3,585	1,585
Total Operating Revenues	<u>1,470,173</u>	<u>1,552,173</u>	<u>1,550,106</u>	<u>(2,067)</u>
Operating Expenses				
Operations	1,087,704	1,169,704	1,136,052	33,652
Depreciation	598,953	598,953	532,524	66,429
Total Operating Expenses	<u>1,686,657</u>	<u>1,768,657</u>	<u>1,668,576</u>	<u>100,081</u>
Operating Income	<u>(216,484)</u>	<u>(216,484)</u>	<u>(118,470)</u>	<u>98,014</u>
Non-Operating Revenue (Loss)				
Gain on sale of capital assets	-	-	400	400
Investment earnings	7,000	7,000	5,611	(1,389)
Total Non-Operating Revenue	<u>7,000</u>	<u>7,000</u>	<u>6,011</u>	<u>(989)</u>
Change in Net Position	(209,484)	(209,484)	(112,459)	97,025
Net Position Beginning of Year	<u>4,320,856</u>	<u>4,320,856</u>	<u>4,518,719</u>	<u>197,863</u>
Net Position End of Year	<u>\$ 4,111,372</u>	<u>\$ 4,111,372</u>	<u>\$ 4,406,260</u>	<u>\$ 294,888</u>

See the accompanying independent auditors' report.

Teller County, Colorado
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2012

	<u>Balance</u> <u>January 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Reclassify</u> <u>Interfund Payable</u>	<u>Balance</u> <u>December 31, 2012</u>
Payroll Trust Fund					
Assets					
Cash and investments	\$ -	\$10,418,602	\$10,418,602	\$ -	\$ -
Accounts receivable	7,182	193,268	194,544	9,628	15,534
Interfund receivable	9,440	10,426,065	10,425,877	(9,628)	-
Total Assets	<u>16,622</u>	<u>21,037,935</u>	<u>21,039,023</u>	<u>-</u>	<u>15,534</u>
Liabilities					
Accounts payable	4,321	10,268,646	10,272,423	14,990	15,534
Interfund payable	12,301	207,449	204,760	(14,990)	-
Total Liabilities	<u>16,622</u>	<u>10,476,095</u>	<u>10,477,183</u>	<u>-</u>	<u>15,534</u>
Clerk & Recorder's Trust Fund					
Assets					
Cash and investments	-	6,256,200	5,692,438	-	563,762
Interfund receivable	-	2,559	2,559	-	-
Total Assets	<u>-</u>	<u>6,258,759</u>	<u>5,694,997</u>	<u>-</u>	<u>563,762</u>
Liabilities					
Accounts payable	-	8,674,056	8,176,574	66,280	563,762
Interfund payable	-	1,010,225	943,945	(66,280)	-
Total Liabilities	<u>-</u>	<u>9,684,281</u>	<u>9,120,519</u>	<u>-</u>	<u>563,762</u>
Treasurer's Office					
Assets					
Cash and investments	689,252	35,327,648	35,369,522	-	647,378
Liabilities					
County warrants outstanding	120,704	10,700,382	10,778,840	-	42,246
Due to other entities	568,548	24,627,266	24,590,682	-	605,132
Total Liabilities	<u>689,252</u>	<u>35,327,648</u>	<u>35,369,522</u>	<u>-</u>	<u>647,378</u>
Total					
Assets					
Cash and investments	689,252	52,002,450	51,480,562	-	1,211,140
Accounts receivable	7,182	193,268	194,544	9,628	15,534
Interfund receivable	9,440	10,428,624	10,428,436	(9,628)	-
Total Assets	<u>705,874</u>	<u>62,624,342</u>	<u>62,103,542</u>	<u>-</u>	<u>1,226,674</u>
Liabilities					
County warrants outstanding	120,704	10,700,382	10,778,840	-	42,246
Accounts payable	4,321	18,942,702	18,448,997	81,270	579,296
Due to other entities	568,548	24,627,266	24,590,682	-	605,132
Interfund payables	12,301	1,217,674	1,148,705	(81,270)	-
Total Liabilities	<u>\$ 705,874</u>	<u>\$ 55,488,024</u>	<u>\$ 54,967,224</u>	<u>\$ -</u>	<u>\$ 1,226,674</u>

See the accompanying independent auditors' report.



SPECIAL REPORTS

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

LOCAL HIGHWAY FINANCE REPORT	City or County:
	YEAR ENDING : December 2012

This Information From The Records Of (example - City of _ or County of _)	Prepared By: Phone:
---	------------------------

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)	1,040,595
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,466,130
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	117,775
2. General fund appropriations		b. Snow and ice removal	1,180,179
3. Other local imposts (from page 2)	894,837	c. Other	29,523
4. Miscellaneous local receipts (from page 2)	41,996	d. Total (a. through c.)	1,327,476
5. Transfers from toll facilities		4. General administration & miscellaneous	73,783
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0
a. Bonds - Original Issues		6. Total (1 through 5)	3,907,984
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)	936,833	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,815,187	2. Notes:	
D. Receipts from Federal Government (from page 2)	38,069	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,790,089	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)	3,907,984

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
	1,163,796	3,790,089	3,907,984	1,045,901	(0)

Notes and Comments:

See the accompanying independent auditors' report.

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2012	
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	242,762	a. Interest on investments	3,020
b. Other local imposts:		b. Traffic Fines & Penalties	7,234
1. Sales Taxes	619,097	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	12,471	f. Charges for Services	
5. Specific Ownership &/or Other	20,507	g. Other Misc. Receipts	31,742
6. Total (1. through 5.)	652,075	h. Other	
c. Total (a. + b.)	894,837	i. Total (a. through h.)	41,996
	(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	2,208,613	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	38,069
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	83,211	d. Federal Transit Admin	
d. Other (Specify) - Gaming Tax	419,747	e. U.S. Corps of Engineers	
e. Other (Specify)-Internal Gov Grant	103,616	f. Other Federal	
f. Total (a. through e.)	606,574	g. Total (a. through f.)	38,069
4. Total (1. + 2. + 3.f)	2,815,187	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	225,202		225,202
b. Engineering Costs	0		0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements	815,394		815,394
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	815,394	0	815,394
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	1,040,595	0	1,040,595
			(Carry forward to page 1)
Notes and Comments:			

FORM FHWA-536 (Rev.1-05)

PREVIOUS EDITIONS OBSOLETE

See the accompanying independent auditors' report.



FEDERAL FINANCIAL

AWARD REPORTS



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**Independent Auditors' Report On
Internal Control Over Financial Reporting
And On Compliance And Other Matters
Based On An Audit Of Financial Statements
Performed In Accordance With
Government Auditing Standards**

Board of County Commissioners
Teller County
Cripple Creek, Colorado

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, the business-type activities, each major fund and the aggregate remaining fund information of Teller County, Colorado (the County), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 the County'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.

RubinBrown LLP

May 31, 2013



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**Independent Auditors' Report On Compliance
For Each Major Federal Program And
Report On Internal Control Over Compliance
Required By OMB Circular A-133**

Board of County Commissioners
Teller County
Cripple Creek, Colorado

Report On Compliance For Each Major Federal Program

We have audited Teller County, Colorado's (the County), 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 the County's major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion On Each Major Federal Program

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

Report On Internal Control Over Compliance

Management of the County 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 the County'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 the County's internal control over compliance.

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

RubinBrown LLP

May 31, 2013

TELLER COUNTY, COLORADO

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

Section I - Summary Of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified
Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
Type of auditors' report issued on compliance for major programs: Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes no

Identification Of Major Programs

CFDA No.	Name Of Federal Program Or Cluster
93.276	Drug-Free Communities Support Program Grants
93.568	LEAP
93.658	Foster Care Title IV-E

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

Auditee qualified as low-risk auditee? yes no

TELLER COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*
For The Year Ended December 31, 2012

Section II - Financial Statement Findings

There were no findings relating to the County's financial statements for the year ended December 31, 2012.

Section III - Federal Award Findings And Questioned Costs

There were no federal award findings or questioned costs for the year ended December 31, 2012.

Section IV - Prior Year Findings

There were no federal award findings or questioned costs for the year ended December 31, 2011.

TELLER COUNTY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>AGENCY</u> <u>PROGRAM</u>	<u>FEDERAL</u> <u>CFDA #</u>	<u>REVENUE</u> <u>RECOGNIZED</u> <u>2012</u>	<u>EXPENDITURE</u> <u>2012</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through Colorado Dept of Human Services:			
Food Assistance Admin	10.561	140,412	140,412
TEFAP Admin	10.568	2,062	2,062
TEFAP Food Distribution	10.569	21,043	21,043
Passed through Colorado Dept of Health:			
Women, Infant & Children	10.557	62,985	62,985
WIC Food Vouchers	10.557	188,746	188,746
Sub-Total CFDA #10.557		251,731	251,731
<u>U.S. DEPARTMENT OF JUSTICE</u>			
SCAAP Grant	16.606	1,061	1,061
Bulletproof Vest Partnership Program	16.607	1,425	1,425
Passed through Colorado Division of Criminal Justice			
Local Law Enforcement	16.738	4,980	4,980
<u>FEDERAL HIGHWAY ADMINISTRATION</u>			
Passed through Colorado Dept of Transportation:			
TE Grant - Florissant Museum	20.205	93,747	93,747
<u>FEDERAL ENVIRONMENTAL PROTECTION AGENCY</u>			
Passed through Colorado Dept of Public Health & Environment:			
Indoor Radon	66.605	2,050	2,050
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Drug-Free Communities Support Program Grants	93.276	119,516	119,516
Passed through NACCHO:			
MRC	93.008	492	492
Passed through Colorado Dept of Health:			
Emergency Prep and Response	93.069	20,270	20,270
Family Planning	93.217	20,144	20,144
Immunization Programs	93.268	5,644	5,644
IMM-RIZO Vaccination Clinics	93.539	13,423	13,423
Family Planning CFPI	93.977	1,029	1,029
Public Health Nurse	93.994	4,899	4,899
Passed through Colorado Dept of State:			
Polling Location Accessibility	93.617	8,723	8,723
Passed through Colorado Dept of Health Care Policy and Financing:			
Healthy Communities	93.778	6,477	6,477

(Continued)

See the notes to the schedule of
expenditures of federal awards

TELLER COUNTY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)

<u>AGENCY</u> <u>PROGRAM</u>	<u>FEDERAL</u> <u>CFDA #</u>	<u>REVENUE</u> <u>RECOGNIZED</u> <u>2012</u>	<u>EXPENDITURE</u> <u>2012</u>
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (cont)</u>			
Passed through Colorado Dept of Human Services:			
PSSF - Promoting Safe & Stable Families	93.556	22,584	22,584
TANF	93.558	608,539	608,539
Title IV-D Admin	93.563	118,607	118,607
LEAP	93.568	331,733	331,733
CCDF - Discretionary	93.575	14,069	14,069
CCDF - Mandatory & Match	93.596	143,324	143,324
Title IV-B Child Welfare	93.645	46,350	46,350
Title IV-E FC	93.658	256,731	256,731
Title IV-E Adoption	93.659	79,451	79,451
Title XX Block Grant	93.667	145,824	145,824
Title XIX Medicaid	93.778	133,552	133,552
TANF ARRA	93.714	7,289	7,289
Passed through Colorado Department of Local Affairs:			
Community Services Block Grant			
Sub-recipient: Teller Senior Coalition	93.569	16,850	16,850
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through Colorado Division of Emergency Management			
Emergency Management	97.042	50,875	50,875
EMPG EOC Equipment	97.042	16,776	16,776
Sub-Total CFDA #97.042		<u>67,651</u>	<u>67,651</u>
Passed through Colorado Department of Public Safety			
FEMA Assistance - Waldo Canyon Fire	97.036	47,339	47,339
TOTAL FEDERAL AWARDS		<u><u>\$2,759,021</u></u>	<u><u>\$2,759,021</u></u>

See the notes to the schedule of expenditures of federal awards

TELLER COUNTY, COLORADO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended December 31, 2012

1. **Basis Of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Teller County, Colorado, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget 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 Teller County, Colorado, financial statements for the year ended December 31, 2012.

2. **Noncash Transactions**

WIC vouchers in the amount of \$188,746 were issued through the State of Colorado's Department of Public Health for Teller County.