

Fremont County, Colorado

Financial Statements

December 31, 2012

BOARD OF COUNTY COMMISSIONERS

Edward Norden

Debbie Bell

Timothy Payne

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JOHN CUTLER & ASSOCIATES

Board of County Commissioners
Fremont County
Canon City, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont County, Colorado as of December 31, 2012, and the respective changes in financial position, 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 required budgetary information on pages 30 - 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion is not affected by this missing information.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2013 on our consideration of Fremont County, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fremont County, Colorado's internal control over financial reporting and compliance.

John Cutler & Associates, LLC

September 16, 2013

BASIC FINANCIAL STATEMENTS

FREMONT COUNTY, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2012

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 8,295,802
Restricted Cash and Investments	3,376,080
Receivables	
Property Taxes	5,643,716
Account	1,357,712
Inventory	101,051
Capital Assets, Not Depreciated	1,099,743
Capital Assets, Depreciated	
Net of Accumulated Depreciation	<u>38,907,259</u>
 TOTAL ASSETS	 <u>58,781,363</u>
LIABILITIES	
Accounts Payable	1,527,638
Accrued Expenses	736,926
Accrued Interest Payable	40,517
Accrued Compensated Absences	1,015,397
Unearned Revenues	1,138,930
Noncurrent Liabilities	
Due within One Year	1,090,000
Due in More Than One Year	<u>21,551,151</u>
 TOTAL LIABILITIES	 <u>27,100,559</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Property Tax Revenue	<u>5,643,715</u>
NET POSITION	
Net Investment in Capital Assets	20,741,931
Restricted for Emergencies	540,000
Unrestricted, Unreserved	<u>4,755,158</u>
 TOTAL NET ASSETS	 <u><u>\$ 26,037,089</u></u>

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

FREMONT COUNTY, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2012

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 8,385,904	\$ 3,978,628	\$ 238,784	\$ -	\$ (4,168,492)
Public Safety	7,174,895	948,944	815,029	-	(5,410,922)
Airport	798,209	499,913	250,238	-	(48,058)
Health and Welfare	7,370,630	-	2,857,943	-	(4,512,687)
Highways and Streets	5,352,325	171,293	5,401,669	-	220,637
Culture and Recreation	147,918	-	-	178,715	30,797
Intergovernmental	888,673	-	-	-	(888,673)
Interest on Long Term Debt	1,114,787	-	-	-	(1,114,787)
Total Governmental Activities	\$ 31,233,341	\$ 5,598,778	\$ 9,563,663	\$ 178,715	\$ (15,892,185)
GENERAL REVENUES					
					5,190,243
					671,840
					4,702,081
					1,408,608
					17,987
					1,704,354
TOTAL GENERAL REVENUES					
					<u>13,695,113</u>
CHANGE IN NET POSITION					
					(2,197,072)
NET POSITION, Beginning					
					49,670,894
Prior Period Adjustment					
					<u>(21,436,733)</u>
NET POSITION, Ending					
					<u>\$ 26,037,089</u>

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

FREMONT COUNTY, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2012

	GENERAL FUND	TRANSPORATION FUND	HUMAN SERVICES FUND	SALES AND USE FUND
ASSETS				
Cash and Investments	\$ 2,271,782	\$ 918,332	\$ 1,732,137	\$ 318,721
Restricted Cash and Investments	-	-	6,325	3,369,755
Due From Other Funds	6,126	9,294	-	11,508
Property Taxes Receivable	3,952,796	371,199	1,179,539	-
Accounts Receivable	712,119	127,574	339,122	158,088
Inventory	-	89,284	-	-
Prepaid Expenses	-	-	-	-
TOTAL ASSETS	\$ 6,942,823	\$ 1,515,683	\$ 3,257,123	\$ 3,858,072
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 629,889	\$ 124,215	\$ 693,212	\$ -
Accrued Expenses	355,814	81,331	250,764	-
Due To Other Funds	24,978	-	6,126	-
Unearned Revenue	6,507	-	1,132,423	-
TOTAL LIABILITIES	1,017,188	205,546	2,082,525	-
DEFERRED INFLOW OF RESOURCES				
Deferred Property Tax Revenue	3,952,795	371,199	1,179,539	-
FUND EQUITY				
Fund Balance				
Nonspendable	-	89,284	-	-
Restricted	540,000	-	-	3,858,072
Committed				
Assigned		849,654	-	
Unassigned	1,432,840	-	(4,941)	-
TOTAL FUND EQUITY	1,972,840	938,938	(4,941)	3,858,072
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	\$ 6,942,823	\$ 1,515,683	\$ 3,257,123	\$ 3,858,072

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

This is the amount of COP payable (\$22,750,000), discounts \$108,849, accrued interest payable (\$40,517), and the balance of accrued compensated absences (\$1,015,397) for the year.

Net position of governmental activities

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

SELF FUNDED INSURANCE FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
\$ 1,991,577	\$ 1,063,253	\$ 8,295,802
-	-	3,376,080
-	5,161	32,089
-	140,182	5,643,716
-	20,809	1,357,712
-	11,767	101,051
-	-	-
<u>\$ 1,991,577</u>	<u>\$ 1,241,172</u>	<u>\$ 18,806,450</u>

\$ -	\$ 80,322	\$ 1,527,638
-	49,017	736,926
-	985	32,089
-	-	1,138,930

-	130,324	3,435,583
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-	140,182	5,643,715
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-	11,767	101,051
-	688,730	5,086,802
1,991,577	164,853	2,156,430
-	105,316	954,970
-	-	1,427,899

<u>1,991,577</u>	<u>970,666</u>	<u>9,727,152</u>
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<u>\$ 1,991,577</u>	<u>\$ 1,241,172</u>
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40,007,002

(23,697,065)

\$ 26,037,089

FREMONT COUNTY, COLORADO

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

	GENERAL FUND	TRANSPORATION FUND	HUMAN SERVICES FUND	SALES AND USE FUND
REVENUES				
Taxes	\$ 7,648,889	\$ 341,450	\$ 1,242,101	\$ 1,176,215
Insurance Premiums	-	-	-	-
Intergovernmental	2,066,267	2,648,180	5,401,669	-
Licenses and Permits	428,541	-	-	-
Charges for Services	2,289,509	129,055	-	-
Interest Income	16,524	-	-	-
Miscellaneous	426,543	36,415	-	257,189
TOTAL REVENUES	<u>12,876,273</u>	<u>3,155,100</u>	<u>6,643,770</u>	<u>1,433,404</u>
EXPENDITURES				
Current				
General Government	4,977,971	-	-	233,940
Public Safety	6,438,817	-	-	-
Airport	-	-	-	-
Health and Welfare	-	-	6,706,359	-
Highways and Streets	47,324	3,370,866	-	-
Culture and Recreation	-	-	-	-
Intergovernmental	888,673	-	-	-
Capital Outlay	379,724	15,943	-	156,884
Bond Issue Costs	-	-	-	364,788
Debt Service				
Principal	71,171	-	-	985,000
Interest	8,133	-	-	1,147,483
TOTAL EXPENDITURES	<u>12,811,813</u>	<u>3,386,809</u>	<u>6,706,359</u>	<u>2,888,095</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>64,460</u>	<u>(231,709)</u>	<u>(62,589)</u>	<u>(1,454,691)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of Debt	-	-	-	5,546,151
Payments to Escrow Agent	-	-	-	(5,426,365)
Transfers In	152,845	83,925	-	431,388
Transfers Out	(603,029)	(86,328)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(450,184)</u>	<u>(2,403)</u>	<u>-</u>	<u>551,174</u>
NET CHANGE IN FUND BALANCES	(385,724)	(234,112)	(62,589)	(903,517)
FUND BALANCES, Beginning	1,933,708	1,018,247	(120,869)	4,761,589
Prior Period Adjustment	424,856	154,803	178,517	-
FUND BALANCES, Ending	<u>\$ 1,972,840</u>	<u>\$ 938,938</u>	<u>\$ (4,941)</u>	<u>\$ 3,858,072</u>

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

SELF FUNDED INSURANCE FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
\$ -	\$ 372,088	\$ 10,780,743
2,044,772	-	2,044,772
-	968,275	11,084,391
-	-	428,541
-	626,117	3,044,681
219	1,335	18,078
818,602	96,314	1,635,063
<u>2,863,593</u>	<u>2,064,129</u>	<u>29,036,269</u>
2,566,411	298,879	8,077,201
-	201,289	6,640,106
-	679,913	679,913
-	608,384	7,314,743
-	-	3,418,190
-	103,381	103,381
-	-	888,673
-	277,362	829,913
-	-	364,788
-	-	1,056,171
-	-	1,155,616
<u>2,566,411</u>	<u>2,169,208</u>	<u>30,528,695</u>
<u>297,182</u>	<u>(105,079)</u>	<u>(1,492,426)</u>
-	-	5,546,151
-	-	(5,426,365)
-	108,966	777,124
<u>(65,000)</u>	<u>(22,767)</u>	<u>(777,124)</u>
<u>(65,000)</u>	<u>86,199</u>	<u>119,786</u>
232,182	(18,880)	(1,372,640)
1,759,395	958,589	10,310,659
-	30,957	789,133
<u>\$ 1,991,577</u>	<u>\$ 970,666</u>	<u>\$ 9,727,152</u>

FREMONT COUNTY, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2012

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (1,372,640)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$2,833,141) exceeded capital additions \$1,153,168 and deletions (\$23,196) in the current period.	(1,703,169)
Debt proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.	(5,546,151)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This includes payments to escrow agent \$5,440,000, bond principal payments \$985,000, capital lease payments \$71,171, change in compensated absences (\$112,112), and change in accrued interest payable \$40,829.	<u>6,424,888</u>
Change in Net Position of Governmental Activities	<u>\$ (2,197,072)</u>

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

FREMONT COUNTY, COLORADO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
December 31, 2012

	<u>AGENCY FUND</u>
ASSETS	
Cash and Investments	<u>\$ 577,919</u>
LIABILITIES	
Due to Public Trustee	\$ 271,434
Due to Other Governments	<u>306,485</u>
TOTAL LIABILITIES	<u>\$ 577,919</u>

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

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Fremont County, Colorado (the County) is presented to assist in the understanding of the County's basic financial statements. The financial statements and notes are representations of the County's management, which is responsible for their integrity and objectivity. These accounting policies conform to the generally accepted accounting principles (GAAP) as applied to government units, and have been consistently applied in preparation of the financial statements. The Government Accounting Standards Board (GASB) is the standard-setting body that establishes governmental accounting and financial reporting principles. The following is a summary of the County's significant policies.

Organization

The County operates under the regulations pursuant to the Colorado Revised Statutes that designates a Board of County Commissioners to act as the governing authority. The County provides the following services: public safety (sheriff) highways and streets, sanitation, health and social services, parks and recreation, public improvements, planning and zoning, and general administrative services.

Reporting Entity

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

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

Based on these considerations, the following entities have been included in the County financial statements:

Elected Officials

All financial transactions of the offices of elected officials of Fremont County (Assessor, Clerk and Recorder, Coroner, District Attorney, Sheriff, and Treasurer) are recorded in the General Fund. The Board of County Commissioners has budgetary authority over elected officials and is accountable for all fiscal matters.

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Fremont County Public Trustee

Title 38, Article 37 of the 1976 Colorado Revised Statutes (CRS), as amended, governs the Fremont County Public Trustee. Amounts in excess of required reserves are paid to the County. Under Title 29-1, Section 602, Subpart 5 of CRS, effective January 1, 1990, the Office of the Public Trustee was deemed a part of the County for financial reporting purposes. The Fremont County Public Trustee is reported as a blended component unit and is recorded as an agency fund in the County's basic financial statements. The Public Trustee issues separate financial statements that may be obtained from the Public Trustee, located at 625 Macon, Canon City, Colorado 81212.

Fremont County Finance Corporation (FCFC)

The Fremont County Finance Corporation was formed in 1985 as a not-for-profit corporation under Section 501(C)(4) of the Internal Revenue Code, and exists solely to finance the construction of various County facilities including the criminal justice facility and the social services building. FCFC is reported as a blended component unit in the County's general-purpose financial statements. The underlying notes of participation are reported in the government-wide statement of net position and payments made on the debt, and investments used to service the debt, are reflected in the County's Sales and Use Tax Capital Improvements Fund. The fixed assets of FCFC are also reported in the County's government-wide statement of net position.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) present financial information of the County as a whole. The reporting information includes all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Governmental activities normally are supported by taxes and intergovernmental revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by recipients of goods or services offered by programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The fiduciary funds are presented separately. The County does not have any proprietary funds.

The County reports the following major governmental funds:

General Fund – This fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. This fund includes the activities of funds that are maintained separately by the County for internal purposes but are combined in these financial statements for reporting purposes because the expenditures and/or revenues for those separate funds are dependent upon or transfers to or from the general fund. These separate funds include the following: sheriff, capital expenditures, payment in lieu of taxes, waste disposal, and public building and maintenance funds.

Human Services – accounts for intergovernmental and grants received for public assistance programs.

Department of Transportation – accounts for the construction and maintenance of the County's roads and bridges.

Sales and Use Tax – accounts for a portion of revenues from sales and use taxes that are restricted to capital outlay. This fund is also used to account for the activities related to the repayment of the certificates of participation. This fund also includes the Fremont County Finance Corporation's revenues, expenses, and fund balance.

Self-Funded Insurance Fund – Accounts for medical, dental , and visual benefits for eligible employees and dependents.

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds. The resulting receivables and payable are classified on the balance sheet as “due from other funds” and “due to other funds”, because they are short-term in nature.

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Inventory

Inventory of the County consists of consumable supplies in the Road and Bridge, Airport and Weed Control funds. Inventory is stated at the lower of cost or fair value using the first-in, first-out method. Inventory purchases are recorded as expenditures at the time the individual inventory items are purchased and adjusted to inventory at year-end based on a physical count. Reported inventories are equally offset by a fund balance reserve that indicates that they do not constitute “available spendable resources: even though they are a component of net current assets.

Capital Assets

Capital assets, which include property, equipment, and infrastructure, are reported in the government-wide financial statements. All capital assets are valued at historical cost. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

For buildings and equipment assets capitalized have an original cost of \$5,000 or more and more than a one year useful life. Infrastructure assets are capitalized if the cost is greater than \$25,000. Depreciation has been calculated on each class of depreciable property using the straight line method. Estimated useful lives are as follows:

Buildings	20 - 50 years
Improvements	5 - 30 years
Equipment	3 - 10 years
Infrastructure	7 - 50 years

Accrued Compensated Absences

Employees may earn up to a maximum of forty-eight days accrued vacation. At termination, employees are paid for any accumulated vacation leave. The total accrued liability for compensated absences for governmental funds has been recorded in the applicable individual funds.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The government-wide financial statements, utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets includes the County's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The County typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

Fund Balances

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

- *Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified Inventories, and Prepaid Items as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Department of Transportation Fund - Inventory	\$89,284
Weed Fund – Inventory	<u>11,767</u>
Total Nonspendable Funds	<u>\$101,051</u>

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

- *Restricted* – This classification includes amounts restricted for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

General Fund – Emergency Reserves (TABOR)	\$540,000
Sales & Use Tax Fund – Debt Reserve	3,688,477
Sales & Use Tax Fund – Capital Outlay	169,595
Gaming Impact Fund – Gaming Impact	1,612
Conservation Trust Fund – Parks and Recreation	427,859
Restricted Fund – Capital Expenses	<u>259,259</u>
Total Restricted Funds	<u><u>\$5,086,802</u></u>

- *Committed* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of County Commissioners. These amounts cannot be used for any other purpose unless the Board of County Commissioners removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Self-Insurance Fund – Self Insurance	\$1,991,577
Lodging Tax Fund – Advertising	34,812
Airport Fund - Airport	128,277
Weed Control Fund – Weed Department	<u>1,764</u>
Total Committed Funds	<u><u>\$2,156,430</u></u>

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

- *Assigned* - This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of County Commissioners or through the Board of County Commissioners delegating this responsibility to another individual through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Department of Transportation	849,654
Department of Health Fund	<u>105,316</u>
Total Assigned Funds	<u><u>\$954,970</u></u>

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

General Fund	\$1,432,840
Human Services Fund	<u>(4,941)</u>
Total Unassigned Funds	<u><u>\$1,427,899</u></u>

Deferred Outflows/Inflows of Resources

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

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

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Revenue Recognition

Property attach as an enforceable lien on property as of January 1. Taxes are levied December 15 and are due and payable in full by April 30 or in two equal installments due February 28 and June 15 of the ensuing year. Since these taxes are not normally available to the County until 2013, a receivable and related deferred revenue is recorded at December 31, 2012.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The budgets of the County have been prepared in conformity with generally accepted accounting principles similar to that basis on which the governmental fund statements have been prepared.

The County adheres to the following procedures in establishing budgeting data reflected in the financial statements:

1. Budgets are required pursuant to Colorado Revised Statutes (CRS) for all funds. During September, the County Budget Officer assembles the prospective budgets for the ensuing year from each elected official and department head.
2. Public hearings are held to obtain taxpayer comment.
3. Prior to December 31, the budget is adopted by formal resolution.
4. Expenditures may not legally exceed appropriations for funds. However, the Board of County Commissioners may amend the budget through use of a supplemental appropriation process pursuant to CRS.

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budget

During the year the County amended the budgets of the various funds as follows:

Fund	Original Budget	Budget Amendment	Amended Budget
General	\$ 11,112,623	\$ 981,225	\$ 12,093,848
Restricted Fund	62,600	401,298	463,898
Sheriff	5,471,868	-	5,471,868
Department of Transportation	3,813,824	-	3,813,824
Human Services	7,805,988	-	7,805,988
Waste Disposal	89,900	90,000	179,900
Airport	798,798	-	798,798
Capital Expenditures	406,294	-	406,294
Public Building and Maintenance	50,000	-	50,000
Sales & Use Tax	2,099,631	-	2,099,631
Payment in Lieu of Taxes	1,154,200	-	1,154,200
Conservation Trust	102,000	-	102,000
Weed Fund	292,146	-	292,146
Lodging Tax Fund	142,973	-	142,973
Department of Health Fund	586,219	50,192	636,411
Self-Funded Group Insurance	2,229,876	585,266	2,815,142

As discussed above, these are the funds that the County budgets. However for financial statement presentation the following funds have been consolidated in the General Fund: Sheriff, Capital Expenditures, Payment in Lieu of Taxes, Waste Disposal, and Public Building and Maintenance Funds.

State Compliance

At December 31, 2012 actual expenditures exceeded budgeted amounts by \$788,464 in the Sales & Use Tax Fund, by \$181,244 in the Airport Fund, and by \$1,381 in the Conservation Trust Fund. This may be a violation of state statute.

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 3: CASH AND INVESTMENTS

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

Petty Cash	1,820
Deposits	8,731,234
Investments	<u>3,516,747</u>
Total	<u>12,249,801</u>
Reported in Governmental Activities	11,671,882
Reported in Agency Fund	<u>577,919</u>
Total	<u>12,249,801</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2012, State regulatory commissioners have indicated that all financial institutions holding deposits for the County are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

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

At December 31, 2012, the County had deposits with financial institutions with a carrying amount of \$8,731,234. The bank balances with the financial institutions were \$8,977,654. Of these balances, \$500,000 was covered by federal depository insurance and \$8,481,104 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments

At December 31, 2012, the County had the following investments:

ColoTrust	\$146,992
US Treasury Obligations	1,320,685
Commercial Paper	<u>2,049,070</u>
Total	<u>\$3,516,747</u>

Investment Interest Rate Risk

The County has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The County has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Direct obligations of the U.S. Government, its agencies, and instrumentalities to which the full faith and credit of the U.S. Government is pledged or obligations to the payment of which the full faith and credit of the State is pledged;
2. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out of state financial institutions;
3. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations;
4. Town, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money; or bond or revenue anticipation notes of public trusts whose beneficiary is a town, municipality, or school district;
5. Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association; and
6. Money market funds regulated by the Securities and Exchange Commission in which investments consist of the investments in 1, 2, 3, and 4 above.

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 3: CASH AND INVESTMENTS (Continued)

Concentrations of Investment Credit Risk

The County places no limit on the amount it may invest in any one issuer.

The County invests excess funds under the prudent investor rule. Criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; and 3) yield

The County's investment policy controls credit risk by limiting its investments to those allowed by Colorado statutes. Historically, however, the County has only invested in US Treasuries. As of December 31, 2012, the County had investments in First American Treasury, Ford Commercial Paper, Federated Treasury Obligations, and State and Local Government Bonds. All are rated AAAM by Standard and Poor's and Aaa- by Moody's Investor Services.

The County had invested \$146,992 in the Colorado Government Liquid Asset Trust (ColoTrust); an investment vehicle established for local government entities in Colorado to pool surplus funds and is registered with the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. ColoTrust is rated AAAM by Standard and Poor's.

Restricted Cash and Investments

Cash and investments have been restricted in the Sales and Use Tax Fund for the repayment of debt in the amount of \$3,369,755. Restricted cash in the Human Services Fund is in an account held in trust for others in the amount of \$6,325.

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 4: INTERFUND BALANCES AND TRANSFERS

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Department of Human Services	\$ 6,126
Department of Transportation	General Fund	9,294
Airport Fund	General Fund	178
Airport Fund	Department of Health Fund	289
Sales & Use Tax Fund	General Fund	11,508
Conservation Trust Fund	General Fund	2,002
Conservation Trust Fund	Weed Fund	696
Weed Fund	General Fund	408
Restricted Fund	General Fund	<u>1,588</u>
Total		<u>\$ 32,089</u>

At December 31, 2012, these amounts are owed between funds due to timing differences related to receipts and disbursements into and out of the General Fund not being transferred from the funds in the same accounting period the underlying revenue or expenditure was recorded.

<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>	<u>Amount</u>
General Fund	Self-Funded Insurance	\$ 65,000
General Fund	Airport Fund	1,517
Department of Transportation	Airport Fund	21,250
General Fund	Department of Transportation	86,328
Department of Transportation	General Fund	62,675
Weed Fund	General Fund	37,827
Department of Health	General Fund	71,139
Sales & Use Tax Fund	General Fund	<u>431,388</u>
Total		<u>\$ 777,124</u>

The transfers to the General Fund are for reimbursements of costs that were paid on behalf of other funds and for in-direct costs charged by the General Fund. Transfers from the General Fund are used to allocate property taxes and sales taxes collected.

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in general fixed assets:

Description	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 1,095,993	\$ 3,750	\$ -	\$ 1,099,743
Construction in Progress	1,890,918	-	(1,890,918)	-
Total Capital Assets, Not Being Depreciated	2,986,911	3,750	(1,890,918)	1,099,743
Capital Assets, Being Depreciated				
Buildings and Improvements	32,328,186	2,440,685	-	34,768,871
Equipment and Furniture	8,437,921	173,603	(92,952)	8,518,572
Infrastructure	82,386,948	426,048	-	82,812,996
Total Capital Assets, Being Depreciated	123,153,055	3,040,336	(92,952)	126,100,439
Less Accumulated Depreciation for				
Buildings and Improvements	13,963,032	812,055	-	14,775,087
Equipment and Furniture	6,206,424	468,549	(69,756)	6,605,217
Infrastructure	64,260,339	1,552,537	-	65,812,876
Total Accumulated Depreciation	84,429,795	2,833,141	(69,756)	87,193,180
Total Capital Assets, Being Depreciated, Net	38,723,260	207,195	(23,196)	38,907,259
Governmental Activities Capital Assets, Net	41,710,171	210,945	(1,914,114)	40,007,002

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 5: CAPITAL ASSETS (Continued)

The following schedule summarizes depreciation expense by function:

<u>Description</u>	<u>Amount</u>
Highways & Roads	\$ 1,869,406
General Government	210,226
Airport	118,296
Sheriff	331,674
Other Public Safety	203,115
Culture & Recreation	44,537
Health & Welfare	55,887
	<hr/>
Total	<u>\$ 2,833,141</u>

NOTE 6: LONG-TERM DEBT

Changes in Long-term Debt

The following is a summary of changes in general long-term debt for the year ended December 31, 2012:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Certificates of Participation 2003A	17,680,000	-	6,115,000	11,565,000	735,000
Certificates of Participation 2010	5,840,000	-	310,000	5,530,000	355,000
Certificates of Participation 2012	-	5,655,000	-	5,655,000	-
2012 Discount	-	(108,849)	-	(108,849)	-
Compensated Absences	903,285	112,112		1,015,397	-
Capital Leases	71,171	-	71,171	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Governmental Activities	24,494,456	5,658,263	6,496,171	23,656,548	1,090,000

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 6: LONG-TERM DEBT(Continued)

Certificates of Participation

Certificates of participation series 2003A dated July 1, 2003. Maturing each December 1 from 2009 through 2026. Interest rates vary from 3.0% to 4.77%. Interest due each June 1 and December 1.

Certificates of participation series 2010 dated April 13, 2010. Maturing each December 15 from 2010 through 2028. Interest rates vary from 2.5% to 4.875%.

Certificates of participation series 2012 dated September 12, 2012. Maturing each December 15 from 2027 through 2031. Interest rates vary from 3.375% to 3.5%.

Principal and payments to maturity on the certificates of participation are as follows:

<u>Year Ended</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2013	1,090,000	972,413	2,062,413
2014	925,000	943,388	1,868,388
2015	1,000,000	912,313	1,912,313
2016	1,075,000	876,613	1,951,613
2017	1,130,000	835,526	1,965,526
2018-2022	5,855,000	3,388,616	9,243,616
2023-2027	6,950,000	1,761,702	8,711,702
2028-2031	<u>4,725,000</u>	<u>416,282</u>	<u>5,141,282</u>
Total	<u>\$ 22,750,000</u>	<u>\$10,106,853</u>	<u>\$ 32,856,853</u>

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 7: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to obtain insurance coverage at a cost which it considered to be economically justifiable, the County became a member of Colorado Counties, Inc. which had previously served as the administrator of the following self-funded public entity insurance pools:

Colorado Counties Casualty and Property Pool (CCCPP)

CCCPP was formed on July 1, 1986 by an intergovernmental agreement among member counties of Colorado Counties, Inc. The purpose of the pool is to provide a risk management fund for defined property and casualty coverage of the member counties. The County pays an annual contribution to CAPP for its property and casualty insurance coverage. The intergovernmental agreement of formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

County Workers' Compensation Pool (CWCP)

CWCP was formed on January 1, 1985 by an intergovernmental agreement among member counties of Colorado Counties, Inc. The purpose of the joint venture is to provide a joint workers' compensation pool for employees of the member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for members' claims in excess of specified self-insured retention, which is determined each policy year.

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 7: RISK MANAGEMENT (Continued)

Health Insurance Fund

All funds that have employees enrolled in the County Insurance Plan are required to make payments in the County Health Insurance Fund. Under this plan the County self-insures employee health claims up to \$55,000 per participant. The County purchases commercial insurance for claims in excess of \$55,000. Changes in the Fund's claims liability amount for the last 3 years were:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Claims</u>	<u>Claims Paid</u>	<u>Balance End of Year</u>
2010	\$ -	\$ 2,058,940	\$ 1,881,485	\$ 177,455
2011	177,455	1,720,809	1,774,516	\$ 123,748
2012	123,748	1,939,009	2,047,569	\$ 15,188

NOTE 8: EMPLOYEE BENEFITS

Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen non-reimbursed emergency.

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 8: EMPLOYEE BENEFITS (Continued)

Retirement Plan

County employees are members of the Colorado Counties Officials and Employee Retirement Association (CCOERA). The CCOERA administers a multiple-employer defined contribution plan. The Plan's purpose is to provide benefits to its members and their dependents at retirement. Employees' rights vest in employer contributions and in the earnings, losses, and changes in fair market value of the Plan assets after 5 years of service credit.

In 2012 the County matched 3% of eligible payroll. Employee contributions must match employer contributions and are funded on a current basis. Total payroll for the County was \$10,763,510 of which \$9,369,493 was eligible. Total contributions to the plan by the County in 2012 were \$281,084.

Net earnings or losses are allocated quarterly to the Plan participants. The allocation is based on each participant's balance as of the beginning of that quarter. Participants receiving benefit payments upon retirement or termination, are allocated earnings through the date of the distribution.

As of June 30, 2012, the Plan's assets did not include any Fremont County securities or loans.

Vacation and Sick Leave

Employees are paid for unused vacation time accumulated prior to termination, provided that the unused annual leave does not exceed the amount that could be accrued in a 24-month period based on the employees' current accrual rate. The County does not pay for any accumulated sick leave.

Health Insurance

The County provides a group health insurance program consisting of medical coverage for all regular employees. The County contributes between 75% and 91% of the cost for regular full-time employees, depending on which plan the employee signs up for. The County has set up a self-insurance plan for the employee's health insurance. The County contracts with Meritain to provide the administration and operation of the plan.

Under the plan the County is self-insured for the first \$55,000 in claims per participant per year. For amounts in excess of \$55,000 the County has purchased insurance coverage.

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 8: EMPLOYEE BENEFITS (Continued)

Life Insurance

The County funds the total cost of a life insurance program that insures each regular County employee for \$10,000. The program also provides spousal coverage of \$5,000, and dependent coverage of \$2,000 for dependents between the age of six months and 23 years old.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Emergency Telephone Service Authority (ETSA – 911)

EGSA – 911 was established in 1989 to provide and administer emergency telephone service to Canon City, Florence, and all surrounding communities within the County. The County is financially responsible for certain operating costs incurred by ETSA; however, it does not have an equity interest at this time. ETSA prepared separate financial statements which are available through the County's Finance Office. The ETSA is not reported in the County's financial statements.

It was determined that the ETSA is a joint venture for the following reasons: (1) It was organized by an intergovernmental agreement between the County, City of Canon City, and City of Florence; and (2) the County retains an ongoing financial interest and financial responsibilities.

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The County believes it is in compliance with the amendment. However, the County has made certain interpretations of the amendment's language in order to determine its compliance.

The County has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2012, the emergency reserve of \$540,000 was recorded in the General Fund.

FREMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

Legal Matters

In the course of its operations the County becomes party to various legal proceedings. The County does not believe that any of the current legal proceedings, or potential proceedings which the County is aware of, will have a material adverse impact on the County's financial statements.

NOTE 10: PRIOR PERIOD ADJUSTMENTS

The beginning fund balances were adjusted in the General Fund by \$424,856, in the Transportation Fund by \$154,803, in the Human Services Fund by \$178,517, in the Airport Fund by \$11,986, and in the Department of Health Fund by \$18,971 to correct accounting for compensated absences in those funds.

The beginning net position balance in the statement of activities was decreased by \$21,436,733 to correct accumulated depreciation on infrastructure capital assets.

REQUIRED SUPPLEMENTARY INFORMATION

FREMONT COUNTY, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 7,549,171	\$ 7,549,171	\$ 7,648,889	\$ 99,718
Licenses and Permits	437,944	437,944	428,541	(9,403)
Intergovernmental	1,254,787	1,254,787	2,066,267	811,480
Charges for Services	2,369,852	2,369,852	2,289,509	(80,343)
Interest Income	46,392	46,392	16,524	(29,868)
Miscellaneous	272,918	272,918	426,543	153,625
TOTAL REVENUES	<u>11,931,064</u>	<u>11,931,064</u>	<u>12,876,273</u>	<u>945,209</u>
EXPENDITURES				
Current				
General Government	5,229,677	5,319,677	4,977,971	341,706
Public Safety	6,604,595	6,604,595	6,438,817	165,778
Health and Welfare	46,484	46,484	47,324	(840)
Intergovernmental	205,579	1,186,804	888,673	298,131
Capital Outlay	216,450	216,450	379,724	(163,274)
Debt Service				
Principal	79,304	79,304	71,171	8,133
Interest	-	-	8,133	(8,133)
TOTAL EXPENDITURES	<u>12,382,089</u>	<u>13,453,314</u>	<u>12,811,813</u>	<u>641,501</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(451,025)</u>	<u>(1,522,250)</u>	<u>64,460</u>	<u>1,586,710</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,352,016	1,352,016	152,845	(1,199,171)
Transfers Out	(1,686,829)	(1,686,829)	(603,029)	1,083,800
TOTAL OTHER FINANCING SOURCES (USES)	<u>(334,813)</u>	<u>(334,813)</u>	<u>(450,184)</u>	<u>(115,371)</u>
NET CHANGE IN FUND BALANCE	<u>(785,838)</u>	<u>(1,857,063)</u>	<u>(385,724)</u>	<u>1,471,339</u>
FUND BALANCE, Beginning	1,220,033	1,220,033	1,933,708	713,675
Prior Period Adjustment	-	-	424,856	424,856
FUND BALANCE, Ending	<u>\$ 434,195</u>	<u>\$ (637,030)</u>	<u>\$ 1,972,840</u>	<u>\$ 2,609,870</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

TRANSPORTATION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2012

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	\$ 343,113	\$ 341,450	\$ (1,663)
Charges for Services	206,800	129,055	(77,745)
Intergovernmental	2,666,382	2,648,180	(18,202)
Miscellaneous	-	36,415	36,415
TOTAL REVENUES	<u>3,216,295</u>	<u>3,155,100</u>	<u>(61,195)</u>
EXPENDITURES			
Highways and Streets	3,664,332	3,370,866	293,466
Capital Outlay	47,883	15,943	31,940
TOTAL EXPENDITURES	<u>3,712,215</u>	<u>3,386,809</u>	<u>325,406</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(495,920)</u>	<u>(231,709)</u>	<u>264,211</u>
OTHER FINANCING SOURCES			
Transfers In	83,250	83,925	675
Transfers Out	(101,609)	(86,328)	15,281
TOTAL OTHER FINANCING SOURCES	<u>(18,359)</u>	<u>(2,403)</u>	<u>15,956</u>
NET CHANGE IN FUND BALANCES	<u>(514,279)</u>	<u>(234,112)</u>	<u>280,167</u>
FUND BALANCES, Beginning	1,014,396	1,018,247	3,851
Prior Period Adjustment	-	154,803	154,803
FUND BALANCES, Ending	<u>\$ 500,117</u>	<u>\$ 938,938</u>	<u>\$ 438,821</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

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

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	\$ 1,235,572	\$ 1,242,101	\$ 6,529
Intergovernmental	6,428,807	5,401,669	(1,027,138)
TOTAL REVENUES	<u>7,664,379</u>	<u>6,643,770</u>	<u>(1,020,609)</u>
EXPENDITURES			
Health and Welfare	<u>7,805,988</u>	<u>6,706,359</u>	<u>1,099,629</u>
TOTAL EXPENDITURES	<u>7,805,988</u>	<u>6,706,359</u>	<u>1,099,629</u>
NET CHANGE IN FUND BALANCE	(141,609)	(62,589)	79,020
FUND BALANCE, Beginning	250,820	(120,869)	(371,689)
Prior Period Adjustment	<u>-</u>	<u>178,517</u>	<u>178,517</u>
FUND BALANCE, Ending	<u>\$ 109,211</u>	<u>\$ (4,941)</u>	<u>\$ (292,669)</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

SALES AND USE TAX FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2012

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	\$ 1,112,415	\$ 1,176,215	\$ 63,800
Miscellaneous	709,796	257,189	(452,607)
TOTAL REVENUES	<u>1,822,211</u>	<u>1,433,404</u>	<u>(388,807)</u>
EXPENDITURES			
General Government	16,824	233,940	(217,116)
Capital Outlay	-	156,884	(156,884)
Bond Issue Costs	-	364,788	(364,788)
Debt Service			
Principal	985,000	985,000	-
Interest	1,097,807	1,147,483	(49,676)
TOTAL EXPENDITURES	<u>2,099,631</u>	<u>2,888,095</u>	<u>(788,464)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(277,420)</u>	<u>(1,454,691)</u>	<u>(1,177,271)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	431,388	431,388	-
Proceeds from Issuance of Debt	-	5,546,151	5,546,151
Payments to Escrow Agent	-	(5,426,365)	(5,426,365)
TOTAL OTHER FINANCING SOURCES (USES)	<u>431,388</u>	<u>551,174</u>	<u>119,786</u>
NET CHANGE IN FUND BALANCE	153,968	(903,517)	(1,057,485)
FUND BALANCE, Beginning	<u>333,019</u>	<u>4,761,589</u>	<u>4,428,570</u>
FUND BALANCE, Ending	<u>\$ 486,987</u>	<u>\$ 3,858,072</u>	<u>\$ 3,371,085</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

SELF FUNDED GROUP INSURANCE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Insurance Premiums	\$ 2,100,000	\$ 2,100,000	\$ 2,044,772	\$ (55,228)
Interest	5,000	5,000	219	(4,781)
Miscellaneous	-	-	818,602	818,602
TOTAL REVENUES	<u>2,105,000</u>	<u>2,105,000</u>	<u>2,863,593</u>	<u>758,593</u>
EXPENDITURES				
General Government	<u>2,164,876</u>	<u>2,750,142</u>	<u>2,566,411</u>	<u>183,731</u>
TOTAL EXPENDITURES	<u>2,164,876</u>	<u>2,750,142</u>	<u>2,566,411</u>	<u>183,731</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(59,876)</u>	<u>(645,142)</u>	<u>297,182</u>	<u>942,324</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(124,876)</u>	<u>(710,142)</u>	<u>232,182</u>	<u>942,324</u>
FUND BALANCE, Beginning	<u>1,798,861</u>	<u>1,798,861</u>	<u>1,759,395</u>	<u>(39,466)</u>
FUND BALANCE, Ending	<u>\$ 1,673,985</u>	<u>\$ 1,088,719</u>	<u>\$ 1,991,577</u>	<u>\$ 902,858</u>

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

FREMONT COUNTY, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 December 31, 2012

	COUNTY LODGING TAX FUND	AIRPORT FUND	GAMING IMPACT FUND	WEED CONTROL FUND
ASSETS				
Cash and Investments	\$ 41,503	\$ 165,807	\$ 1,612	\$ (2,984)
Due From Other Funds	-	467	-	408
Property Taxes Receivable	-	140,182	-	-
Accounts Receivable	-	533	-	18,892
Inventory	-	-	-	11,767
TOTAL ASSETS	<u>\$ 41,503</u>	<u>\$ 306,989</u>	<u>\$ 1,612</u>	<u>\$ 28,083</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 6,691	\$ 24,828	\$ -	\$ 6,837
Accrued Expenses	-	13,702	-	7,019
Due To Other Funds	-	-	-	696
TOTAL LIABILITIES	<u>6,691</u>	<u>38,530</u>	<u>-</u>	<u>14,552</u>
DEFERRED INFLOW OF RESOURCES				
Deferred Property Tax Revenue	-	140,182	-	-
FUND EQUITY				
Fund Balance				
Nonspendable	-	-	-	11,767
Restricted	-	-	1,612	-
Committed	34,812	128,277	-	1,764
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND EQUITY	<u>34,812</u>	<u>128,277</u>	<u>1,612</u>	<u>13,531</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	<u>\$ 41,503</u>	<u>\$ 306,989</u>	<u>\$ 1,612</u>	<u>\$ 28,083</u>

See the accompanying independent auditors' report.

CONSERVATION TRUST FUND	DEPARTMENT OF HEALTH FUND	RESTRICTED FUNDS FUND	TOTALS
\$ 427,840	\$ 165,521	\$ 263,954	\$ 1,063,253
2,698	-	1,588	5,161
-	-	-	140,182
91	1,221	72	20,809
-	-	-	11,767
<u>\$ 430,629</u>	<u>\$ 166,742</u>	<u>\$ 265,614</u>	<u>\$ 1,241,172</u>

\$ 2,665	\$ 32,946	\$ 6,355	\$ 80,322
105	28,191	-	49,017
-	289	-	985
<u>2,770</u>	<u>61,426</u>	<u>6,355</u>	<u>130,324</u>

-	-	-	140,182
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-	-	-	11,767
427,859	-	259,259	688,730
-	-	-	164,853
-	105,316	-	105,316
-	-	-	-

<u>427,859</u>	<u>105,316</u>	<u>259,259</u>	<u>970,666</u>
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<u>\$ 430,629</u>	<u>\$ 166,742</u>	<u>\$ 265,614</u>	<u>\$ 1,241,172</u>
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FREMONT COUNTY, COLORADO

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

	COUNTY LODGING TAX FUND	AIRPORT FUND	GAMING IMPACT FUND	WEED CONTROL FUND
REVENUES				
Taxes	\$ 136,264	\$ 155,509	\$ -	\$ 80,315
Intergovernmental	-	250,238	-	-
Charges for Services	-	499,913	-	83,966
Interest Income	-	-	-	-
Miscellaneous	-	13,189	-	-
TOTAL REVENUES	<u>136,264</u>	<u>918,849</u>	<u>-</u>	<u>164,281</u>
EXPENDITURES				
Current				
General Government	121,992	-	-	158,852
Public Safety	-	-	-	-
Airport	-	679,913	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	277,362	-	-
TOTAL EXPENDITURES	<u>121,992</u>	<u>957,275</u>	<u>-</u>	<u>158,852</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>14,272</u>	<u>(38,426)</u>	<u>-</u>	<u>5,429</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	37,827
Transfers Out	-	(22,767)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(22,767)</u>	<u>-</u>	<u>37,827</u>
NET CHANGE IN FUND BALANCES	14,272	(61,193)	-	43,256
FUND BALANCES, Beginning	20,540	177,484	1,612	(29,725)
Prior Period Adjustment	-	11,986	-	-
FUND BALANCES, Ending	<u>\$ 34,812</u>	<u>\$ 128,277</u>	<u>\$ 1,612</u>	<u>\$ 13,531</u>

See the accompanying independent auditors' report.

CONSERVATION TRUST FUND	DEPARTMENT OF HEALTH FUND	RESTRICTED FUNDS FUND	TOTALS
\$ -	\$ -	\$ -	\$ 372,088
178,715	380,853	158,469	968,275
-	42,238	-	626,117
1,335	-	-	1,335
-	1,341	81,784	96,314
<u>180,050</u>	<u>424,432</u>	<u>240,253</u>	<u>2,064,129</u>
-	-	18,035	298,879
-	-	201,289	201,289
-	-	-	679,913
-	608,384	-	608,384
103,381	-	-	103,381
-	-	-	277,362
<u>103,381</u>	<u>608,384</u>	<u>219,324</u>	<u>2,169,208</u>
<u>76,669</u>	<u>(183,952)</u>	<u>20,929</u>	<u>(105,079)</u>
-	71,139	-	108,966
-	-	-	(22,767)
<u>-</u>	<u>71,139</u>	<u>-</u>	<u>86,199</u>
76,669	(112,813)	20,929	(18,880)
351,190	199,158	238,330	958,589
-	18,971	-	30,957
<u>\$ 427,859</u>	<u>\$ 105,316</u>	<u>\$ 259,259</u>	<u>\$ 970,666</u>

FREMONT COUNTY, COLORADO

COUNTY LODGING TAX FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2012

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	\$ 128,250	\$ 136,264	\$ 8,014
Intergovernmental	10,000	-	(10,000)
Miscellaneous	5,000	-	(5,000)
TOTAL REVENUES	<u>143,250</u>	<u>136,264</u>	<u>(6,986)</u>
EXPENDITURES			
General Government	<u>142,973</u>	<u>121,992</u>	<u>20,981</u>
TOTAL EXPENDITURES	<u>142,973</u>	<u>121,992</u>	<u>20,981</u>
NET CHANGE IN FUND BALANCES	277	14,272	13,995
FUND BALANCES, Beginning	<u>21,117</u>	<u>20,540</u>	<u>(577)</u>
FUND BALANCES, Ending	<u>\$ 21,394</u>	<u>\$ 34,812</u>	<u>\$ 13,418</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

AIRPORT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2012

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	\$ 152,713	\$ 155,509	\$ 2,796
Intergovernmental	245,000	250,238	5,238
Charges for Services	426,429	499,913	73,484
Interest Income	-	-	-
Miscellaneous	6,000	13,189	7,189
TOTAL REVENUES	<u>830,142</u>	<u>918,849</u>	<u>88,707</u>
EXPENDITURES			
Airport	526,031	679,913	(153,882)
Capital Outlay	250,000	277,362	(27,362)
TOTAL EXPENDITURES	<u>776,031</u>	<u>957,275</u>	<u>(181,244)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>54,111</u>	<u>(38,426)</u>	<u>(92,537)</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(22,767)</u>	<u>(22,767)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(22,767)</u>	<u>(22,767)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	31,344	(61,193)	(92,537)
FUND BALANCES, Beginning	171,862	177,484	5,622
Prior Period Adjustment	<u>-</u>	<u>11,986</u>	<u>11,986</u>
FUND BALANCES, Ending	<u>\$ 203,206</u>	<u>\$ 128,277</u>	<u>\$ (74,929)</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

WEED CONTROL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2012

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 83,000	\$ 80,315	\$ (2,685)
Charges for Services	199,000	83,966	(115,034)
Interest Income	-	-	-
TOTAL REVENUES	<u>282,000</u>	<u>164,281</u>	<u>(117,719)</u>
EXPENDITURES			
Public Safety	<u>291,646</u>	<u>158,852</u>	<u>132,794</u>
TOTAL EXPENDITURES	<u>291,646</u>	<u>158,852</u>	<u>132,794</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,646)</u>	<u>5,429</u>	<u>15,075</u>
OTHER FINANCING SOURCES			
Transfers In	<u>14,102</u>	<u>37,827</u>	<u>23,725</u>
TOTAL OTHER FINANCING SOURCES	<u>14,102</u>	<u>37,827</u>	<u>23,725</u>
NET CHANGE IN FUND BALANCES	4,456	43,256	38,800
FUND BALANCES, Beginning	<u>4,814</u>	<u>(29,725)</u>	<u>(34,539)</u>
FUND BALANCES, Ending	<u>\$ 9,270</u>	<u>\$ 13,531</u>	<u>\$ 4,261</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

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

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 162,500	\$ 178,715	\$ 16,215
Interest Income	-	1,335	1,335
TOTAL REVENUES	<u>162,500</u>	<u>180,050</u>	<u>17,550</u>
EXPENDITURES			
Culture and Recreation	<u>102,000</u>	<u>103,381</u>	<u>(1,381)</u>
TOTAL EXPENDITURES	<u>102,000</u>	<u>103,381</u>	<u>(1,381)</u>
NET CHANGE IN FUND BALANCE	60,500	76,669	16,169
FUND BALANCE, Beginning	<u>354,869</u>	<u>351,190</u>	<u>(3,679)</u>
FUND BALANCE, Ending	<u>\$ 415,369</u>	<u>\$ 427,859</u>	<u>\$ 12,490</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO
DEPARTMENT OF HEALTH FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental	\$ 420,484	\$ 420,484	\$ 380,853	\$ (39,631)
Charges for Services	50,000	50,000	42,238	(7,762)
Miscellaneous	-	-	1,341	1,341
	<u>470,484</u>	<u>470,484</u>	<u>424,432</u>	<u>(46,052)</u>
TOTAL REVENUES				
EXPENDITURES				
Health and Welfare	586,219	636,411	608,384	28,027
	<u>586,219</u>	<u>636,411</u>	<u>608,384</u>	<u>28,027</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(115,735)</u>	<u>(165,927)</u>	<u>(183,952)</u>	<u>(18,025)</u>
OTHER FINANCING SOURCES				
Transfers In	71,139	71,139	71,139	-
	<u>71,139</u>	<u>71,139</u>	<u>71,139</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES				
NET CHANGE IN FUND BALANCES	(44,596)	(94,788)	(112,813)	(18,025)
FUND BALANCES, Beginning	186,266	186,266	199,158	12,892
Prior Period Adjustment	-	-	18,971	18,971
FUND BALANCES, Ending	<u>\$ 141,670</u>	<u>\$ 91,478</u>	<u>\$ 105,316</u>	<u>\$ 13,838</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

RESTRICTED FUNDS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 401,298	\$ 158,469	\$ (242,829)
Other Revenue	62,600	62,600	81,784	19,184
TOTAL REVENUES	62,600	463,898	240,253	(223,645)
EXPENDITURES				
General Government	62,600	62,600	18,035	44,565
Public Safety	-	401,298	201,289	200,009
TOTAL EXPENDITURES	62,600	463,898	219,324	244,574
NET CHANGE IN FUND BALANCE	-	-	20,929	20,929
FUND BALANCE, Beginning	-	-	238,330	238,330
FUND BALANCE, Ending	\$ -	\$ -	\$ 259,259	\$ 259,259

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

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

	<u>PUBLIC</u> <u>TRUSTEE</u>	<u>OTHER</u> <u>GOVERNMENTS</u>	<u>TOTAL</u>
ASSETS			
Cash and Investments	\$ 271,434	\$ 306,485	\$ 577,919
TOTAL ASSETS	<u>\$ 271,434</u>	<u>\$ 306,485</u>	<u>\$ 577,919</u>
LIABILITIES			
Due to Public Trustee	\$ 271,434	\$ -	\$ 271,434
Due to Other Governments	<u>-</u>	<u>306,485</u>	<u>306,485</u>
TOTAL LIABILITIES	<u>\$ 271,434</u>	<u>\$ 306,485</u>	<u>\$ 577,919</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

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

	<u>BALANCE</u> 12/31/2011	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> 12/31/2012
ASSETS				
Cash and Investments				
Public Trustee	\$ 286,483	\$ 926,301	\$ 941,350	\$ 271,434
Other Governments	<u>(534,444)</u>	<u>30,146,379</u>	<u>29,305,450</u>	<u>306,485</u>
 TOTAL ASSETS	 <u>\$ (247,961)</u>	 <u>\$ 31,072,680</u>	 <u>\$ 30,246,800</u>	 <u>\$ 577,919</u>
LIABILITIES				
Due to Public Trustee	286,483	926,301	941,350	271,434
Due to Other Governments	<u>(534,444)</u>	<u>30,146,379</u>	<u>29,305,450</u>	<u>306,485</u>
 TOTAL LIABILITIES	 <u>\$ (247,961)</u>	 <u>\$ 31,072,680</u>	 <u>\$ 30,246,800</u>	 <u>\$ 577,919</u>

See the accompanying independent auditors' report.

COMPLIANCE



JOHN CUTLER & ASSOCIATES

To The Board of County Commissioners
Fremont County, Colorado

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont County, Colorado as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Fremont County, Colorado's basic financial statements, and have issued our report thereon dated September 16, 2013.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

John Luttrell & Associates, LLC

September 16, 2013



JOHN CUTLER & ASSOCIATES

To The Board of County Commissioners
Fremont County, Colorado

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fremont County, Colorado's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fremont County, Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Fremont County, Colorado is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fremont County, Colorado's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fremont County, Colorado's internal control over compliance.

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

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

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

John Luthr & Associates, LLC

September 16, 2013

FREMONT COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

Summary of Auditors- Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes x no
- Significant deficiencies identified? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes x no

Identification of major program:

- 93.568 Low Income Home Energy Assistance
- 93.558 Temporary Aid for Needy Families
- 93.714 Temporary Aid for Needy Families – ARRA
- 14.228 Community Development Block Grant

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

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

Findings Related to Financial Statements

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

Findings and Questioned Costs for Federal Awards

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

FREMONT COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012

	<u>Major Program ?</u>	<u>CDFA #</u>	<u>Total Expenditures</u>
U.S. Department of Health and Human Services			
Passed through the Colorado Department Of Health and Human Services			
Low Income Home Energy Assistance	Yes	93.568	\$ 902,214
Temporary Aid for Needy Families	Yes	93.558	1,958,530
Temporary Aid for Needy Families - ARRA	Yes	93.714	33,530
Child Support Enforcement	No	93.563	288,806
Child Card Development Block Grant	No	93.575	93,236
Child Care Mandatory Matching Funds	No	93.596	261,400
Child Welfare Services	No	93.645	70,497
Title IV-E Foster Care	No	93.658	562,652
Title IV-E Adoption	No	93.659	218,241
Social Services Block Grant	No	93.667	259,723
Healthy Communities	No	93.UKN	14,575
Foster Care Independence Program	No	93.674	75,910
Promoting Safe and Stable Families	No	93.556	67,839
Passed through the Colorado Department Of Health Care Policy and Financing			
Medical Assistance Program	No	93.778	316,128
Passed through the Colorado Department Of Public Health and Environment			
Healthy Immunizations	No	93.268	27,202
Public Health Emergency Preparedness	No	93.069	<u>40,124</u>
Total U.S. Department of Health and Human Services			<u>5,190,607</u>
U.S. Department of Agriculture			
Passed through the Colorado Department of Health and Human Services			
Nutrition Assistance Program	No	10.561	552,276
Passed through the Colorado Department of Treasury			
Roads and Schools - Grants to States	No	10.665	<u>158,469</u>
Total U.S. Department of Agriculture			<u>710,745</u>
U.S. Department of Transportation			
Passed through the Colorado Department of Transportation			
Airport Improvement Program	No	20.106	<u>56,756</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2012

(Continued)

	<u>Major Program ?</u>	<u>CDFA #</u>	<u>Total Expenditures</u>
U.S. Department of Homeland Security			
Passed through the Colorado Division of Emergency Management Homeland Security Grant Program	No	97.067	<u>93,508</u>
U.S. Department of Housing and Urban Development			
Passed through the Colorado Department of Local Affairs Community Development Block Grant	Yes	14.228	<u>645,895</u>
U.S. Department of Justice			
Passed through the Colorado Division of Criminal Justice Crime Victim Assistance	No	16.575	<u>33,409</u>
Total Federal Financial Assistance			<u><u>\$ 6,730,920</u></u>

NOTES

1. Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the purpose financial statements.

See the accompanying independent auditors' report.

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Fremont County
	YEAR ENDING : December 2012
This Information From The Records Of : County of Fremont	Prepared By: Sunny Bryant, Finance Officer Phone: 719-276-7351

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)	298,491
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,847,098
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	83,925	b. Snow and ice removal	13,007
3. Other local imposts (from page 2)	341,450	c. Other	
4. Miscellaneous local receipts (from page 2)	168,584	d. Total (a. through c.)	13,007
5. Transfers from toll facilities		4. General administration & miscellaneous	321,533
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	3,480,128
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)	593,958	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,586,716	2. Notes:	
D. Receipts from Federal Government (from page 2)	58,350	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,239,024	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)	3,480,128

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
	1,018,249	3,239,024	3,480,128	777,145	0

Notes and Comments:

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	298,343	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	72,214
5. Specific Ownership &/or Other	43,107	g. Other Misc. Receipts	40,276
6. Total (1. through 5.)	43,107	h. Other - Cablevision Franchise Fees	56,094
c. Total (a. + b.)	341,450	i. Total (a. through h.)	168,584
	(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	2,477,090	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	58,350
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	109,626	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	109,626	g. Total (a. through f.)	58,350
4. Total (1. + 2. + 3.f)	2,586,716	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		298,491	298,491
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	298,491	298,491
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	298,491	298,491
			(Carry forward to page 1)

Notes and Comments: