



ARAPAHOE COUNTY COLORADO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED
DECEMBER 31
2012

Department of Finance
5334 South Prince Street
Littleton, Colorado 80120-1136
www.arapahoegov.com



ARAPAHOE COUNTY
COLORADO'S FIRST

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2012 CAFR ACKNOWLEDGEMENTS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Board of County Commissioners
 Nancy A. Doty.....District 1, Chair Pro Tem
 Nancy N. Sharpe District 2
 Rod Bockenfeld..... District 3, Chair
 Nancy Jackson District 4
 Bill L. Holen..... District 5

Elected Officials
 Matt Crane.....Clerk and Recorder
 Corbin Sakdol..... Assessor
 Sue Sandstrom..... Treasurer
 Dr. Michael Dobersen Coroner
 George Brauchler District Attorney
 J. Grayson Robinson Sheriff

FINANCE DEPARTMENT
 Janet J. Kennedy, CPA Finance Director
 Steve Oliver, CPA.....Accounting Manager
 Lynn Obremski, CPA.....Senior Accountant
 Dennis Palamet, Retired CPA Accountant II
 Erik Burge Accountant II
 Loren Kohler Accountant II
 Sandra Gronquist..... Accountant II
 Tammy Smith..... Accounting Coordinator
 Zada Cunningham Sales Tax Analyst
 Ann Jagow SAP Functional Administrator
 Debbie McCarty SAP Functional Administrator
 Jon Rajewich..... SAP Functional Administrator
 Mary Lokatys Office Manager

COMMUNICATION SERVICES
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ARAPAHOE COUNTY
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**ARAPAHOE COUNTY, COLORADO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2012**

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5334 South Prince Street
Littleton, Colorado 80120-1136
Phone: 303-795-4620
Fax: 303-738-7929
www.arapahoegov.com
finance@arapahoegov.com

June 18, 2013

JANET J. KENNEDY, CPA
Director

To the Board of County Commissioners and to the
Citizens of Arapahoe County, Colorado:

Colorado state law requires that every general purpose local government publish a complete set of audited financial statements. This report is published and hereby submitted to fulfill that requirement for the year ended 12/31/2012.

This report includes information on the financial activities of Arapahoe County (hereafter referred to as the County). Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position of the County as a whole and its various funds. All required disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Arapahoe County financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Arapahoe County present fairly, in all material respects, the financial position of the County. The independent auditors have issued an unqualified ("clean") opinion on Arapahoe County's financial statements for the year ended December 31, 2012. The independent auditors' report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of Arapahoe County

Arapahoe County, incorporated in 1902, is located in the north central part of the State. The County is located in the southeastern portion of the Denver metropolitan area and covers approximately 850 square miles. Arapahoe County, with the county seat located in the City of Littleton, is the third largest county in the State of Colorado with a population of about 594,000. A majority of residents live in the urbanized western part of the County, while other residents live in the rural, rolling farmlands to the east. The County contains all or part of the following cities and towns: Aurora, Bennett, Bow-Mar, Centennial, Cherry Hills Village, Columbine Valley, Deer Trail, Englewood, Foxfield, Glendale, Greenwood Village, Littleton and Sheridan. There are also nine school districts and approximately 330 local improvement and service districts within the County.

A five-member Board of County Commissioners (BOCC) serves as the legislative, policy-making and administrative body governing the unincorporated area of the County. The Commissioners serve four year terms and are considered full time employees. The County does not have a County Manager or Administrator. The Commissioners are elected from individual districts within the County. The Board currently includes:

Comprehensive Annual Finance Report (CAFR) Transmittal

| | |
|---------------------------------|------------|
| Nancy Doty (Chair Pro Tem)..... | District 1 |
| Nancy Sharpe | District 2 |
| Rod Bockenfeld (Chair)..... | District 3 |
| Nancy Jackson | District 4 |
| Bill Holen | District 5 |

Departments overseen by the Board of County Commissioners include: BOCC Administration, Communication Services, Community Resources, County Attorney, Facilities and Fleet Management, Finance, Human Resources, Human Services, Information Technology, Public Works and Development, Office of Performance Management and Open Spaces.

In addition to the BOCC there are six elected officials that serve the County in specific areas. These positions are independent of the BOCC in their duties. The BOCC does have budgetary oversight for these departments.

| | |
|---------------------------|--------------------|
| Corbin Sakdol | Assessor |
| Sue Sandstrom | Treasurer |
| Dr. Michael Dobersen..... | Coroner |
| Matt Crane | Clerk and Recorder |
| George Brauchler | District Attorney |
| J. Grayson Robinson | Sheriff |

The Public Trustee is appointed by the Governor and is responsible for processing transactions related to real property located within the County including the release of deeds and the processing of foreclosures. This office is a fiscally separate and independent agency.

Budget Process

The budget helps to ensure that the County's financial strength and integrity continue to be maintained and enhanced. The budget also supports continuous customer service efforts to foster efficiency, cost effectiveness, and excellence in the provision of services to the Citizens of Arapahoe County.

The County constructs its budget on a calendar year as required by Part 1 of Article 1 of Title 29 of the Colorado Revised Statutes, which governs the budget process of Colorado counties. On or before August 15th, elected officials and department directors submit revenue estimates and expenditure requests to the Budget Division of the Finance Department. On or before August 25 of each year, the County Assessor submits the current total assessed valuations for all taxing entities in the County and the factors needed to compute the statutory property tax revenue limits. Based on this information and following a review process, the Budget Division submits a recommended balanced budget to the Board of County Commissioners through the Executive Budget Committee on or before October 15. The Executive Budget Committee is composed of selected representatives from the elected officials and department directors who review preliminary budget issues and requests and present their recommendations to the Board of County Commissioners. The County currently prepares budgets on an annual basis.

All mill levies must be certified by the BOCC on or before December 22nd of each year. Prior to the beginning of the next fiscal year, the BOCC enacts a budget adoption resolution and an appropriating resolution to approve the total budget and departmental expenditures. The BOCC may make no contract and no liability against the County can be created by any County officials unless an appropriation has been made.

In addition, neither the BOCC nor any County official can expend money for any of the purposes set out in the appropriation resolution in excess of the amount appropriated. In the case of an emergency or a contingency that was not reasonably foreseeable, the BOCC may authorize the expenditure of funds in excess of the budget by a resolution adopted by a majority vote.

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Local Economy

Arapahoe County is located on the southeast portion of a major metropolitan area. Its economy is greatly influenced by the economy of the state and the entire Denver metro area. The local economy does generally follow the national economic trends. The County has a diversified economic base with numerous city and other local governments, many schools, military bases, shopping centers, health care facilities and high tech businesses contributing to the activity. Growth in residential and commercial construction, the real estate market, employment, consumer spending, and inflation all play a role in the local economy.

The Colorado economy has continued to grow at a more robust pace than the nation as a whole during the past two years. Colorado's more diverse economy during the most recent recession and recovery has allowed for job growth, stronger consumer spending, and the start of a rebound in real estate. The State's unemployment rate has trended slightly lower than the nation as a whole, and is estimated to be 7.9% for 2012 and then drop to 7.8% for 2013. The agriculture and oil and gas industries have helped to boost the State's economy during the economic recovery, but this growth might be impacted by Federal decisions around the deficit reduction debate and other national or international economic events.

Arapahoe County is doing better than the State as a whole. According to the Colorado Department of Labor & Employment, the County had an unemployment rate of 7.2% in November, 2012. This is down from a high of 8.7%. The current 7.2% rate is less than the State's 7.9%. Approximately 11.4% of the population of the State lives in Arapahoe County. The per capita income for Arapahoe County in 2011 was \$48,989. Motor vehicle registration has increased by 2.1% since 2011.

Long-term financial planning

The County currently projects revenues, expenditures and available fund balances for 5 year periods to help determine its financial position and plan for the future. It is the County's intent each year to structurally balance the General Fund operating budget, meaning that budgeted ongoing expenditures do not exceed budgeted ongoing revenues. The available fund balance at the end of one year (in excess of policy reserves) can then be used to budget for capital projects and other one-time uses in the following year.

The Executive Budget Committee, after a thorough review of the County's financial position, has set four priorities when planning for the future.

- Maintaining a structurally balanced General Fund operating budget with stagnant revenues
- Funding total compensation recommendations to recognize and retain a quality workforce
- Collaborate with elected offices and departments to find efficiencies and reductions
- Using one-time funds for capital projects to improve facilities and services

For 2013 the County has planned on \$9.5 million in capital improvements. \$1.57 million has been budgeted for the Peoria Service Center Project. Another \$1.7 million has been budgeted for the renovation of Arapahoe Plaza. There is a planned parking lot expansion at the Arapahoe County Justice Center for \$615,000. Also, \$4.0 million will be spent on various infrastructure projects.

In addition to the key priorities of the Executive Budget Committee and Board of County Commissioners, another major effort for the County during the last few years is the ongoing development of a strategic planning and performance management system that builds on the mission, vision, and values that were adopted in 2006. During the past few years, the County has worked to develop a balanced scorecard performance management system called Align Arapahoe. The County's goal through Align Arapahoe is to become a results-oriented government and performance-based culture by using performance measures to monitor progress and to provide the information and feedback necessary to improve program, service and budget decisions. A significant development during 2012 was the hiring of a

Comprehensive Annual Finance Report (CAFR) Transmittal

Director of the Office of Performance Management, who will support and assist departments and elected offices to implement Align Arapahoe's strategy, initiatives, and performance measures.

Preparing for the Future and Uncertain Economic Conditions

The uncertainty surrounding revenue growth and the impact it will have on future County operations is a concern of the Board of County Commissioners and the Executive Budget Committee. Property tax is the largest and most important source of revenue for the County. The market and assessed values, as well as related revenue collections, lag the current economy by one or two years. Therefore, despite an increase in some of the County's revenues such as land recording fees and motor vehicle registrations and licensing, a potential turnaround in property tax revenue may not occur until after the 2013 or 2015 assessment periods. That means a possible increase in revenues may not occur until as late as 2016 or 2017.

The County faced the current economic uncertainty by structurally balancing the 2013 General Fund budget and included a \$1.0 million surplus. During the past several years, the Executive Budget Committee's guidance to departments and elected offices repeatedly emphasized how the economic downturn has impacted the County's fiscal condition, and that balancing the operating budget would require difficult decisions and creative solutions. This continued during the development of the 2013 budget and the General Fund operating budget was balanced through voluntary reductions in department and elected offices. It also includes a small operating surplus to guard against the economic uncertainty. The operating surplus built into the General Fund budget could serve as a buffer against flat property tax revenues next year and provide a reasonable head start on any budget reduction measures that would need to be implemented if the current revenue growth trends reverse or stagnate.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Arapahoe County Government for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2011. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

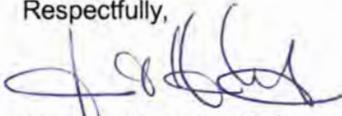
A Certificate of Achievement is valid for a period of one year only. Arapahoe County has received a Certificate of Achievement for the last twenty-four consecutive years (fiscal years ended 1987 – 2011). We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Comprehensive Annual Finance Report (CAFR) Transmittal

I would like to express my appreciation to the Accounting Manager, Steve Oliver, Sr. Accountant Lynn Obremski and the department accountants and analysts: Tammy Smith, Dennis Palamet, Sandra Gronquist, Loren Kohler, Erik Burge, Zada Cunningham, and Mary Lokatys who contributed greatly to the audit and the preparation of the CAFR. Their professionalism, dedication, and efficiency made the preparation of this report possible. Jon Rajewich, Ann Jagow, Mary Lisa Bugel, and Debbie McCarty also deserve recognition for their outstanding work in managing the County's financial system (SAP). I would also like to thank each of the Department Directors, Elected Officials and their staff for their cooperation allowing our staff to successfully account for, monitor and report on the financial activity of Arapahoe County.

Finally, I wish to thank the Board of County Commissioners for their leadership and support, without which the preparation of this report and the continued success of the Finance Department would not be possible.

Respectfully,



Janet J. Kennedy, CPA
Director of Finance
Arapahoe County, Colorado

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Arapahoe County
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moivell

President

Jeffrey R. Emer

Executive Director

ARAPAHOE COUNTY, COLORADO

LIST OF PRINCIPAL OFFICERS

Board of County Commissioners (BOCC)

Nancy A. Doty District 1, Chair Pro Tem
Nancy N. Sharpe District 2
Rod Bockenfeld District 3, Chair
Nancy Jackson District 4
Bill L. Holen District 5

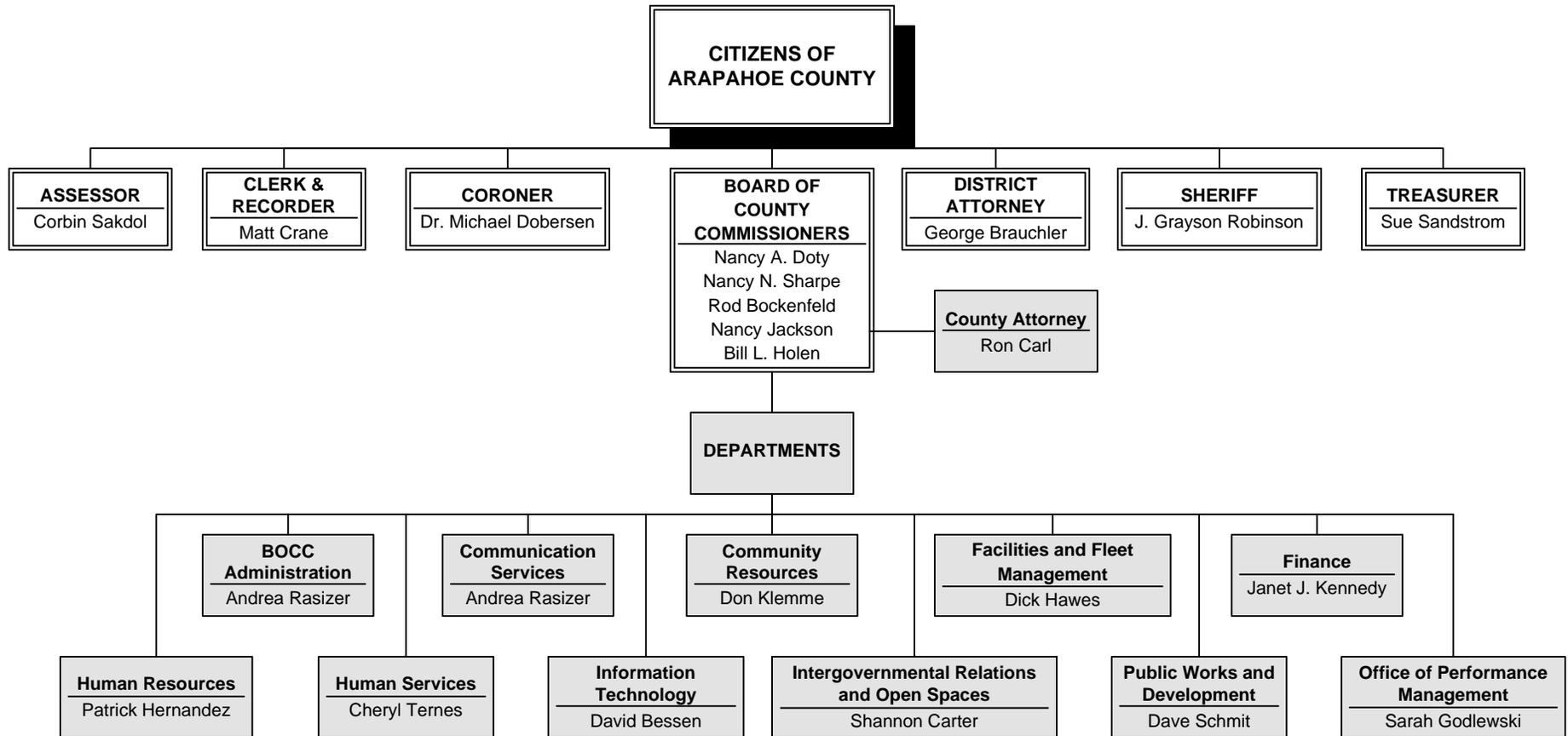
Elected Officials Other Than BOCC

Corbin Sakdol Assessor
Matt Crane Clerk and Recorder
Dr. Michael Dobersen Coroner
George Brauchler District Attorney
J. Grayson Robinson Sheriff
Sue Sandstrom Treasurer

Department Directors

Andrea Rasizer BOCC Administration and Communication Services
Don Klemme Community Resources
Ron Carl County Attorney
Dick Hawes Facilities and Fleet Management
Janet J. Kennedy Finance
Patrick Hernandez Human Resources
Cheryl Ternes Human Services
David Bessen Information Technology
Shannon Carter Intergovernmental Relations and Open Spaces
Sarah Godlewski Office of Performance Management
Dave Schmit Public Works & Development

ARAPAHOE COUNTY GOVERNMENT ORGANIZATIONAL CHART



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INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Arapahoe County, Colorado

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Arapahoe County Public Airport Authority or Arapahoe County Water and Wastewater Authority, both of which are discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Arapahoe County Public Airport Authority and Arapahoe County Water and Wastewater Authority, is based solely on the reports of the other auditors. 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. The financial statements of Arapahoe County Water and Wastewater Authority, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Arapahoe County, Colorado as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, the Social Services Fund, the Open Spaces Sales Tax Fund and the Arapahoe County Water and Wastewater PID Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension disclosures on pages B-4 to B-19 and C-68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Arapahoe County, Colorado's basic financial statements. The supplementary information, combining and individual financial statements and schedules and the statements of component unit without separately presented financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, combining and individual financial statements and schedules and the statements of component unit without separately presented financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of County Commissioners
Arapahoe County, Colorado

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2013, on our consideration of Arapahoe 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 result 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 Arapahoe County, Colorado's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Greenwood Village, Colorado
June 18, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

ARAPAHOE COUNTY, COLORADO

December 31, 2012

INTRODUCTION

In this Management's Discussion and Analysis (MD&A) section of the Comprehensive Annual Financial Report (CAFR), we provide readers with a narrative overview and analysis of the financial activities of Arapahoe County, Colorado, for the fiscal year ended December 31, 2012. When analyzing financial activities of the current fiscal year, it is useful to compare current fiscal year information with comparable information of the previous fiscal year. This discussion and analysis is also intended to serve as an introduction to the County's basic financial statements. We encourage readers to consider the information presented here in conjunction with the information presented in the letter of transmittal and basic financial statements to enhance their understanding of the County's financial activity and performance.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Basic Financial Statements are comprised of three components: Government-wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements

In addition to the basic financial statements, this annual report also contains other supplementary schedules and information and a statistical information section.

Government-wide Financial Statements

The Government-wide Financial Statements are designed to provide readers with a long-term and broad overview of the County's finances as a whole in a manner similar to a private sector business. The Government-wide Financial Statements use an economic resource measurement focus and the full accrual basis of accounting to present this long-term and broad overview of financial position and activities in the Statement of Net Position and the Statement of Activities. Therefore, certain expenditures that are recorded in the governmental fund financial statements are deferred or capitalized and amortized or depreciated in the Government-wide Financial Statements. Long-term liabilities, deferred inflows and revenues and related assets and deferred outflows not reported in fund financial statements are recorded in the Government-wide Financial Statements independent of the cash flows related to these items. Fiduciary fund assets held by a governmental entity for other parties either as trustee or agent are not included in the Government-wide Financial Statements because they cannot be used to finance the governmental entity's own operating programs.

The Statement of Net Position presents the financial condition of the County as a whole at the end of the fiscal year by presenting information on all of the County's assets, deferred inflows and outflows, and liabilities. The difference between the County's assets, deferred inflows and outflows, and liabilities is reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether the County's financial condition is improving or deteriorating. If the County's net position has increased, the financial condition of the County has improved. If the County's net position has decreased, the financial condition of the County has deteriorated. The Statement of Activities shows why the financial condition of the County as a whole has changed since the beginning of the fiscal year by presenting information showing how the government's net position has changed during the fiscal year. In the Statement of Activities, all changes in net position are reported as soon as the underlying economic event giving rise to the change occurs, regardless of the timing of related cash flows.

The Government-wide Financial Statements not only include Arapahoe County, the general purpose government, but also legally separate and special purpose governmental entities, for which Arapahoe County is financially accountable and with which Arapahoe County has a significant relationship. These legally separate and special purpose governmental entities are known as component units.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ARAPAHOE COUNTY, COLORADO

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Component units are reported in the financial statements as either blended component units or discretely reported component units. The financial activity of component units that can be objectively viewed as an extension of the general purpose government because their governing bodies are substantively the same or because the component unit provides services exclusively or almost exclusively to or for the benefit of the general purpose government are reported as blended component units. When the component unit's financial activities are blended into the County's Financial Statements, the activities are presented as if they were executed by the general local government and balances of the blended component unit's financial statements are merged with the similar balances of the general purpose local government in a manner that prevents the balances of the blended component unit and the local primary government from being separately identified. The merged financial statements of the general purpose government and the blended component units are identified in the Government-wide Financial Statements as the primary government. The following component units have been blended into the Arapahoe County primary government in the Government-wide Financial Statements:

- Arapahoe County Building Finance Corporation
- Arapahoe County Law Enforcement Authority
- Arapahoe County Housing Authority
- Arapahoe County Recreation District
- Arapahoe County Water and Wastewater Public Improvement District
- Arapahoe County Retirement Trust Fund

The financial information for component units that cannot be appropriately blended into the financial statements of the primary government are presented separately from the financial information presented for the primary government as discrete components units of Arapahoe County in the Government-wide Financial Statements. The following component units have been presented as discrete component units in the Arapahoe County Government-wide Financial Statements:

- E-911 Authority
- Arapahoe County Airport Authority
- Arapahoe County Water and Wastewater Authority

Complete financial statements of the individual component units with the exception of the E-911 Authority can be obtained from their respective administrative offices. Addresses and other additional information about the County's component units are presented in the notes to the financial statements.

On the Statement of Net Position, columns are used to separate the financial information of the primary government and the discretely presented component units. On the Statement of Activities, both columns and rows are used to separate the financial information of the primary government and the discretely presented component units.

The Government-wide Financial Statements can be found on pages C-1 to C-3 of this annual report.

Fund Financial Statements

A fund is a fiscal and accounting entity with a self-balancing set of accounts used to record financial resources with related liabilities and residual equities segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Arapahoe County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related regulations, requirements, restrictions or limitations. All of the funds of Arapahoe County can be divided into three categories:

- Governmental Funds
- Proprietary Funds
- Fiduciary Funds

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ARAPAHOE COUNTY, COLORADO

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Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, because Governmental Fund Financial Statements measurement focus is on near-term inflows and outflows of current financial resources, as well as on balances of current financial resources available at the end of the fiscal year, these financial statements provide information about the ability of the fund to finance current activities and operate within the planned appropriations and budgets. Such information may be useful in evaluating a government's ability to meet its near-term financing and appropriation related requirements.

All current financial resources contained in a governmental fund, other than the general fund, are available only for carrying on the specific activities or attaining the certain objectives in accordance with special regulations, restrictions or limitations related to the purpose for which these funds were created. Therefore, all of the current financial resources contained in these governmental funds are considered to be assigned to the purpose for which the fund was created. The General Fund is used to account for all governmental fund activities that are not specifically accounted for in the other governmental funds.

Current financial resources, the measurement focus of Governmental Fund Financial Statements, are cash and near-cash assets reduced by short term debt (spendable/appropriable resources) that are available during the fiscal year and soon enough after the end of the fiscal year to financially support the purpose of carrying on specific activities or attaining certain objectives in the current fiscal year in accordance with the special regulations, restrictions or limitations that define the fund.

Governmental fund accounting uses the modified accrual basis of accounting. This basis of accounting records and reports the inflows and outflows of current financial resources (spendable/appropriable resources) under the special regulations, restrictions or limitations that define the fund. By focusing on current financial resources, modified accrual accounting provides additional information related to the regulations, restrictions or limitations that define the fund and emphasizes the need for short term financing and the generation of spendable resources.

Because the focus of Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds in Fund Financial Statements with similar information presented for governmental activities in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation of the Total Governmental Fund Balances in the Fund Financial Statements balance sheets to the Net Position of Governmental Activities in the Government-wide Financial Statements is provided following the Balance Sheet of Government Funds in the Fund Financial Statements. A reconciliation of the Net Change in Fund Balances - Total Governmental Funds in the Fund Financial Statements to the Change in Net Position of Governmental Activities in the Government-wide Financial Statements is provided following the Statement of Revenues, Expenditures and Changes in Fund Balances in the Fund Financial Statements. These reconciliations provide explanations of differences between these balances and facilitate an understanding of the differences between the measurement focuses and bases of accounting used as the basis of preparing the Fund Financial Statements and the Government-wide Financial Statements.

In this annual report, the County reports on twenty-four individual governmental funds. Information is presented separately in the Fund Financial Statements for the General Fund, Social Services Fund, Open Space Fund, and the Arapahoe County Water & Waste Water Public Improvement District Fund, all of which are considered to be major funds. Individual Fund Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balance are presented for each of these major funds in the Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ARAPAHOE COUNTY, COLORADO

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Financial Statements included in the Basic Financial Statements section of this annual report. Financial information for the other twenty governmental funds is combined into a single, aggregated presentation as Other Governmental Funds in the Fund Financial Statements in the Basic Financial Statements section of this annual report.

The Basic Governmental Fund Financial Statements can be found on pages C-4 to C-15 of this annual report. Financial information related to the individual non-major funds is provided on pages D-1 to D-36 in the Combining Financial Statements and Schedules section of this annual report.

Proprietary Funds - Fund Financial Statements contain two types of proprietary funds, enterprise funds and internal service funds.

Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Arapahoe County does not use enterprise funds.

Internal Service Funds are used to report any activity that provides goods and services to other funds of the primary government or component units on a cost reimbursement basis. Arapahoe County uses five internal service funds to account for the following activities: the accumulation and allocation of equipment and materials costs, employee benefit, and self-insurance activities. The measurement focus for Internal Service Funds is economic resources and the basis of accounting used for Internal Service Funds is full accrual accounting. Since internal service fund activities benefit governmental activities; they have been included in the governmental activities in the Government-wide Financial Statements.

The total of the five internal service funds is combined into a single, aggregated presentation as Governmental Activities – Internal Service Funds in the Fund Financial Statements in the Basic Financial Statements section of this annual report. Financial information related to the individual internal service funds is provided on pages D-37 to D-43 in the Combining Financial Statements and Schedules section of this annual report.

The Internal Service Fund Financial Statements can be found on pages C-16 to C-18 of this annual report.

Fiduciary Funds - Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not included in the Government-wide Financial Statements because the resources of these funds are not available to support Arapahoe County's programs or operations. Arapahoe County uses four fiduciary funds; one trust fund and three agency funds.

The trust fiduciary fund is used to account for the activities of the Arapahoe County Retirement Trust in the Fund Financial Statements in the Basic Financial Statements section of this annual report. The measurement focus for the trust fiduciary fund is economic resources and the basis of accounting used for trust fiduciary fund is full accrual accounting.

The total of the three agency funds are combined into a single, aggregated presentation as Agency Funds - Total in the Fund Financial Statements in the Basic Financial Statements section of this annual report. The Agency Funds – Total presentation does not include a statement presenting the activities that change the agency funds net position as part of the Basic Financial Statements. The basis of accounting for the agency funds is full accrual accounting. Financial information related to the individual agency funds is provided on pages D-44 and D-45 in the Combining Financial Statements and Schedules section of this annual report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ARAPAHOE COUNTY, COLORADO

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A Statement of Fiduciary Net Position is presented in the Fund Financial Statements for both the Arapahoe County Retirement Trust and the Total Agency Funds. A Statement of Changes in Fiduciary Net Position is presented for only the Arapahoe County Retirement Trust in the Fund Financial Statements. The Fiduciary Fund Financial Statements can be found on pages C-19 and C-20 of this annual report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the financial information provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages C-22 through C-65 of this annual report.

Budgetary Comparisons

Arapahoe County adopts an annual appropriation budget for all of its governmental funds. A budgetary comparison statement has been provided for the General Fund and all major Special Revenue Funds on pages C-12 to C-15 of this annual report. Budget-to-actual comparisons for each of the remaining governmental funds are provided on pages D-16 to D-35 in the Combining Financial Statements and Schedules Section of this annual report.

CHANGES IN THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Condensed Statement of Net Position

The following table provides a condensed comparative presentation of Arapahoe County's Government-wide Statement of Net Position for the primary government for 2012 and 2011.

| | 2012 | 2011 |
|---------------------------------------|----------------|----------------|
| Assets | | |
| Non-capital assets | \$ 350,041,525 | \$ 349,404,820 |
| Capital assets | 848,799,708 | 856,657,801 |
| Total assets | 1,198,841,233 | 1,206,062,621 |
| Deferred outflows of resources | 2,600,987 | - |
| Liabilities | | |
| Current and other liabilities | 36,423,380 | 180,537,879 |
| Long-term liabilities | 256,435,070 | 254,473,201 |
| Total liabilities | 292,858,450 | 435,011,080 |
| Deferred inflow of resources | 135,515,568 | - |
| Net position | | |
| Net investment in capital assets | 638,601,615 | 642,290,143 |
| Restricted | 38,816,576 | 37,691,869 |
| Unrestricted | 95,650,011 | 91,069,529 |
| Total net position | \$ 773,068,202 | \$ 771,051,541 |

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ARAPAHOE COUNTY, COLORADO

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Condensed Statement of Activities

The following table provides a condensed comparative presentation of Arapahoe County's Government-wide Statement of Activities for the primary government for 2012 and 2011.

| | 2012 | 2011 |
|--|-----------------------|-----------------------|
| Revenues | | |
| Program revenues: | | |
| Charges for services | \$ 46,456,340 | \$ 42,625,497 |
| Operating grants and contributions | 71,376,630 | 72,671,687 |
| Capital grants and contributions | 732,511 | 1,209,313 |
| General revenues: | | |
| Property taxes | 137,159,101 | 134,792,665 |
| Sales tax | 19,424,283 | 17,568,252 |
| Other taxes | 8,650,925 | 7,819,588 |
| Investment Income | 1,340,297 | 2,337,311 |
| Build America Bonds credit | 1,158,381 | 1,158,381 |
| Other revenues | 8,792,643 | 8,741,330 |
| Total revenues | <u>295,091,111</u> | <u>288,924,024</u> |
| Expenses | | |
| General government | 63,495,280 | 66,121,995 |
| Public safety | 77,703,126 | 76,142,197 |
| Judicial services | 12,364,714 | 12,223,389 |
| Health & welfare | 82,520,568 | 83,747,155 |
| Highway & streets | 24,707,635 | 27,133,757 |
| Water & Wastewater | 3,610,897 | 3,517,485 |
| Airport | 6,282 | 365,938 |
| Culture & recreation | 18,017,062 | 14,261,422 |
| Interest on long-term debt | 10,648,886 | 11,495,570 |
| Total expenses | <u>293,074,450</u> | <u>295,008,908</u> |
| Increase (Decrease) in net position | 2,016,661 | (6,084,884) |
| Net position - January 1 Restated | <u>771,051,541</u> | <u>777,136,425</u> |
| Net position - December 31 | <u>\$ 773,068,202</u> | <u>\$ 771,051,541</u> |

ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL POSITION AND RESULTS OF OPERATIONS

Analysis of Government-wide Financial Position

Net position is the amount by which a government's assets and deferred outflows exceed its liabilities and deferred inflows at the end of the fiscal year. As of December 31, 2012 and 2011, Arapahoe County's primary government assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$773.1 million and the restated amount of \$771.1 million, respectively, indicating that the net position of the primary government increased by \$2.0 million. The reasons for this overall increase are discussed in the following section in the analysis of government-wide results of operations.

The County's net investment in capital assets (the original cost of the capital assets less depreciation to date, less any related debt used to acquire those assets), \$638.6 million (82.6% of net position) in 2012 and \$642.3 million (83% of net position) in 2011, is the largest portion of Arapahoe County's net position. Capital assets include land, land improvements, bridges, water and sewer lines, roads, buildings, building improvements, leasehold improvements, vehicles, furniture and equipment. These capital assets are used to provide services or utility to citizens. Consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ARAPAHOE COUNTY, COLORADO

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An additional \$38.8 million (5% of net position) in 2012 and \$37.7 million (4.9% of net position) in 2011 represent resources that are subject to external restrictions on how they may be used. Included in this category are statutory reserves required by the State of Colorado, debt service reserves, and accumulated revenues that may only be used for specific voter-approved projects.

The remainder of the County's primary government net position, \$95.7 million (12.3% of net position) in 2012 and \$91.1 million (11.8% of net position) in 2011 represents unrestricted net position that may be used to meet ongoing obligations to citizens and creditors. The balance of unrestricted net position at the end of 2012 increased by \$4.6 million (5.0%); from the balance in unrestricted net position at the end of 2011.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure, thus renaming that measure net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The County has adopted this Statement for the fiscal year ending December 31, 2012.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement provides further guidance on determining which balances, currently reported as assets and liabilities, should be reported as deferred outflows or deferred inflows of resources. This statement is effective for periods beginning after December 15, 2012. The County elected to early implement this Statement for the fiscal year ending December 31, 2012. The adoption of this pronouncement requires that debt issuance costs be expensed in the current period rather than capitalized and amortized over the life of the related debt issue. Under the stipulations of this statement, unamortized debt issuance costs do not meet the definition of a deferred outflow of resources since they are not applicable to a future period and as a result, are considered an outflow of resources. A restatement of beginning net position that reduced the beginning net position by \$3,880,140 in the 2012 government-wide financial statements was made based upon the adoption of Governmental Accounting Standards Board (GASB) Statement No. 65.

A deferred outflow of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/ expenditure) until the future period(s). The County has one item that qualifies for reporting in this category in fiscal year 2012. It is the deferred outflow resulting from the refunding on bonds reported in the government-wide statement of net position. This deferred outflow results from the difference in the carrying value of refunded debt and the reacquisition price of the refunding debt. This amount, \$2.6 million was deferred and amortized over the life of the old debt.

A deferred inflow of resources represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has one item that qualifies for the reporting in this category in fiscal year 2012. It is the deferred inflow for property tax revenue, \$135,515,568 which is deferred in the year the taxes are levied, 2012, and measurable and recognized as an inflow of resources in the period they are collected, 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

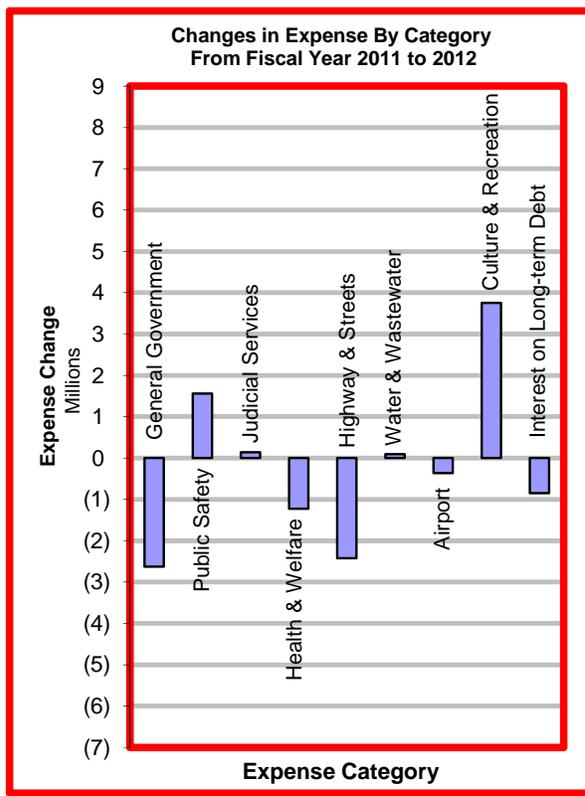
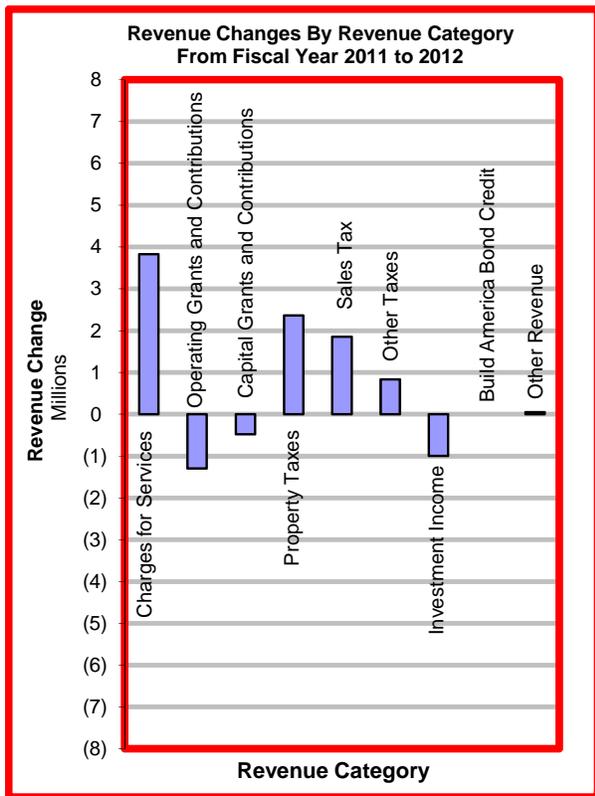
ARAPAHOE COUNTY, COLORADO

December 31, 2012

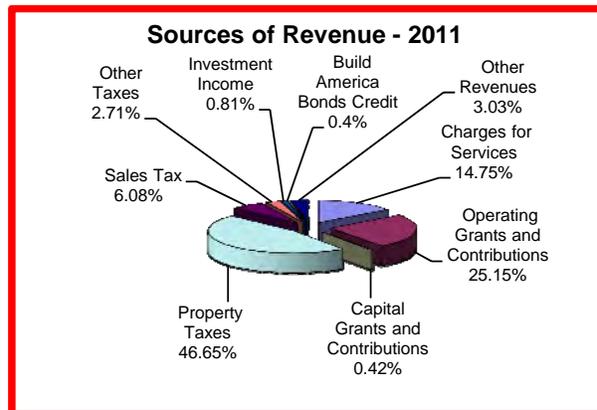
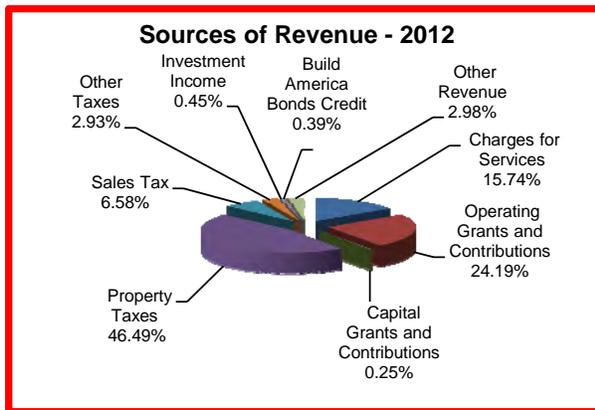
Analysis of Government-wide Results of Operations

Government-wide revenues for Arapahoe County were greater than expenses by \$2 million during fiscal year 2012 while government-wide revenues for 2011 were less than expenses by \$6.1 million. Revenues in the Government-wide Statement of Activities for 2012 increased \$6.2 million (2.1%) from revenues for 2011, while expenses in the Government-wide Statement of Activities for 2012 decreased \$1.9 million (0.6%) from expenses for 2011.

The changes from fiscal year 2011 to 2012 in the individual revenue and expense categories used in the condensed comparative Government-wide Statement of Activities are presented in the following charts:



A comparison of the component sources of revenue used in the condensed comparative Government-wide Statement of Activities for 2012 and 2011 is presented in the following charts:



MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ARAPAHOE COUNTY, COLORADO

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There were no revenue line items in the condensed comparative Government-wide Statement of Activities for the primary government that had notable changes (changes greater than \$2 million and 10%) in their balance from fiscal year 2011 to 2012.

The sources of revenue as a percentage of the total County revenue for the primary government varied slightly from fiscal year 2011 to 2012. The largest increase in the percentage of sources of revenue was a 1.3% increase in the percentage of charges for services to total revenues. The largest decrease in the percentage of sources of revenue was a 0.44% decrease in percentage of operating grants and contributions to total revenues.

The Culture and Recreation expense line item is the only line in the condensed comparative Government-wide Statement of Activities for the primary government had a notable change (a change greater than \$2 million and 10%) from fiscal year 2011 to 2012. The Culture and Recreation Expense line item increased \$3.8 million (26.6%) from \$14.3 million in 2011 to \$18 million in 2012. There was a \$0.9 million increase in the monies distributed for the County's open space program which disperses funds to cities and municipalities. With the improving economy, more monies are being collected for sales tax of which a percentage is distributed back to the cities and municipalities as shareback. In addition, \$1.7 million of the \$3.8 million increase was due to contribution requests from cities and municipalities to the County for open space improvements within their jurisdictions. The largest contribution request was made to the City of Aurora for their Triple Creek Greenway Corridor project. Approximately \$1.2 million was spent on land improvement capital construction projects which included two large land improvement projects related to the 17 Mile House historical site and open space trail improvements at the intersection of the High Line Canal and Iliff Avenue.

In the short run, expenses are generally controlled through changes in the fiscal year budgets. However, the maintenance of sufficient fund balance reserves enables the government to weather periods of budgeted expense overruns and budgeted revenue short falls.

ANALYSIS OF BALANCES OF FUND FINANCIAL STATEMENTS

Fund Financial Statements Overview

Arapahoe County uses fund accounting to ensure and demonstrate compliance with finance-related regulations, requirements, restrictions or limitations and to report the financial position and financial activity of the funds. Fund Financial Statements reinforce the Government-wide Financial Statements by providing additional information related to regulations, requirements, restrictions or limitations and report the financial position and financial activity of the funds. The Fund Financial Statements include Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds

Governmental Fund Financial Statements focus on current financial resources, cash and near-cash assets reduced by short-term debt, that is available during the fiscal year and soon enough after the end of the fiscal year to financially support the purpose of carrying on specific activities or attaining certain objectives in accordance with the special regulations, restrictions or limitations that define the fund. This information is useful in assessing the County's current financial resource requirements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ARAPAHOE COUNTY, COLORADO

December 31, 2012

At the end of fiscal year 2012, the following four major governmental funds were included in the Fund Financial Statements. These major funds are reported separately in the County's basic financial statements:

- General Fund
- Social Services Fund
- Open Space Sales Tax Fund
- Arapahoe County Water and Waste Water Public Improvement District Fund

The following is an analysis of the important balances of each of these major funds:

General Fund

This fund is the primary operating fund of the Arapahoe County government. The General Fund's fund balance was \$47.1 million as of December 31, 2012 and \$42.6 million (as adjusted) as of December 31, 2011.

As a measure of the General Fund's ability to meet its financing and revenue generating needs, it is useful to compare the total of the assigned and unassigned fund balance at the end of fiscal year 2012 to the budgeted total program expenditures and transfers for the following fiscal year, 2013. The total of the assigned and unassigned fund balance of the General Fund at the end of fiscal year 2012, \$41.4 million, less the budgeted use of this fund balance in 2013, \$5.2 million, is \$36.2 million which represented 22.8% of the adopted budget for General Fund total program expenditures and transfers-out for 2013 of \$158.6 million, or 23.5% of the adopted budget for General Fund total program revenues and transfers-in of \$153.4 million. This indicates that approximately a 23.2% combination of budgeted revenue short falls and expenditures over budgeted expenditures could be sustained during 2013 before the liquidity of the General Fund is compromised, and use of the maintained required liquidity reserves are required.

The County's budget is prepared according to Colorado statutes. The most significant budgeted fund is the General Fund. The following is a condensed budget variance analysis for the General Fund for 2012:

| General Fund Budget Variance Analysis | | | | | |
|---|----------------------|-----------------------|----------------------|----------------------|------------------------------------|
| | Original Budget | Budget Amendments | Final Budget | Actual | Variance Positive (Negative) |
| Fund Balance (Restated) - January 1, 2012 | \$ 24,496,935 | \$ - | \$ 24,496,935 | \$ 24,496,935 | |
| Revenues and Other Financing Sources | 154,755,542 | 1,834,086 | 156,589,628 | 159,266,408 | 2,676,780 |
| Expenditures and Other Financing Uses | 158,291,195 | 5,624,980 | 163,916,175 | 155,103,980 | 8,812,195 |
| Fund Balance - December 31, 2012 | <u>\$ 20,961,282</u> | <u>\$ (3,790,894)</u> | <u>\$ 17,170,388</u> | <u>\$ 28,659,363</u> | |

In fiscal year 2012, the Board of County Commissioners originally appropriated a total of \$158.3 million for General Fund expenditures and other financing uses. This appropriated total was amended to \$163.9 million in the final budget, an increase of \$5.6 million (3.5%). The Board of County Commissioner's also originally estimated \$154.8 million of General Fund revenues and other financing sources for 2012. This estimate was revised to \$156.6 million in the final budget, an increase of \$1.8 million (1.2%). The primary reason for the \$1.8 increase in the original General Fund revenue and other financing sources budget during 2012 was a transfer from the Social Services Fund to the General Fund. The General Fund expenditures and other financing uses budget was increased by \$5.6 during 2012 for transfers to the Capital Expenditures Fund for increases in the budget for capital improvements to the Arapahoe County Justice Center Building and an increase in the budget for the County's new human resource/payroll system.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ARAPAHOE COUNTY, COLORADO

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Actual General Fund revenues and other financing sources of \$159.3 million were greater than the General Fund final budgeted revenues and other financing sources final budget, \$156.6 million, by \$2.7 million, a positive 1.7% variance. Actual General Fund expenditures and other financing uses of \$155.1 million were less than the General Fund final appropriated expenditures and other financing uses of \$163.9 million by \$8.8 million, a 5.4% positive variance.

The General Fund budget to actual revenue positive variance that occurred during 2012 was primarily caused by an increase in charges for services in the amount of \$3.8 million. Charges for services were greater than estimated as a result of improving economic conditions. Land recording fee revenue exceeded the budgeted amount by \$1.1 million. Tax collection fees exceeded the budgeted amount by \$0.5 million. Revenue received from motor vehicle fees and concealed weapon permit fees also exceeded the budgeted amounts.

The budget to actual expenditure positive variance in 2012 was realized across all expenditure categories. The largest dollar amount of actual expenditure to budget saving occurred in the public safety expenditure category. The public safety expenditure category experienced a \$2.6 million (4%) budget to actual under expenditure based upon a \$64.4 million budget. The largest percentage actual expenditure to budget saving occurred in the Administrative Services category. This expenditure category experienced a 14.5% (\$1.1 million) budget to actual under expenditure based upon a \$6.9 million budget.

Total expenditures in the General Fund increased by \$0.8 million (0.5%); from \$137.9 million in fiscal year 2011 to \$138.7 million in fiscal year 2012. Actual revenues within the General Fund increased by \$5.7 million (3.8%); from \$151.1 million in 2011 to \$156.8 million in 2012.

None of the individual increases or decreases within individual revenue and expenditure categories were considered significant, and are not discussed further in this management discussion and analysis.

Social Services Fund

This fund is mandated by the State of Colorado and is used to account for participation by the County in Federal and State public welfare programs. The fund balance decreased \$0.6 million (6%) from \$10 million at the end of fiscal year 2011 to \$9.4 million at the end of 2012. Nearly all of the \$9.4 million fund balance at the end of 2012 was assigned.

Revenues increased by approximately \$1.2 million (2.6%) from \$46.6 million in 2011 to \$47.8 million in 2012. The Social Services Department was funded approximately 73.2% in 2011 and 73.3% in 2012 from State and Federal grant monies and 26.8% in 2011 and 26.7% in 2012 by County property and other taxes. Individual increases or decreases within the Federal and State revenue categories and the individual property and other taxes were not considered significant and are not discussed further in this management discussion and analysis.

Expenditures increased \$1.8 million (4%) from approximately \$45.1 million in 2011 to approximately \$46.9 million in 2012. Assistance payments for community programs in Arapahoe County are administered and authorized by Arapahoe County and paid by both the State of Colorado and Arapahoe County. In 2012, payments made by Arapahoe County for community assistance programs in the County increased by \$.45 million (3.7%) while payments authorized by Arapahoe County for community assistance programs paid by the State of Colorado in the County increased by \$1.39 million (4.2%).

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ARAPAHOE COUNTY, COLORADO

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Open Spaces Sales Tax Fund

This fund was established to collect and preserve open space in the County. The total fund balance increased \$1.8 million from \$26.5 million in 2011 to \$28.3 million in 2012. The \$28.3 million fund balance in 2012 was fully restricted.

The fund collected approximately \$19.4 million in sales tax and received \$.13 million in investment income during 2012. Other revenue sources were nominal in 2012. Revenues for 2012 remained consistent with 2011 revenues.

Expenditures increased by approximately \$3 million from 2011 to 2012. The fund expended approximately \$17.9 million through grants and share back payments to incorporated municipalities and capital construction expenditures in 2012.

Arapahoe County Water and Wastewater Public Improvement District Fund (PID)

The PID fund balance decreased by \$2.1 million from \$5.9 million in 2011 to \$3.8 million in 2012. This decrease in the fund balance from 2011 to 2012 was primarily due to an increase in capital construction expenditures of \$1.4 million in 2012 for the Chambers Reservoir Pump Station Project.

Property tax and other miscellaneous revenues were \$8.7 million in 2012 while interest expenditures for 2012 were approximately \$8.7 million. Real estate property tax revenues and other personal property tax revenues are primarily used for funding debt service expenditures in the PID. Any excess revenues can be used for the purchase or construction of capital assets. Long term debt has been, and probably will be in the future, the primary funding source of capital construction project costs in the Arapahoe County Water and Wastewater Public Improvement District Fund (PID).

Arapahoe County currently refunded the 2002 Series A and B Arapahoe County Water and Wastewater Public Improvement District General Obligation Bonds with the 2012 Series Arapahoe County Water and Wastewater Public Improvement District General Obligation Refunding Bonds in 2012. The \$60.2 million of principal payment expenditures in the Debt expenditure section of the Statement of Revenues, Expenditures and Changes in Fund Balance for the Arapahoe County Water and Wastewater Public Improvement District Fund (PID) was funded by the proceeds from the 2012 series refunding bonds, approximately \$59 million, reported as Debt issued in the Other financing sources (uses) section of the Statement of Revenues, Expenditures and Changes in Fund Balance for the Arapahoe County Water and Wastewater Public Improvement District Fund (PID).

The financial statements for the Arapahoe County Water and Wastewater Public Improvement District Fund (PID) were reported as a minor fund in the Combining Financial Statements and Schedules Section of the County's Comprehensive Financial Annual Report in fiscal 2011 and included in the Other Governmental Funds Column of the Basic Financial Statements Section of the County's Comprehensive Financial Annual Report. In 2012 the Arapahoe County Water and Wastewater Public Improvement District Fund (PID) was reclassified as a major fund in the County's Comprehensive Financial Annual Report and the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance for the fund were reported as a separate governmental fund in the Basic Financial Statements Section of the County's Comprehensive Financial Annual Report in a separate dedicated columns as a major fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ARAPAHOE COUNTY, COLORADO

December 31, 2012

Proprietary Funds

There are two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the financial position and activities of funds that provide services to the public that are not provided by county governmental funds. Arapahoe County does not use enterprise funds. Internal service funds are used to report the financial position and activities of funds that provide services to the other funds of the County. The County has only internal service funds. The internal service funds of the County are the Central Services Fund, the Liability Self Insurance Fund, the Employee Flex Benefit Fund, the Worker's Compensation Fund and the Dental Self-Insurance Fund. The net position for the County's internal service funds decreased \$0.5 million (1.7%) from \$29.3 million in 2011 to \$28.8 million in 2012.

Of the \$28.8 million of the total net position of the proprietary funds in 2012, \$26 million (90%) was the net position of the Central Service Fund. The Central Service Fund is used primarily to allocate the cost of movable assets (primarily furniture and equipment, computers, and vehicles) to the departments of the County to fund the replacement of the assets. It is also used to distribute the costs of central services (primarily postage and fleet maintenance parts and fuel charges) to departments of the County. Of the \$26 million net position in the Central Services Fund at the end of 2012, \$7.9 million was invested in capital assets net of accumulated depreciation, and approximately \$18.1 million was available to replace expiring movable assets in the future.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not included in the Government-wide Financial Statements because the resources of these funds are not available to support Arapahoe County's programs or operations. Because the resources of these funds are not available to support Arapahoe County's programs and operations, they are not discussed in this Management Discussion & Analysis.

ANALYSIS OF CAPITAL ASSET AND LONG TERM DEBT ACTIVITY

Capital Assets

Arapahoe County's investment in capital assets (net of accumulated depreciation) for its governmental activities was \$856.7 million as of December 31, 2011, and \$848.8 million as of December 31, 2012. This investment in capital assets includes land and land improvements, buildings, furniture and equipment, infrastructure, and construction in progress. The County's investment in capital assets (net of accumulated depreciation) decreased \$7.9 million (0.9%) during fiscal year 2012. A summary of the County's capital assets (net of depreciation) is as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ARAPAHOE COUNTY, COLORADO

December 31, 2012

| Arapahoe County Government's Capital Assets | | |
|--|----------------|----------------|
| (Net of Depreciation) | | |
| Governmental Activities | | |
| | 2012 | 2011 |
| Capital Assets Not Being Depreciated: | | |
| Land | \$ 40,911,146 | \$ 40,911,146 |
| Easements | 4,322,860 | 4,322,860 |
| Right of Ways | 309,971,761 | 309,332,747 |
| Water Rights | 51,616,042 | 51,616,042 |
| Construction in Progress | 7,415,925 | 12,342,682 |
| Total Capital Assets Not Being Depreciated | 414,237,734 | 418,525,477 |
| Capital Assets Being Depreciated: | | |
| Land Improvements | 8,892,296 | 3,637,940 |
| Buildings and Improvements | 185,183,731 | 190,101,386 |
| Furniture and Equipment | 10,902,550 | 9,631,636 |
| Infrastructure | 229,583,397 | 234,761,362 |
| Total Capital Assets Being Depreciated | 434,561,974 | 438,132,324 |
| Total Capital Assets | \$ 848,799,708 | \$ 856,657,801 |

Fewer large capital asset construction projects and no large capital asset purchases occurred in the County in 2012 in comparison to recent prior fiscal years. Approximately \$3.1 million was spent on two capital construction activity projects during 2012. One of these projects was for the improvement and expansion of the open space trails and their related structures. The other project was for the training facilities for the Sheriff's Department in which approximately \$2 million was spent.

Additional information on Arapahoe County capital assets can be found in the Notes to the Financial Statements located on pages C-26, C-27 and C-39 of this annual report.

Outstanding Long-Term Debt

At the end of fiscal year 2012, Arapahoe County had two bond issues, two long-term note payables, two capital certificates of participation and five capital lease purchase agreements outstanding. The capital certificates of participation were issued by the Arapahoe County Building Finance Corporation.

| Arapahoe County | | |
|------------------------------------|-------------------------|----------------|
| Summary of Outstanding Debt | | |
| | Governmental Activities | |
| | 2012 | 2011 |
| Bonds | \$ 116,735,398 | \$ 114,445,945 |
| Certificates of Participation | 41,150,696 | 45,575,417 |
| Long-term Notes | 38,793,793 | 39,872,693 |
| Lease Purchase Agreements | 16,119,193 | 17,371,307 |
| Total Outstanding Debt | \$ 212,799,080 | \$ 217,265,362 |

The County's total long term debt decreased \$4.5 million in 2012. The balance of outstanding bonds increased approximately \$2.2 million during 2012 while the outstanding balance of certificates of participation, long-term notes and lease purchase agreements decreased approximately \$6.7 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ARAPAHOE COUNTY, COLORADO

December 31, 2012

Arapahoe County refunded the 2002 Series A and B Arapahoe County Water and Wastewater Public Improvement District General Obligation Bonds with the 2012 Series Arapahoe County Water and Wastewater Public Improvement District General Obligation Refunding Bonds in 2012. The County refunded the Arapahoe County Water & Waste Water Public Improvement District 2002 Series A & B Bonds to reduce its debt service requirements by \$19,545,743 over the next 20 years. The refunding of the Arapahoe County Water & Waste Water Public Improvement District 2002 Series A & B Bonds resulted in an economic gain (the difference between the present value of the debt service payments of the refunded (new debt) and associated costs needed to complete the refunding transaction and the present value of the old debt service payments made to the maturity of the old debt) of \$14,803,924.

Additional information about Arapahoe County's long-term debt can be found in Note 11 - Changes in Long-Term Liabilities in the Notes to the Financial Statements on pages C-43 to C-50 of this annual report.

DESCRIPTION OF CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS EXPECTED TO HAVE AN EFFECT ON ARAPAHOE COUNTY'S FINANCIAL POSITION AND OPERATIONS

Decisions

- **General Fund Assigned and Unassigned Fund Balance.** Arapahoe County has appropriated \$5.2 million of the 2012 General Fund assigned and unassigned fund balance of \$41.4 million for spending in the 2013 fiscal year budget.
- **Property Tax Mill Levy.** The total mill levy of the Arapahoe County government, not including the blended component units, was 17.316 mills in 2012 and 16.15 mills in 2013. This total mill levy decreased 1.17 mills (6.8%) from 2012 to 2013. The mill levy for both years includes the permanent Tabor base of mill levy of 15.821 plus a taxpayer approved mill levy for Tabor exempt funds for developmental disabilities of 1.000 mill plus a mill levy adjustment for refunds and abatements granted in the prior tax year.

Economic Condition Indicators

- **Unemployment Rate** - The unemployment rate, not seasonably adjusted, for Arapahoe County was 7.8% for year-ended 2012, which is a decrease from the rate of 8.2% for the year-ended 2011. This rate compares favorably to the Denver-metro area's unemployment rate of 7.9% and the state's unemployment rate of 8.0% for 2012.
- **Building Permits** – Arapahoe County issues building permits for the unincorporated area of the County. The number of new single family residence construction permits issued in 2012 increased 97.2% from 71 new construction permits issued in 2011 to 140 new construction permits issued in 2012. The number of new multi-family residential new construction permits increased from zero new construction permits issued in 2011 to 28 new construction permits issued in 2012. The number of new non-residential construction permits decreased 26.3 % from 19 new construction permits in 2011 to 14 new construction permits 2012.
- **Mortgage Foreclosures** – 3,587 mortgage foreclosures occurred in the County in 2012 compared to 3,960 in 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ARAPAHOE COUNTY, COLORADO

December 31, 2012

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Arapahoe County's finances for those with an interest in the government's financial activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Janet Kennedy, Director of Finance, 5334 South Prince Street, Littleton, CO 80120-1136, (303) 795-4620.

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

| | Primary Government | Component Units | | |
|--|-------------------------|----------------------|-----------------------------------|--|
| | Governmental Activities | E-911 Authority | Arapahoe County Airport Authority | Arapahoe County Water and Wastewater Authority |
| Assets | | | | |
| Cash and investments | \$ 152,501,823 | \$ 10,351,366 | \$ 4,308,158 | \$ 19,492,121 |
| Accounts receivable | 16,052,217 | 331,581 | 1,835,194 | 2,353,970 |
| Property tax receivable, net | 135,515,568 | - | - | - |
| Note receivable | - | - | 7,363 | - |
| Due from other governments | 3,005,493 | - | 200,812 | - |
| Inventories | 597,645 | - | - | - |
| Prepays and pension assets | 101,510 | - | 127,109 | 49,368 |
| Restricted cash and investments | 36,387,269 | - | 1,601,725 | 6,652,787 |
| Due from component unit | 5,880,000 | - | - | - |
| Total non-capital assets | 350,041,525 | 10,682,947 | 8,080,361 | 28,548,246 |
| Non-depreciable capital assets | 414,237,734 | - | 30,151,525 | 126,539,310 |
| Depreciable capital assets | 434,561,974 | 740,734 | 21,332,989 | 41,629,204 |
| Total capital assets | 848,799,708 | 740,734 | 51,484,514 | 168,168,514 |
| Total assets | 1,198,841,233 | 11,423,681 | 59,564,875 | 196,716,760 |
| Deferred outflows of resources | | | | |
| Deferred charge on refunding of bonds | 2,600,987 | - | 1,679,729 | 2,228,684 |
| Total deferred outflows of resources | 2,600,987 | - | 1,679,729 | 2,228,684 |
| Liabilities | | | | |
| Accounts payable and other current liabilities | 23,424,997 | 36,873 | 1,612,263 | 1,397,113 |
| Accrued interest payable | 1,456,834 | - | 46,694 | 632,147 |
| Due to other governments | 598,723 | - | - | - |
| Unearned revenue | 10,942,826 | - | 8,259 | - |
| Noncurrent liabilities: | | | | |
| Long term debt due within one year | 8,798,575 | - | 1,906,310 | 1,228,979 |
| Long term debt due in more than one year | 215,614,527 | - | 7,128,964 | 133,556,165 |
| Net pension obligation | 29,819,968 | - | - | - |
| Estimated claims payable greater than one year | 2,202,000 | - | - | - |
| Total liabilities | 292,858,450 | 36,873 | 10,702,490 | 136,814,404 |
| Deferred inflows of resources | | | | |
| Deferred property tax revenue | 135,515,568 | - | - | - |
| Deferred water charges | - | - | - | 111,666 |
| Total deferred inflows of resources | 135,515,568 | - | - | 111,666 |
| Net position | | | | |
| Net investment in capital assets | 638,601,615 | 740,734 | 42,750,406 | 39,465,437 |
| Restricted for: | | | | |
| TABOR reserve | 5,896,915 | - | - | - |
| Debt service | 450,959 | - | - | - |
| Cash in-lieu | 486,189 | - | - | - |
| Conservation | 885,109 | - | - | - |
| Open space | 28,274,574 | - | - | - |
| Developer contributions | 1,644,959 | - | - | - |
| Public safety | 754,332 | - | - | - |
| Recording | 423,539 | - | - | - |
| Capital lease restrictive covenant | - | - | 1,601,725 | - |
| Unrestricted | 95,650,011 | 10,646,074 | 6,189,983 | 22,553,937 |
| Total net position | \$ 773,068,202 | \$ 11,386,808 | \$ 50,542,114 | \$ 62,019,374 |

The notes to the financial statements are an integral part of this statement.

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

| Functions/Programs | Program Revenues | | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government | | | | |
| General government | \$ 63,495,280 | \$ 19,259,850 | \$ 587,711 | \$ - |
| Public safety | 77,703,126 | 26,071,312 | 4,012,225 | - |
| Judicial services | 12,364,714 | - | - | - |
| Health and welfare | 82,520,568 | 220,022 | 56,549,617 | 5,877 |
| Highways and streets | 24,707,635 | 542,081 | 10,085,021 | 115,729 |
| Water and wastewater | 3,610,897 | - | - | - |
| Airport | 6,282 | - | - | - |
| Culture and recreation | 18,017,062 | 363,075 | 142,056 | 610,905 |
| Interest on long-term debt | 10,648,886 | - | - | - |
| Total governmental activities | 293,074,450 | 46,456,340 | 71,376,630 | 732,511 |
| Component units | | | | |
| E-911 | 1,978,092 | 2,423,801 | - | - |
| Arapahoe County Airport Authority | 7,737,279 | 6,719,417 | 7,795,709 | - |
| Arapahoe County Water and Wastewater Authority | 17,914,715 | 17,050,193 | - | 982,959 |
| Total component units: | \$ 27,630,086 | \$ 26,193,411 | \$ 7,795,709 | \$ 982,959 |

General revenues

Property taxes
Sales tax
Other taxes
Investment income
Build America Bonds credit
Miscellaneous

Total general revenues

Change in net position

Net position - beginning - restated

Net position - ending

The notes to the financial statements are an integral part of this statement.

Net(Expense) Revenue and
Changes in Net Position

| Primary Government Total | Component units | | |
|--------------------------------|----------------------|--------------------------------------|--|
| | E-911 Authority | Arapahoe County Airport Authority | Arapahoe County Water and Wastewater Authority |
| \$ (43,647,719) | | | |
| (47,619,589) | | | |
| (12,364,714) | | | |
| (25,745,052) | | | |
| (13,964,804) | | | |
| (3,610,897) | | | |
| (6,282) | | | |
| (16,901,026) | | | |
| (10,648,886) | | | |
| <u>(174,508,969)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | 445,709 | - | - |
| - | - | 6,777,847 | - |
| - | - | - | 118,437 |
| <u>\$ -</u> | <u>\$ 445,709</u> | <u>\$ 6,777,847</u> | <u>\$ 118,437</u> |
| 137,159,101 | - | - | - |
| 19,424,283 | - | - | - |
| 8,650,925 | - | - | - |
| 1,340,297 | 63,624 | 114,614 | 43,518 |
| 1,158,381 | - | - | 2,014,866 |
| 8,792,643 | 597 | - | - |
| <u>176,525,630</u> | <u>64,221</u> | <u>114,614</u> | <u>2,058,384</u> |
| 2,016,661 | 509,930 | 6,892,461 | 2,176,821 |
| <u>771,051,541</u> | <u>10,876,878</u> | <u>43,649,653</u> | <u>59,842,553</u> |
| <u>\$ 773,068,202</u> | <u>\$ 11,386,808</u> | <u>\$ 50,542,114</u> | <u>\$ 62,019,374</u> |

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

| | General | Social Services | Open Spaces Sales Tax | Arap. County Water and Wastewater PID |
|--|-----------------------|----------------------|--------------------------|---|
| Assets | | | | |
| Cash and investments | \$ 46,396,749 | \$ 17,923,235 | \$ - | \$ 3,263,410 |
| Restricted cash and investments | 64,758 | - | 32,867,434 | 1,200,047 |
| Accounts receivable | 4,414,513 | 3,044,115 | 3,311,627 | 18,837 |
| Taxes receivable, net | 93,803,752 | 11,440,544 | - | 7,307,191 |
| Due from other funds | 2,041,403 | - | - | - |
| Prepaid items | 15,594 | 21,502 | - | - |
| Due from Airport Authority | - | - | - | - |
| Inventories | - | - | - | - |
| Total assets | \$ 146,736,769 | \$ 32,429,396 | \$ 36,179,061 | \$ 11,789,485 |
| Liabilities | | | | |
| Accounts payable | \$ 2,448,514 | \$ 907,329 | \$ 7,884,725 | \$ 725,318 |
| Accrued expenditures | 3,422,215 | 1,026,554 | 19,762 | - |
| Due to other governments | 2,415 | 36,052 | - | - |
| Due to other funds | - | - | - | - |
| Unearned revenue - other | 10,405 | 9,660,339 | - | - |
| Total liabilities | 5,883,549 | 11,630,274 | 7,904,487 | 725,318 |
| Deferred inflows of resources | | | | |
| Deferred property tax revenue | 93,803,752 | 11,440,544 | - | 7,307,191 |
| Long term rec-airport authority | - | - | - | - |
| Unavailable revenue-grants | - | - | - | - |
| Total deferred inflows of resources | 93,803,752 | 11,440,544 | - | 7,307,191 |
| Fund balances (deficits) | | | | |
| Nonspendable | 15,594 | 21,502 | - | - |
| Restricted | 5,683,857 | - | 28,274,574 | 1,200,000 |
| Committed | - | - | - | 2,556,976 |
| Assigned | 7,271,891 | 9,337,076 | - | - |
| Unassigned | 34,078,126 | - | - | - |
| Total fund balances (deficits) | 47,049,468 | 9,358,578 | 28,274,574 | 3,756,976 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 146,736,769 | \$ 32,429,396 | \$ 36,179,061 | \$ 11,789,485 |

The notes to the financial statements are an integral part of this statement.

| Other Governmental | Total Governmental |
|-----------------------|-----------------------|
| \$ 60,713,158 | \$ 128,296,552 |
| 2,255,030 | 36,387,269 |
| 5,775,399 | 16,564,491 |
| 22,964,081 | 135,515,568 |
| - | 2,041,403 |
| 64,414 | 101,510 |
| 5,880,000 | 5,880,000 |
| 79,105 | 79,105 |
| \$ 97,731,187 | \$ 324,865,898 |
| | |
| \$ 2,487,983 | \$ 14,453,869 |
| 469,690 | 4,938,221 |
| - | 38,467 |
| 2,041,403 | 2,041,403 |
| 1,272,081 | 10,942,825 |
| 6,271,157 | 32,414,785 |
| | |
| 22,964,081 | 135,515,568 |
| 5,880,000 | 5,880,000 |
| 1,635,872 | 1,635,872 |
| 30,479,953 | 143,031,440 |
| | |
| 143,519 | 180,615 |
| 5,983,186 | 41,141,617 |
| 40,046,747 | 42,603,723 |
| 16,452,040 | 33,061,007 |
| (1,645,415) | 32,432,711 |
| 60,980,077 | 149,419,673 |
| | |
| \$ 97,731,187 | \$ 324,865,898 |

Arapahoe County, Colorado
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
December 31, 2012

Amounts reported for governmental activities in the statement of net position (page C-1) are different because:

| | | |
|--|----|---------------------------|
| Total fund balances - governmental funds (page C-5) | \$ | 149,419,673 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 840,914,810 |
| The deferred charge on refunding of bonds is not an available resource and, therefore, is not reported in the funds. | | 2,600,987 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | 7,515,872 |
| Internal service funds are used by management to charge the cost of insurance and other services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | | 28,867,020 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | <u>(256,250,160)</u> |
| Net position of governmental activities | \$ | <u><u>773,068,202</u></u> |

The notes to the financial statements are an integral part of this statement.

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

| | General | Social Services | Open Spaces Sales Tax | Arap. County Water and Wastewater PID |
|---|----------------------|---------------------|--------------------------|---|
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ 95,316,756 | \$ 11,634,938 | \$ - | \$ 7,099,538 |
| Sales tax | - | - | 19,419,028 | - |
| Other taxes | 6,346,011 | 774,073 | - | 480,100 |
| Licenses and permits | 5,269,971 | - | - | - |
| Intergovernmental | 2,748,170 | 35,003,151 | - | - |
| Charges for services | 40,036,853 | 28,020 | 78,669 | - |
| Fines | 636,470 | - | - | - |
| Investment earnings | 974,904 | - | 125,837 | 9,544 |
| Interfund revenues and rentals | 3,859,962 | - | - | - |
| Repayment from comp unit-principal & interest | - | - | - | - |
| Developer contributions | - | - | - | - |
| Build America Bonds credit | - | - | - | 1,158,381 |
| Miscellaneous | 1,573,733 | 318,805 | 29,945 | - |
| Total revenue | <u>156,762,830</u> | <u>47,758,987</u> | <u>19,653,479</u> | <u>8,747,563</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 57,371,705 | - | - | - |
| Public safety | 61,894,667 | - | - | - |
| Judicial services | 12,234,857 | - | - | - |
| Health and welfare | 8,763,041 | 46,881,860 | - | - |
| Highways and streets | - | - | - | - |
| Water and wastewater | - | - | - | 113,441 |
| Airport | - | - | - | - |
| Culture and recreation | - | - | 16,440,094 | - |
| Total current | <u>140,264,270</u> | <u>46,881,860</u> | <u>16,440,094</u> | <u>113,441</u> |
| Capital | | | | |
| General government | 3,917 | - | - | - |
| Public safety | 9,084 | - | - | - |
| Judicial services | - | - | - | - |
| Highways and streets | - | - | - | - |
| Water and wastewater | - | - | - | 1,440,463 |
| Culture and recreation | - | - | 1,407,637 | - |
| Total capital | <u>13,001</u> | <u>-</u> | <u>1,407,637</u> | <u>1,440,463</u> |
| Debt | | | | |
| Principal | - | - | - | 60,187,091 |
| Interest | - | - | - | 8,670,110 |
| Debt issuance costs | - | - | - | 1,261,585 |
| Total debt service | <u>-</u> | <u>-</u> | <u>-</u> | <u>70,118,786</u> |
| Total expenditures | <u>140,277,271</u> | <u>46,881,860</u> | <u>17,847,731</u> | <u>71,672,690</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>16,485,559</u> | <u>877,127</u> | <u>1,805,748</u> | <u>(62,925,127)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 2,503,578 | - | - | - |
| Transfers out | (14,581,185) | (1,522,128) | (250) | - |
| Debt issued | - | - | - | 59,020,000 |
| Premium (discount) on bonds | - | - | - | 1,767,720 |
| Total other financing sources (uses) | <u>(12,077,607)</u> | <u>(1,522,128)</u> | <u>(250)</u> | <u>60,787,720</u> |
| Net change in fund balance | <u>4,407,952</u> | <u>(645,001)</u> | <u>1,805,498</u> | <u>(2,137,407)</u> |
| Fund balance - beginning | 41,660,352 | 10,003,579 | 26,469,076 | 5,894,383 |
| Prior period restatement | 981,164 | - | - | - |
| Beginning fund balance - restated | <u>42,641,516</u> | <u>10,003,579</u> | <u>26,469,076</u> | <u>5,894,383</u> |
| Fund balance - ending | <u>\$ 47,049,468</u> | <u>\$ 9,358,578</u> | <u>\$ 28,274,574</u> | <u>\$ 3,756,976</u> |

The notes to the financial statements are an integral part of this statement.

| Other Governmental | Total Governmental |
|-----------------------|-----------------------|
| \$ 23,107,870 | \$ 137,159,102 |
| - | 19,419,028 |
| 1,055,996 | 8,656,180 |
| 500,350 | 5,770,321 |
| 34,759,779 | 72,511,100 |
| 2,201,137 | 42,344,679 |
| 1,639,750 | 2,276,220 |
| 230,012 | 1,340,297 |
| 11,494 | 3,871,456 |
| 1,584,577 | 1,584,577 |
| 101,521 | 101,521 |
| - | 1,158,381 |
| 719,942 | 2,642,425 |
| <u>65,912,428</u> | <u>298,835,287</u> |
| 417,249 | 57,788,954 |
| 11,543,805 | 73,438,472 |
| - | 12,234,857 |
| 28,429,290 | 84,074,191 |
| 15,900,164 | 15,900,164 |
| - | 113,441 |
| 6,282 | 6,282 |
| 1,081,178 | 17,521,272 |
| <u>57,377,968</u> | <u>261,077,633</u> |
| 3,714,558 | 3,718,475 |
| 1,244,491 | 1,253,575 |
| 8,670 | 8,670 |
| 2,315,447 | 2,315,447 |
| - | 1,440,463 |
| - | 1,407,637 |
| <u>7,283,166</u> | <u>10,144,267</u> |
| 5,587,114 | 65,774,205 |
| 2,691,587 | 11,361,697 |
| 2,150 | 1,263,735 |
| <u>8,280,851</u> | <u>78,399,637</u> |
| <u>72,941,985</u> | <u>349,621,537</u> |
| <u>(7,029,557)</u> | <u>(50,786,250)</u> |
| 18,947,906 | 21,451,484 |
| (4,663,472) | (20,767,035) |
| - | 59,020,000 |
| - | 1,767,720 |
| <u>14,284,434</u> | <u>61,472,169</u> |
| <u>7,254,877</u> | <u>10,685,919</u> |
| 53,725,200 | 137,752,590 |
| - | 981,164 |
| <u>53,725,200</u> | <u>138,733,754</u> |
| \$ <u>60,980,077</u> | \$ <u>149,419,673</u> |

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

Amounts reported for governmental activities in the statement of activities (page C-3) are different because:

| | |
|--|---------------------|
| Net Change in Fund Balances - total governmental funds (page C-9) | \$ 10,685,919 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. | (7,692,259) |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. | (610,113) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 1,635,872 |
| The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however, there is no effect on net position. | 65,774,205 |
| Proceeds from borrowing increase the financial resources of the governmental funds but are not revenues to the government-wide financial statements. | (59,020,000) |
| Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | (1,054,909) |
| Some revenues reported in the governmental funds have been reported in the statement of activities in prior periods. | (2,108,568) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | (5,127,683) |
| The internal service funds are used by management to charge the costs of insurance and other services to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities. | <u>(465,803)</u> |
| Change in net position of governmental activities | <u>\$ 2,016,661</u> |

The notes to the financial statements are an integral part of this statement.

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Arapahoe County, Colorado
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ 95,988,457 | \$ 95,988,457 | \$ 95,316,756 | \$ (671,701) |
| Other taxes | 6,100,000 | 6,100,000 | 6,346,011 | 246,011 |
| Licenses and permits | 4,115,610 | 4,115,610 | 5,269,971 | 1,154,361 |
| Intergovernmental | 2,461,200 | 2,696,899 | 2,748,170 | 51,271 |
| Charges for services | 36,195,088 | 36,197,857 | 40,036,853 | 3,838,996 |
| Fines | 637,420 | 637,420 | 636,470 | (950) |
| Investment earnings | 3,200,500 | 3,200,500 | 974,904 | (2,225,596) |
| Interfund revenues and rentals | 4,455,282 | 4,455,282 | 3,859,962 | (595,320) |
| Miscellaneous | 601,985 | 694,025 | 1,573,733 | 879,708 |
| Total revenue | <u>153,755,542</u> | <u>154,086,050</u> | <u>156,762,830</u> | <u>2,676,780</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | | | | |
| Administrative services | 6,834,933 | 6,898,949 | 5,769,674 | 1,129,275 |
| Assessor's Office | 5,261,087 | 5,260,971 | 4,625,238 | 635,733 |
| Board of County Commissioners | 955,299 | 955,299 | 905,329 | 49,970 |
| BOCC-Administration | 578,884 | 578,884 | 575,458 | 3,426 |
| Clerk and Recorder's Office | 9,911,118 | 10,293,311 | 9,360,530 | 932,781 |
| Communication Services Department | 1,271,618 | 1,279,151 | 1,165,835 | 113,316 |
| County Attorney | 2,600,687 | 2,600,687 | 2,332,725 | 267,962 |
| Facilities and Fleet Management | 8,076,720 | 8,004,892 | 7,313,508 | 691,384 |
| Finance | 2,990,911 | 3,075,157 | 2,687,641 | 387,516 |
| Human Resources | 1,593,408 | 1,638,944 | 1,496,326 | 142,618 |
| Information Technology | 11,955,467 | 12,041,006 | 11,489,759 | 551,247 |
| Office of Performance Management | 260,481 | 260,481 | 24,939 | 235,542 |
| Open Spaces & Intergovernmental Relations | 63,734 | 63,734 | 62,314 | 1,420 |
| Public Works and Development | 6,470,108 | 6,809,734 | 6,320,902 | 488,832 |
| Treasurer's Office | 1,989,507 | 1,989,507 | 1,701,914 | 287,593 |
| Total general government | <u>60,813,962</u> | <u>61,750,707</u> | <u>55,832,092</u> | <u>5,918,615</u> |
| Public safety | 63,801,701 | 64,439,591 | 61,879,804 | 2,559,787 |
| Judicial services | 12,234,857 | 12,234,857 | 12,234,857 | - |
| Health and welfare | 9,057,607 | 9,084,685 | 8,763,041 | 321,644 |
| Total current | <u>145,908,127</u> | <u>147,509,840</u> | <u>138,709,794</u> | <u>8,800,046</u> |
| Capital | | | | |
| General government | - | - | 3,917 | (3,917) |
| Public safety | 9,650 | 25,150 | 9,084 | 16,066 |
| Total capital | <u>9,650</u> | <u>25,150</u> | <u>13,001</u> | <u>12,149</u> |
| Total expenditures | <u>145,917,777</u> | <u>147,534,990</u> | <u>138,722,795</u> | <u>8,812,195</u> |
| Excess of revenues over expenditures | <u>7,837,765</u> | <u>6,551,060</u> | <u>18,040,035</u> | <u>11,488,975</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 1,000,000 | 2,503,578 | 2,503,578 | - |
| Transfers out | (12,373,418) | (16,381,185) | (16,381,185) | - |
| Total other financing sources (uses) | <u>(11,373,418)</u> | <u>(13,877,607)</u> | <u>(13,877,607)</u> | <u>-</u> |
| Net change in fund balance | <u>(3,535,653)</u> | <u>(7,326,547)</u> | <u>4,162,428</u> | <u>11,488,975</u> |
| Fund balance - beginning | 23,515,771 | 23,515,771 | 23,515,771 | - |
| Prior period restatement | - | - | 981,164 | 981,164 |
| Beginning fund balance - restated | <u>23,515,771</u> | <u>23,515,771</u> | <u>24,496,935</u> | <u>981,164</u> |
| Fund balance - ending | <u>\$ 19,980,118</u> | <u>\$ 16,189,224</u> | <u>\$ 28,659,363</u> | <u>\$ 12,470,139</u> |

The notes to the financial statements are an integral part of this statement.

Arapahoe County, Colorado
Social Services
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ 11,717,879 | \$ 11,717,879 | \$ 11,634,938 | \$ (82,941) |
| Other taxes | 770,000 | 770,000 | 774,073 | 4,073 |
| Intergovernmental | 36,690,016 | 36,690,016 | 35,003,151 | (1,686,865) |
| Charges for services | 30,000 | 30,000 | 28,020 | (1,980) |
| Miscellaneous | 350,000 | 350,000 | 318,805 | (31,195) |
| Total revenue | <u>49,557,895</u> | <u>49,557,895</u> | <u>47,758,987</u> | <u>(1,798,908)</u> |
| Expenditures | | | | |
| Current | | | | |
| Health and welfare | 49,963,695 | 50,004,468 | 46,881,860 | 3,122,608 |
| Total expenditures | <u>49,963,695</u> | <u>50,004,468</u> | <u>46,881,860</u> | <u>3,122,608</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(405,800)</u> | <u>(446,573)</u> | <u>877,127</u> | <u>1,323,700</u> |
| Other financing sources (uses) | | | | |
| Transfers out | <u>(18,550)</u> | <u>(1,522,128)</u> | <u>(1,522,128)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(18,550)</u> | <u>(1,522,128)</u> | <u>(1,522,128)</u> | <u>-</u> |
| Net change in fund balance | <u>(424,350)</u> | <u>(1,968,701)</u> | <u>(645,001)</u> | <u>1,323,700</u> |
| Fund balance-beginning | 10,003,579 | 10,003,579 | 10,003,579 | - |
| Fund balance - ending | <u>\$ 9,579,229</u> | <u>\$ 8,034,878</u> | <u>\$ 9,358,578</u> | <u>\$ 1,323,700</u> |

The notes to the financial statements are an integral part of this statement.

Arapahoe County, Colorado
Open Spaces Sales Tax
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|----------------------|---------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Sales tax | \$ 17,185,973 | \$ 17,185,973 | \$ 19,419,028 | \$ 2,233,055 |
| Charges for services | 60,000 | 60,000 | 78,669 | 18,669 |
| Investment earnings | 600,000 | 600,000 | 125,837 | (474,163) |
| Miscellaneous | - | - | 29,945 | 29,945 |
| Total revenue | <u>17,845,973</u> | <u>17,845,973</u> | <u>19,653,479</u> | <u>1,807,506</u> |
| Expenditures | | | | |
| Current | | | | |
| Culture and recreation | 17,595,723 | 43,563,244 | 16,440,094 | 27,123,150 |
| Capital | | | | |
| Culture and recreation | 250,000 | 751,555 | 1,407,637 | (656,082) |
| Total expenditures | <u>17,845,723</u> | <u>44,314,799</u> | <u>17,847,731</u> | <u>26,467,068</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>250</u> | <u>(26,468,826)</u> | <u>1,805,748</u> | <u>28,274,574</u> |
| Other financing sources (uses) | | | | |
| Transfers out | (250) | (250) | (250) | - |
| Total other financing sources (uses) | <u>(250)</u> | <u>(250)</u> | <u>(250)</u> | <u>-</u> |
| Net change in fund balance | - | (26,469,076) | 1,805,498 | 28,274,574 |
| Fund balance - beginning | 26,469,076 | 26,469,076 | 26,469,076 | - |
| Fund balance - ending | <u>\$ 26,469,076</u> | <u>\$ -</u> | <u>\$ 28,274,574</u> | <u>\$ 28,274,574</u> |

The notes to the financial statements are an integral part of this statement.

Arapahoe County, Colorado
Arapahoe County Water and Wastewater PID
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ 7,344,681 | \$ 7,344,681 | \$ 7,099,538 | \$ (245,143) |
| Other taxes | 548,360 | 548,360 | 480,100 | (68,260) |
| Investment earnings | 21,000 | 21,000 | 9,544 | (11,456) |
| Build America Bonds credit | - | - | 1,158,381 | 1,158,381 |
| Total revenue | <u>7,914,041</u> | <u>7,914,041</u> | <u>8,747,563</u> | <u>833,522</u> |
| Expenditures | | | | |
| Current | | | | |
| Water and wastewater | 112,770 | 512,770 | 113,441 | 399,329 |
| Capital | | | | |
| Water and wastewater | - | 3,600,000 | 1,440,463 | 2,159,537 |
| Debt | | | | |
| Principal | 1,252,091 | 62,039,811 | 60,187,091 | 1,852,720 |
| Interest | 7,192,650 | 7,192,650 | 8,670,110 | (1,477,460) |
| Debt issuance costs | 2,000 | 2,000 | 1,261,585 | (1,259,585) |
| Total expenditures | <u>8,559,511</u> | <u>73,347,231</u> | <u>71,672,690</u> | <u>1,674,541</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(645,470)</u> | <u>(65,433,190)</u> | <u>(62,925,127)</u> | <u>2,508,063</u> |
| Other financing sources (uses) | | | | |
| Debt issued | - | 59,020,000 | 59,020,000 | - |
| Premium (discount) on bonds | - | 1,767,720 | 1,767,720 | - |
| Total other financing sources (uses) | <u>-</u> | <u>60,787,720</u> | <u>60,787,720</u> | <u>-</u> |
| Net change in fund balance | <u>(645,470)</u> | <u>(4,645,470)</u> | <u>(2,137,407)</u> | <u>2,508,063</u> |
| Fund balance - beginning | <u>5,894,383</u> | <u>5,894,383</u> | <u>5,894,383</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 5,248,913</u> | <u>\$ 1,248,913</u> | <u>\$ 3,756,976</u> | <u>\$ 2,508,063</u> |

The notes to the financial statements are an integral part of this statement.

**Arapahoe County Government
Statement of Net Position
Proprietary Funds
December 31, 2012**

| | Governmental Activities Internal Service Funds |
|--|--|
| Assets | |
| Current assets | |
| Cash and investments | \$ 24,205,271 |
| Accounts receivable | 451,815 |
| Inventory | 518,541 |
| Total current assets | 25,175,627 |
| Noncurrent assets | |
| Capital assets | |
| Vehicles and equipment | 31,216,771 |
| Computer systems | 8,985,126 |
| Furniture and office equipment | 107,751 |
| Less: accumulated depreciation | (32,424,750) |
| Total noncurrent assets (net of accum. dep.) | 7,884,898 |
| Total assets | 33,060,525 |
| Liabilities | |
| Current liabilities | |
| Accounts payable | 496,553 |
| Estimated claims payable | 1,436,678 |
| Flex benefits payable | 58,274 |
| Noncurrent claims payable | 2,202,000 |
| Total liabilities | 4,193,505 |
| Net position | |
| Net investment in capital assets | 7,884,898 |
| Unrestricted | 20,982,122 |
| Total net position | \$ 28,867,020 |

The notes to the financial statements are an integral part of this statement.

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

| | Governmental Activities Internal Service Funds |
|---|--|
| Operating revenues | |
| Charges for sales and service | \$ 9,008,826 |
| Total operating revenue | 9,008,826 |
| Operating expenses | |
| Cost of sales and services | 5,693,742 |
| Administration | 291,060 |
| Depreciation | 3,611,665 |
| Total operating expenses | 9,596,467 |
| Operating (loss) | (587,641) |
| Nonoperating revenue (expenses) | |
| Contributions other | 108,509 |
| Gain on sale of assets | 697,778 |
| Income before contributions and transfers | 218,646 |
| Transfers in | 431,482 |
| Transfers out | (1,115,931) |
| Change in net position | (465,803) |
| Total net position - beginning | 29,332,823 |
| Total net position - ending | \$ 28,867,020 |

The notes to the financial statements are an integral part of this statement.

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

| | Governmental Activities Internal Service Funds |
|---|--|
| | Funds |
| Cash flows from operating activities | |
| Cash received for interfund services provided | \$ 8,747,362 |
| Cash payments for services and supplies | (5,873,383) |
| Net cash provided by operating activities | 2,873,979 |
| Cash flows from noncapital financing activities | |
| Transfers in from other funds | 431,482 |
| Transfers out to other funds | (1,115,931) |
| Net cash used by non capital financing activities | (684,449) |
| Cash flows from capital and related financing activities | |
| Acquisition of property and equipment | (3,948,984) |
| Proceeds from sale of capital assets | 699,328 |
| Net cash used for capital and related financing activities | (3,249,656) |
| Net decrease in cash and investments | (1,060,126) |
| Cash and investments, January 1, 2012 | 25,265,397 |
| Cash and investments, December 31, 2012 | \$ 24,205,271 |
| Reconciliation of operating loss to net cash provided by operating activities: | |
| Operating (loss) | \$ (587,641) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| Depreciation | 3,611,665 |
| Increase in accounts receivable | (261,464) |
| Increase in inventory | (80,065) |
| Decrease in accounts payable | (428,430) |
| Increase in claims payable | 583,678 |
| Increase in flex benefits payable | 36,236 |
| Total Adjustments | 3,461,620 |
| Net cash provided by operating activities | \$ 2,873,979 |
| Non-cash capital activities | |
| Contributions of capital assets - transferred assets purchased in a governmental fund to a proprietary fund for future replacement purposes | \$ 108,509 |

The notes to the financial statements are an integral part of this statement.

Arapahoe County, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2012

| | Arapahoe County Retirement Trust | Agency Funds Total |
|--|-------------------------------------|-----------------------|
| Assets | | |
| Cash and investments | \$ - | \$ 31,038,524 |
| Restricted escrow | - | 1,433,265 |
| Investments: | | |
| Money market funds | 1,718,047 | - |
| Equity securities | 59,902,952 | - |
| Real estate investments | 20,158,523 | - |
| Fixed income securities | 58,502,356 | - |
| Hedge Funds | 35,691,813 | - |
| International Equity | 61,720,932 | - |
| Total cash and investments | <u>237,694,623</u> | <u>32,471,789</u> |
| Receivables: | | |
| Dividends and interest | 25 | - |
| Property taxes | - | 627,592,181 |
| Other assets | - | 7,008 |
| Total assets | <u>\$ 237,694,648</u> | <u>\$ 660,070,978</u> |
| Liabilities | | |
| Accounts payable | \$ 148,822 | \$ 15,498 |
| Due to other governments | - | 650,709,211 |
| Other deposits payable | - | 7,943,446 |
| Warrants payable | - | 1,402,823 |
| Total liabilities | <u>148,822</u> | <u>660,070,978</u> |
| Net Position | | |
| Net position held in trust for pension benefits | 237,545,826 | - |
| Total Liabilities and Net Position | <u>\$ 237,694,648</u> | <u>\$ 660,070,978</u> |

The notes to the financial statements are an integral part of this statement.

Arapahoe County, Colorado
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
for the Year Ended December 31, 2012

| | Arapahoe County Retirement Trust |
|--|-------------------------------------|
| ADDITIONS | |
| Contributions | |
| Employer | \$ 7,430,087 |
| Plan Members | 7,418,039 |
| Total Contributions | 14,848,126 |
| Investment Income | |
| Net Appreciation in Fair Value of Investments | 23,340,005 |
| Interest and Dividends | 3,563,864 |
| Total Investment Income | 26,903,869 |
| Investment Expenses | (544,476) |
| Net Investment Income | 26,359,393 |
| Total Additions | 41,207,519 |
| DEDUCTIONS | |
| Benefits to Plan Members | 15,429,816 |
| Refund of Contributions | 3,671,939 |
| Administrative Expenses | 453,618 |
| Total Deductions | 19,555,373 |
| Change in Net Position | 21,652,146 |
| Net Position - Beginning of Year | 215,893,680 |
| Net Position - End of Year | \$ 237,545,826 |

The notes to the financial statements are an integral part of this statement.

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Arapahoe County, Colorado
Notes to the Financial Statements

December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) applicable to governmental entities. A summary of significant accounting policies of Arapahoe County, Colorado (the County) applied in the preparation of these financial statements follows.

Financial Reporting Entity

Arapahoe County was incorporated under the laws of the State of Colorado in 1902. A five-member elected Board of County Commissioners (BOCC) serves as the administrative and policy-making body of the County. Six additional elected officials govern specific functions within the County – Clerk & Recorder, Assessor, Treasurer, Coroner, District Attorney and the Sheriff. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is not, in substance, part of the primary government.

Blended Component Units

The County has the following component units blended into the primary government financial statements: the Arapahoe County Law Enforcement Authority, the Arapahoe County Retirement Trust Fund, the Arapahoe County Recreation District, the Arapahoe County Water and Waste Water Public Improvement District (PID), the Arapahoe County Building Finance Corporation, and the Arapahoe County Housing Authority.

Arapahoe County Law Enforcement Authority is a special district that provides law enforcement in the unincorporated areas of the County. The BOCC serves as the Board of the Arapahoe Law Enforcement Authority and therefore is able to impose its will on the operations of the Authority. The Authority is reported as a Special Revenue Fund.

Arapahoe County Retirement Trust Fund manages retirement benefits for County employees. The Retirement Fund is reported as a Pension Trust Fund.

Arapahoe County Recreation District provides for the operation, maintenance and improvements to parks and trails within the District. The BOCC serves as the entire board for the Recreation District and therefore makes all decisions controlling the District's activities and finances. The Recreation District is reported as a Capital Projects Fund.

Arapahoe County Water and Wastewater Public Improvement District (PID) was formed in November 2002. The electors in the new district also authorized the issuance of a maximum of \$165,000,000 in General Obligation Bonds to finance water and/or wastewater projects. The County Commissioners maintain control over operations and fiscal matters as they serve as the entire board of the PID. The County reports the Arapahoe County Water and Wastewater Public Improvement District (PID) as a Capital Projects Fund.

Arapahoe County Building Finance Corporation funds the construction of facilities that are leased to Arapahoe County government for governmental use. The County Commissioners appoint all board members. No commissioners sit on the board. The activity of the Building Finance Corporation is reflected in the Debt Service Fund.

Arapahoe County Housing Authority is a blended component unit with the same board as the County. It is referred to in this Comprehensive Annual Financial Report (CAFR) as the Community Development Fund, reported as a Special Revenue Fund. It provides housing assistance to low-income families.

Arapahoe County, Colorado

Notes to the Financial Statements

December 31, 2012

All of these organizations are legally separate entities, but are part of the County financial reporting entity, because the governing bodies of the entities are substantively the same as the County and/or the entities provide services or benefits entirely or almost entirely to the County government.

Discretely Presented Component Units

The government-wide financial statements include financial data of the County's discretely presented component units. These units are reported in a separate column to emphasize that, while the BOCC does have the ability to impose its will on them, these entities remain separate from the primary government of Arapahoe County.

Arapahoe County Airport Authority – Three County Commissioners serve on the board of the Airport Authority. The Commissioners appoint two other members of the board. Together these five make up the full voting board of the Airport Authority. Douglas County BOCC appoints three other non-voting members to the board. Since the Airport Authority provides services for all citizens, not just the primary government, it is treated as a discretely presented component unit.

Arapahoe County Water and Wastewater Authority – Two County Commissioners serve on the board of the Arapahoe County Water and Wastewater Authority. The Board of County Commissioners appoints seven other members of the Board of Directors. These boards are not substantively the same. The Authority has no statutory authority to levy any taxes to finance the issuance of general obligation debt or for general operations. The Board of County Commissioners, acting as the *ex officio* Board of Directors of the Arapahoe County Water and Wastewater Public Improvement District and pursuant to statute, has issued bonds and levied taxes to finance and build capital assets used by the Authority. The Authority provides utility services for citizens and businesses within the service area of the Authority. This component unit is separate and distinct from the Arapahoe County Water and Wastewater Public Improvement District (PID).

E-911 Authority - The County Commissioners appoint all five members of the Authority's board and therefore exercise significant fiscal control. None of the commissioners serve on this board. The Authority is a discrete component unit.

Complete financial reports are prepared for these component units with the exception of E-911 Authority. All financial information for these entities may be obtained at the following locations.

Arapahoe County Airport Authority
7800 S. Peoria St.
Englewood, CO 80112-4139

Arapahoe County Water and Wastewater Authority
13031 E. Caley Avenue
Englewood, CO 80111

E-911 Authority
5334 S. Prince St.
Littleton, CO 80120-1136

Government – Wide and Fund Financial Statements

The government-wide financial statements (e.g. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Arapahoe County, Colorado

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by the function's program revenues. A function's direct expenses are those that are clearly identifiable with the specific function or segment. A function's program revenues include charges to customers or applicants for goods and services, operating grants and contributions, and capital grants and contributions. Taxes and other revenues that are not properly included among function program revenues are reported as general revenues.

The effect of interfund activity has been eliminated from the government-wide financial statements. However, taxes and other charges between the functions of the government have not been eliminated. Elimination of these charges would distort the relationship of the functions' direct costs and program revenues reported in the statement of activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The fiduciary funds are reported using the economic resource measurement focus on an 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. Grant awards and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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 collectible 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 year. Most grant reimbursements, property taxes, franchise taxes, permits, licenses, and interest associated with the current fiscal year are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those that are properly accounted for in another fund.

The **Social Services Fund** is a special revenue fund that administers human services programs under state and federal regulations. This fund accounts for the financial and protective services provided to children, families, and elderly and disabled adults. The operations are funded with local property tax and other state and federal sources.

The **Open Spaces Sales Tax Fund** is a special revenue fund which accounts for the revenues received from the 0.25% sales and use tax originally approved by the voters in 2003 for the acquisition, development, and maintenance of open space, trails, and parks. In 2011, the voters approved the extension of the program to 2023. Several grants have been obtained for specific purposes in addition to monies contributed on joint projects by other entities. These monies are restricted by grant documents and contracts to be used solely for these projects.

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The **Arapahoe County Water and Wastewater Public Improvement District Fund (PID)** is used to account for the construction, with the related debt, of water and sewer lines and facilities within the PID.

Additionally, the County reports the following fund types:

Internal Service Funds that account for operations that provides services to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis. The internal service funds provide postage, oil and gas, vehicles and insurance, and provide funding for the replacement of movable fixed assets.

Fiduciary Funds reported by the County include an employee Retirement Trust Fund and Agency Funds.

Retirement Trust Fund – The County sponsors the Employee's Retirement Trust Fund (Trust or Plan) as a single employer defined benefit plan. All permanent, full-time employees of the County are required to become members of the plan.

Agency Funds - The County acts in a trustee capacity or as an agent on behalf of others for the agency funds. The Agency Funds are used to collect and remit taxes to other jurisdictions. The Public Trustee is an intermediary and recorder for foreclosures and releases of deeds of trust. The Inmate Sentencing Fund holds funds on behalf of inmates and is returned upon release.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's Internal Service Funds are charges to the entity for services. Operating expenses for Internal Service Funds include the administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities, Net Position or Fund Balances

Cash

All cash, within the Arapahoe County reporting entity, is deposited with the County Treasurer with the exception of cash held for third parties in fiduciary funds, cash held by paying agents in Internal Service Funds and cash held by certain discrete and blended component units. For the purpose of the cash flows statement, cash includes cash-on-hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The County maintains pooled cash and investments for all funds. Negative cash balances have been reclassified as interfund payables.

Investments

Investments primarily consist of U.S. Treasury and agency obligations, corporate debt securities, and approved money market funds, all recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the plan with the assistance of a valuation service.

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Property Taxes

Property taxes are not due and payable until after the assessment year has ended, and are not included in the budget or statement of revenues, expenditures, and fund balance of the assessment year. Property taxes are initially recorded as deferred inflows of resources in the year they are levied and measurable. These deferred property tax inflows of resources are recorded as revenue in the year they are collected.

Property taxes are levied on or before December 15th of each year and attach as an enforceable lien on the property on January 1 of the subsequent year. Taxes are payable in full on April 30th or in two installments on February 28th and June 17th. The County bills and collects its own property taxes and the taxes for various other entities. Collection and distribution of taxes to the various taxing entities is done by the 10th of every month following the month of collection by the Treasurer.

Receivables/Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes receivable is shown net of an allowance for uncollectibles of 1%.

Balances that originate from current lending/borrowing arrangements between funds are referred to as "due to/from other funds." Advances are non-current lending/borrowing between funds. Advances between funds, as reported in the fund financial statements, are shown as nonspendable fund balance in applicable County funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts payable are generally recorded when the obligation is incurred. Debt service and claims and judgments are recorded when they become due.

Inventories and Prepaid Items

Inventories of certain items are valued at cost using a weighted average method. The costs of inventories in all other governmental funds are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the government as assets with an initial individual cost of \$5,000 or more. Such assets are recorded at historical cost. In the case of initial capitalization of general infrastructure assets the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

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Capital assets of the primary government, as well as the component units, are depreciated using the straight line method of depreciation over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------------------|--------------|
| • Water Rights (Non-Tributary Only) | 100 |
| • Bridges | 75 |
| • Storm Drains | 75 |
| • Roads | 40 |
| • Buildings and Improvements | 40 |
| • Wells, Water and Sewer Mains | 30 |
| • Treatment Plants | 30 |
| • Traffic Signals | 25 |
| • Land Improvements | 20 |
| • Leasehold Improvements | 20 |
| • Furniture and Equipment | 4-5 |
| • Vehicles | 3-5 |

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick leave benefits up to certain limits. There is also a policy whereby the government pays the employees, upon termination, for their allowed accumulated leave. Therefore, there is a liability on the government-wide financial statements for this unpaid accumulated leave. When the amount is actually paid upon termination the expenditure is recorded within the governmental fund.

The County also has contractual employment agreements with certain department heads. Some of these contracts contain separation agreements with compensation due at conclusion of the relationship.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The County has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for the reporting in this category. It is for property tax revenue which is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected.

Arapahoe County, Colorado

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Some items are considered deferred inflows of resources under the modified accrual basis of accounting and are only reported in the governmental funds. One item that qualifies for reporting in this category is the item *unavailable revenue*. The County reports unavailable revenue from two sources; grants and a long-term receivable due from the airport authority. These amounts are recognized as an inflow of resources in the period the revenue becomes available.

Long Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Long-term debt premiums and discounts are deferred and amortized over the term of the long-term debt. Long-term debt payable is reported net of the applicable unamortized premiums or discounts. Long-term debt issuance costs are reported as an outflow of resources.

In the fund financial statements, 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 are reported as debt service expenditures.

Fund Equity

GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*," provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by the County's highest level of decision making authority, the Board of County Commissioners, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action (resolution) of the Board of County Commissioners.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of County Commissioners to assign funds to be used for a specific purpose. No authority has been granted beyond the Board of County Commissioners. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum intended to be used for the purpose of that particular fund.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The County will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when expenditure is incurred, it is County policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned and unassigned.

The County discontinued reporting the Board Designated and the Building Maintenance funds as separate Special Revenue funds. Both of these funds are included in the General Fund per GASB Statement No. 54.

Arapahoe County, Colorado

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The Board of County Commissioners does have a formal fund balance reserve policy. This policy is adopted through resolution each year for the purpose of maintaining a satisfactory level of unappropriated fund balance reserves in order to insure a continued strong financial position within the County and to conform to the requirements of the Taxpayer's Bill of Rights (TABOR). For this financial report the amount of the Board reserves that pertains to TABOR have been separated from the total and are considered Restricted per above. The remaining amount does not meet the GASB Statement No. 54 requirements of a stabilization agreement. Instead, they are considered to be a minimum fund balance policy. Per GASB Statement No. 54, these amounts are required to be reported as part of Unassigned Fund Balance in the General Fund and Assigned Fund Balance in any other funds. The amounts approved by the Board Policy, excluding the TABOR portion, and included in Fund Balance are as follows:

General Fund - \$11,083,493
Social Services - \$1,650,873
Arapahoe Law Enforcement Authority - \$888,229
Road & Bridge - \$2,484,562

Net Position

The County reports *restricted* net position when constraints placed on resources are (a) externally imposed by creditors, grantors, contributors, laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Net investment in capital assets is a portion of net position that represents the County's net investment in its capital assets. The portion of net position that is categorized as *unrestricted* has not been classified as either *net investment in capital assets* or *restricted* net position.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates in the financial statements include the value of the hedge and real estate funds, which are only found with the pension trust fund. Significant estimates affecting the Pension Plan include the actuarial assumptions relating to investment rates of return and mortality tables. Actual results could differ from those estimates. There are significant estimates made in the other postemployment benefits calculations.

Encumbrance Accounting

The County uses encumbrance accounting as an extension of its budgetary scheme. Encumbrances are recorded when a purchase order or contract is issued. They are reduced when the related expenditure/expense is made. Encumbrances lapse at year-end but may be re-established in the subsequent year if the budget related to the encumbrance is approved by the Board of County Commissioners to be reappropriated to the subsequent year or if the subsequent year's budget is adequate to cover the amount of the rolled over encumbrance. The County does not restrict any fund balance for encumbrances unless those amounts are restricted for a specific purpose under GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

Arapahoe County, Colorado
Notes to the Financial Statements
December 31, 2012

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$256,250,160 are as follows:

| | |
|---|----------------------------------|
| Bonds and Certificates of Participation Payable | \$ 155,370,000 |
| Less: Net Bond Discount/Premium | 2,516,094 |
| Note Payable | 37,865,625 |
| Plus: Premium on Note Payable | 928,168 |
| Capital Leases Payable | 16,119,193 |
| Landfill - Post Closure Costs Payable | 500,000 |
| Compensated Absences | 11,114,022 |
| Total Long Term Debt | <u>224,413,102</u> |
| | |
| Accrued Interest Payable | 1,456,834 |
| Net Pension Obligation | 29,819,968 |
| Social Services Advance from State | <u>560,256</u> |
| | |
| Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities | <u><u>\$ 256,250,160</u></u> |

Another element of that reconciliation states that “other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.” The details of this \$7,515,872 are as follows:

| | |
|--|--------------------------------|
| Long Term Receivable-Airport Authority | \$ 5,880,000 |
| Receivables-Grants | <u>1,635,872</u> |
| | |
| Net adjustment to increase total governmental funds to arrive at net position - governmental activities | <u><u>\$ 7,515,872</u></u> |

Arapahoe County, Colorado

Notes to the Financial Statements

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B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The government fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this (\$7,692,259) difference are as follows:

| | |
|--|-----------------------|
| Capital Outlay | \$ 10,144,267 |
| Depreciation Expense | <u>(17,836,526)</u> |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | <u>\$ (7,692,259)</u> |

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position." The details of this (\$610,113) difference are as follows:

| | |
|---|---------------------|
| Prior year construction in progress written off - disposition of assets | \$ (515,812) |
| Transferred assets purchased in a governmental fund to a proprietary fund for future replacement purposes | (108,509) |
| Developer contributions of capital assets increase net position in the statement of activities, but do not appear in governmental because they are not financial resources. | <u>14,208</u> |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | <u>\$ (610,113)</u> |

Arapahoe County, Colorado
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Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this (\$5,127,683) difference are as follows:

| | |
|---|------------------------------|
| Compensated Absences Expense | \$ (627,950) |
| Pension Expense | (4,434,733) |
| Amortization Expense | (165,000) |
| Landfill Expense | <u>100,000</u> |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities. | <u><u>\$ (5,127,683)</u></u> |

Another element of that reconciliation states that "some revenues reported in the governmental funds have been reported in the statement of activities in prior periods." The details of this (\$2,108,568) difference are as follows:

| | |
|---|------------------------------|
| Lease Purchase Payment from Airport Authority | \$ (1,300,000) |
| Grant Revenues | <u>(808,568)</u> |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities. | <u><u>\$ (2,108,568)</u></u> |

Arapahoe County, Colorado

Notes to the Financial Statements

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NOTE 3: LEGAL COMPLIANCE - BUDGETS

Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (US GAAP).

The budgets for the proprietary funds are not adopted on a basis consistent with accounting principles generally accepted in the United States of America (US GAAP), as capital outlay and debt service are budgeted as expenditures and bond proceeds, contributed capital and equity transfers are budgeted as revenues.

Arapahoe County utilizes the encumbrance method of recording commitments related to unperformed contracts for goods and services during the year. Due to the County's integrated accounting and budgetary control system, appropriations are considered to lapse at year-end. Related amounts are reappropriated in the following year.

On or before August 15th of each year, elected officers, directors and department heads submit revenue estimates and expenditure requests to the Budget Manager, the official charged with organizing an overall County budget for submission to the Board of County Commissioners. On or before August 25th of each year, the County Assessor submits the current total assessed valuations for all taxing entities in the County and the factors needed to compute the statutory property tax revenue limits. The Budget Manager then submits a balanced budget to the Board on or before October 15th.

The Board of County Commissioners posts and publishes notice that the budget has been received and is open for inspection by the public and notice of the date of the scheduled public hearing at which any elector of the County may register an objection to the proposed budget. The budget must be adopted by December 15th of each year.

All property tax mill levies must be certified by the Board of County Commissioners on or before December 22nd of each year. Prior to the beginning of the next fiscal year, the Board of County Commissioners enacts an appropriating resolution to approve the total budget and departmental expenditures. Expenditures for each fund may not legally exceed budgeted expenditures at the individual fund level. By County policy, expenditures in the General Fund cannot exceed the appropriated departmental level. Neither the Board of County Commissioners nor any County officers can expend money for any of the purposes set out in the appropriation resolution in excess of the amount appropriated. The Budget Manager may transfer budget amounts between line items as long as the total budget for the fund or General Fund department is not exceeded. Any revisions to the total appropriation of any fund must be approved by a supplemental appropriation resolution by the Board of County Commissioners. A few supplemental appropriation resolutions were enacted and filed with the Division of Local Government, State of Colorado. Supplemental appropriations for the current year have been approved by the Board of County Commissioners in the following year.

Arapahoe County, Colorado

Notes to the Financial Statements

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NOTE 4: CASH, DEPOSITS, INVESTMENTS, AND RESTRICTED ASSETS

A summary of Cash and Investments for the Primary Government and Fiduciary Funds, (excluding the Retirement Trust Fund – see Note 15) and discretely presented component units are as follows:

| | Primary Government | Discrete Component Units | Agency Funds | Total Reporting Entity |
|---|-------------------------------|-------------------------------------|-------------------------|-----------------------------------|
| Cash and Investments | \$ 152,501,823 | \$ 34,151,645 | \$ 31,038,524 | \$ 217,691,992 |
| Restricted Cash and Investments | 36,387,269 | 8,254,512 | 1,433,265 | 46,075,046 |
| Total Cash and Investments | \$ 188,889,092 | \$ 42,406,157 | \$ 32,471,789 | \$ 263,767,038 |
| Total Cash Deposits (including CD's) | | | | \$ 62,348,225 |
| Total Investments | | | | 201,418,813 |
| Total Cash Deposits and Investments (Book Balance) | | | | \$ 263,767,038 |

Restricted Cash and Investments are recorded for the following purposes:

| | Primary Government | Discrete Component Units | Agency Funds | Total Reporting Entity |
|--|-------------------------------|-------------------------------------|-------------------------|-----------------------------------|
| Debt Reserves | \$ 1,616,980 | \$ 8,228,787 | \$ - | \$ 9,845,767 |
| Debt Proceeds | 1,200,000 | - | - | 1,200,000 |
| Legal/Contractual Obligations | 33,570,289 | 25,725 | - | 33,596,014 |
| Public Trustee Statutory Reserve | - | - | 1,433,265 | 1,433,265 |
| Total Restricted Cash and Investments | \$ 36,387,269 | \$ 8,254,512 | \$ 1,433,265 | \$ 46,075,046 |

Deposits

Colorado State Statutes, specifically the Public Deposit Protection Act (PDPA) of 1989, require all public monies to be deposited in financial institutions that have been designated as eligible public depositories. Eligible public depositories must pledge eligible collateral for any amounts in excess of the required Federal Deposit Insurance Corporation (FDIC) amount, as promulgated by the Colorado Division of Banking, having a market value in excess of 102% of the aggregate uninsured public deposits. At December 31, 2012, the County's carrying amount of cash deposits was \$29,500,937. Of the County's bank balances totaling \$34,275,319, \$18,321,880 was covered by FDIC and \$15,953,439 was collateralized under PDPA. The component units' carrying amount of deposits with banks was \$32,847,288 and the bank balance was \$33,165,015.

Investments

Significant portions of cash in the discretely presented component units and the agency funds are pooled with primary government cash and then invested in the most advantageous manner to the reporting entity as a whole. It is not possible to determine how much component unit cash was invested in a certain way. Therefore, this investment section is presented for the entire reporting entity, including the Agency Funds.

Arapahoe County, Colorado

Notes to the Financial Statements

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Authorized Investments

The County has adopted a formal investment policy that limits the County's investments to investments within the confines of the Colorado Revised Statutes, sections: 30-10-708, 11-10.5-101, 24-75-601, 24-75-603 & 24-75-702. Investments authorized under these statutes include:

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

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

| <u>Investment Type</u> | <u>Investment Maturities</u> | | | | |
|--|------------------------------|----------------------|-------------------|-------------------|-----------------------|
| | <u>Less than 1 Year</u> | <u>1-5 Years</u> | <u>5-10 Years</u> | <u>10 Years +</u> | <u>Total</u> |
| Primary Government and Agency Funds: | | | | | |
| JP Morgan U.S. Govt Money Market Funds | \$ 43,733,222 | \$ - | \$ - | \$ - | \$ 43,733,222 |
| U.S. Agency Securities: | | | | | |
| Federal National Mortgage Association | - | 23,087,150 | - | - | 23,087,150 |
| Federal Home Loan Bank | - | 7,724,525 | - | - | 7,724,525 |
| Federal Home Loan Bank - Discount Note | 1,594,410 | - | - | - | 1,594,410 |
| Federal Farm Credit Bank | - | 7,652,908 | - | - | 7,652,908 |
| Federal Home Loan Mortgage Corporation | - | 5,002,070 | - | - | 5,002,070 |
| Local Government Investment Pools | 29,431,605 | - | - | - | 29,431,605 |
| Foreign Corporate Bonds | - | 20,093,753 | - | - | 20,093,753 |
| Commercial Paper | 27,488,643 | - | - | - | 27,488,643 |
| Corporate Bonds | 7,781,499 | 17,771,613 | - | - | 25,553,112 |
| U.S. Agency Strips & Coupons | 32,945 | 127,850 | 143,563 | 171,572 | 475,930 |
| U.S. Treasury Obligations | 22,616 | - | - | - | 22,616 |
| Total Primary Government and Agency Funds | \$ 110,084,940 | \$ 81,459,869 | \$ 143,563 | \$ 171,572 | \$ 191,859,944 |
| Component Units: | | | | | |
| Local Government Investment Pools | \$ 7,656,143 | \$ - | \$ - | \$ - | \$ 7,656,143 |
| Federal National Mortgage Association | | | | | |
| Discount Note | 1,594,410 | - | - | - | 1,594,410 |
| Other Investments | 308,316 | - | - | - | 308,316 |
| Total Component Units | \$ 9,558,869 | \$ - | \$ - | \$ - | \$ 9,558,869 |
| Total Investments | \$ 119,643,809 | \$ 81,459,869 | \$ 143,563 | \$ 171,572 | \$ 201,418,813 |

As of December 31, 2012, the County had invested in local government investment pools which include the Colorado Local Government Liquid Asset Trust (COLOTRUST), and the Colorado Surplus Asset Fund Trust (CSAFE). The local government investment pools are investment vehicles which were established for local government entities in Colorado to pool surplus funds. Both pools are similar to money market funds, with each

Arapahoe County, Colorado

Notes to the Financial Statements

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share valued at \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, Federal Instrumentality Securities, Agency Securities, Collateralized Bank Deposits, Repurchase Agreements, and Tri-Party Repurchase Agreements. COLOTRUST PLUS+ may also invest in Commercial Paper that, at the time of purchase, is rated in its highest rating category by one or more nationally recognized statistical rating organizations that regularly rate such obligations, and highly-rated corporate bonds. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal mechanisms of the pooled funds. The custodian's internal records identify the investments owned by each pool investor. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments. As of December 31, 2012, the County, including component units, had \$7,686,963 invested in COLOTRUST and \$29,400,785 invested in CSAFE.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization including Standards & Poor's (S&P), Moody's Investor Service (Moody's) and Fitch Ratings (Fitch). The following table displays the ratings for the County's investments at December 31, 2012:

| Investment Type | S&P AA+ | S&P AA- | S&P A+ | S&P A-1+ | S&P A-1 | S&P AAAm | Moody's Aaa | Not Rated | Total |
|--|----------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|-------------------|-----------------------|
| Primary Govt and Agency Funds: | | | | | | | | | |
| JP Morgan U.S. Govt Money Market Funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 43,733,222 | \$ - | \$ - | \$ 43,733,222 |
| U.S. Agency Securities: | | | | | | | | | |
| Federal National Mortgage Association | 23,087,150 | - | - | - | - | - | - | - | 23,087,150 |
| Federal Home Loan Bank | 7,724,525 | - | - | - | - | - | - | - | 7,724,525 |
| Federal Home Loan Bank - Discount Note | - | - | - | 1,594,410 | - | - | - | - | 1,594,410 |
| Federal Farm Credit Bank | 7,652,908 | - | - | - | - | - | - | - | 7,652,908 |
| Federal Home Loan Mortgage Corporation | 5,002,070 | - | - | - | - | - | - | - | 5,002,070 |
| Local Government Investment Pools | - | - | - | - | - | 29,431,605 | - | - | 29,431,605 |
| Corporate Bonds | 13,032,390 | 4,573,229 | 2,505,184 | - | - | - | 5,442,309 | - | 25,553,112 |
| Commercial Paper | - | - | - | 17,494,463 | 9,994,180 | - | - | - | 27,488,643 |
| Foreign Corporate Bonds | - | 20,093,753 | - | - | - | - | - | - | 20,093,753 |
| U.S. Agency Strips & Coupons | 442,985 | - | - | 32,945 | - | - | - | - | 475,930 |
| U.S. Treasury Obligations | - | - | - | - | - | 22,616 | - | - | 22,616 |
| Total Primary Govt and Agency Funds | \$ 56,942,028 | \$ 24,666,982 | \$ 2,505,184 | \$ 19,121,818 | \$ 9,994,180 | \$ 73,187,443 | \$ 5,442,309 | \$ - | \$ 191,859,944 |
| Component Units: | | | | | | | | | |
| Local Government Investment Pools | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,656,143 | \$ - | \$ - | \$ 7,656,143 |
| Federal National Mortgage Association Discount Note | - | - | - | 1,594,410 | - | - | - | - | 1,594,410 |
| Other Investments | - | - | - | - | - | - | - | 308,316 | 308,316 |
| Total Component Units | \$ - | \$ - | \$ - | \$ 1,594,410 | \$ - | \$ 7,656,143 | \$ - | \$ 308,316 | \$ 9,558,869 |
| Total Investments | \$ 56,942,028 | \$ 24,666,982 | \$ 2,505,184 | \$ 20,716,228 | \$ 9,994,180 | \$ 80,843,586 | \$ 5,442,309 | \$ 308,316 | \$ 201,418,813 |

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's safekeeping bank must meet the following requirements under the County's investment policy; the purchase and sale of securities and repurchase agreements shall be settled on a delivery versus payment basis, ownership of all securities shall be perfected in the name of the County Treasurer, and sufficient evidence to title shall be consistent with modern investment, banking and commercial practices. At December 31, 2012, all of the County's investments are held in the name of the County.

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Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment instrument, the greater the sensitivity of its fair value to changes in market interest rates. The County's investment policy maintains that the portfolio is to remain sufficiently liquid to meet all cash requirements that may be reasonably anticipated. One of the ways the County manages its exposure to interest rate risk is by laddering maturities evenly to provide continuous cash flow and liquidity needed for operations. In accordance with its investment policy, the County's investments are limited to maturities not exceeding five years from the date of trade settlement. The U.S. Agency Strips and Coupons with maturities in excess of five years totaling \$315,135 were purchased over 20 years ago and are considered immaterial.

Concentrations Risk

Concentration risk is the risk of loss attributed to the magnitude of the County's investments in a single issuer. The County's investment policy states that the County shall diversify its investments to avoid incurring unreasonable risks inherent in over-investment in specific instruments, individual financial institutions or maturities. The County seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the County to meet its anticipated cash requirements. Investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of the County's total investments are as follows:

| Investment Type | Fair Value | Percent of Investment Portfolio |
|---------------------------------------|-------------------|--|
| Federal National Mortgage Association | 23,087,150 | 12% |
| National Australia Bank | 10,146,468 | 5% |
| ING Funding | 9,994,180 | 5% |
| Royal Bank of Canada | 9,947,285 | 5% |

The component units' investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of the component units' total investments are as follows:

| Investment Type | Fair Value | Percent of Investment Portfolio |
|---------------------------------------|-------------------|--|
| Federal National Mortgage Association | 1,594,410 | 17% |

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an Investment. All of the County's investments, including its holdings in foreign corporate bonds, are denominated in U.S. currency and therefore, are not subject to foreign currency risk.

Arapahoe County, Colorado
Notes to the Financial Statements
December 31, 2012

NOTE 5: INTERFUND RECEIVABLE AND PAYABLE BALANCES AND TRANSFERS

Interfund receivable and payable balances arise due to short-term cash flow needs in certain non-major governmental funds. At December 31, 2012, the balances are as follows:

| | Due To | Due From |
|-----------------|---------------------|---------------------|
| General Fund | \$ 2,041,403 | \$ - |
| Non Major Funds | - | 2,041,403 |
| Total | \$ 2,041,403 | \$ 2,041,403 |

During 2012, the County transferred monies among various funds; the principal reason for the transfers was to support the ongoing operations of the receiving fund. The transfers between funds are as follows:

| | Transfers In | Transfers Out |
|----------------------------|----------------------|----------------------|
| General Fund | \$ 2,503,578 | \$ 14,581,185 |
| Social Services Fund | - | 1,522,128 |
| Open Spaces Sales Tax Fund | - | 250 |
| Internal Service Funds | 431,482 | 1,115,931 |
| Non Major Funds | 18,947,906 | 4,663,472 |
| Total | \$ 21,882,966 | \$ 21,882,966 |

Arapahoe County, Colorado
Notes to the Financial Statements

December 31, 2012

NOTE 6: CAPITAL ASSETS

Primary Government

Capital asset activity for the Arapahoe County primary government for the year ended December 31, 2012 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|---------------------|-----------------------|-----------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 40,911,146 | \$ - | \$ - | \$ 40,911,146 |
| Easements | 4,322,860 | - | - | 4,322,860 |
| Right of Ways | 309,332,747 | 639,014 | - | 309,971,761 |
| Water Rights | 51,616,042 | - | - | 51,616,042 |
| Construction in Progress | 12,342,682 | 3,158,014 | (8,084,771) | 7,415,925 |
| Total Capital Assets Not Being Depreciated | <u>418,525,477</u> | <u>3,797,028</u> | <u>(8,084,771)</u> | <u>414,237,734</u> |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 4,857,745 | 5,628,743 | - | 10,486,488 |
| Buildings | 287,323,196 | 3,316,079 | - | 290,639,275 |
| Furniture and Equipment | 58,089,816 | 6,038,260 | (7,590,903) | 56,537,173 |
| Infrastructure | 337,952,013 | 2,896,309 | - | 340,848,322 |
| Total Capital Assets Being Depreciated | <u>688,222,770</u> | <u>17,879,391</u> | <u>(7,590,903)</u> | <u>698,511,258</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | (1,219,805) | (374,387) | - | (1,594,192) |
| Buildings | (97,221,810) | (8,233,734) | - | (105,455,544) |
| Furniture and Equipment | (48,458,180) | (4,765,795) | 7,589,352 | (45,634,623) |
| Infrastructure | (103,190,651) | (8,074,274) | - | (111,264,925) |
| Total Accumulated Depreciation | <u>(250,090,446)</u> | <u>(21,448,190)</u> | <u>7,589,352</u> | <u>(263,949,284)</u> |
| Total Capital Assets Being Depreciated, Net | <u>438,132,324</u> | <u>(3,568,799)</u> | <u>(1,551)</u> | <u>434,561,974</u> |
| Total Primary Government Capital Assets, Net | <u>\$ 856,657,801</u> | <u>\$ 228,229</u> | <u>\$ (8,086,322)</u> | <u>\$ 848,799,708</u> |

Depreciation expense was charged to functions/programs of the primary government during the year ended December 31, 2012 as follows:

Governmental Activities

| | |
|--|----------------------|
| General Government | \$ 4,151,644 |
| Public Safety | 5,161,502 |
| Health and Welfare | 1,063,975 |
| Highways and Streets | 7,162,610 |
| Water and Wastewater | 3,331,656 |
| Culture and Recreation | <u>576,803</u> |
| Total Governmental Activities Depreciation Expense | <u>\$ 21,448,190</u> |

Arapahoe County, Colorado

Notes to the Financial Statements

December 31, 2012

Discretely presented component units

Capital asset activity for the E-911 Authority for the year ended December 31, 2012 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|---------------------|------------------|---------------------------|
| Capital Assets Being Depreciated: | | | | |
| Furniture and Equipment | \$ 5,332,741 | \$ 93,025 | \$ - | \$ 5,425,766 |
| Total Capital Assets Being Depreciated | <u>5,332,741</u> | <u>93,025</u> | <u>-</u> | <u>5,425,766</u> |
| Less Accumulated Depreciation: | | | | |
| Furniture and Equipment | <u>(3,990,416)</u> | <u>(694,616)</u> | <u>-</u> | <u>(4,685,032)</u> |
| Total Accumulated Depreciation | <u>(3,990,416)</u> | <u>(694,616)</u> | <u>-</u> | <u>(4,685,032)</u> |
| Total E-911 Capital Assets, Net | <u>\$ 1,342,325</u> | <u>\$ (601,591)</u> | <u>\$ -</u> | <u>\$ 740,734</u> |

Capital asset activity for the Arapahoe County Public Airport Authority for the year ended December 31, 2012 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|------------------------------|----------------------|---------------------|---------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 24,318,607 | \$ 1,880,903 | \$ - | \$ 26,199,510 |
| Construction in Progress | 640,432 | 8,862,049 | 5,550,466 | 3,952,015 |
| Total Capital Assets Not Being Depreciated | <u>24,959,039</u> | <u>10,742,952</u> | <u>5,550,466</u> | <u>30,151,525</u> |
| Capital Assets Being Depreciated: | | | | |
| Site Improvements | 1,010,963 | - | - | 1,010,963 |
| Buildings and Improvements | 16,709,064 | 334,512 | - | 17,043,576 |
| Runways, Taxiways and Ramps | 34,331,687 | 3,444,839 | - | 37,776,526 |
| Furniture and Equipment | 6,380,000 | 227,465 | 259,088 | 6,348,377 |
| Total Capital Assets Being Depreciated | <u>58,431,714</u> | <u>4,006,816</u> | <u>259,088</u> | <u>62,179,442</u> |
| Less Accumulated Depreciation: | | | | |
| Site Improvements | (491,220) | (25,262) | - | (516,482) |
| Buildings and Improvements | (13,776,176) | (397,219) | - | (14,173,395) |
| Runways, Taxiways and Ramps | (19,589,543) | (2,734,313) | - | (22,323,856) |
| Furniture and Equipment | <u>(3,539,611)</u> | <u>(552,197)</u> | <u>(259,088)</u> | <u>(3,832,720)</u> |
| Total Accumulated Depreciation | <u>(37,396,550)</u> | <u>(3,708,991)</u> | <u>(259,088)</u> | <u>(40,846,453)</u> |
| Total Capital Assets Being Depreciated, Net | <u>21,035,164</u> | <u>297,825</u> | <u>-</u> | <u>21,332,989</u> |
| Total Airport Authority Capital Assets, Net | <u>\$ 45,994,203</u> | <u>\$ 11,040,777</u> | <u>\$ 5,550,466</u> | <u>\$ 51,484,514</u> |

Arapahoe County, Colorado
Notes to the Financial Statements

December 31, 2012

Capital Asset Activity for the Arapahoe County Water and Wastewater Authority for the year ended December 31, 2012 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|--------------|--------------|-------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 2,063,196 | \$ - | \$ - | \$ 2,063,196 |
| Water Rights | 122,617,828 | 26,974 | - | 122,644,802 |
| Less: Depletion | (1,215,999) | (87,939) | - | (1,303,938) |
| Net Water Rights | 121,401,829 | (60,965) | - | 121,340,864 |
| Construction in Progress | 1,805,926 | 2,836,965 | 1,507,641 | 3,135,250 |
| Total Capital Assets Not Being Depreciated | 125,270,951 | 2,776,000 | 1,507,641 | 126,539,310 |
| Capital Assets Being Depreciated: | | | | |
| Water System | 40,266,428 | 1,512,340 | - | 41,778,768 |
| Sewer System | 15,097,364 | - | - | 15,097,364 |
| Buildings, Equipments, and Projects | 3,244,015 | 10,300 | - | 3,254,315 |
| Total Capital Assets Being Depreciated | 58,607,807 | 1,522,640 | - | 60,130,447 |
| Less Accumulated Depreciation: | | | | |
| Water System | (6,148,266) | (1,864,798) | - | (8,013,064) |
| Sewer System | (7,538,566) | (739,900) | - | (8,278,466) |
| Buildings, Equipments, and Projects | (1,856,532) | (353,181) | - | (2,209,713) |
| Total Accumulated Depreciation | (15,543,364) | (2,957,879) | - | (18,501,243) |
| Total Capital Assets Being Depreciated, Net | 43,064,443 | (1,435,239) | - | 41,629,204 |
| Total Arapahoe County Water and Wastewater Authority Capital Assets, Net | \$ 168,335,394 | \$ 1,340,761 | \$ 1,507,641 | \$ 168,168,514 |

NOTE 7: DEFERRED INFLOWS OF RESOURCES – UNAVAILABLE REVENUE

Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when earned. Therefore, the government-wide statement of net position as well as the governmental funds defer revenue recognition in connection with resources that have been received as of year-end, but not yet earned. Assets recognized in connection with a transaction before the earnings process is complete are offset by a corresponding liability classified under the category: deferred inflows of resources.

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized in the current period. Revenue must also be susceptible to accrual (i.e. measurable and available to finance expenditures of the current period). Governmental funds report deferred inflows of resources in connection with receivables for revenues not considered available to liquidate liabilities of the current period. The County considers revenues available if they are collected within 60 days after year-end. At December 31, 2012, items considered unavailable to finance expenditures of the current fiscal period totaled \$1,635,872.

NOTE 8: DEFICIT FUND BALANCES

The Grant Fund and the Homeland Security Fund had deficit fund balances at December 31, 2012 of (\$391,791) and (\$1,173,385), respectively. The revenue to offset the deficit is currently reported as deferred inflows of resources because it is unavailable but will be recognized as earned revenue as soon as the funds are collected.

Arapahoe County, Colorado
Notes to the Financial Statements
December 31, 2012

NOTE 9: CAPITAL COMMITMENTS

The County has contractual commitments for capital construction projects, capital asset purchase contracts, information technology and communication service contracts, professional services contracts, and rent and miscellaneous services contracts as of December 31, 2012. These commitments have not been paid, nor recorded as a liability in the financial statements. The amounts of these commitments are as follows:

| Commitment Type | Amount |
|---|---------------------|
| Capital Construction Project Contracts | \$ 7,135,838 |
| Capital Asset Purchase Contracts | 1,064,789 |
| Information Technology and Communications Contracts | 527,382 |
| Professional Services Contracts | 302,569 |
| Rent and Miscellaneous Services Contracts | 32,352 |
| | <u>\$ 9,062,930</u> |

Developers contribute funds to the County to help pay for County infrastructure costs related to their developments. The contributions are recorded as revenue in the capital project funds. These infrastructure projects are usually completed after the contributions are received and recorded as revenue. The probability that the County will ultimately fail to complete a project for which a developer has contributed funds is remote and does not justify the recording of a liability in the financial statements. During 2012, \$101,521 has been contributed to the County by developers and recorded as revenue for which development improvement projects must be completed by the County in the future.

The totals by major governmental fund and for non-major governmental funds as a whole of the balances of significant encumbrances with a balance in excess of \$100,000 at December 31, 2012 were as follows:

| | |
|--------------------------------|---------------------|
| General Fund | \$ 276,781 |
| Non-Major Funds | <u>6,452,088</u> |
| Total Significant Encumbrances | <u>\$ 6,728,869</u> |

NOTE 10: DEFERRED COMPENSATION PLANS

The County offers its employees an opportunity to participate voluntarily in a deferred compensation plan. This plan, created in accordance with Internal Revenue Code Section 457, is maintained by a third party administrator, International City Management Association Retirement Corporation (ICMA-RC). The plan permits employees to defer a portion of their salary until future years. In 2012, employees could voluntarily elect to have amounts withheld from their compensation up to age of 50 of \$17,000 per year and above the age of 50 to \$22,500 per year. The withheld amounts are deposited to each participant's account, according to each participant's investment direction, making the plan funded. The deferred compensation balance is not available to employees until termination, retirement, death, or an unforeseeable emergency.

In accordance with GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, the County established trusts to hold the assets of the plans' and modified the documents to state that the plan is "held in trust for the exclusive benefit of participants and their beneficiaries." As such, the plans' assets are not the property and right of the County, and therefore, are not reflected in the government-wide financial statements of the County.

Arapahoe County, Colorado
Notes to the Financial Statements
December 31, 2012

NOTE 11: CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2012 is as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---|-----------------------|----------------------|----------------------|-----------------------|------------------------|
| General obligation bonds payable | | | | | |
| ACWWA PID 2002 A&B Bonds | \$ 59,185,000 | \$ - | \$ 59,185,000 | \$ - | \$ - |
| ACWWA PID 2009 A&B Bonds | 56,075,000 | - | - | 56,075,000 | - |
| ACWWA PID 2012 Refunding Bonds | - | 59,020,000 | - | 59,020,000 | 740,000 |
| Less - Deferred amounts for issuance discounts and premiums on bonds payable | (814,055) | 1,767,720 | (686,733) | 1,640,398 | - |
| Total Bonds Payable | 114,445,945 | 60,787,720 | 58,498,267 | 116,735,398 | 740,000 |
| Notes payable | | | | | |
| ACWWA PID -2005 | 26,270,000 | - | - | 26,270,000 | - |
| ACWWA PID -2006 | 12,597,715 | - | 1,002,090 | 11,595,625 | 1,018,610 |
| Plus - Deferred amounts related to issuance premiums on notes payable | 1,004,978 | - | 76,810 | 928,168 | - |
| Total Notes Payable | 39,872,693 | - | 1,078,900 | 38,793,793 | 1,018,610 |
| Certificates of participation payable | | | | | |
| Judicial Complex Refunding | 7,180,000 | - | 1,300,000 | 5,880,000 | 1,360,000 |
| 2006 Refunding of 2000 Building Project | 37,430,000 | - | 3,035,000 | 34,395,000 | 3,160,000 |
| Less: Deferred amounts for bond Discounts/Premiums | 965,417 | - | 89,721 | 875,696 | - |
| Total Certificates of Participation Payable | 45,575,417 | - | 4,424,721 | 41,150,696 | 4,520,000 |
| Capital leases | | | | | |
| Fairgrounds Event & Livestock Facility | 1,106,510 | - | 262,206 | 844,304 | 271,594 |
| Water Facility | 328,658 | - | 64,224 | 264,434 | 68,185 |
| Parkland | 2,498,398 | - | 106,568 | 2,391,830 | 111,778 |
| District Attorney Office Building | 3,930,000 | - | 495,000 | 3,435,000 | 515,000 |
| Lima Ridge | 9,507,741 | - | 324,116 | 9,183,625 | 339,006 |
| Total Capital Leases | 17,371,307 | - | 1,252,114 | 16,119,193 | 1,305,563 |
| Landfill - Post closure costs payable | 600,000 | - | 100,000 | 500,000 | 100,000 |
| Compensated absences | 10,486,073 | 10,554,796 | 9,926,847 | 11,114,022 | 1,114,402 |
| Total Long-term Liabilities | \$ 228,351,435 | \$ 71,342,516 | \$ 75,280,849 | \$ 224,413,102 | \$ 8,798,575 |

The Arapahoe County Water and Wastewater Public Improvement District (PID) Bonds are paid out of a Capital Projects Fund. All other General Long-Term Debt (except compensated absences) is paid out of Debt Service Funds. The County will liquidate compensated absences in the General, Social Services, Arapahoe Law Enforcement Authority District, Arapahoe/Douglas Works, Road & Bridge, Sheriff's Commissary, Housing and Community Development, Grant and Open Space Funds.

The beginning balance has been restated as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement 65, which requires the reclassification of certain items as deferred outflows or inflows of resources. The deferred amount on refunding for the certificates of participation was reclassified as a deferred outflow of resources.

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Notes to the Financial Statements

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Bonds

Arapahoe County Water and Wastewater Public Improvement District 2009 Series A & B Bonds

On December 16, 2009, the Arapahoe County Water and Wastewater Public Improvement District 2009 Series A & B Bonds were issued in the amount of \$ 56,075,000 with fixed interest rates between 4.25% and 6.48%. The bonds were issued to finance the acquisition of water rights and to capitalize interest and the costs of issuing the bonds. Future debt payments are as follows:

| Date | Principal | Interest | Total |
|-------------|----------------------|----------------------|-----------------------|
| 2013 | \$ - | \$ 3,533,898 | \$ 3,533,898 |
| 2014 | - | 3,533,897 | 3,533,897 |
| 2015 | - | 3,533,898 | 3,533,898 |
| 2016 | - | 3,533,897 | 3,533,897 |
| 2017 | - | 3,533,898 | 3,533,898 |
| 2018-2022 | - | 17,669,487 | 17,669,487 |
| 2023-2027 | 900,000 | 17,637,188 | 18,537,188 |
| 2028-2032 | 3,025,000 | 17,248,701 | 20,273,701 |
| 2033-2037 | 26,140,000 | 15,508,628 | 41,648,628 |
| 2038-2039 | 26,010,000 | 2,558,628 | 28,568,628 |
| Total | <u>\$ 56,075,000</u> | <u>\$ 88,292,120</u> | <u>\$ 144,367,120</u> |

Arapahoe County Water and Wastewater Public Improvement District Series 2012 Refunding Bonds

On September 27, 2012, the Arapahoe County Water & Waste Water Public Improvement District issued General Obligation Refunding Bonds in the amount of \$59,020,000 to refund the Arapahoe County Water & Waste Water Public Improvement District 2002 Series A & B Bonds. As a result, the Arapahoe County Water & Waste Water Public Improvement District 2002 Series A & B Bonds were liquidated and removed from the County's government-wide financial statements.

The County refunded the Arapahoe County Water & Waste Water Public Improvement District 2002 Series A & B Bonds to reduce its debt service requirements by \$19,545,743 over the next 20 years. The refunding of the Arapahoe County Water & Waste Water Public Improvement District 2002 Series A & B Bonds resulted in an economic gain (the difference between the present value of the debt service payments of the refunded (new debt) and associated costs needed to complete the refunding transaction and the present value of the old debt service payments made to the maturity of the old debt) of \$14,803,924.

The refunding of the Arapahoe County Water & Waste Water Public Improvement District 2002 Series A & B Bonds resulted in a deferred outflow of resources of \$1,114,008 that is required by GASB Statement No. 65 to be recorded in the statement of net position in the Comprehensive Annual Financial Report of the County and amortized over the life of the new (refunding) debt.

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Notes to the Financial Statements
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| Date | Principal | Interest | Total |
|-------------|----------------------|----------------------|----------------------|
| 2013 | \$ 740,000 | \$ 1,794,825 | \$ 2,534,825 |
| 2014 | 910,000 | 1,772,625 | 2,682,625 |
| 2015 | 1,025,000 | 1,736,225 | 2,761,225 |
| 2016 | 1,235,000 | 1,695,225 | 2,930,225 |
| 2017 | 1,395,000 | 1,645,825 | 3,040,825 |
| 2018-2022 | 10,425,000 | 7,292,625 | 17,717,625 |
| 2023-2027 | 17,190,000 | 5,439,663 | 22,629,663 |
| 2028-2032 | 26,100,000 | 2,472,450 | 28,572,450 |
| Total | <u>\$ 59,020,000</u> | <u>\$ 23,849,463</u> | <u>\$ 82,869,463</u> |

Notes Payable

Arapahoe County Water and Wastewater Public Improvement District 2005 Colorado Water Resources and Power Development Authority Long Term Note Payable

The Arapahoe County Water and Wastewater Public Improvement District entered into a long term note payable with the Colorado Water Resources and Power Development Authority on November 1, 2005. The long term note financed the expansion of the capacity of the sewer treatment plant that serves the Arapahoe County Water and Wastewater District, a new lift station, force main, gravity sewer and an effluent return pipeline. The note was for \$26,270,000 with an average interest rate of 4.665%. Future note payments are as follows:

| Date | Principal | Interest | Total |
|-------------|----------------------|----------------------|----------------------|
| 2013 | \$ - | \$ 1,297,906 | \$ 1,297,906 |
| 2014 | - | 1,297,906 | 1,297,906 |
| 2015 | - | 1,297,906 | 1,297,906 |
| 2016 | - | 1,297,906 | 1,297,906 |
| 2017 | - | 1,297,906 | 1,297,906 |
| 2018-2022 | - | 6,489,531 | 6,489,531 |
| 2023-2027 | 2,495,000 | 6,104,534 | 8,599,534 |
| 2028-2032 | - | 5,943,750 | 5,943,750 |
| 2033-2035 | 23,775,000 | 2,416,000 | 26,191,000 |
| Total | <u>\$ 26,270,000</u> | <u>\$ 27,443,345</u> | <u>\$ 53,713,345</u> |

Arapahoe County Water and Wastewater Public Improvement District 2006 Colorado Water Resources and Power Development Authority Drinking Water Fund Long Term Note Payable

The Arapahoe County Water and Wastewater Public Improvement District entered into a long term note payable with the Colorado Water Resources and Power Development Authority on November 1, 2006. This long term note payable financed a joint water purification project being constructed with the Cottonwood Water and

Arapahoe County, Colorado

Notes to the Financial Statements

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Sanitation District, including production wells, a pumping station and transmission pipelines. The note was for \$16,049,975 with an average interest rate of 4.075%.

| Date | Principal | Interest | Total |
|-----------|----------------------|---------------------|----------------------|
| 2013 | \$ 1,018,610 | \$ 424,464 | \$ 1,443,074 |
| 2014 | 1,040,632 | 401,346 | 1,441,978 |
| 2015 | 1,079,175 | 370,640 | 1,449,815 |
| 2016 | 1,106,706 | 338,796 | 1,445,502 |
| 2017 | 1,139,740 | 306,140 | 1,445,880 |
| 2018-2022 | 6,210,762 | 1,022,149 | 7,232,911 |
| Total | <u>\$ 11,595,625</u> | <u>\$ 2,863,535</u> | <u>\$ 14,459,160</u> |

Certificates of Participation

All Certificates of Participation are recorded in the Arapahoe County Building Finance Corporation fund.

Judicial Complex Refunding Certificates of Participation

On September 3, 2002, the Judicial Complex Refunding Certificates of Participation were issued by the Arapahoe County Building Finance Corporation in the amount of \$15,760,000 with an average interest rate of 4.57% to refund the existing Certificates of Participation in the amount of \$14,850,000 for the purpose of lowering interest rates. The Certificates are secured by the County Judicial Complex and are an obligation of the County. The revenue source to pay the Certificates is outlined in an agreement with the Arapahoe County Airport Authority. In the event that the Airport Authority could not meet the payment schedule, the County would still need to make the payments on the Certificates to avoid a default. Future debt payments are as follows:

| Date | Principal | Interest | Total |
|-------|---------------------|-------------------|---------------------|
| 2013 | \$ 1,360,000 | \$ 308,700 | \$ 1,668,700 |
| 2014 | 1,430,000 | 237,300 | 1,667,300 |
| 2015 | 1,505,000 | 162,225 | 1,667,225 |
| 2016 | 1,585,000 | 83,213 | 1,668,213 |
| Total | <u>\$ 5,880,000</u> | <u>\$ 791,438</u> | <u>\$ 6,671,438</u> |

2006 Refunding Certificates of Participation – Advance Refunding

On February 14, 2006, the Arapahoe County Building Finance Corporation issued \$50,945,000 in Refunding Certificates of Participation Series 2006 to purchase U.S. Government securities with an average interest rate of 4.2845%. These securities were placed in an irrevocable trust with an escrow agent to provide for the redemption of the Series 2000 Certificates of Participation.

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Notes to the Financial Statements
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Future debt payments are as follows:

| Date | Principal | Interest | Total |
|-------------|----------------------|---------------------|----------------------|
| 2013 | \$ 3,160,000 | \$ 1,425,175 | \$ 4,585,175 |
| 2014 | 3,315,000 | 1,283,300 | 4,598,300 |
| 2015 | 3,455,000 | 1,133,500 | 4,588,500 |
| 2016 | 3,625,000 | 973,063 | 4,598,063 |
| 2017 | 3,785,000 | 799,625 | 4,584,625 |
| 2018-2021 | 17,055,000 | 1,462,800 | 18,517,800 |
| Total | <u>\$ 34,395,000</u> | <u>\$ 7,077,463</u> | <u>\$ 41,472,463</u> |

Capital Leases

The following is an analysis of assets acquired through capital leases as of December 31, 2012:

Arapahoe County Fairgrounds Event and Livestock Facility

On November 2, 2005, the County entered into a lease purchase agreement with Chase Equipment Leasing, Incorporated for the purchase and installation of a Fairgrounds Event and Livestock Facility. Accordingly, the County capitalized \$2,500,000 for this facility in its fixed assets records. The gross asset purchased is \$2,500,000, the accumulated depreciation is \$336,131, and net book value of \$2,163,869.

The agreement was for \$2,500,000. The average interest rate is 3.549% per annum. Future lease payments are as follows:

| Date | Principal | Interest | Total |
|-------------|-------------------|------------------|-------------------|
| 2013 | \$ 271,594 | \$ 27,576 | \$ 299,170 |
| 2014 | 281,319 | 17,851 | 299,170 |
| 2015 | 291,391 | 7,779 | 299,170 |
| Total | <u>\$ 844,304</u> | <u>\$ 53,206</u> | <u>\$ 897,510</u> |

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Water Facilities at the Arapahoe County Fairgrounds-Pure Cycle Corporation

The County entered into a lease purchase agreement with Pure Cycle Corporation on July 25, 2005, to finance, acquire, design, construct, operate and maintain certain water facilities located at the Arapahoe County Fairgrounds. The agreement required that the water facility constructed by Pure Cycle would be paid for with an initial cash payment of \$397,235 and a lease agreement for \$514,552 that was adjusted subsequent to a Water Court decision where the lease payments and future lease payments were modified and adjusted accordingly.

The County has capitalized the acquisition value of \$911,787 with accumulated depreciation of \$231,746, and net book value of \$680,041 in its fixed assets records.

The interest rate imposed on the renegotiated amount remains at 6% per annum, compounded monthly. The amortization period is 120 months. Future lease payments are as follows:

| Date | Principal | Interest | Total |
|-------|-------------------|------------------|-------------------|
| 2013 | \$ 68,185 | \$ 14,011 | \$ 82,196 |
| 2014 | 72,390 | 9,806 | 82,196 |
| 2015 | 76,856 | 5,340 | 82,196 |
| 2016 | 47,003 | 944 | 47,947 |
| Total | <u>\$ 264,434</u> | <u>\$ 30,101</u> | <u>\$ 294,535</u> |

The County elected to payoff the lease early and in April 2013, paid the remaining principal and interest owed to Pure Cycle.

Parkland Lease Purchase-Zions First National Bank

The County entered into a lease purchase agreement with Zions First National Bank on November 14, 2007. The lease financed the purchase of park and open space site in the Dove Valley subdivision. The total purchase was \$3,234,376 of which \$2,600,000 was financed by the lease. This land purchase is not subject to depreciation.

The average interest rate is 4.829% per annum. The amortization period is 240 months. Future lease payments are as follows:

| Date | Principal | Interest | Total |
|-----------|---------------------|-------------------|---------------------|
| 2013 | \$ 111,778 | \$ 114,192 | \$ 225,970 |
| 2014 | 117,242 | 108,728 | 225,970 |
| 2015 | 122,973 | 102,997 | 225,970 |
| 2016 | 128,984 | 96,986 | 225,970 |
| 2017 | 135,290 | 90,680 | 225,970 |
| 2018-2022 | 782,356 | 347,492 | 1,129,848 |
| 2023-2027 | 993,207 | 136,640 | 1,129,847 |
| Total | <u>\$ 2,391,830</u> | <u>\$ 997,715</u> | <u>\$ 3,389,545</u> |

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Notes to the Financial Statements

December 31, 2012

District Attorney Office Building Lease Purchase

The County entered into a lease agreement with JPMorgan Chase Bank, N.A. on September 17, 2008. The lease financed the purchase of the District Attorney Office Building located at 6450 South Revere Parkway, Englewood, Colorado. The total purchase was \$5,325,084 of which \$5,300,000 was financed by the lease. The gross asset amount that was purchased with lease proceeds is \$5,300,000, accumulated depreciation of \$361,594 with a net book value of \$4,938,406.

The average interest rate is 4.36% per annum. The amortization period is 120 months. Future lease payments are as follows:

| Date | Principal | Interest | Total |
|-------------|---------------------|-------------------|---------------------|
| 2013 | \$ 515,000 | \$ 144,207 | \$ 659,207 |
| 2014 | 535,000 | 121,535 | 656,535 |
| 2015 | 555,000 | 97,991 | 652,991 |
| 2016 | 585,000 | 73,466 | 658,466 |
| 2017 | 610,000 | 47,742 | 657,742 |
| 2018 | 635,000 | 20,819 | 655,819 |
| Total | <u>\$ 3,435,000</u> | <u>\$ 505,760</u> | <u>\$ 3,940,760</u> |

Lima Ridge Lease Purchase

The County entered into a lease agreement with Banc of America Public Capital Corp. on May 19, 2011. The lease financed the purchase of the Lima Ridge Professional Center located at 6924 South Lima Street, Centennial, Colorado. The total lease was \$9,650,000. The gross asset amount that was purchased with lease proceeds is \$9,650,000, accumulated depreciation of \$118,601 with a net book value of \$9,531,399.

The interest rate is 4.5% per annum. The amortization period is 360 months. Future lease payments are as follows:

| Date | Principal | Interest | Total |
|-------------|---------------------|---------------------|----------------------|
| 2013 | \$ 339,006 | \$ 406,328 | \$ 745,334 |
| 2014 | 354,579 | 390,754 | 745,333 |
| 2015 | 370,869 | 374,465 | 745,334 |
| 2016 | 387,906 | 357,427 | 745,333 |
| 2017 | 405,726 | 339,607 | 745,333 |
| 2018-2022 | 2,325,945 | 1,400,722 | 3,726,667 |
| 2023-2027 | 2,911,609 | 815,058 | 3,726,667 |
| 2028-2030 | 2,087,985 | 148,016 | 2,236,001 |
| Total | <u>\$ 9,183,625</u> | <u>\$ 4,232,377</u> | <u>\$ 13,416,002</u> |

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Landfill – Post-Closure Costs

The County previously owned and operated a landfill. The County did not estimate or accrue post-closure costs while the landfill was in operation. This landfill was closed in 1987 and is no longer in operation. The County shares remedial action costs with Waste Management Inc. The County pays 75% of the remedial costs. The County pays for all post-closure costs. Each year Waste Management bills the County when actual costs have been determined. The County's cost for the past year was \$82,067. When the landfill was closed in 1987 the State Department of Public Health and Environment placed the landfill on a 30 year monitoring program. After 30 years, provided all testing was satisfactory, the County would no longer be liable for ongoing monitoring costs. Discussions with the State have indicated that while it is not definite, there has been nothing yet to suggest that monitoring will be required after the initial 30 year period. That could change if circumstances warrant but it seems to be the best projection currently available. Costs have averaged just under \$100,000 annually for the last ten years. Discussions with Waste Management indicate that there is no additional balloon or one-time costs at the end of the monitoring period. Therefore, the best estimate of liability is \$500,000 with \$100,000 being payable within one year. That amount has been recorded as a long term liability on the government-wide financial statements as of December 31, 2012.

NOTE 12: DISCRETELY PRESENTED COMPONENT UNIT DEBT

Details of the debt for each of the component units can be found in their individual financial statements. Following is a discussion of the debt that is particularly relevant to the relationship between the component unit and the Primary Government.

Arapahoe County Airport Authority

Long-term liability activity for the year ended December 31, 2012, is as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|-----------------------|------------------------------|------------------|---------------------|---------------------------|--------------------------------|
| Capital Lease Payable | \$ 7,180,000 | \$ - | \$ 1,300,000 | \$ 5,880,000 | \$ 1,360,000 |
| Note Payable | 3,729,322 | - | 574,048 | 3,155,274 | 546,310 |
| Total Long-Term Debt | <u>\$ 10,909,322</u> | <u>\$ -</u> | <u>\$ 1,874,048</u> | <u>\$ 9,035,274</u> | <u>\$ 1,906,310</u> |

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Capital Lease

This capital lease is payable to Arapahoe County, Colorado, was dated November 1, 1986, and then renegotiated on September 3, 2002. Payments of principal and interest are due on a semiannual basis through 2016. The capital lease bears a varying interest rate of 3.25% to 5.25%. This lease is secured by land. The total assets purchased with these capital lease funds is \$26,083,745.

There are a number of covenants contained in the lease agreement. At December 31, 2012, the Authority believes it was in compliance with these restrictive covenants.

Scheduled capital lease principal and interest payments are as follows:

| Date | Principal | Interest | Total |
|-------|---------------------|-------------------|---------------------|
| 2013 | \$ 1,360,000 | \$ 308,700 | \$ 1,668,700 |
| 2014 | 1,430,000 | 237,300 | 1,667,300 |
| 2015 | 1,505,000 | 162,225 | 1,667,225 |
| 2016 | 1,585,000 | 83,213 | 1,668,213 |
| Total | <u>\$ 5,880,000</u> | <u>\$ 791,438</u> | <u>\$ 6,671,438</u> |

Note Payable

In 2002, the Authority obtained a loan in the amount of \$400,000 from the Colorado Dept. of Transportation, (CDOT) for the east area drainage project. The note bears an interest at the rate of 2% and matured March 2012.

In 2007, the Authority obtained a loan in the amount of \$5,400,000 from CDOT for the purchase of land and a restrictive covenant on land. The loan bears interest at the rate of 3% on the unpaid balance, compounded annually. The Authority is making 10 annual installments with the first payment made October 4, 2008. The loan is secured by a security interest in the Authority's fuel tax refund revenue.

In 2011, the Authority obtained a loan in the amount of \$256,525 from Greenwood Plaza Partners, LLC, for the acquisition of property. The loan bears an interest rate of 6% and matures in June 2016. The loan is secured by the acquired property.

Scheduled note principal and interest payments are as follows:

| Date | Principal | Interest | Total |
|-------|---------------------|-------------------|---------------------|
| 2013 | \$ 546,310 | \$ 102,335 | \$ 648,645 |
| 2014 | 562,706 | 85,939 | 648,645 |
| 2015 | 579,596 | 69,049 | 648,645 |
| 2016 | 852,055 | 43,998 | 896,053 |
| 2017 | 614,607 | 18,438 | 633,045 |
| Total | <u>\$ 3,155,274</u> | <u>\$ 319,759</u> | <u>\$ 3,475,033</u> |

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Notes to the Financial Statements

December 31, 2012

Commitments and Contingencies-Rental Agreements

The Authority has operating rental agreements with the fixed base operators and subleases for rental of land and buildings owned by the Authority. These agreements stipulate that upon termination, title of any leasehold improvements will pass to the Authority. The following is an estimate, by year, of minimum future rental revenue under these agreements:

| <u>Year</u> | <u>Amount</u> |
|-------------|-----------------------|
| 2013 | \$ 1,826,679 |
| 2014 | 1,815,380 |
| 2015 | 1,846,780 |
| 2016 | 1,847,260 |
| 2017 | 1,872,329 |
| Thereafter | <u>163,302,319</u> |
| | <u>\$ 172,510,747</u> |

Revenues under these leases amounted to \$2,366,682 during 2012. Included in this amount are percentage of revenue fees associated with these leases.

The Authority has entered into lease agreements with the FAA to lease approximately 2,100 square feet of the Authority's tower, and approximately 2,300 square feet of the Authority's administrative office building. The tower lease had an expiration date of July 9, 2006. The FAA did not exercise the option to purchase the tower. The lease was renegotiated in 2006 at an amount equivalent to the tower repairs and maintenance and expires September 30, 2015. The office space lease expires September 30, 2020. Rental income under these leases amounted to \$90,216 during 2012. The earning stream from this agreement is included in the amounts disclosed above.

Defeased Debt

During 2002, the Authority, in conjunction with Arapahoe County, refunded Certificates of Participation totaling \$15,760,000. As a result, payments under the refunded capital leases are considered to be defeased, and the liability has been removed from the books. At December 31, 2012, the Authority's share of the amount of defeased debt outstanding is \$7,175,250.

Arapahoe County, Colorado

Notes to the Financial Statements

December 31, 2012

Arapahoe County Water and Wastewater Authority (ACWWA)

ACWWA's long-term obligations consisted of the following for the year ended December 31, 2012:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|-----------------------------|-----------------------|---------------------|---------------------|-----------------------|------------------------|
| Series 2006 Revenue Bonds | \$ 21,280,000 | \$ - | \$ 600,000 | \$ 20,680,000 | \$ 625,000 |
| 2006 Bond Premium | 331,351 | - | 22,090 | 309,261 | - |
| Series 2007 Revenue Bonds | 16,890,000 | - | 465,000 | 16,425,000 | 485,000 |
| Series 2009A Revenue Bonds | 91,545,000 | - | - | 91,545,000 | - |
| Series 2009B Revenue Bonds | 5,275,000 | - | 5,275,000 | - | - |
| 2009B Bond Premium | 87,857 | - | 87,857 | - | - |
| Series 2012 Revenue Bonds | - | 5,525,000 | - | 5,525,000 | - |
| Total Bonds Payable | 135,409,208 | 5,525,000 | 6,449,947 | 134,484,261 | 1,110,000 |
| Compensated Absences | 289,228 | 11,655 | - | 300,883 | 118,979 |
| Total Long-Term Obligations | <u>\$ 135,698,436</u> | <u>\$ 5,536,655</u> | <u>\$ 6,449,947</u> | <u>\$ 134,785,144</u> | <u>\$ 1,228,979</u> |

Series 2006 Refunding Bonds

On December 28, 2006, the Authority issued \$22,940,000 with a premium of \$441,801, in revenue bonds with interest rates ranging from 4% to 5%. The revenue refunding and improvement bonds are due in average annual principal and interest installments of \$1,550,265 until December 2033.

Revenue Refunding and Improvement Bonds, Series 2007

On August 23, 2007, ACWWA issued \$18,760,000, with a discount of \$70,654, in Water and Wastewater Revenue Refunding and Improvement Bonds with interest rates ranging from 4% to 5%. The revenue refunding bonds are due in average annual principal and interest installments of \$1,262,915 until December 2033.

Series 2009A Revenue Bonds

On December 8, 2009, ACWWA issued \$91,545,000, in Taxable Water and Wastewater Revenue Direct Pay Build America Bonds (BAB) with interest rates ranging from 3.61% to 6.68%. The revenue refunding and improvement bonds are due in annual principal and interest installments of \$5,516,894 to \$15,804,642 until December 2039. ACWWA is eligible to receive a 35% interest subsidy credit on its interest payments for these bonds subject to Section 6431 of the Internal Revenue Code. To receive BAB credits, ACWWA must file a form 8038-CP between 45 and 90 days prior to the corresponding interest payment date. Such credits, if received by ACWWA, are required under the bond resolution to be deposited to the Build America Bond Interest account of the Build America Bond Fund. There is no assurance, however, that ACWWA will receive all or any of the BAB credits which it expects to receive. ACWWA will be required to pay interest on the 2009A bonds regardless of whether BAB payments are received. ACWWA received interest subsidies in the amounts of \$2,014,866 and \$2,014,866, during 2012 and 2011, respectively. In accordance with the Trust Indenture, as of December 31, 2012, \$6,100,112 was held in reserves.

Series 2009B Revenue Bonds

On December 8, 2009, ACWWA issued \$5,625,000 in water and wastewater revenue bonds with interest rates ranging from 2% to 2.5%. The revenue refunding and improvement bonds are due in annual principal and interest installments of \$121,960 to \$2,224,250 until December 2014.

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Series 2012 Revenue Refunding Loan

On October 18, 2012, ACWWA refunded the Series 2009B Revenue Bonds and entered into a loan agreement with Colorado State Bank and Trust dated October 18, 2012 in the amount of \$5,525,000. Principal and interest payments are due June 1 and December 1 in varying amounts through December 1, 2022, with a fixed interest rate of 2.17%. In accordance with the Trust Indenture, as of December 31, 2012, \$552,675 was held in reserves.

Pledged Revenue and Debt Coverage Requirements

Over the years, ACWWA has issued revenue bond with certain pledged revenues as collateral, certain debt coverage requirements and various covenants in which ACWWA's management believes that ACWWA is in compliance.

Refunding

On October 18, 2012, ACWWA issued \$5,525,000 in Revenue Refunding loan dated October 18, 2012 for the refunding of the Series 2009B Tax-Exempt Water and Wastewater Revenue Bonds. Bond proceeds were transferred by the bond resolution to pay the costs of issuance and the remaining proceeds placed in a special fund and trust account for the purpose of paying the principal of, premium if any and interest on the refunded bonds as they become due and payable.

On October 18, 2012, ACWWA advance refunded and defeased (debt legally satisfied) \$5,362,857 of Water and Wastewater Revenue Bonds, Tax-Exempt Series 2009B, dated December 8, 2009 with interest rates ranging from 2.0% to 2.5%. ACWWA advanced refunded the Series 2009B bonds to reduce its total debt service payments over the next three years by almost \$5,225,909 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$201,012. ACWWA incurred issuance cost in the amount of \$63,100. The defeased bonds are not considered a liability of ACWWA since sufficient funds in the amount of \$5,463,172 were deposited with a trustee and invested in U.S. government securities for the purpose of paying the principal and interest of the defeased bonds until the call date, at which point the bonds will be repaid in its entirety from the remaining funds in the escrow account. The bonds will be redeemed on December 1, 2014. As of December 31, 2012, the outstanding principal balance of the bonds was \$3,735,000.

ACWWA's long-term obligations will mature as follows:

| Date | Principal | Interest | Total |
|-----------|-----------------------|-----------------------|-----------------------|
| 2013 | \$ 1,110,000 | \$ 7,582,775 | \$ 8,692,775 |
| 2014 | 1,150,000 | 7,538,374 | 8,688,374 |
| 2015 | 2,855,000 | 7,487,888 | 10,342,888 |
| 2016 | 2,945,000 | 7,384,624 | 10,329,624 |
| 2017 | 3,050,000 | 7,250,790 | 10,300,790 |
| 2018-2022 | 22,585,000 | 33,735,501 | 56,320,501 |
| 2023-2027 | 20,760,000 | 28,652,952 | 49,412,952 |
| 2028-2032 | 25,680,000 | 22,346,786 | 48,026,786 |
| 2033-2037 | 31,975,000 | 13,891,369 | 45,866,369 |
| 2038-2039 | 22,065,000 | 2,463,584 | 24,528,584 |
| Total | <u>\$ 134,175,000</u> | <u>\$ 138,334,643</u> | <u>\$ 272,509,643</u> |

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NOTE 13: OPERATING LEASES

The County leases office facilities under non-cancelable operating leases. The following is a summary of the County's operating leases:

| <u>City Center Market Place</u> | |
|---------------------------------|-------------------|
| Future Maturities | |
| 2013 | 90,343 |
| 2014 | 93,959 |
| 2015 | 97,686 |
| 2016 | 49,789 |
| | <u>\$ 331,777</u> |

Rent expense for 2012 was \$86,838.

NOTE 14: SELF INSURANCE PLANS

Self Insurance Liability Plan - In 1982, Arapahoe County established a self-insurance plan to provide liability and property coverage for County assets and operations. The plan is administered by the County. When appropriate, the County utilizes third-party consultants and attorneys to handle bodily injury claims and certain other claims. Excess insurance is maintained that limits the County's liability to certain levels depending on the nature of the claim. The estimate liability claims was determined by an actuarial analysis of current claims and an estimate of incurred but not reported (IBNR) claims at December 31, 2012. During 2012, the County incurred losses from the June 6th and 7th hail storms. The County recognized \$420,678 in unpaid claims resulting from these storms that will be paid in 2013. Of this amount, the Contingent Fund was charged \$109,641 for this loss resulting from an "act of God." This plan is an internal service fund.

Self Insurance Worker's Compensation Plan – In 1990, the County established a self-insurance plan to pay losses from worker's compensation claims. The County administers the plan, however the County utilizes third-party consultants, attorneys and service providers in the administration of the plan. Excess insurance coverage is maintained to limit the loss of any individual claim. The plan assesses other funds for estimates of current claims based on historical claims. The estimated claim liability at December 31, 2012 was determined by an actuarial analysis. The actuarial analysis includes estimated costs of known claims and estimates of incurred but not reported (IBNR) claims. This plan is an internal service fund.

Self Insurance Dental Plan - This fund was originally established on January 1, 1986, and included both medical and dental plans. A decision was made in 1991 to discontinue the County plan for medical insurance effective January 1, 1992. The County continued the self-insured dental plan. Dental claims, as well as administrative costs, are paid directly out of this fund, which is funded by contributions made by the County and its employees. All claims are reviewed and approved for payment by Delta Dental, in accordance with their administrative services agreement with the County. The County's plan is fully self-insured with the County assuming all liability risks. The County is not a part of a public entity risk pool. The County estimates liabilities for unpaid claims through a combination of analyzing payments in subsequent years, historical trends, and industry guidelines. This plan is an internal service fund.

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The County employs a full-time Risk Manager to oversee all aspects of the County's insurance needs and to assess the County's potential liabilities. The County's Human Resources Department administers the Self-Insurance Dental Plan. The following table displays the change in the balances of the claims liabilities:

| | Liability | Worker's Comp | Dental | Total |
|---------------------------------------|---------------------|----------------------|--------------------|---------------------|
| Unpaid Claims, January 1, 2011 | \$ 776,000 | \$ 2,099,000 | \$ 57,000 | \$ 2,932,000 |
| Incurred Claims (including IBNR) | 489,405 | 1,024,356 | 1,286,873 | 2,800,634 |
| Claim Payments | <u>(535,405)</u> | <u>(863,356)</u> | <u>(1,278,873)</u> | <u>(2,677,634)</u> |
| Unpaid Claims, December 31, 2011 | 730,000 | 2,260,000 | 65,000 | 3,055,000 |
| Incurred Claims (including IBNR) | 534,147 | 1,090,096 | 1,247,915 | 2,872,158 |
| Claim Payments | <u>(70,469)</u> | <u>(977,096)</u> | <u>(1,240,915)</u> | <u>(2,288,480)</u> |
| Unpaid Claims, December 31, 2012 | <u>\$ 1,193,678</u> | <u>\$ 2,373,000</u> | <u>\$ 72,000</u> | <u>\$ 3,638,678</u> |
| Claims Expected to be Paid in 2013 | \$ 652,678 | \$ 712,000 | \$ 72,000 | \$ 1,436,678 |
| Claims Expected to be Paid after 2013 | <u>541,000</u> | <u>1,661,000</u> | <u>-</u> | <u>2,202,000</u> |
| Unpaid Claims, December 31, 2012 | <u>\$ 1,193,678</u> | <u>\$ 2,373,000</u> | <u>\$ 72,000</u> | <u>\$ 3,638,678</u> |

Unpaid claim estimates do not include non-incremental claim adjustment expenses. Claims have not exceeded the County's insurance coverage for the previous three years.

NOTE 15: RETIREMENT PLAN

Plan Description

The Arapahoe County Retirement Plan (the Plan) is a single employer defined benefit pension plan established by the Arapahoe County Board of County Commissioners to provide pension benefits for its employees. The Plan is administered by the Arapahoe County Retirement Board consisting of five people: the Arapahoe County Treasurer, two Plan members elected by the Plan members, and two Arapahoe County citizens appointed by the Board of County Commissioners. The Plan issues a complete stand-alone set of financial statements that meet all the reporting requirements of GAAP. These financial statements are publicly available at the following address: Arapahoe County Retirement Plan, 6984 S. Lima Street, Suite B, Centennial, Colorado 80111.

Plan Summary of Significant Accounting Policies

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price on the government's balance sheet date. Investments that do not have an established market value are reported at estimated fair value. The fair value of real estate investments is based on independent appraisals. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Plan with the assistance of a valuation service. The custodian of the hedge fund determines the value of those investments.

Arapahoe County, Colorado

Notes to the Financial Statements

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Funding Policy

The contribution requirements of plan members are established by the Retirement Board in agreement with the Board of County Commissioners, which establishes the employer contribution. The employer must at least match the contribution of the employee. Both parties of this plan contribute the same percentage. In 2011, the contribution rate was 7.0% of covered payroll. For 2012, the rate has been increased to 7.5%.

Annual Pension Cost and Net Pension Obligation – Three Year Trend Information

| | 2012 | 2011 | 2010 |
|---|---------------|---------------|---------------|
| Annual required contribution (ARC) | \$ 11,807,180 | \$ 10,684,309 | \$ 9,822,089 |
| Interest on net pension obligation | 1,903,893 | 1,613,515 | 1,396,515 |
| Adjust to annual required contributions | (1,846,253) | (1,536,110) | (1,329,521) |
| Annual pension cost (APC) | 11,864,820 | 10,761,714 | 9,889,083 |
| Contributions made | (7,430,087) | (6,890,012) | (6,995,753) |
| Increase (Decrease) in Net Pension Obligation | 4,434,733 | 3,871,702 | 2,893,330 |
| NPO beginning of year | 25,385,235 | 21,513,533 | 18,620,203 |
| NPO end of year | \$ 29,819,968 | \$ 25,385,235 | \$ 21,513,533 |
| Percentage of APC Contributed | 64.0% | 64.0% | 70.7% |

The Net Pension Obligation is liquidated by the General Fund.

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the Plan was 69.9% funded. The actuarial accrued liability for benefits was \$350,428,241 and the actuarial value of assets was \$244,819,165, resulting in an unfunded actuarial accrued liability of \$105,609,075. The covered payroll (annual payroll of active employees covered by the plan) was \$97,089,282 and the ratio of unfunded actuarial accrued liability to covered payroll was 108.8%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

In the January 1, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 3.5% to 6.3% per year. A 2.5% rate of inflation was used in the calculations. No cost of living increases are included in the assumptions. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value over a five year period. The UAAL is being amortized on a level dollar method on an open basis over a 20 year amortization period.

Arapahoe County, Colorado
Notes to the Financial Statements

December 31, 2012

Investments

All investments and net appreciation in fair value of investments, interest, dividends for the years ended December 31, 2012, were obtained or derived from information supplied to the plan administrator and certified as complete and accurate by U.S Bank, the trustee of the Plan.

| | 2012 |
|---|----------------|
| Total Investments | \$ 237,694,623 |
| Dividend and Interest Receivable | 25 |
| Net Appreciation in Fair Value of Investments | 23,340,005 |
| Interest and Dividend Income | 3,563,864 |

The Retirement Board of the Plan has sole discretion over the investments of the Plan within the guidelines established by state statutes. The Plan contracts with investment managers to manage substantially all of the Plan's investments. U.S Bank holds the Plan's investments under a trust agreement with the Plan.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Plan. Credit risk exposure is managed in accordance with investment guidelines as stated in the formal investment policy adopted by the plan. As per Section 24-54-112 of the Colorado Revised Statutes (C.R.S.), the Plan assets will be invested using the "Colorado Uniform Prudent Investor Act" found in the provisions of Part 3 of Article 1 of Title 15, C.R.S. The Plan assets shall be invested and managed as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances. In satisfying this standard, all fiduciaries shall exercise reasonable care, skill and caution. Investment decisions should be evaluated within the context of the entire portfolio, rather than on an individual investment basis, and as part of an overall investment strategy having risk and return objectives reasonably suited to the Plan's purpose.

The following is a summary of the Plan's fixed income investments at December 31, 2012 with average credit ratings based on Standard & Poor's (S&P) rating scale:

| | December 31, 2012 |
|---|--------------------------|
| Pacific Investment Management Company (PIMCO) | |
| Total return retirement fund - institutional | |
| class shares: | |
| Fair Value | \$29,124,362 |
| Average rating of underlying investments | AA- |
| JP Morgan | |
| Core Bond Fund | |
| Fair Value | \$29,377,994 |
| Average rating | AA |
| US Bank Money Market | |
| Fund #6 | |
| Fair Value | \$1,718,072 |
| Average rating | not rated |

Arapahoe County, Colorado
Notes to the Financial Statements

December 31, 2012

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk exposure is dictated by each manager's agreement. Each portfolio is managed in accordance with investment guidelines as stated in the Plan's investment policy. As of December 31, 2012, the Plan held the following fixed income investments:

| | <u>December 31, 2012</u> |
|--|--------------------------|
| PIMCO: | |
| Total return retirement fund - institutional | |
| class shares: | |
| Balance | \$29,124,362 |
| Modified duration (in years) | 4.8 |
| JP Morgan | |
| Core Bond Fund | |
| Balance | \$29,377,994 |
| Modified duration (in years) | 4.6 |

Investments in money market funds of \$1,718,072 for December 31, 2012 have an average maturity of less than 122 days.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan has no formal policy for custodial credit risk. Certain externally managed pools participate in security lending transactions, repurchase agreements and over the counter transactions. These transactions may indirectly subject the Plan to the risk of loss due to nonperformance by the counterparty to the agreement.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan does not have a policy that addresses limitations on the amount that can be invested in any one issuer. There is no formal policy for concentration of credit risk for the international equity and real estate investment managers.

The Plan uses the following asset allocation strategy to achieve the Plan's objectives. The target allocation is allowable under the plan and has been adopted by the Board. The percentages are based on the market value of the investments. The asset allocation strategy was last changed in April 2010 and is updated at various times as appropriate.

Arapahoe County, Colorado
Notes to the Financial Statements

December 31, 2012

| <u>Asset Class</u> | <u>Current Target</u> | <u>Allowable Range</u> |
|----------------------|---------------------------|----------------------------|
| Domestic Equity | 25% | 20%-30% |
| International Equity | 20% | 15%-25% |
| Global Equity | 5% | 0%-5% |
| Total Equity | 50% | 40%-60% |
| Fixed Income | 25% | 20%-30% |
| Hedge Fund-of-Funds | 15% | 10%-20% |
| Real Estate | 10% | 5%-15% |

The following investments represent five percent or more of the Plan's net position as of December 31, 2012:

| | 2012 |
|---|---------------|
| Blackstone Alternative Asset Management | \$ 35,691,813 |
| JPMorgan Chase Commingled Pension | 29,377,994 |
| PIMCO Total Return Fund | 29,124,362 |
| Aberdeen Emerging Funds | 18,416,762 |
| American Euro Pacific Growth Funds | 18,407,404 |
| UBS Realty Investors LLC | 14,146,495 |
| Pyramis Small/Mid Cap | 12,739,329 |
| Mondrian Global Equity | 12,526,530 |
| Vanguard FTSE All-World Fund | 12,370,236 |
| Vanguard Division Growth Fund | 12,018,563 |
| Wellington Opportunity Growth | 11,979,784 |

Foreign Currency Risk – Foreign currency risk is defined as any deposits or investments that are denominated in foreign currencies, which bear a potential risk of loss arising from changes in currency exchange rates. The plan has no direct holdings which give rise to foreign currency risk. However, some of the externally managed funds have investments which are denominated in foreign currencies.

Liquidity Risk – Certain investments, such as those in the hedge fund of funds and real estate funds may have limited transferability and restrictions on when investments may be redeemed.

Off Balance Sheet Risk – Through its holdings in externally managed investment pools, the plan's money managers have entered into various contracts which contain off balance sheet risk. These include: futures contracts, short sales, hedging and arbitrage transactions, option contracts, swap options and various swap contracts.

Rates of Returns – Certain investments contractually include specific investment returns to classes of investors which may not approximate the ownership percentages of these investments and may affect the timing and amount of investment returns of the plan.

Arapahoe County, Colorado

Notes to the Financial Statements

December 31, 2012

NOTE 16: CONTINGENCIES

The County is currently named in numerous lawsuits. In the opinion of the County Attorney, none of the current litigation is expected to result in a material liability or have a material impact on the County's financial position. The excess insurance coverage available in the self-insurance liability plan also limits potential liability for the County.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

NOTE 17: TAX SPENDING AND DEBT LIMITATIONS

Colorado voters passed an Amendment to the State Constitution, Article X, Section 20 (TABOR), which contains several limitations, including revenue raising, reserve requirements, and election requirements.

The County's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth of assessed value of new construction.

The Amendment excludes enterprises from its provisions. Enterprises are defined as government-owned businesses that are authorized to issue revenue bonds and that receive less than 10% of their annual revenue from all state and local governments combined. The County is of the opinion that the following component units are enterprises and, therefore, qualify for this exclusion: Arapahoe County Water & Wastewater Authority, Arapahoe County Public Airport Authority, and the Arapahoe County E-911 Authority.

Additionally, the Employee Flexible Benefit Fund, Self Insurance Dental Plan, Conservation Trust Fund, Employee Retirement Trust Fund, and the Treasurer's Agency Fund have been excluded from the compliance calculation. These funds have been excluded from the compliance calculation because these funds exist for the employees benefit, have been excluded from the calculation by the Amendment, or have been excluded by a Colorado Supreme Court decision.

Fiscal year spending is defined as "all expenditures and reserve increases except as to both, those for refunds made in the current or next fiscal year or those from gifts, federal funds, collections for another government, pension contributions by employees, and pension fund earnings, reserve transfers or expenditures, damage awards or property sales." In effect, it has been generally interpreted that fiscal year spending is non-exempt revenue. Calculations have been made that show that the County, and the non-exempt component units have not exceeded the fiscal year limits imposed by the Amendment.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government. The County levied 16.973 mills as the base mill levy in 1997, but in 1998 permanently reduced it to 15.821 mills.

The Law Enforcement Authority levied 4.982 mills in 2012 and 2011.

The Amendment requires that emergency reserves be established. These reserves must be at least three percent of fiscal year spending. Emergency reserves at or in excess of three percent of calculated fiscal year spending have been established and presented as a reservation of fund balance for the County and for the nonexempt component units. The Board of County Commissioners designates another 8.0% of the current years initial adopted operational budget for emergency purposes.

Arapahoe County, Colorado
Notes to the Financial Statements

December 31, 2012

Based upon Arapahoe County's interpretation of the above Amendment the County believes it falls within the TABOR limits for 2012.

NOTE 18: CONDUIT DEBT

The Colorado County and Municipality Development Revenue Bond Act, Article 3, Title 29 of Colorado Revised Statutes, 1973, authorizes municipalities to finance one or more projects to promote industry, trade or other economic activity to further the economic health of the County. The Act further authorizes the County to enter into financial agreements with others to provide revenue to pay the bonds authorized and issued and to secure the payment of such bonds.

Periodically, under the above Act, the County issues industrial revenue bonds, single-family mortgage revenue bonds, multi-family mortgage revenue bonds, construction loan revenue bonds and special obligation revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of private, industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The County is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2012, the aggregate principal amount payable for the bonds is \$80,556,530.

NOTE 19: IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62, *the codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The County has already been following these standards.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure, thus renaming that measure net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The County has adopted this Statement for the fiscal year ending December 31, 2012.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement provides further guidance on determining which balances, currently reported as assets and liabilities, should be reported as deferred outflows or deferred inflows of resources. This statement is effective for periods beginning after December 15, 2012. The County elected to early implement this Statement for the fiscal year ending December 31, 2012. The adoption of this pronouncement resulted in the reclassification of certain assets as outflows and therefore, a restatement of beginning net position was made on the government-wide statement of activities. Further details are provided in Note 20, Restatement of Net Position and Fund Balance.

Arapahoe County, Colorado
Notes to the Financial Statements
December 31, 2012

NOTE 20: RESTATEMENT OF NET POSITION AND FUND BALANCE

For the year ended December 31, 2012, the County adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement requires that debt issuance costs be expensed in the current period rather than capitalized and amortized over the life of the related debt issue. Under the stipulations of this statement, unamortized debt issuance costs do not meet the definition of a deferred outflow of resources since they are not applicable to a future period and as a result, are considered an outflow of resources. As a result, the County adjusted the January 1, 2012 beginning net position in the amount of \$3.9 million relating to the re-classification of unamortized debt issuance costs.

The beginning fund balance of the General Fund and beginning net position on the statement of activities have been restated as a result of an accounting adjustment that was made during 2012. This adjustment was to correct an understatement of revenue resulting from the incorrect recording of motor vehicle licensing fees in prior years. These fees were incorrectly recorded in a liability account within the Treasurer's Agency fund in prior years. As a result, the County adjusted the January 1, 2012 beginning fund balance in the General Fund and beginning net position on the government-wide statement of activities in the amount of \$981,164 to properly recognize the increase in fund balance and net position from prior years' understatement of revenue. In addition, the 2011 change in net position in the amount of (\$6,084,884) was restated to include the amount of understated revenue for 2011 in the amount of \$425,400. The 2011 restated change in net position is (\$5,659,484).

Restatement for beginning net position on the government-wide statement of activities is as follows:

| | Primary Government | Component Unit Arapahoe County Water and Wastewater Authority |
|--|-------------------------------|--|
| Net Position - Beginning | \$ 773,950,517 | \$ 60,749,267 |
| Unamortized debt issuance costs | (3,880,140) | (906,714) |
| Accounting correction for motor vehicle licensing fees | 981,164 | - |
| Net Position - Beginning, Restated | <u>\$ 771,051,541</u> | <u>\$ 59,842,553</u> |

Arapahoe County, Colorado

Notes to the Financial Statements

December 31, 2012

NOTE 21: NONSPENDABLE, RESTRICTED, AND UNRESTRICTED FUND BALANCE

Nonspendable, restricted, committed, and assigned fund balances of the governmental funds consist of the following:

Major Special Revenue Funds

| | General Fund | Social Services | Open Space Sales Tax | Arap. County Water and Wastewater PID | Other Governmental | Total |
|-------------------------------|-----------------|--------------------|-------------------------|---|-----------------------|----------------|
| Fund Balances | | | | | | |
| Nonspendable: | | | | | | |
| Inventory | \$ - | \$ - | \$ - | \$ - | \$ 79,105 | \$ 79,105 |
| Prepaid expenditures | 15,594 | 21,502 | - | - | 64,414 | 101,510 |
| Total Nonspendable | 15,594 | 21,502 | - | - | 143,519 | 180,615 |
| Restricted for: | | | | | | |
| TABOR | 5,683,857 | - | - | - | 213,058 | 5,896,915 |
| Conservation Trust | - | - | - | - | 885,109 | 885,109 |
| Developer Contributions | - | - | - | - | 1,644,959 | 1,644,959 |
| Debt Service | - | - | - | - | 1,576,000 | 1,576,000 |
| Park Development | - | - | - | - | 486,189 | 486,189 |
| Public Safety | - | - | - | - | 754,332 | 754,332 |
| Recording | - | - | - | - | 423,539 | 423,539 |
| Open Space, Parks and Trails | - | - | 28,274,574 | - | - | 28,274,574 |
| Water Projects - Debt Service | - | - | - | 1,200,000 | - | 1,200,000 |
| Total Restricted | 5,683,857 | - | 28,274,574 | 1,200,000 | 5,983,186 | 41,141,617 |
| Committed to: | | | | | | |
| BOCC/Emergencies | - | - | - | - | 603,465 | 603,465 |
| Capital Projects/Replacements | - | - | - | - | 19,834,588 | 19,834,588 |
| Highways & Streets | - | - | - | - | 19,418,174 | 19,418,174 |
| Public Safety | - | - | - | - | 190,520 | 190,520 |
| Water Projects | - | - | - | 2,556,976 | - | 2,556,976 |
| Total Committed | - | - | - | 2,556,976 | 40,046,747 | 42,603,723 |
| Assigned to: | | | | | | |
| General Government | 223,646 | - | - | - | - | 223,646 |
| Community Resources | 6,631 | - | - | - | - | 6,631 |
| Culture and Recreation | - | - | - | - | 1,845,049 | 1,845,049 |
| Debt Service | - | - | - | - | 79,042 | 79,042 |
| Facilities and Fleet | 821,194 | - | - | - | - | 821,194 |
| Human Services | - | 8,830,009 | - | - | - | 8,830,009 |
| Information Technology | 8,093 | - | - | - | - | 8,093 |
| Public Safety | 507,962 | - | - | - | 7,946,784 | 8,454,746 |
| Public Works | 213,323 | - | - | - | 5,133,521 | 5,346,844 |
| Recording | 287,376 | - | - | - | - | 287,376 |
| Subsequent Year Expenditures | 5,203,666 | 507,067 | - | - | 1,447,644 | 7,158,377 |
| Total Assigned | 7,271,891 | 9,337,076 | - | - | 16,452,040 | 33,061,007 |
| Unassigned | 34,078,126 | - | - | - | (1,645,415) | 32,432,711 |
| Total Fund Balance | \$ 47,049,468 | \$ 9,358,578 | \$ 28,274,574 | \$ 3,756,976 | \$ 60,980,077 | \$ 149,419,673 |

Arapahoe County, Colorado

Notes to the Financial Statements

December 31, 2012

NOTE 22: EXPLANATION OF DIFFERENCES BETWEEN REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) FOR THE GENERAL FUND BUDGETARY COMPARISON SCHEDULE AND THE GENERAL FUND AS REPORTED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE.

As part of the County's implementation of GASB Statement No. 54 (see Note 1, Fund Equity), certain special revenue funds reported in the years prior to December 31, 2011 no longer qualify as special revenue funds, and have been combined with the General Fund for reporting purposes. In accordance with GASB Statement No. 41, Budgetary Comparison Schedules – Perspective Differences, the activity of such funds is not included in the General Fund budgetary comparison schedule. The following is a reconciliation of the General Fund budgetary comparison schedule to the General Fund as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance for the year ended December 31, 2012.

Revenues

Actual amounts "revenues" from the General Fund budgetary comparison schedule \$ 156,762,830

Adjustments:

The County reports revenue of the Building Maintenance Fund as part of the General Fund for reporting purposes, in the Statement of Revenues, Expenditures and Changes in Fund Balance. -

Total General Fund revenues as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance \$ 156,762,830

Expenditures

Actual amounts "expenditures" from the General Fund budgetary comparison schedule \$ 138,722,795

Adjustments:

The County reports expenditures of the Building Maintenance Fund as part of the General Fund for reporting purposes, in the Statement of Revenues, Expenditures and Changes in Fund Balance. 1,554,476

Total General Fund expenditures as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance \$ 140,277,271

Other financing sources (uses)

Actual amounts "other financing sources (uses)" from the General Fund budgetary comparison schedule \$ (13,877,607)

Adjustments:

The County reports other financing sources (uses) of the Building Maintenance Fund as part of the General Fund for reporting purposes, in the Statement of Revenues, Expenditures and Changes in Fund Balance. 1,800,000

Total General Fund other financing sources (uses) as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance \$ (12,077,607)

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**REQUIRED SUPPLEMENTARY
INFORMATION**

**Arapahoe County Retirement Plan
Required Supplementary Schedule
Schedule of Funding Progress**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded (Overfunded) (b-a) | Funded Ratio (%) (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (%) (b-a/c) |
|---------------------------------|--|--|--|---------------------------------------|------------------------------------|--|
| 1/1/2010 | 241,589,816 | 319,784,777 | 78,194,961 | 75.5% | 100,258,835 | 78.0% |
| 1/1/2011 | 248,196,924 | 336,226,280 | 88,029,356 | 73.8% | 100,055,914 | 88.0% |
| 1/1/2012 | 244,819,165 | 350,428,241 | 105,609,076 | 69.9% | 97,089,282 | 108.8% |

Note: This schedule is based on the actuarial valuation as of 1/1/12.

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SUPPLEMENTARY INFORMATION

Arapahoe County Department of Human Services
EBT Authorization Schedule
For Calendar Year 2012

| Program | <u>County EBT Authorizations per Whole Year Report</u> | <u>County Share of Authorizations</u> | <u>Expenditures By County Warrant</u> | <u>County EBT Authorizations plus Expenditures by County Warrant (Col. A + Col. C)</u> | <u>Total Expenditures (Col. B + Col. C)</u> |
|--|--|---------------------------------------|---------------------------------------|--|---|
| Colo Works (TANF) | \$ 8,084,803 | \$ 1,622,569 | \$ 5,546,582 | \$ 13,631,385 | \$ 7,169,151 |
| Child Care Direct EBT | 5,982,051 | 812,564 | | 5,982,051 | 812,564 |
| Child Care Administration | | | 789,364 | 789,364 | 789,364 |
| Child Welfare Administration 100% | | | 2,528,286 | 2,528,286 | 2,528,286 |
| Child Welfare Administration 80/20% | | | 11,201,772 | 11,201,772 | 11,201,772 |
| Child Welfare Residential Mental Health | 976,070 | 198,751 | | 976,070 | 198,751 |
| Child Welfare Case Services | 109,654 | 23,120 | 22,106 | 131,760 | 45,226 |
| Child Welfare Out-of-Home (OOH) | 10,401,500 | 2,122,625 | | 10,401,500 | 2,122,625 |
| Child Welfare Related Child Care | 250,390 | 51,376 | 48,793 | 299,183 | 100,169 |
| Child Welfare Subsidized Adoption | 5,671,482 | 1,135,866 | | 5,671,482 | 1,135,866 |
| Regular Administration | 7,296 | 7,296 | 8,769,920 | 8,777,216 | 8,777,216 |
| Non-Allocated Programs: | | | | | |
| Medicaid Administration | | | 605,384 | 605,384 | 605,384 |
| AwDC - Adults Without Dependent Children | | | 95,110 | 95,110 | 95,110 |
| Paris Funding | | | 22,278 | 22,278 | 22,278 |
| Food Assistance Administration | | | 615,838 | 615,838 | 615,838 |
| EBT Administration | 42,989 | 42,989 | | 42,989 | 42,989 |
| Core Services: | | | | | |
| Mental Health | 139,121 | | | 139,121 | - |
| ADAD | 217,427 | 498 | | 217,427 | 498 |
| SEA | 135 | | 21,384 | 21,519 | 21,384 |
| Other FICF | 1,223,272 | 15,414 | (233,913) | 989,359 | (218,499) |
| 80/20% | 326,542 | 65,308 | 2,400,423 | 2,726,965 | 2,465,731 |
| Low-Income Energy Assistance | 2,960,115 | | 378,507 | 3,338,623 | 378,507 |
| Aid to Needy Disabled | 790,513 | 158,103 | | 790,513 | 158,103 |
| Home Care Allowance | 881,991 | 44,100 | | 881,991 | 44,100 |
| Old Age Pension | 11,318,697 | | 149,315 | 11,468,012 | 149,315 |
| Food Assistance Direct EBT & Fraud Administration | 84,777,842 | | 41,466 | 84,819,308 | 41,466 |
| Food Assistance Job Search | | | 844,956 | 844,956 | 844,956 |
| Title XX Caseworker Training | | | 10,347 | 10,347 | 10,347 |
| IV-E Independent Living | 2,304 | | 180,800 | 183,103 | 180,800 |
| County Wide Cost Allocation Plan Pass Thru | | | 5,519,750 | 5,519,750 | 5,519,750 |
| Audit Adjustments | (443) | 443 | | (443) | 443 |
| Medicaid Collections | (31,474) | | | (31,474) | - |
| Total Net EBT Authorizations/Subtotal | 134,132,277 | 6,301,022 | 39,558,468 | 173,690,745 | 45,859,490 |
| State Adjustments/ NON-EBT | | | | | |
| Child Welfare RTC/CHRP Adjustments | 238,662 | 47,732 | | 238,662 | 47,732 |
| IV-D Retained State Collections | (933,092) | (186,618) | | (933,092) | (186,618) |
| Child Support Enforcement | 60,412 | 68,327 | 5,562,306 | 5,622,718 | 5,630,633 |
| Other Local Sources | | | 598,564 | 598,564 | 598,564 |
| Excess Parental Fees | | | 558,790 | 558,790 | 558,790 |
| Grand Totals | \$ 133,498,259 | \$ 6,230,463 | \$ 46,278,128 | \$ 179,776,387 | \$ 52,508,591 |
| | | | *** CONTROL TOTALS | 179,776,387 | 48,403,988 |
| Differences noted: | | | | | |
| Net Increase to Total Expenditures due to accruals | | | | | (145,027) |
| Net decrease to Total Expenditures due to County Wide Cost Allocation Plan costs not recorded to Fund 11 | | | | | (5,893,247) |
| Net increase to Total Expenditures due to county expenditures not recorded to County Financial Management System (CFMS) | | | | | 56,257 |
| Net increase to Total Expenditures due to Fund to Fund transfers not recorded to CFMS | | | | | 1,503,578 |
| Net decrease to Total Expenditures due to IV-D balance sheet items, and refunds | | | | | (39,133) |
| Net increase to Total Expenditures due to collection items recorded in revenue and not as offset to expenditure | | | | | 412,967 |
| County Human Services Total | | | | | 48,403,988 |
| A. Assistance payments authorized by the Arapahoe County Department of Human Services. These county authorizations are paid by the Colorado Department of Human Services via QUEST debit cards - Electronic Benefit Transfer. These amounts include EBT adjustments such as payment returns and collections. The amounts can be isolated in CFMS by adding up the account code sequences 65793-65799, 53940-53945 and 65788-65789. | | | | | |
| B. Net County Share of EBT authorizations. These amounts are settled monthly by a reduction of the Due To/From State settlement payment made to Arapahoe County at the end of the month following the period close. These amounts correspond to county share amounts of the EBT net authorizations paid (see A Above). Amounts can be isolated by adding up account code 11320 figures for EBT program and function code combinations. | | | | | |
| C. Expenditures made by county warrant or other county payment methods. | | | | | |
| D. This represents the total cost of the assistance programs that are administered by the Arapahoe County Department of Human Services. | | | | | |
| E. The amount is reconcilable to the expenditures on the Social Services Fund-Statement of Revenues, Expenditures and Changes in Fund Balance. | | | | | |
| *** Control figures for column D taken from the CFMS Expenditure/Revenue-Whole Year Report "total expenditure" column. For column E, the County SAP ZFAR Detail for expenditure accounts. Difference between Grand Total of column D and Control Total of Column D is due to rounding. | | | | | |
| Difference between Grand Total of column E and Control Total of column E is shown in Differences Noted. | | | | | |

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

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

This Information From The Records Of (example - City of _ or County of _) Prepared By: Rhonda Robinson
Phone: 720-874-6822

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|------------|---|-----------|
| A. Receipts from local sources: | | A. Local highway disbursements: | |
| 1. Local highway-user taxes | | 1. Capital outlay (from page 2) | 1,484,807 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 5,048,222 |
| b. Motor Vehicle (from Item I.B.5.) | | 3. Road and street services: | |
| c. Total (a.+b.) | | a. Traffic control operations | 123,040 |
| 2. General fund appropriations | | b. Snow and ice removal | 459,871 |
| 3. Other local imposts (from page 2) | 6,119,737 | c. Other | |
| 4. Miscellaneous local receipts (from page 2) | 86,473 | d. Total (a. through c.) | 582,911 |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | 928,759 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | 691,179 |
| a. Bonds - Original Issues | | 6. Total (1 through 5) | 8,735,879 |
| 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) | 6,206,210 | b. Redemption | |
| B. Private Contributions | | c. Total (a. + b.) | 0 |
| C. Receipts from State government (from page 2) | 8,337,470 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 0 | a. Interest | |
| E. Total receipts (A.7 + B + C + D) | 14,543,680 | 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) | 8,735,879 |

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 |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | 73,584,661 | 14,543,680 | 8,735,879 | 79,392,462 | 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 | 5,737,961 | 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 | 26,730 |
| 5. Specific Ownership &/or Other | 381,776 | g. Other Misc. Receipts | 14,489 |
| 6. Total (1. through 5.) | 381,776 | h. Other | 45,254 |
| c. Total (a. + b.) | 6,119,737 | i. Total (a. through h.) | 86,473 |
| | (Carry forward to page 1) | | (Carry forward to page 1) |
| III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL | | | |
| ITEM | AMOUNT | ITEM | AMOUNT |
| C. Receipts from State Government | | D. Receipts from Federal Government | |
| 1. Highway-user taxes | 8,038,028 | 1. FHWA (from Item I.D.5.) | |
| 2. State general funds | | 2. Other Federal agencies: | |
| 3. Other State funds: | | a. Forest Service | |
| a. State bond proceeds | | b. FEMA | |
| b. Project Match | | c. HUD | |
| c. Motor Vehicle Registration | 299,442 | 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.) | 299,442 | g. Total (a. through f.) | |
| 4. Total (1. + 2. + 3.f) | 8,337,470 | 3. Total (1. + 2.g) | |
| | | | (Carry forward to page 1) |
| | | 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 | | 515,813 | 515,813 |
| c. Construction: | | | |
| (1). New Facilities | | 0 | 0 |
| (2). Capacity Improvements | | 172,704 | 172,704 |
| (3). System Preservation | | | 0 |
| (4). System Enhancement & Operation | | 796,290 | 796,290 |
| (5). Total Construction (1) + (2) + (3) + (4) | | 0 | 968,994 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | | 0 | 1,484,807 |
| | | | (Carry forward to page 1) |
| Notes and Comments: | | | |

Arapahoe County, Colorado
Building Maintenance Administration
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|-------------|--------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Total revenue | - | - | - | - |
| Expenditures | | | | |
| Current | | | | |
| General government | 1,874,087 | 2,349,527 | 1,539,613 | 809,914 |
| Public safety | 98,000 | 98,000 | 14,863 | 83,137 |
| Judicial services | 20,000 | 20,000 | - | 20,000 |
| Total expenditures | 1,992,087 | 2,467,527 | 1,554,476 | 913,051 |
| Excess (deficiency) of revenues over (under) expenditures | (1,992,087) | (2,467,527) | (1,554,476) | 913,051 |
| Other financing sources (uses) | | | | |
| Transfers in | 1,800,000 | 1,800,000 | 1,800,000 | - |
| Total other financing sources (uses) | 1,800,000 | 1,800,000 | 1,800,000 | - |
| Net change in fund balance | (192,087) | (667,527) | 245,524 | 913,051 |
| Fund balance - beginning | 1,223,301 | 1,223,301 | 1,223,301 | - |
| Fund balance - ending | \$ 1,031,214 | \$ 555,774 | \$ 1,468,825 | \$ 913,051 |

Arapahoe County, Colorado
Board Designated
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|---------------|---------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Total revenue | \$ - | \$ - | \$ - | \$ - |
| Expenditures | | | | |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | - |
| Fund balance - beginning | 16,921,280 | 16,921,280 | 16,921,280 | - |
| Fund balance - ending | \$ 16,921,280 | \$ 16,921,280 | \$ 16,921,280 | \$ - |

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expend for particular purposes.

Electronic Filing Technology Fund – This fund, which began on September 1, 2002, is used to account for a surcharge on recording fees to be used by the Clerk and Recorder to acquire technology to accept electronic filings.

Cash-In-Lieu Fund – This fund is used to account for monies received in lieu of land to be dedicated for parks and other public purposes. Each land subdivider must provide to the County a minimum of 10% of the total gross acreage of the subdivision or a sum of money equal to a minimum of 10% of the current market value of the total zoned (but unimproved) land; or a combination of land or money equal to the total 10% requirement. All funds are limited to use for public improvements.

Law Enforcement Authority Fund – This fund is used to account for the operations of law enforcement services in the unincorporated area of Arapahoe County. Most of the financing is provided by property tax revenue.

Arapahoe/Douglas Works! Fund – This fund is used to account for the operations of various Workforce Investment Act and related grants, i.e., summer youth employment, adult training, displaced workers, veterans and related grants. Financing is mainly provided by federal grants and various other local sources.

Road and Bridge Fund – This fund is used to account for the maintenance and improvements of roads, bridges and transportation infrastructure within the County. The sources of funds mainly include local property taxes and the State Highway Users Fund (HUTF).

Conservation Trust Fund – This fund is used to account for the County share of the state lottery program. The monies may be expended only for the acquisition, development, and maintenance of parks, and other public recreational facilities.

Contingent Fund – This fund is used to account for the expenditure of monies set aside for emergencies. These funds can be authorized only for (1) an act of God; (2) use against public enemies; or (3) something “which could not have been reasonably foreseen at the time of adoption of the budget”. The expenditure resolution must be adopted by a 2/3 vote of the governing body and must clearly be an “emergency” use of the funds.

Communications Network Replacement Fund – This fund was established in 1994 by an intergovernmental agreement with the City of Greenwood Village. The purpose of the fund is to provide funding for a future replacement of the County Radio Communication System.

Sheriff Commissary Fund – This fund is used to account for operations of a commissary for prisoners at the detention center. It is funded by inmate purchases.

Community Development Fund – This fund is used to account for the Community Development Block Grant. The grant is used to improve housing conditions for low/moderate income people.

Forfeited Property Fund – This fund is used to account for funds received from drug related seizures. These funds must be used for the specific purpose of law enforcement activities.

NONMAJOR GOVERNMENTAL FUNDS (continued)

Developmental Disabilities Fund – This fund is used to account for monies received to purchase services for residents in Arapahoe County with developmental disabilities. It is funded by a 1.000 mill levy.

Grants Fund – This fund is used to account for monies received and used in administering various grants received by the County.

Homeland Security Grant Fund – This fund is used to account for the receipt and disbursement of grant funds distributed through the State of Colorado.

Fair Fund - This fund is to account for funds collected and disbursed for the operation of the Arapahoe County Fair.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Expenditure Fund – This fund is used to account for the purchase and/or construction of major capital projects. Capital projects include, but are not limited to such items as major office remodeling, handicap improvements, building rehabilitation, roadway construction, communication systems construction, and purchase of property.

Infrastructure Fund – This fund is used to account for construction costs of various County road projects. Financing for the fund is provided from within the County, other governmental units, and developers. The revenue received for the projects is equal to the expenditures anticipated for that specific project. Most road construction projects are multi-year in nature and are reappropriated in the next fiscal year.

Arapahoe County Recreation District Fund – This fund is used to account for a district formed to provide recreational facilities. These facilities include a community park, an ecological park, a passive park, historical property and various trails. The District is located between I-25 and Smoky Hill Road and between I-225 and the Arapahoe-Douglas County Line. Financing is provided by property taxes, which are capped at 1.000 mill, and by intergovernmental agreements with the Parker Jordan and Dove Valley Metropolitan Districts.

NONMAJOR GOVERNMENTAL FUNDS
(continued)

DEBT SERVICE FUNDS

Debt Service Funds are used for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Equipment Lease Purchase Fund – This fund is used to account for capital lease purchases. In 2012, the following leases were accounted for in this fund:

1. Fairgrounds Event and Livestock Facility Lease purchase agreement through Chase Equipment Leasing Incorporated in the amount of \$2,500,000 entered into in 2005 and maturing in 2015.
2. Fairgrounds Water Facility Lease purchase agreement with Purecycle Water in the amount of \$607,858 entered into in 2006 and maturing in 2016. This lease was renegotiated in 2007. The renegotiated lease amount was \$616,976 and will also mature in 2016.
3. Parkland lease purchase agreement with Zion National Bank in the amount of \$2,600,000 was entered into in November 2007 and matures in 2027.
4. District Attorney Office Building lease purchase agreement with JPMorgan Chase Bank, N.A. in the amount of \$5,300,000 entered into in 2008 and matures in 2018.
5. Lima Ridge lease purchase agreement with the Banc of America Public Capital Corp. in the amount of \$9,650,000 entered into in 2011 and matures in 2030.

The Arapahoe County Building Finance Corporation Debt Service Fund – This fund is used to account for the transactions related to the funding of the construction of facilities that are leased to Arapahoe County Government.

**Arapahoe County, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

| | Nonmajor Special Revenue | | | |
|--|--------------------------|--------------|--------------------------|--------------------------|
| | Electronic Filing | Cash-In-Lieu | Law Enforc. Authority | Arapahoe/Doug. Works! |
| Assets | | | | |
| Cash and investments | \$ 422,681 | \$ 486,189 | \$ 8,478,970 | \$ - |
| Restricted cash and investments | - | - | - | - |
| Accounts receivable | 858 | - | 49,212 | 1,938,205 |
| Taxes receivable, net | - | - | 4,787,509 | - |
| Prepaid items | - | - | - | 742 |
| Due from airport authority | - | - | - | - |
| Inventories | - | - | - | - |
| Total assets | \$ 423,539 | \$ 486,189 | \$ 13,315,691 | \$ 1,938,947 |
| Liabilities | | | | |
| Accounts payable | - | - | 40,140 | 153,883 |
| Accrued expenditures | - | - | 194,945 | 150,792 |
| Due to other funds | - | - | - | 1,005,314 |
| Unearned revenue - other | - | - | - | 628,958 |
| Total liabilities | - | - | 235,085 | 1,938,947 |
| Deferred inflows of resources | | | | |
| Deferred property tax revenue | - | - | 4,787,509 | - |
| Long term rec-airport authority | - | - | - | - |
| Unavailable revenue-grants | - | - | - | - |
| Total deferred inflows of resources | - | - | 4,787,509 | - |
| Fund balances (deficits) | | | | |
| Nonspendable | - | - | - | 742 |
| Restricted | 423,539 | 486,189 | 178,324 | - |
| Committed | - | - | - | - |
| Assigned | - | - | 8,114,773 | - |
| Unassigned | - | - | - | (742) |
| Total fund balances (deficits) | 423,539 | 486,189 | 8,293,097 | - |
| Total liabilities, deferred inflows of resources and fund balance | \$ 423,539 | \$ 486,189 | \$ 13,315,691 | \$ 1,938,947 |

Nonmajor Special Revenue

| Road and Bridge | Conservation Trust | Contingent | Comm. Network Replacement | Sheriff's Commissary | Community Development |
|----------------------|-----------------------|-------------------|------------------------------|-------------------------|--------------------------|
| \$ 4,980,195 | \$ 885,109 | \$ 603,465 | \$ 340,520 | \$ 577,027 | \$ 170,507 |
| - | - | - | - | - | - |
| 989,088 | - | - | - | 147,453 | 34,026 |
| 5,695,261 | - | - | - | - | - |
| 1,168 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 11,665,712</u> | <u>\$ 885,109</u> | <u>\$ 603,465</u> | <u>\$ 340,520</u> | <u>\$ 724,480</u> | <u>\$ 204,533</u> |
| \$ 418,555 | \$ - | \$ - | \$ - | \$ 64,007 | \$ 12,188 |
| 33,827 | - | - | - | 15,573 | 5,070 |
| - | - | - | - | - | - |
| - | - | - | - | - | 187,275 |
| <u>452,382</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>79,580</u> | <u>204,533</u> |
| 5,695,261 | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>5,695,261</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 1,168 | - | - | - | - | - |
| - | 885,109 | - | - | - | - |
| 5,516,901 | - | 603,465 | 190,520 | - | - |
| - | - | - | 150,000 | 644,900 | - |
| - | - | - | - | - | - |
| <u>5,518,069</u> | <u>885,109</u> | <u>603,465</u> | <u>340,520</u> | <u>644,900</u> | <u>-</u> |
| <u>\$ 11,665,712</u> | <u>\$ 885,109</u> | <u>\$ 603,465</u> | <u>\$ 340,520</u> | <u>\$ 724,480</u> | <u>\$ 204,533</u> |

(continued)

Arapahoe County, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds (continued)
December 31, 2012

| | Nonmajor Special Revenue | | | |
|--|--------------------------|-------------------------------|--------------|----------------------------|
| | Forfeited Property | Developmental Disabilities | Grants | Homeland Security Grant |
| Assets | | | | |
| Cash and investments | \$ 754,332 | \$ - | \$ - | \$ - |
| Restricted cash and investments | - | - | - | - |
| Accounts receivable | - | 3,915 | 1,287,598 | 1,257,949 |
| Taxes receivable, net | - | 7,197,406 | - | - |
| Prepaid items | - | - | 392 | - |
| Due from airport authority | - | - | - | - |
| Inventories | - | - | 79,105 | - |
| Total assets | \$ 754,332 | \$ 7,201,321 | \$ 1,367,095 | \$ 1,257,949 |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ 548,847 | \$ 451,386 |
| Accrued expenditures | - | - | 55,129 | 10,964 |
| Due to other funds | - | 3,915 | 509,954 | 522,220 |
| Unearned revenue - other | - | - | 182,469 | 273,379 |
| Total liabilities | - | 3,915 | 1,296,399 | 1,257,949 |
| Deferred inflows of resources | | | | |
| Deferred property tax revenue | - | 7,197,406 | - | - |
| Long term rec-airport authority | - | - | - | - |
| Unavailable revenue-grants | - | - | 462,487 | 1,173,385 |
| Total deferred inflows of resources | - | 7,197,406 | 462,487 | 1,173,385 |
| Fund balances (deficits) | | | | |
| Nonspendable | - | - | 79,497 | - |
| Restricted | 754,332 | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | (471,288) | (1,173,385) |
| Total fund balances (deficits) | 754,332 | - | (391,791) | (1,173,385) |
| Total liabilities, deferred inflows of resources and fund balance | \$ 754,332 | \$ 7,201,321 | \$ 1,367,095 | \$ 1,257,949 |

Nonmajor Special Revenue

Nonmajor Capital Projects

| Nonmajor Special Revenue | | Nonmajor Capital Projects | | | |
|--------------------------|----------------------|---------------------------|----------------------|----------------------------|----------------------|
| Fair | Total | Capital Expenditure | Infrastructure | Arap. County Rec. District | Total |
| \$ 37,023 | \$ 17,736,018 | \$ 19,776,741 | \$ 21,212,648 | \$ 1,848,314 | \$ 42,837,703 |
| - | - | 638,050 | - | - | 638,050 |
| - | 5,708,304 | 50,000 | 11,132 | 5,963 | 67,095 |
| - | 17,680,176 | 4,466,171 | - | 817,734 | 5,283,905 |
| - | 2,302 | - | - | - | - |
| - | - | - | - | - | - |
| - | 79,105 | - | - | - | - |
| <u>\$ 37,023</u> | <u>\$ 41,205,905</u> | <u>\$ 24,930,962</u> | <u>\$ 21,223,780</u> | <u>\$ 2,672,011</u> | <u>\$ 48,826,753</u> |
| \$ - | \$ 1,689,006 | \$ 630,203 | \$ 160,647 | \$ 8,127 | \$ 798,977 |
| - | 466,300 | - | - | 3,390 | 3,390 |
| - | 2,041,403 | - | - | - | - |
| - | 1,272,081 | - | - | - | - |
| - | 5,468,790 | 630,203 | 160,647 | 11,517 | 802,367 |
| - | 17,680,176 | 4,466,171 | - | 817,734 | 5,283,905 |
| - | - | - | - | - | - |
| - | 1,635,872 | - | - | - | - |
| - | 19,316,048 | 4,466,171 | - | 817,734 | 5,283,905 |
| - | 81,407 | - | - | - | - |
| - | 2,727,493 | - | 1,644,959 | 34,734 | 1,679,693 |
| - | 793,985 | 19,834,588 | 19,418,174 | - | 39,252,762 |
| 37,023 | 14,463,597 | - | - | 1,808,026 | 1,808,026 |
| - | (1,645,415) | - | - | - | - |
| <u>37,023</u> | <u>16,421,067</u> | <u>19,834,588</u> | <u>21,063,133</u> | <u>1,842,760</u> | <u>42,740,481</u> |
| <u>\$ 37,023</u> | <u>\$ 41,205,905</u> | <u>\$ 24,930,962</u> | <u>\$ 21,223,780</u> | <u>\$ 2,672,011</u> | <u>\$ 48,826,753</u> |

(continued)

Arapahoe County, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds (continued)
December 31, 2012

| | Nonmajor Debt Service | | | Total Nonmajor Governmental |
|--|-----------------------------|---|---------------------|-----------------------------------|
| | Equipment Lease Purchase | Arap. County Building Finance Corp. | Total | |
| Assets | | | | |
| Cash and investments | \$ 6,958 | \$ 132,479 | \$ 139,437 | \$ 60,713,158 |
| Restricted cash and investments | - | 1,616,980 | 1,616,980 | 2,255,030 |
| Accounts receivable | - | - | - | 5,775,399 |
| Taxes receivable, net | - | - | - | 22,964,081 |
| Prepaid items | 62,112 | - | 62,112 | 64,414 |
| Due from airport authority | - | 5,880,000 | 5,880,000 | 5,880,000 |
| Inventories | - | - | - | 79,105 |
| Total assets | \$ 69,070 | \$ 7,629,459 | \$ 7,698,529 | \$ 97,731,187 |
| Liabilities | | | | |
| Accounts payable | - | - | - | 2,487,983 |
| Accrued expenditures | - | - | - | 469,690 |
| Due to other funds | - | - | - | 2,041,403 |
| Unearned revenue - other | - | - | - | 1,272,081 |
| Total liabilities | - | - | - | 6,271,157 |
| Deferred inflows of resources | | | | |
| Deferred property tax revenue | - | - | - | 22,964,081 |
| Long term rec-airport authority | - | 5,880,000 | 5,880,000 | 5,880,000 |
| Unavailable revenue-grants | - | - | - | 1,635,872 |
| Total deferred inflows of resources | - | 5,880,000 | 5,880,000 | 30,479,953 |
| Fund balances (deficits) | | | | |
| Nonspendable | 62,112 | - | 62,112 | 143,519 |
| Restricted | - | 1,576,000 | 1,576,000 | 5,983,186 |
| Committed | - | - | - | 40,046,747 |
| Assigned | 6,958 | 173,459 | 180,417 | 16,452,040 |
| Unassigned | - | - | - | (1,645,415) |
| Total fund balances (deficits) | 69,070 | 1,749,459 | 1,818,529 | 60,980,077 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 69,070 | \$ 7,629,459 | \$ 7,698,529 | \$ 97,731,187 |

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Arapahoe County, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

| | Nonmajor Special Revenue | | | |
|---|--------------------------|-------------------|--------------------------|--------------------------|
| | Electronic Filing | Cash-In-Lieu | Law Enforc. Authority | Arapahoe/Doug. Works! |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ - | \$ - | \$ 4,816,059 | \$ - |
| Other taxes | - | - | 318,990 | - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | - | 35,097 | 9,658,330 |
| Charges for services | 143,625 | 52,827 | 210,864 | 41,897 |
| Fines | - | - | 1,001,469 | - |
| Investment earnings | - | - | 62,027 | - |
| Interfund revenues and rentals | - | - | - | 11,494 |
| Repayment from comp unit-principal & interest | - | - | - | - |
| Developer contributions | - | - | - | - |
| Miscellaneous | - | - | - | 128,025 |
| Total revenue | <u>143,625</u> | <u>52,827</u> | <u>6,444,506</u> | <u>9,839,746</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 131,455 | - | - | - |
| Public safety | - | - | 6,573,298 | - |
| Health and welfare | - | - | - | 9,839,746 |
| Highways and streets | - | - | - | - |
| Airport | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Total current | <u>131,455</u> | <u>-</u> | <u>6,573,298</u> | <u>9,839,746</u> |
| Capital | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Judicial services | - | - | - | - |
| Highways and streets | - | - | - | - |
| Total capital | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Debt | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Debt issuance costs | - | - | - | - |
| Total debt service | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>131,455</u> | <u>-</u> | <u>6,573,298</u> | <u>9,839,746</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>12,170</u> | <u>52,827</u> | <u>(128,792)</u> | <u>-</u> |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | (3,950) | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(3,950)</u> | <u>-</u> |
| Net change in fund balance | 12,170 | 52,827 | (132,742) | - |
| Fund balance - beginning | 411,369 | 433,362 | 8,425,839 | - |
| Fund balance - ending | <u>\$ 423,539</u> | <u>\$ 486,189</u> | <u>\$ 8,293,097</u> | <u>\$ -</u> |

Nonmajor Special Revenue

| Road and Bridge | Conservation Trust | Contingent | Comm. Network Replacement | Sheriff's Commissary | Community Development |
|---------------------|-----------------------|-------------------|------------------------------|-------------------------|--------------------------|
| \$ 5,737,961 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 381,776 | - | - | - | - | - |
| 313,931 | - | - | - | - | - |
| 8,038,028 | 610,906 | - | 67,600 | - | 2,177,486 |
| 26,730 | - | - | - | 1,292,981 | - |
| - | - | - | - | 3,006 | - |
| - | 3,597 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 45,254 | - | - | - | - | 44,505 |
| <u>14,543,680</u> | <u>614,503</u> | <u>-</u> | <u>67,600</u> | <u>1,295,987</u> | <u>2,221,991</u> |
| - | - | 109,641 | 52,361 | - | - |
| - | - | - | - | 1,350,454 | - |
| 14,521,471 | - | - | - | - | 2,251,991 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>14,521,471</u> | <u>-</u> | <u>109,641</u> | <u>52,361</u> | <u>1,350,454</u> | <u>2,251,991</u> |
| - | - | - | 113,275 | - | - |
| - | - | - | - | 31,390 | - |
| 22,147 | - | - | - | - | - |
| <u>22,147</u> | <u>-</u> | <u>-</u> | <u>113,275</u> | <u>31,390</u> | <u>-</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>14,543,618</u> | <u>-</u> | <u>109,641</u> | <u>165,636</u> | <u>1,381,844</u> | <u>2,251,991</u> |
| 62 | 614,503 | (109,641) | (98,036) | (85,857) | (30,000) |
| - | - | - | 32,950 | - | 30,000 |
| (40,000) | (381,366) | - | - | (450) | - |
| <u>(40,000)</u> | <u>(381,366)</u> | <u>-</u> | <u>32,950</u> | <u>(450)</u> | <u>30,000</u> |
| (39,938) | 233,137 | (109,641) | (65,086) | (86,307) | - |
| 5,558,007 | 651,972 | 713,106 | 405,606 | 731,207 | - |
| <u>\$ 5,518,069</u> | <u>\$ 885,109</u> | <u>\$ 603,465</u> | <u>\$ 340,520</u> | <u>\$ 644,900</u> | <u>\$ -</u> |

(continued)

Arapahoe County, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds (continued)
For the Year Ended December 31, 2012

| | Nonmajor Special Revenue | | | |
|---|--------------------------|-------------------------------|---------------------|----------------------------|
| | Forfeited Property | Developmental Disabilities | Grant | Homeland Security Grant |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ - | \$ 7,219,567 | \$ - | \$ - |
| Other taxes | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | 393 | 9,930,636 | 1,987,279 |
| Charges for services | - | - | 161,326 | - |
| Fines | 635,275 | - | - | - |
| Investment earnings | 1,141 | - | - | - |
| Interfund revenues and rentals | - | - | - | - |
| Repayment from comp unit-principal & interest | - | - | - | - |
| Developer contributions | - | - | - | - |
| Miscellaneous | - | - | 203,197 | - |
| Total revenue | <u>636,416</u> | <u>7,219,960</u> | <u>10,295,159</u> | <u>1,987,279</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | - | - | - | - |
| Public safety | 4,530 | - | 614,369 | 3,000,765 |
| Health and welfare | - | 7,219,960 | 9,116,843 | - |
| Highways and streets | - | - | - | - |
| Airport | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Total current | <u>4,530</u> | <u>7,219,960</u> | <u>9,731,212</u> | <u>3,000,765</u> |
| Capital | | | | |
| General government | - | - | 321,776 | - |
| Public safety | - | - | 102,622 | - |
| Judicial services | - | - | - | - |
| Highways and streets | - | - | - | - |
| Total capital | <u>-</u> | <u>-</u> | <u>424,398</u> | <u>-</u> |
| Debt | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Debt issuance costs | - | - | - | - |
| Total debt service | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>4,530</u> | <u>7,219,960</u> | <u>10,155,610</u> | <u>3,000,765</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>631,886</u> | <u>-</u> | <u>139,549</u> | <u>(1,013,486)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | (11,736) | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(11,736)</u> | <u>-</u> |
| Net change in fund balance | 631,886 | - | 127,813 | (1,013,486) |
| Fund balance - beginning | 122,446 | - | (519,604) | (159,899) |
| Fund balance - ending | <u>\$ 754,332</u> | <u>\$ -</u> | <u>\$ (391,791)</u> | <u>\$ (1,173,385)</u> |

Nonmajor Special Revenue

Nonmajor Capital Projects

| Nonmajor Special Revenue | | Nonmajor Capital Projects | | | |
|--------------------------|---------------|---------------------------|----------------|----------------------------|---------------|
| Fair | Total | Capital Expenditure | Infrastructure | Arap. County Rec. District | Total |
| \$ - | \$ 17,773,587 | \$ 4,502,754 | \$ - | \$ 831,529 | \$ 5,334,283 |
| - | 700,766 | 299,590 | - | 55,640 | 355,230 |
| - | 313,931 | - | 186,419 | - | 186,419 |
| - | 32,505,755 | - | 2,106,086 | 147,938 | 2,254,024 |
| 201,202 | 2,131,452 | - | - | 69,685 | 69,685 |
| - | 1,639,750 | - | - | - | - |
| - | 66,765 | 18,842 | 21,224 | 12,109 | 52,175 |
| - | 11,494 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 101,521 | - | 101,521 |
| 9,026 | 430,007 | 65,493 | 224,427 | - | 289,920 |
| 210,228 | 55,573,507 | 4,886,679 | 2,639,677 | 1,116,901 | 8,643,257 |
| 26,122 | 319,579 | 97,670 | - | - | 97,670 |
| - | 11,543,416 | 389 | - | - | 389 |
| - | 28,428,540 | - | - | - | - |
| - | 14,521,471 | - | 1,378,693 | - | 1,378,693 |
| - | - | - | - | - | - |
| 274,218 | 274,218 | - | - | 806,960 | 806,960 |
| 300,340 | 55,087,224 | 98,059 | 1,378,693 | 806,960 | 2,283,712 |
| - | 435,051 | 3,279,507 | - | - | 3,279,507 |
| - | 134,012 | 1,110,479 | - | - | 1,110,479 |
| - | - | 8,670 | - | - | 8,670 |
| - | 22,147 | - | 2,293,300 | - | 2,293,300 |
| - | 591,210 | 4,398,656 | 2,293,300 | - | 6,691,956 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 300,340 | 55,678,434 | 4,496,715 | 3,671,993 | 806,960 | 8,975,668 |
| (90,112) | (104,927) | 389,964 | (1,032,316) | 309,941 | (332,411) |
| 9,020 | 71,970 | 8,224,258 | 4,016,000 | - | 12,240,258 |
| - | (437,502) | (4,000,000) | - | (225,970) | (4,225,970) |
| 9,020 | (365,532) | 4,224,258 | 4,016,000 | (225,970) | 8,014,288 |
| (81,092) | (470,459) | 4,614,222 | 2,983,684 | 83,971 | 7,681,877 |
| 118,115 | 16,891,526 | 15,220,366 | 18,079,449 | 1,758,789 | 35,058,604 |
| \$ 37,023 | \$ 16,421,067 | \$ 19,834,588 | \$ 21,063,133 | \$ 1,842,760 | \$ 42,740,481 |

(continued)

Arapahoe County, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds (continued)
For the Year Ended December 31, 2012

| | Nonmajor Debt Service | | | Total Nonmajor Governmental |
|---|-----------------------------|---|--------------|-----------------------------------|
| | Equipment Lease Purchase | Arap. County Building Finance Corp. | Total | |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 23,107,870 |
| Other taxes | - | - | - | 1,055,996 |
| Licenses and permits | - | - | - | 500,350 |
| Intergovernmental | - | - | - | 34,759,779 |
| Charges for services | - | - | - | 2,201,137 |
| Fines | - | - | - | 1,639,750 |
| Investment earnings | - | 111,072 | 111,072 | 230,012 |
| Interfund revenues and rentals | - | - | - | 11,494 |
| Repayment from comp unit-principal & interest | - | 1,584,577 | 1,584,577 | 1,584,577 |
| Developer contributions | - | - | - | 101,521 |
| Miscellaneous | - | 15 | 15 | 719,942 |
| Total revenue | - | 1,695,664 | 1,695,664 | 65,912,428 |
| Expenditures | | | | |
| Current | | | | |
| General government | - | - | - | 417,249 |
| Public safety | - | - | - | 11,543,805 |
| Health and welfare | - | 750 | 750 | 28,429,290 |
| Highways and streets | - | - | - | 15,900,164 |
| Airport | - | 6,282 | 6,282 | 6,282 |
| Culture and recreation | - | - | - | 1,081,178 |
| Total current | - | 7,032 | 7,032 | 57,377,968 |
| Capital | | | | |
| General government | - | - | - | 3,714,558 |
| Public safety | - | - | - | 1,244,491 |
| Judicial services | - | - | - | 8,670 |
| Highways and streets | - | - | - | 2,315,447 |
| Total capital | - | - | - | 7,283,166 |
| Debt | | | | |
| Principal | 1,252,114 | 4,335,000 | 5,587,114 | 5,587,114 |
| Interest | 761,562 | 1,930,025 | 2,691,587 | 2,691,587 |
| Debt issuance costs | - | 2,150 | 2,150 | 2,150 |
| Total debt service | 2,013,676 | 6,267,175 | 8,280,851 | 8,280,851 |
| Total expenditures | 2,013,676 | 6,274,207 | 8,287,883 | 72,941,985 |
| Excess (deficiency) of revenues over (under) expenditures | (2,013,676) | (4,578,543) | (6,592,219) | (7,029,557) |
| Other financing sources (uses) | | | | |
| Transfers in | 2,013,678 | 4,622,000 | 6,635,678 | 18,947,906 |
| Transfers out | - | - | - | (4,663,472) |
| Total other financing sources (uses) | 2,013,678 | 4,622,000 | 6,635,678 | 14,284,434 |
| Net change in fund balance | 2 | 43,457 | 43,459 | 7,254,877 |
| Fund balance - beginning | 69,068 | 1,706,002 | 1,775,070 | 53,725,200 |
| Fund balance - ending | \$ 69,070 | \$ 1,749,459 | \$ 1,818,529 | \$ 60,980,077 |

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Arapahoe County, Colorado
Electronic Filing Technology
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Charges for services | \$ 132,099 | \$ 132,099 | \$ 143,625 | \$ 11,526 |
| Total revenue | <u>132,099</u> | <u>132,099</u> | <u>143,625</u> | <u>11,526</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | - | 408,367 | 131,455 | 276,912 |
| Capital | | | | |
| General government | 132,099 | 135,101 | - | 135,101 |
| Total expenditures | <u>132,099</u> | <u>543,468</u> | <u>131,455</u> | <u>412,013</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>(411,369)</u> | <u>12,170</u> | <u>423,539</u> |
| Fund balance - beginning | 411,369 | 411,369 | 411,369 | - |
| Fund balance - ending | <u>\$ 411,369</u> | <u>\$ -</u> | <u>\$ 423,539</u> | <u>\$ 423,539</u> |

Arapahoe County, Colorado
Cash-In-Lieu
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Charges for services | \$ - | \$ - | \$ 52,827 | \$ 52,827 |
| Total revenue | <u>-</u> | <u>-</u> | <u>52,827</u> | <u>52,827</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | - | 426,264 | - | 426,264 |
| Total expenditures | <u>-</u> | <u>426,264</u> | <u>-</u> | <u>426,264</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>(426,264)</u> | <u>52,827</u> | <u>479,091</u> |
| Fund balance - beginning | 433,362 | 433,362 | 433,362 | - |
| Fund balance - ending | <u>\$ 433,362</u> | <u>\$ 7,098</u> | <u>\$ 486,189</u> | <u>\$ 479,091</u> |

**Arapahoe County, Colorado
Law Enforcement Authority District
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ 4,875,852 | \$ 4,875,852 | \$ 4,816,059 | \$ (59,793) |
| Other taxes | 300,000 | 300,000 | 318,990 | 18,990 |
| Intergovernmental | 71,600 | 71,600 | 35,097 | (36,503) |
| Charges for services | 125,195 | 125,195 | 210,864 | 85,669 |
| Fines | 571,500 | 571,500 | 1,001,469 | 429,969 |
| Investment earnings | - | - | 62,027 | 62,027 |
| Total revenue | <u>5,944,147</u> | <u>5,944,147</u> | <u>6,444,506</u> | <u>500,359</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 6,441,646 | 6,609,401 | 6,573,298 | 36,103 |
| Total expenditures | <u>6,441,646</u> | <u>6,609,401</u> | <u>6,573,298</u> | <u>36,103</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(497,499)</u> | <u>(665,254)</u> | <u>(128,792)</u> | <u>536,462</u> |
| Other financing sources (uses) | | | | |
| Transfers out | (3,950) | (3,950) | (3,950) | - |
| Total other financing sources (uses) | <u>(3,950)</u> | <u>(3,950)</u> | <u>(3,950)</u> | <u>-</u> |
| Net change in fund balance | (501,449) | (669,204) | (132,742) | 536,462 |
| Fund balance - beginning | 8,425,839 | 8,425,839 | 8,425,839 | - |
| Fund balance - ending | <u>\$ 7,924,390</u> | <u>\$ 7,756,635</u> | <u>\$ 8,293,097</u> | <u>\$ 536,462</u> |

Arapahoe County, Colorado
Arapahoe / Douglas Works!
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|-------------------|------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 9,575,494 | \$ 10,409,729 | \$ 9,658,330 | \$ (751,399) |
| Charges for services | 55,000 | 55,000 | 41,897 | (13,103) |
| Interfund revenues and rentals | 72,216 | 72,216 | 11,494 | (60,722) |
| Miscellaneous | 26,000 | 26,000 | 128,025 | 102,025 |
| Total revenue | <u>9,728,710</u> | <u>10,562,945</u> | <u>9,839,746</u> | <u>(723,199)</u> |
| Expenditures | | | | |
| Current | | | | |
| Health and welfare | 9,725,385 | 10,559,620 | 9,839,746 | 719,874 |
| Total expenditures | <u>9,725,385</u> | <u>10,559,620</u> | <u>9,839,746</u> | <u>719,874</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,325</u> | <u>3,325</u> | <u>-</u> | <u>(3,325)</u> |
| Other financing sources (uses) | | | | |
| Transfers out | (3,325) | (3,325) | - | 3,325 |
| Total other financing sources (uses) | <u>(3,325)</u> | <u>(3,325)</u> | <u>-</u> | <u>3,325</u> |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning | - | - | - | - |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ 5,779,373 | \$ 5,779,373 | \$ 5,737,961 | \$ (41,412) |
| Other taxes | 425,000 | 425,000 | 381,776 | (43,224) |
| Licenses and permits | 287,000 | 287,000 | 313,931 | 26,931 |
| Intergovernmental | 7,880,000 | 7,884,893 | 8,038,028 | 153,135 |
| Charges for services | - | - | 26,730 | 26,730 |
| Miscellaneous | 50,000 | 50,000 | 45,254 | (4,746) |
| Total revenue | <u>14,421,373</u> | <u>14,426,266</u> | <u>14,543,680</u> | <u>117,414</u> |
| Expenditures | | | | |
| Current | | | | |
| Highways and streets | 15,574,193 | 17,329,478 | 14,521,471 | 2,808,007 |
| Capital | | | | |
| Highways and streets | - | 21,925 | 22,147 | (222) |
| Total expenditures | <u>15,574,193</u> | <u>17,351,403</u> | <u>14,543,618</u> | <u>2,807,785</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,152,820)</u> | <u>(2,925,137)</u> | <u>62</u> | <u>2,925,199</u> |
| Other financing sources (uses) | | | | |
| Transfers out | <u>(5,000)</u> | <u>(40,000)</u> | <u>(40,000)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(5,000)</u> | <u>(40,000)</u> | <u>(40,000)</u> | <u>-</u> |
| Net change in fund balance | <u>(1,157,820)</u> | <u>(2,965,137)</u> | <u>(39,938)</u> | <u>2,925,199</u> |
| Fund balance - beginning | <u>5,558,007</u> | <u>5,558,007</u> | <u>5,558,007</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 4,400,187</u> | <u>\$ 2,592,870</u> | <u>\$ 5,518,069</u> | <u>\$ 2,925,199</u> |

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

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 460,000 | \$ 460,000 | \$ 610,906 | \$ 150,906 |
| Investment earnings | - | - | 3,597 | 3,597 |
| Total revenue | <u>460,000</u> | <u>460,000</u> | <u>614,503</u> | <u>154,503</u> |
| Expenditures | | | | |
| Capital | | | | |
| Culture and recreation | - | 651,972 | - | 651,972 |
| Total expenditures | <u>-</u> | <u>651,972</u> | <u>-</u> | <u>651,972</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>460,000</u> | <u>(191,972)</u> | <u>614,503</u> | <u>806,475</u> |
| Other financing sources (uses) | | | | |
| Transfers out | <u>(381,366)</u> | <u>(381,366)</u> | <u>(381,366)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(381,366)</u> | <u>(381,366)</u> | <u>(381,366)</u> | <u>-</u> |
| Net change in fund balance | 78,634 | (573,338) | 233,137 | 806,475 |
| Fund balance - beginning | <u>651,972</u> | <u>651,972</u> | <u>651,972</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 730,606</u> | <u>\$ 78,634</u> | <u>\$ 885,109</u> | <u>\$ 806,475</u> |

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

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|-----------|------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Total revenue | \$ - | \$ - | \$ - | \$ - |
| Expenditures | | | | |
| Current | | | | |
| General government | 713,106 | 713,106 | 109,641 | 603,465 |
| Total expenditures | 713,106 | 713,106 | 109,641 | 603,465 |
| Excess (deficiency) of revenues over (under) expenditures | (713,106) | (713,106) | (109,641) | 603,465 |
| Fund balance - beginning | 713,106 | 713,106 | 713,106 | - |
| Fund balance - ending | \$ - | \$ - | \$ 603,465 | \$ 603,465 |

Arapahoe County, Colorado
Communications Network Replacement
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 59,275 | \$ 59,275 | \$ 67,600 | \$ 8,325 |
| Total revenue | <u>59,275</u> | <u>59,275</u> | <u>67,600</u> | <u>8,325</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 92,225 | 448,965 | 52,361 | 396,604 |
| Capital | | | | |
| General government | - | 48,866 | 113,275 | (64,409) |
| Total expenditures | <u>92,225</u> | <u>497,831</u> | <u>165,636</u> | <u>332,195</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(32,950)</u> | <u>(438,556)</u> | <u>(98,036)</u> | <u>340,520</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 32,950 | 32,950 | 32,950 | - |
| Total other financing sources (uses) | <u>32,950</u> | <u>32,950</u> | <u>32,950</u> | <u>-</u> |
| Net change in fund balance | - | (405,606) | (65,086) | 340,520 |
| Fund balance - beginning | 405,606 | 405,606 | 405,606 | - |
| Fund balance - ending | <u>\$ 405,606</u> | <u>\$ -</u> | <u>\$ 340,520</u> | <u>\$ 340,520</u> |

Arapahoe County, Colorado
Sheriff's Commissary
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Charges for services | \$ 1,338,200 | \$ 1,368,041 | \$ 1,292,981 | \$ (75,060) |
| Fines | - | 1,704 | 3,006 | 1,302 |
| Total revenue | <u>1,338,200</u> | <u>1,369,745</u> | <u>1,295,987</u> | <u>(73,758)</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 1,754,562 | 2,100,499 | 1,350,454 | 750,045 |
| Capital | | | | |
| Public safety | - | - | 31,390 | (31,390) |
| Total expenditures | <u>1,754,562</u> | <u>2,100,499</u> | <u>1,381,844</u> | <u>718,655</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(416,362)</u> | <u>(730,754)</u> | <u>(85,857)</u> | <u>644,897</u> |
| Other financing sources (uses) | | | | |
| Transfers out | (450) | (450) | (450) | - |
| Total other financing sources (uses) | <u>(450)</u> | <u>(450)</u> | <u>(450)</u> | <u>-</u> |
| Net change in fund balance | (416,812) | (731,204) | (86,307) | 644,897 |
| Fund balance - beginning | 731,207 | 731,207 | 731,207 | - |
| Fund balance - ending | <u>\$ 314,395</u> | <u>\$ 3</u> | <u>\$ 644,900</u> | <u>\$ 644,897</u> |

**Arapahoe County, Colorado
Community Development
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 5,054,210 | \$ 5,054,210 | \$ 2,177,486 | \$ (2,876,724) |
| Miscellaneous | 244,010 | 244,010 | 44,505 | (199,505) |
| Total revenue | <u>5,298,220</u> | <u>5,298,220</u> | <u>2,221,991</u> | <u>(3,076,229)</u> |
| Expenditures | | | | |
| Current | | | | |
| Health and welfare | 5,327,995 | 5,327,995 | 2,251,991 | 3,076,004 |
| Total expenditures | <u>5,327,995</u> | <u>5,327,995</u> | <u>2,251,991</u> | <u>3,076,004</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(29,775)</u> | <u>(29,775)</u> | <u>(30,000)</u> | <u>(225)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 30,000 | 30,000 | 30,000 | - |
| Transfers out | (225) | (225) | - | 225 |
| Total other financing sources (uses) | <u>29,775</u> | <u>29,775</u> | <u>30,000</u> | <u>225</u> |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning | - | - | - | - |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Arapahoe County, Colorado
Forfeited Property
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Fines | \$ - | \$ 635,275 | \$ 635,275 | \$ - |
| Investment earnings | - | - | 1,141 | 1,141 |
| Total revenue | <u>-</u> | <u>635,275</u> | <u>636,416</u> | <u>1,141</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | - | 757,721 | 4,530 | 753,191 |
| Total expenditures | <u>-</u> | <u>757,721</u> | <u>4,530</u> | <u>753,191</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>(122,446)</u> | <u>631,886</u> | <u>754,332</u> |
| Fund balance - beginning | 122,446 | 122,446 | 122,446 | - |
| Fund balance - ending | <u>\$ 122,446</u> | <u>\$ -</u> | <u>\$ 754,332</u> | <u>\$ 754,332</u> |

**Arapahoe County, Colorado
Developmental Disabilities
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ 7,277,051 | \$ 7,277,051 | \$ 7,219,567 | \$ (57,484) |
| Intergovernmental | - | - | 393 | 393 |
| Total revenue | <u>7,277,051</u> | <u>7,277,051</u> | <u>7,219,960</u> | <u>(57,091)</u> |
| Expenditures | | | | |
| Current | | | | |
| Health and welfare | 7,277,051 | 7,277,051 | 7,219,960 | 57,091 |
| Total expenditures | <u>7,277,051</u> | <u>7,277,051</u> | <u>7,219,960</u> | <u>57,091</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance - beginning | - | - | - | - |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**Arapahoe County, Colorado
Grants
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 12,849,582 | \$ 14,377,307 | \$ 9,930,636 | \$ (4,446,671) |
| Charges for services | 300,000 | 300,000 | 161,326 | (138,674) |
| Miscellaneous | 84,650 | 229,424 | 203,197 | (26,227) |
| Total revenue | <u>13,234,232</u> | <u>14,906,731</u> | <u>10,295,159</u> | <u>(4,611,572)</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | - | 321,777 | - | 321,777 |
| Public safety | 98,357 | 459,605 | 614,369 | (154,764) |
| Health and welfare | 13,141,824 | 13,885,566 | 9,116,843 | 4,768,723 |
| Capital | | | | |
| General government | - | - | 321,776 | (321,776) |
| Public safety | - | 167,732 | 102,622 | 65,110 |
| Total expenditures | <u>13,240,181</u> | <u>14,834,680</u> | <u>10,155,610</u> | <u>4,679,070</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,949)</u> | <u>72,051</u> | <u>139,549</u> | <u>67,498</u> |
| Other financing sources (uses) | | | | |
| Transfers out | <u>(1,600)</u> | <u>(79,600)</u> | <u>(11,736)</u> | <u>67,864</u> |
| Total other financing sources (uses) | <u>(1,600)</u> | <u>(79,600)</u> | <u>(11,736)</u> | <u>67,864</u> |
| Net change in fund balance | <u>(7,549)</u> | <u>(7,549)</u> | <u>127,813</u> | <u>135,362</u> |
| Fund balance - beginning | <u>(519,604)</u> | <u>(519,604)</u> | <u>(519,604)</u> | <u>-</u> |
| Fund balance - ending | <u>\$ (527,153)</u> | <u>\$ (527,153)</u> | <u>\$ (391,791)</u> | <u>\$ 135,362</u> |

Arapahoe County, Colorado
Homeland Security Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|---------------------|---------------------|-----------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ - | \$ 5,702,400 | \$ 1,987,279 | \$ (3,715,121) |
| Total revenue | <u>-</u> | <u>5,702,400</u> | <u>1,987,279</u> | <u>(3,715,121)</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | - | 5,702,400 | 3,000,765 | 2,701,635 |
| Total expenditures | <u>-</u> | <u>5,702,400</u> | <u>3,000,765</u> | <u>2,701,635</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>(1,013,486)</u> | <u>(1,013,486)</u> |
| Fund balance - beginning | (159,899) | (159,899) | (159,899) | - |
| Fund balance - ending | <u>\$ (159,899)</u> | <u>\$ (159,899)</u> | <u>\$ (1,173,385)</u> | <u>\$ (1,013,486)</u> |

Arapahoe County, Colorado
Fair
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Charges for services | \$ 301,000 | \$ 301,000 | \$ 201,202 | \$ (99,798) |
| Miscellaneous | 4,600 | 4,600 | 9,026 | 4,426 |
| Total revenue | <u>305,600</u> | <u>305,600</u> | <u>210,228</u> | <u>(95,372)</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 25,600 | 26,122 | 26,122 | - |
| Culture and recreation | 327,425 | 406,613 | 274,218 | 132,395 |
| Total expenditures | <u>353,025</u> | <u>432,735</u> | <u>300,340</u> | <u>132,395</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(47,425)</u> | <u>(127,135)</u> | <u>(90,112)</u> | <u>37,023</u> |
| Other financing sources (uses) | | | | |
| Transfers in | - | 9,020 | 9,020 | - |
| Total other financing sources (uses) | <u>-</u> | <u>9,020</u> | <u>9,020</u> | <u>-</u> |
| Net change in fund balance | <u>(47,425)</u> | <u>(118,115)</u> | <u>(81,092)</u> | <u>37,023</u> |
| Fund balance - beginning | <u>118,115</u> | <u>118,115</u> | <u>118,115</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 70,690</u> | <u>\$ -</u> | <u>\$ 37,023</u> | <u>\$ 37,023</u> |

Arapahoe County, Colorado
Capital Expenditure
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|----------------------|---------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ 4,535,253 | \$ 4,535,253 | \$ 4,502,754 | \$ (32,499) |
| Other taxes | 300,000 | 300,000 | 299,590 | (410) |
| Investment earnings | - | - | 18,842 | 18,842 |
| Miscellaneous | - | 114,580 | 65,493 | (49,087) |
| Total revenue | <u>4,835,253</u> | <u>4,949,833</u> | <u>4,886,679</u> | <u>(63,154)</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 68,029 | 86,009 | 97,670 | (11,661) |
| Public safety | - | - | 389 | (389) |
| Capital | | | | |
| General government | 4,347,200 | 21,396,662 | 3,279,507 | 18,117,155 |
| Public safety | 918,451 | 1,565,305 | 1,110,479 | 454,826 |
| Judicial services | 762,500 | 777,080 | 8,670 | 768,410 |
| Total expenditures | <u>6,096,180</u> | <u>23,825,056</u> | <u>4,496,715</u> | <u>19,328,341</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,260,927)</u> | <u>(18,875,223)</u> | <u>389,964</u> | <u>19,265,187</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 4,203,076 | 8,224,258 | 8,224,258 | - |
| Transfers out | (4,000,000) | (4,000,000) | (4,000,000) | - |
| Total other financing sources (uses) | <u>203,076</u> | <u>4,224,258</u> | <u>4,224,258</u> | <u>-</u> |
| Net change in fund balance | <u>(1,057,851)</u> | <u>(14,650,965)</u> | <u>4,614,222</u> | <u>19,265,187</u> |
| Fund balance - beginning | <u>15,220,366</u> | <u>15,220,366</u> | <u>15,220,366</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 14,162,515</u> | <u>\$ 569,401</u> | <u>\$ 19,834,588</u> | <u>\$ 19,265,187</u> |

**Arapahoe County, Colorado
Infrastructure
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|--------------|---------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ 186,419 | \$ 186,419 |
| Intergovernmental | - | 1,185,291 | 2,106,086 | 920,795 |
| Investment earnings | - | - | 21,224 | 21,224 |
| Developer contributions | - | 184,836 | 101,521 | (83,315) |
| Miscellaneous | - | 107,500 | 224,427 | 116,927 |
| Total revenue | - | 1,477,627 | 2,639,677 | 1,162,050 |
| Expenditures | | | | |
| Current | | | | |
| Highways and streets | - | 16,153,833 | 1,378,693 | 14,775,140 |
| Capital | | | | |
| Highways and streets | 4,000,000 | 7,419,243 | 2,293,300 | 5,125,943 |
| Total expenditures | 4,000,000 | 23,573,076 | 3,671,993 | 19,901,083 |
| Excess (deficiency) of revenues over (under) expenditures | (4,000,000) | (22,095,449) | (1,032,316) | 21,063,133 |
| Other financing sources (uses) | | | | |
| Transfers in | 4,000,000 | 4,016,000 | 4,016,000 | - |
| Total other financing sources (uses) | 4,000,000 | 4,016,000 | 4,016,000 | - |
| Net change in fund balance | - | (18,079,449) | 2,983,684 | 21,063,133 |
| Fund balance - beginning | 18,079,449 | 18,079,449 | 18,079,449 | - |
| Fund balance - ending | \$ 18,079,449 | \$ - | \$ 21,063,133 | \$ 21,063,133 |

Arapahoe County, Colorado
Arapahoe County Recreation District
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ 851,306 | \$ 851,306 | \$ 831,529 | \$ (19,777) |
| Other taxes | 55,000 | 55,000 | 55,640 | 640 |
| Intergovernmental | 225,000 | 225,000 | 147,938 | (77,062) |
| Charges for services | 26,500 | 26,500 | 69,685 | 43,185 |
| Investment earnings | - | - | 12,109 | 12,109 |
| Total revenue | <u>1,157,806</u> | <u>1,157,806</u> | <u>1,116,901</u> | <u>(40,905)</u> |
| Expenditures | | | | |
| Current | | | | |
| Culture and recreation | 1,019,034 | 1,115,834 | 806,960 | 308,874 |
| Capital | | | | |
| Culture and recreation | 25,000 | 25,000 | - | 25,000 |
| Total expenditures | <u>1,044,034</u> | <u>1,140,834</u> | <u>806,960</u> | <u>333,874</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>113,772</u> | <u>16,972</u> | <u>309,941</u> | <u>292,969</u> |
| Other financing sources (uses) | | | | |
| Transfers out | (225,970) | (225,970) | (225,970) | - |
| Total other financing sources (uses) | <u>(225,970)</u> | <u>(225,970)</u> | <u>(225,970)</u> | <u>-</u> |
| Net change in fund balance | (112,198) | (208,998) | 83,971 | 292,969 |
| Fund balance - beginning | 1,758,789 | 1,758,789 | 1,758,789 | - |
| Fund balance - ending | <u>\$ 1,646,591</u> | <u>\$ 1,549,791</u> | <u>\$ 1,842,760</u> | <u>\$ 292,969</u> |

Arapahoe County, Colorado
Equipment Lease Purchase
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|-------------|-------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Total revenue | \$ - | \$ - | \$ - | \$ - |
| Expenditures | | | | |
| Debt | | | | |
| Principal | 1,252,115 | 1,252,115 | 1,252,114 | 1 |
| Interest | 761,563 | 761,563 | 761,562 | 1 |
| Total expenditures | 2,013,678 | 2,013,678 | 2,013,676 | 2 |
| Excess (deficiency) of revenues over (under) expenditures | (2,013,678) | (2,013,678) | (2,013,676) | 2 |
| Other financing sources (uses) | | | | |
| Transfers in | 2,013,678 | 2,013,678 | 2,013,678 | - |
| Total other financing sources (uses) | 2,013,678 | 2,013,678 | 2,013,678 | - |
| Net change in fund balance | - | - | 2 | 2 |
| Fund balance - beginning | 69,068 | 69,068 | 69,068 | - |
| Fund balance - ending | \$ 69,068 | \$ 69,068 | \$ 69,070 | \$ 2 |

Arapahoe County, Colorado
Arapahoe County Building Finance Corporation
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Investment earnings | \$ 25,000 | \$ 25,000 | \$ 111,072 | \$ 86,072 |
| Repayment from comp unit-principal & interest | 1,600,000 | 1,600,000 | 1,584,577 | (15,423) |
| Miscellaneous | - | - | 15 | 15 |
| Total revenue | <u>1,625,000</u> | <u>1,625,000</u> | <u>1,695,664</u> | <u>70,664</u> |
| Expenditures | | | | |
| Current | | | | |
| Health and welfare | 1,300 | 1,300 | 750 | 550 |
| Airport | 1,300 | 13,300 | 6,282 | 7,018 |
| Debt | | | | |
| Principal | 4,335,000 | 4,335,000 | 4,335,000 | - |
| Interest | 1,930,025 | 1,930,025 | 1,930,025 | - |
| Debt issuance costs | 3,500 | 3,500 | 2,150 | 1,350 |
| Total expenditures | <u>6,271,125</u> | <u>6,283,125</u> | <u>6,274,207</u> | <u>8,918</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,646,125)</u> | <u>(4,658,125)</u> | <u>(4,578,543)</u> | <u>79,582</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 4,610,000 | 4,622,000 | 4,622,000 | - |
| Total other financing sources (uses) | <u>4,610,000</u> | <u>4,622,000</u> | <u>4,622,000</u> | <u>-</u> |
| Net change in fund balance | <u>(36,125)</u> | <u>(36,125)</u> | <u>43,457</u> | <u>79,582</u> |
| Fund balance - beginning | 1,706,002 | 1,706,002 | 1,706,002 | - |
| Fund balance - ending | <u>\$ 1,669,877</u> | <u>\$ 1,669,877</u> | <u>\$ 1,749,459</u> | <u>\$ 79,582</u> |

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PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis.

Central Service Fund – This fund provides an internal service function to the County departments. It provides office supplies, materials, gas and oil, equipment and vehicles to the County for an intergovernmental fee.

Self-Insurance Liability Fund – This fund is used to account for the self-funded program that covers losses under our retention and claims for which there is no excess insurance coverage.

Employee Flex Benefit Fund – This fund allows employees to have a portion of their pre-tax salaries set aside in this fund to be used to reimburse the employee for qualified health or dependent care expenses. The costs are paid by interest earned on deposited and forfeited employee contributions.

Workers Compensation Fund – This fund is used to account for the self-funded program that collects worker compensation dollars from appropriate County funds and pays for the workers compensation losses in lieu of an outside agency.

Self-Insured Fund – Dental – This fund is used to account for the County's self-insured employee dental care plan, which is fully funded by premiums charged to employees and employer matching contributions.

**Arapahoe County Government
Combining Statement of Net Position
Proprietary Funds
December 31, 2012**

| | Governmental Activities - Internal Service Funds | | | |
|---|--|-----------------------------|--------------------------|--------------------------|
| | Central Service | Self Insurance Liability | Employee Flex Benefit | Worker's Compensation |
| Assets | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 17,680,468 | \$ 1,776,947 | \$ 153,172 | \$ 2,708,402 |
| Accounts receivable | 52,978 | 311,037 | 78,000 | - |
| Inventory | 518,541 | - | - | - |
| Total current assets | 18,251,987 | 2,087,984 | 231,172 | 2,708,402 |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Vehicles and equipment | 31,216,771 | - | - | - |
| Computer systems | 8,985,126 | - | - | - |
| Furniture and office equipment | 107,751 | - | - | - |
| Less: accumulated depreciation | (32,424,750) | - | - | - |
| Total noncurrent assets (net of accum. dep.) | 7,884,898 | - | - | - |
| Total assets | 26,136,885 | 2,087,984 | 231,172 | 2,708,402 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | 145,906 | 124,080 | 71,293 | 75,729 |
| Estimated claims payable | - | 652,678 | - | 712,000 |
| Flex benefits payable | - | - | 58,274 | - |
| Noncurrent claims payable | - | 541,000 | - | 1,661,000 |
| Total liabilities | 145,906 | 1,317,758 | 129,567 | 2,448,729 |
| Net position | | | | |
| Net investment in capital assets | 7,884,898 | - | - | - |
| Unrestricted | 18,106,081 | 770,226 | 101,605 | 259,673 |
| Total net position | \$ 25,990,979 | \$ 770,226 | \$ 101,605 | \$ 259,673 |

| Self Insurance | | Dental | | Total | |
|----------------|-------------------------|--------|--------------------------|-------|--|
| \$ | 1,886,282 | \$ | 24,205,271 | | |
| | 9,800 | | 451,815 | | |
| | - | | 518,541 | | |
| | <u>1,896,082</u> | | <u>25,175,627</u> | | |
| | - | | 31,216,771 | | |
| | - | | 8,985,126 | | |
| | - | | 107,751 | | |
| | - | | <u>(32,424,750)</u> | | |
| | - | | 7,884,898 | | |
| | <u>1,896,082</u> | | <u>33,060,525</u> | | |
| | 79,545 | | 496,553 | | |
| | 72,000 | | 1,436,678 | | |
| | - | | 58,274 | | |
| | - | | <u>2,202,000</u> | | |
| | <u>151,545</u> | | <u>4,193,505</u> | | |
| | - | | 7,884,898 | | |
| | <u>1,744,537</u> | | <u>20,982,122</u> | | |
| \$ | <u><u>1,744,537</u></u> | \$ | <u><u>28,867,020</u></u> | | |

Arapahoe County Government
Combining Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2012

| | Governmental Activities - Internal Service Funds | | | |
|---|--|-----------------------------|--------------------------|--------------------------|
| | Central Service | Self Insurance Liability | Employee Flex Benefit | Worker's Compensation |
| Operating revenues | | | | |
| Charges for sales and service | \$ 4,916,329 | \$ 373,501 | \$ 930,800 | \$ 1,418,434 |
| Total operating revenue | <u>4,916,329</u> | <u>373,501</u> | <u>930,800</u> | <u>1,418,434</u> |
| Operating expenses | | | | |
| Cost of sales and services | 1,277,177 | 788,260 | 956,351 | 1,216,031 |
| Administration | 75,797 | 52,458 | - | 162,805 |
| Depreciation | 3,611,665 | - | - | - |
| Total operating expenses | <u>4,964,639</u> | <u>840,718</u> | <u>956,351</u> | <u>1,378,836</u> |
| Operating income (loss) | <u>(48,310)</u> | <u>(467,217)</u> | <u>(25,551)</u> | <u>39,598</u> |
| Nonoperating revenue | | | | |
| Contributions other | 108,509 | - | - | - |
| Gain on sale of assets | 697,778 | - | - | - |
| Income before contributions and transfers | <u>757,977</u> | <u>(467,217)</u> | <u>(25,551)</u> | <u>39,598</u> |
| Transfers in | 331,472 | - | 30,000 | - |
| Transfers out | (1,115,931) | - | - | - |
| Change in net position | <u>(26,482)</u> | <u>(467,217)</u> | <u>4,449</u> | <u>39,598</u> |
| Total net position - beginning | <u>26,017,461</u> | <u>1,237,443</u> | <u>97,156</u> | <u>220,075</u> |
| Total net position - ending | <u>\$ 25,990,979</u> | <u>\$ 770,226</u> | <u>\$ 101,605</u> | <u>\$ 259,673</u> |

| Self Insurance Dental | Total |
|--------------------------|----------------------|
| \$ 1,369,762 | \$ 9,008,826 |
| <u>1,369,762</u> | <u>9,008,826</u> |
| 1,455,923 | 5,693,742 |
| - | 291,060 |
| - | <u>3,611,665</u> |
| <u>1,455,923</u> | <u>9,596,467</u> |
| <u>(86,161)</u> | <u>(587,641)</u> |
| - | 108,509 |
| - | <u>697,778</u> |
| <u>(86,161)</u> | <u>218,646</u> |
| 70,010 | 431,482 |
| - | <u>(1,115,931)</u> |
| <u>(16,151)</u> | <u>(465,803)</u> |
| 1,760,688 | 29,332,823 |
| <u>\$ 1,744,537</u> | <u>\$ 28,867,020</u> |

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

Governmental Activities - Internal Service Funds

| | Central Service | Self Insurance Liability | Employee Flex Benefit | Worker's Compensation |
|--|----------------------|-----------------------------|--------------------------|--------------------------|
| Cash flows from operating activities | | | | |
| Cash received for interfund services provided | \$ 4,964,117 | \$ 62,464 | \$ 930,800 | \$ 1,418,434 |
| Cash payments for services and supplies | (1,982,213) | (278,996) | (907,939) | (1,246,232) |
| Net cash provided by (used for) operating activities | <u>2,981,904</u> | <u>(216,532)</u> | <u>22,861</u> | <u>172,202</u> |
| Cash flows from noncapital financing activities | | | | |
| Transfers in from other funds | 331,472 | - | 30,000 | - |
| Transfers out to other funds | (1,115,931) | - | - | - |
| Net cash provided by (used for) non capital financing activities | <u>(784,459)</u> | <u>-</u> | <u>30,000</u> | <u>-</u> |
| Cash flows from capital and related financing activities | | | | |
| Acquisition of property and equipment | (3,948,984) | - | - | - |
| Proceeds from sale of capital assets | 699,328 | - | - | - |
| Net cash provided by (used for) by capital and related financing activities | <u>(3,249,656)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net increase (decrease) in cash and investments | (1,052,211) | (216,532) | 52,861 | 172,202 |
| Cash and investments, January 1, 2012 | <u>18,732,679</u> | <u>1,993,479</u> | <u>100,311</u> | <u>2,536,200</u> |
| Cash and investments, December 31, 2012 | <u>\$ 17,680,468</u> | <u>\$ 1,776,947</u> | <u>\$ 153,172</u> | <u>\$ 2,708,402</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities: | | | | |
| Operating income (loss) | \$ (48,310) | \$ (467,217) | \$ (25,551) | \$ 39,598 |
| Adjustments to reconcile operating income (loss) to Net cash provided by (used for) by operating activities: | | | | |
| Depreciation | 3,611,665 | - | - | - |
| (Increase) decrease in accounts receivable | 47,788 | (311,037) | - | - |
| (Increase) decrease in inventory | (80,065) | - | - | - |
| (Decrease) increase in accounts payable | (549,174) | 98,044 | 12,176 | 19,604 |
| (Decrease) increase in claims payable | - | 463,678 | - | 113,000 |
| (Decrease) increase in flex benefits payable | - | - | 36,236 | - |
| Total adjustments | <u>3,030,214</u> | <u>250,685</u> | <u>48,412</u> | <u>132,604</u> |
| Net cash provided by (used for) operating activities | <u>\$ 2,981,904</u> | <u>\$ (216,532)</u> | <u>\$ 22,861</u> | <u>\$ 172,202</u> |

| Self Insurance Dental | Total |
|--------------------------|----------------------|
| \$ 1,371,547 | \$ 8,747,362 |
| (1,458,003) | (5,873,383) |
| <u>(86,456)</u> | <u>2,873,979</u> |
| 70,010 | 431,482 |
| - | (1,115,931) |
| <u>70,010</u> | <u>(684,449)</u> |
| - | (3,948,984) |
| - | 699,328 |
| <u>-</u> | <u>(3,249,656)</u> |
| (16,446) | (1,060,126) |
| <u>1,902,728</u> | <u>25,265,397</u> |
| <u>\$ 1,886,282</u> | <u>\$ 24,205,271</u> |
| \$ (86,161) | \$ (587,641) |
| - | 3,611,665 |
| 1,785 | (261,464) |
| - | (80,065) |
| (9,080) | (428,430) |
| 7,000 | 583,678 |
| - | 36,236 |
| <u>(295)</u> | <u>3,461,620</u> |
| <u>\$ (86,456)</u> | <u>\$ 2,873,979</u> |

Arapahoe County, Colorado
Schedule of Budgetary Compliance
Proprietary Funds
For the Year Ended December 31, 2012

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------------------|-------------------------|----------------------|---------------------|
| Budgeted proprietary funds: | | | |
| Central Service Fund (1,2) | \$ 12,506,942 | \$ 6,417,889 | \$ 6,089,053 |
| Self Insurance Liability Fund | 896,640 | 840,718 | 55,922 |
| Employee Flex Benefit Fund | 1,117,146 | 956,351 | 160,795 |
| Worker's Compensation Fund | 1,512,477 | 1,378,836 | 133,641 |
| Self Insurance Dental Fund | 1,890,092 | 1,455,923 | 434,169 |
| Total | <u>\$ 17,923,297</u> | <u>\$ 11,049,717</u> | <u>\$ 6,873,580</u> |

The schedule of budgetary compliance is included to show compliance at the legal level of control as established by Arapahoe County Appropriation Resolutions, and includes all appropriations not shown elsewhere in this report. Appropriations are reported at the fund level or at the spending agency level if so designated by the resolution.

Final budget and actual totals include transfers and capital expenditures as applicable.

1) Depreciation Expense

Depreciation expense is not budgeted in the proprietary funds and is not included in the actual expense totals in the Schedule of Budgetary Compliance. Depreciation expense during 2012 is as follows:

| | |
|----------------------|--------------|
| Central Service Fund | \$ 3,611,665 |
|----------------------|--------------|

2) Capital Expenditures

Capital expenditures are budgeted in the proprietary funds and are included in the actual expense totals in the Schedule of Budgetary Compliance. Capital expenditures for 2012 are as follows:

| | |
|----------------------|---------------|
| Central Service Fund | \$ 10,030,844 |
|----------------------|---------------|

FIDUCIARY FUNDS

AGENCY FUNDS

Agency Fund - Treasurer - Established to record transactions relating to assets held by the County in the capacity of trustee, custodian or agent for individuals, governmental entities and non-public organizations.

Arapahoe County Public Trustee - An intermediary and recorder for foreclosures and releases of deeds in the Arapahoe County area. Although the Public Trustee is appointed by the Governor, budgetary control over the office is exercised by Arapahoe County.

Inmate Sentencing Fund - Established to record transactions relating to cash held by the county on behalf of prison inmates. Funds are returned to inmates through alternative work release programs or completion of prison terms.

**Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the Year Ended December 31, 2012**

| | <u>Agency Funds</u> | | | Ending Balance 12/31/2012 |
|--|---|--------------------------|--------------------------|--|
| | Beginning Balance 1/1/2012 | Additions | Deletions | |
| <u>TREASURER'S AGENCY FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 29,608,519 | \$ 14,537,835,225 | \$ 14,537,138,230 | \$ 30,305,514 |
| Property taxes receivable | 599,691,774 | 627,592,181 | 599,691,774 | 627,592,181 |
| Total assets | <u>\$ 629,300,293</u> | <u>\$ 15,165,427,406</u> | <u>\$ 15,136,830,004</u> | <u>\$ 657,897,695</u> |
| Liabilities | | | | |
| Due to other governments | \$ 622,055,779 | \$ 2,131,395,603 | \$ 2,104,017,169 | \$ 649,434,213 |
| Other deposits payable | 3,915,315 | 3,026,529,713 | 3,023,384,369 | 7,060,659 |
| Warrants payable | 3,329,199 | 455,453,579 | 457,379,955 | 1,402,823 |
| Total liabilities | <u>\$ 629,300,293</u> | <u>\$ 5,613,378,895</u> | <u>\$ 5,584,781,493</u> | <u>\$ 657,897,695</u> |
| <u>ARAPAHOE COUNTY PUBLIC TRUSTEE</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 715,057 | \$ 74,624,160 | \$ 74,831,915 | \$ 507,302 |
| Restricted escrow | 1,423,726 | 1,714,648 | 1,705,109 | 1,433,265 |
| Other assets | - | 7,008 | - | 7,008 |
| Total assets | <u>\$ 2,138,783</u> | <u>\$ 76,345,816</u> | <u>\$ 76,537,024</u> | <u>\$ 1,947,575</u> |
| Liabilities | | | | |
| Accounts Payable | \$ - | \$ 15,498 | \$ - | \$ 15,498 |
| Due to other governments | 1,423,726 | 1,556,381 | 1,705,109 | 1,274,998 |
| Other deposits payable | 715,057 | 74,773,937 | 74,831,915 | 657,079 |
| Total liabilities | <u>\$ 2,138,783</u> | <u>\$ 76,345,816</u> | <u>\$ 76,537,024</u> | <u>\$ 1,947,575</u> |
| <u>INMATE SENTENCING AGENCY FUND</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 131,743 | \$ 176,642 | \$ 82,677 | \$ 225,708 |
| Total assets | <u>\$ 131,743</u> | <u>\$ 176,642</u> | <u>\$ 82,677</u> | <u>\$ 225,708</u> |
| Liabilities | | | | |
| Other deposits payable | \$ 131,743 | \$ 176,642 | \$ 82,677 | \$ 225,708 |
| Total liabilities | <u>\$ 131,743</u> | <u>\$ 176,642</u> | <u>\$ 82,677</u> | <u>\$ 225,708</u> |
| <u>TOTAL AGENCY FUNDS</u> | | | | |
| Assets | | | | |
| Cash and investments | \$ 30,455,319 | \$ 14,612,636,027 | \$ 14,612,052,822 | \$ 31,038,524 |
| Restricted escrow | 1,423,726 | 1,714,648 | 1,705,109 | 1,433,265 |
| Property taxes receivable | 599,691,774 | 627,592,181 | 599,691,774 | 627,592,181 |
| Other assets | - | 7,008 | - | 7,008 |
| Total assets | <u>\$ 631,570,819</u> | <u>\$ 15,241,949,864</u> | <u>\$ 15,213,449,705</u> | <u>\$ 660,070,978</u> |
| Liabilities | | | | |
| Accounts Payable | \$ - | \$ 15,498 | \$ - | \$ 15,498 |
| Due to other governments | 623,479,505 | 2,132,951,984 | 2,105,722,278 | 650,709,211 |
| Other deposits payable | 4,762,115 | 3,101,480,292 | 3,098,298,961 | 7,943,446 |
| Warrants payable | 3,329,199 | 455,453,579 | 457,379,955 | 1,402,823 |
| Total liabilities | <u>\$ 631,570,819</u> | <u>\$ 5,689,901,353</u> | <u>\$ 5,661,401,194</u> | <u>\$ 660,070,978</u> |

Arapahoe County, Colorado
E-911 Authority - Component Unit
Governmental Funds Balance Sheet/Statement of Net Position
December 31, 2012

| | E-911 Authority Fund | Adjustments | Statement of Net Position |
|-------------------------------------|-------------------------|---------------|------------------------------|
| Assets | | | |
| Cash | \$ 10,351,366 | \$ - | \$ 10,351,366 |
| Accounts receivable | 331,581 | - | 331,581 |
| Total current assets | 10,682,947 | - | 10,682,947 |
| Capital assets, depreciable | - | 5,425,766 | 5,425,766 |
| Less accumulated depreciation | - | (4,685,032) | (4,685,032) |
| Net capital assets | - | 740,734 | 740,734 |
| Total assets | 10,682,947 | 740,734 | 11,423,681 |
| Liabilities | | | |
| Accounts payable | 36,873 | - | 36,873 |
| Total liabilities | 36,873 | - | 36,873 |
| Fund balance | | | |
| Assigned | 10,646,074 | (10,646,074) | - |
| Total fund balance | 10,646,074 | (10,646,074) | - |
| Total liabilities and fund balances | \$ 10,682,947 | | |
| Net position | | | |
| Net investment in capital assets | | 740,734 | 740,734 |
| Unrestricted | | 10,646,074 | 10,646,074 |
| Total net position | | \$ 11,386,808 | \$ 11,386,808 |

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

Arapahoe County, Colorado
 E-911 Authority - Component Unit
 Statement of Governmental Fund Revenues
 Expenditures, and Changes in Fund Balance/
 Statement of Activities
 For the Year Ended December 31, 2012

| | E-911 Authority Fund | Adjustments | Statement of Activities |
|---------------------------------------|-------------------------|-------------------|----------------------------|
| Expenditures/expenses | | | |
| Governmental activities | | | |
| Public safety | \$ 1,283,476 | \$ - | \$ 1,283,476 |
| Capital | 93,025 | (93,025) | - |
| Depreciation | - | 694,616 | 694,616 |
| Total expenditures/expenses | <u>1,376,501</u> | <u>601,591</u> | <u>1,978,092</u> |
| | | | |
| Program revenues | | | |
| Charges for services | <u>2,423,801</u> | - | <u>2,423,801</u> |
| General revenues | | | |
| Interest earnings | 63,624 | - | 63,624 |
| Miscellaneous | 597 | - | 597 |
| Total revenues | <u>2,488,022</u> | - | <u>2,488,022</u> |
| | | | |
| Excess of revenues over expenditures | 1,111,521 | (1,111,521) | - |
| | | | |
| Change in net position | - | 509,930 | 509,930 |
| | | | |
| Fund balance/net position - beginning | <u>9,534,553</u> | <u>1,342,325</u> | <u>10,876,878</u> |
| Fund balance/net position - ending | <u>\$ 10,646,074</u> | <u>\$ 740,734</u> | <u>\$ 11,386,808</u> |

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

Arapahoe County, Colorado
E-911 Authority - Component Unit
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--------------------------------------|---------------------|---------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Charges for services | \$ 2,495,000 | \$ 2,495,000 | \$ 2,423,801 | \$ (71,199) |
| Investment earnings | 150,000 | 150,000 | 63,624 | (86,376) |
| Miscellaneous | - | - | 597 | 597 |
| Total revenues | <u>2,645,000</u> | <u>2,645,000</u> | <u>2,488,022</u> | <u>(156,978)</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 3,235,473 | 3,235,473 | 1,283,476 | 1,951,997 |
| Capital | | | | |
| Public safety | 1,200,000 | 1,200,000 | 93,025 | 1,106,975 |
| Total expenditures | <u>4,435,473</u> | <u>4,435,473</u> | <u>1,376,501</u> | <u>3,058,972</u> |
| Excess of revenues over expenditures | (1,790,473) | (1,790,473) | 1,111,521 | 2,901,994 |
| Fund balance - beginning | 9,534,553 | 9,534,553 | 9,534,553 | - |
| Fund balance - ending | <u>\$ 7,744,080</u> | <u>\$ 7,744,080</u> | <u>\$ 10,646,074</u> | <u>\$ 2,901,994</u> |

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Arapahoe County, Colorado

Statistical Section Index

(Unaudited)

This part of the Arapahoe County comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the County's overall financial health.

Financial Trends

These schedules contain trend information to assist the reader in understanding how the County's financial position has changed over time.

| | | |
|---------|---|-----|
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Revenue Capacity

These schedules contain information to assist the reader in assessing the County's most significant sources of revenue.

| | | |
|---------|---|------|
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These schedules present information to assist the reader in analyzing the County's current level of debt and the County's ability to issue debt in the future.

| | | |
|----------|---|------|
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| | | |
|----------|---|------|
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These schedules contain service and infrastructure indicators to assist the reader in ascertaining how the information in the County's financial statements relate to the services the County provides and the activities it performs.

| | | |
|----------|--|------|
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Data Source:

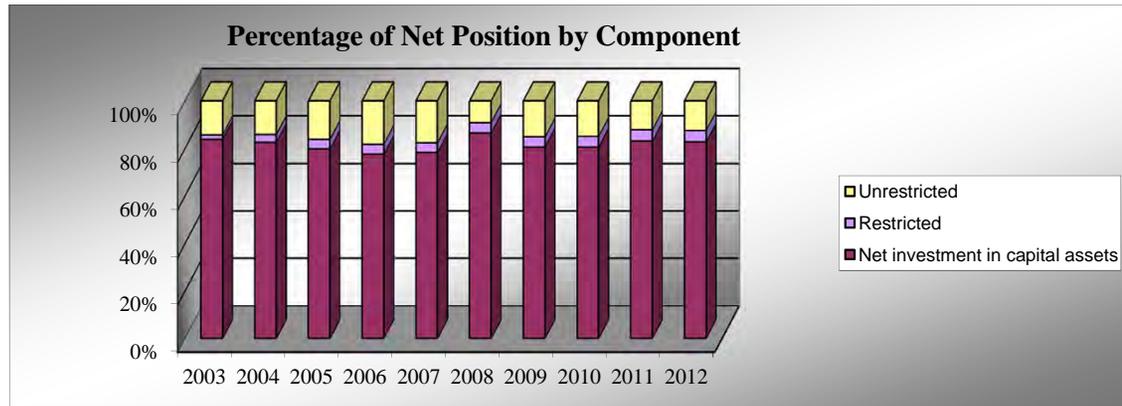
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

ARAPAHOE COUNTY, COLORADO

Net Position by Component
Last Ten Fiscal Years
December 31, 2012

Table 1

| | Fiscal Year | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 492,653,115 | \$ 508,843,066 | \$ 511,632,144 | \$ 527,670,594 | \$ 598,362,162 | \$ 671,821,630 | \$ 627,194,683 | \$ 628,465,040 | \$ 642,290,143 | \$ 638,601,615 |
| Restricted | 10,529,815 | 20,473,808 | 26,366,686 | 29,162,660 | 32,165,309 | 33,953,349 | 32,785,071 | 35,276,618 | 37,691,869 | 38,816,576 |
| Unrestricted | 83,917,756 | 87,258,836 | 103,255,358 | 124,149,948 | 134,927,706 | 70,408,488 | 118,420,367 | 116,293,743 | 93,968,505 | 95,650,011 |
| Total governmental activities net position | \$ 587,100,686 | \$ 616,575,710 | \$ 641,254,188 | \$ 680,983,202 | \$ 765,455,177 | \$ 776,183,467 | \$ 778,400,121 | \$ 780,035,401 | \$ 773,950,517 | \$ 773,068,202 |



Data Source:
Applicable years' comprehensive annual financial report

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ARAPAHOE COUNTY, COLORADO

**Changes in Net Position
Last Ten Fiscal Years
December 31, 2012**

Table 2

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General Government | \$ 58,438,742 | \$ 62,518,202 | \$ 59,820,890 | \$ 57,700,314 | \$ 63,300,479 | \$ 64,476,171 | \$ 70,545,770 | \$ 65,620,965 | \$ 66,121,995 | \$ 63,495,280 |
| Public Safety | 59,161,145 | 60,518,504 | 63,539,291 | 67,080,316 | 71,309,677 | 73,524,951 | 76,796,036 | 75,458,627 | 76,142,197 | 77,703,126 |
| Judicial Services | 9,916,808 | 10,387,736 | 10,747,046 | 10,602,243 | 11,622,405 | 10,479,953 | 12,654,389 | 12,614,228 | 12,223,389 | 12,364,714 |
| Health & Welfare | 65,014,698 | 64,064,480 | 64,882,465 | 65,316,053 | 68,886,438 | 74,537,601 | 82,651,797 | 84,731,102 | 83,747,155 | 82,520,568 |
| Highways & Streets | 18,571,817 | 19,938,280 | 21,389,942 | 20,060,450 | 25,004,995 | 22,850,253 | 21,286,170 | 23,960,428 | 27,133,757 | 24,707,635 |
| Water & Wastewater | 1,047,314 | 1,095,717 | 1,372,651 | 2,208,123 | 1,675,251 | 1,833,715 | 1,712,077 | 3,273,817 | 3,517,485 | 3,610,897 |
| Airport | 364,888 | 364,888 | 364,888 | 364,888 | 374,688 | 365,538 | 365,538 | 365,552 | 365,938 | 6,282 |
| Culture & Recreation | 749,128 | 6,814,316 | 13,069,857 | 13,922,358 | 15,887,027 | 16,668,608 | 18,619,791 | 14,268,965 | 14,261,422 | 18,017,062 |
| Interest on long-term debt | 7,633,007 | 7,348,480 | 7,339,414 | 8,047,712 | 8,121,674 | 8,233,227 | 8,124,717 | 10,704,678 | 11,495,570 | 10,648,886 |
| Total governmental activities expenses | \$ 220,897,547 | \$ 233,050,603 | \$ 242,526,444 | \$ 245,302,457 | \$ 266,182,634 | \$ 272,970,017 | \$ 292,756,285 | \$ 290,998,362 | \$ 295,008,908 | \$ 293,074,450 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | \$ 43,846,900 | \$ 44,545,871 | \$ 28,024,828 | \$ 27,655,416 | \$ 26,745,753 | \$ 24,227,058 | \$ 23,745,686 | \$ 23,430,054 | \$ 15,600,113 | \$ 19,259,850 |
| Public Safety | 4,384,751 | 4,175,224 | 21,571,124 | 22,630,096 | 23,628,766 | 24,272,267 | 24,543,218 | 25,121,132 | 25,957,155 | 26,071,312 |
| Judicial Services | - | - | - | - | - | - | - | - | - | - |
| Health & Welfare | 445,334 | 470,913 | 444,138 | 476,029 | 485,962 | 636,986 | 520,950 | 317,610 | 338,422 | 220,022 |
| Highways & Streets | 1,450,058 | 2,115,008 | 2,074,511 | 1,983,898 | 3,396,200 | 2,325,654 | 375,448 | 326,105 | 361,674 | 542,081 |
| Water & Wastewater | - | - | 500 | - | - | - | - | - | - | - |
| Airport | - | - | - | - | - | - | - | - | - | - |
| Culture & Recreation | 169,404 | 166,158 | 281,466 | 194,051 | 188,358 | 218,445 | 218,911 | 245,226 | 368,133 | 363,075 |
| Operating Grants and Contributions: | | | | | | | | | | |
| General Government | \$ 225,509 | \$ 292,993 | \$ 462,424 | \$ 362,847 | \$ 726,253 | \$ 233,812 | \$ 369,616 | \$ 201,778 | \$ 532,320 | \$ 587,711 |
| Public Safety | 760,035 | 592,983 | 3,891,460 | 3,068,921 | 4,060,388 | 2,947,398 | 5,059,275 | 3,051,259 | 4,335,027 | 4,012,225 |
| Judicial Services | - | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Health & Welfare | 43,595,483 | 39,777,911 | 41,787,067 | 44,288,002 | 45,916,061 | 49,692,183 | 57,471,628 | 59,500,186 | 58,958,731 | 56,549,617 |
| Highways & Streets | 6,788,227 | 9,640,030 | 8,376,773 | 13,926,298 | 10,267,441 | 7,370,732 | 10,388,780 | 11,287,372 | 8,680,840 | 10,085,021 |
| Water & Wastewater | - | - | 372,215 | 3,232,516 | 4,142,847 | 1,988,044 | 862,784 | 156,212 | - | - |
| Airport | - | - | - | - | - | - | - | - | - | - |
| Culture & Recreation | 66,939 | 76,958 | 27,599 | 425,228 | 26,119 | 181,278 | 169,959 | 186,963 | 164,769 | 142,056 |
| Capital grants and Contributions: | | | | | | | | | | |
| General Government | \$ - | \$ - | \$ 110,250 | \$ 1,175,424 | \$ - | \$ 110,250 | \$ - | \$ - | \$ 127,990 | \$ - |
| Public Safety | - | 101,375 | 265,117 | 342,196 | 6,088 | 13,843 | - | - | - | - |
| Judicial Services | - | - | - | - | - | - | - | - | - | - |
| Health & Welfare | - | - | - | - | 20,341 | 2,323 | 3,479 | 4,094 | 4,029 | 5,877 |
| Highways & Streets | 32,450,033 | 18,243,885 | 14,488,068 | 4,400,241 | 61,862,505 | 4,047,852 | 6,062,121 | 418,888 | 582,094 | 115,729 |
| Water & Wastewater | - | - | - | - | - | - | - | - | - | - |
| Airport | - | - | - | - | - | - | - | - | - | - |
| Culture & Recreation | 413,365 | 429,154 | 441,443 | 699,329 | 532,286 | 534,992 | 503,927 | 478,713 | 495,200 | 610,905 |
| Total governmental activities program revenues | <u>\$ 134,596,038</u> | <u>\$ 120,628,463</u> | <u>\$ 122,618,983</u> | <u>\$ 124,860,492</u> | <u>\$ 182,005,368</u> | <u>\$ 118,803,117</u> | <u>\$ 130,295,782</u> | <u>\$ 124,725,592</u> | <u>\$ 116,506,497</u> | <u>\$ 118,565,481</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Total primary government net expense | \$ (86,301,509) | \$ (112,422,140) | \$ (119,907,461) | \$ (120,441,965) | \$ (84,177,266) | \$ (154,166,900) | \$ (162,460,503) | \$ (166,272,770) | \$ (178,502,411) | \$ (174,508,969) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ 104,584,825 | \$ 107,590,725 | \$ 110,046,618 | \$ 115,183,174 | \$ 119,397,961 | \$ 123,865,373 | \$ 131,681,792 | \$ 132,748,945 | \$ 134,792,665 | \$ 137,159,101 |
| Sales taxes (1) | - | 15,174,598 | 17,877,970 | 17,842,681 | 19,306,838 | 18,209,151 | 16,496,260 | 17,358,730 | 17,568,252 | 19,424,283 |
| Other taxes | 9,339,557 | 10,539,573 | 9,109,643 | 9,570,342 | 9,928,556 | 9,115,649 | 8,663,686 | 8,243,151 | 7,819,588 | 8,650,925 |
| Investment income | 2,621,307 | 4,318,676 | 5,558,907 | 11,246,283 | 15,866,207 | 13,437,760 | 5,832,261 | 3,672,457 | 2,337,311 | 1,340,297 |
| Build america bonds credit | - | - | - | - | - | - | - | - | 1,158,381 | 1,158,381 |
| Miscellaneous | 4,244,082 | 4,273,592 | 1,992,801 | 1,233,574 | 4,149,679 | 267,257 | 2,538,060 | 3,642,267 | 8,741,330 | 8,792,643 |
| Gain (loss) on sale of assets | - | - | - | 270,050 | - | - | - | - | - | - |
| Total governmental activities | <u>\$ 120,789,771</u> | <u>\$ 141,897,164</u> | <u>\$ 144,585,939</u> | <u>\$ 155,346,104</u> | <u>\$ 168,649,241</u> | <u>\$ 164,895,190</u> | <u>\$ 165,212,059</u> | <u>\$ 165,665,550</u> | <u>\$ 172,417,527</u> | <u>\$ 176,525,630</u> |
| Extraordinary item | - | - | - | 4,275,000 | - | - | - | - | - | - |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 34,488,262 | \$ 29,475,024 | \$ 24,678,478 | \$ 39,179,139 | \$ 84,471,975 | \$ 10,728,290 | \$ 2,751,556 | \$ (607,220) | \$ (6,084,884) | \$ 2,016,661 |

Notes:

(1) Sales tax collection began in 2004

Data Source:

Applicable years' comprehensive annual financial report

ARAPAHOE COUNTY, COLORADO

Table 3

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
December 31, 2012**

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2003* | 2004* | 2005* | 2006* | 2007* | 2008* | 2009* | 2010* | 2011 | 2012 |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 28,289 | \$ 15,594 |
| Restricted | - | - | - | - | - | - | - | - | 5,533,967 | 5,683,857 |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | 5,375,023 | 7,271,891 |
| Unassigned | - | - | - | - | - | - | - | - | 30,723,073 | 34,078,126 |
| Prior to 2011 | | | | | | | | | | |
| Reserved | 1,769,351 | 1,166,711 | 1,272,994 | 1,859,396 | 1,428,152 | 601,076 | 1,218,913 | 877,805 | - | - |
| Unreserved | 7,602,465 | 9,616,933 | 17,053,197 | 27,928,653 | 48,008,034 | 39,755,237 | 30,049,809 | 32,120,272 | - | - |
| Total General Fund | <u>\$ 9,371,816</u> | <u>\$ 10,783,644</u> | <u>\$ 18,326,191</u> | <u>\$ 29,788,049</u> | <u>\$ 49,436,186</u> | <u>\$ 40,356,313</u> | <u>\$ 31,268,722</u> | <u>\$ 32,998,077</u> | <u>\$ 41,660,352</u> | <u>\$ 47,049,468</u> |
| | | | | | | | | | | |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 169,131 | \$ 165,021 |
| Restricted | - | - | - | - | - | - | - | - | 33,780,233 | 35,457,760 |
| Committed | - | - | - | - | - | - | - | - | 36,424,167 | 42,603,723 |
| Assigned | - | - | - | - | - | - | - | - | 26,478,072 | 25,789,116 |
| Unassigned | - | - | - | - | - | - | - | - | (759,365) | (1,645,415) |
| Prior to 2011 | | | | | | | | | | |
| Reserved | 45,918,732 | 36,718,121 | 55,168,150 | 61,566,777 | 52,079,074 | 34,663,632 | 77,470,501 | 24,760,710 | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Cash flow | 23,078,423 | - | - | - | - | - | - | - | - | - |
| Special revenue fund | 30,767,300 | 47,684,879 | 65,122,484 | 69,234,684 | 62,829,567 | 64,267,115 | 64,814,855 | 62,820,027 | - | - |
| Capital projects fund | 2,275,302 | 24,290,047 | 26,824,853 | 22,362,294 | 22,277,400 | 35,361,313 | 35,299,241 | 28,177,813 | - | - |
| Total all other governmental funds | <u>\$ 102,039,757</u> | <u>\$ 108,693,047</u> | <u>\$ 147,115,487</u> | <u>\$ 153,163,755</u> | <u>\$ 137,186,041</u> | <u>\$ 134,292,060</u> | <u>\$ 177,584,597</u> | <u>\$ 115,758,550</u> | <u>\$ 96,092,238</u> | <u>\$ 102,370,205</u> |
| | | | | | | | | | | |
| Total General and all other governmental funds | <u>\$ 111,411,573</u> | <u>\$ 119,476,691</u> | <u>\$ 165,441,678</u> | <u>\$ 182,951,804</u> | <u>\$ 186,622,227</u> | <u>\$ 174,648,373</u> | <u>\$ 208,853,319</u> | <u>\$ 148,756,627</u> | <u>\$ 137,752,590</u> | <u>\$ 149,419,673</u> |

* Fund Balances for prior years are not available in new fund balance breakdown per GASB 54.

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ARAPAHOE COUNTY, COLORADO

Table 4

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
December 31, 2012**

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 113,924,381 | \$ 133,304,896 | \$ 137,034,229 | \$ 142,596,196 | \$ 148,633,355 | \$ 152,910,622 | \$ 156,841,739 | \$ 158,350,822 | \$ 160,180,505 | \$ 165,234,310 |
| Licenses and Permits | 4,262,490 | 5,735,345 | 4,567,259 | 4,372,554 | 4,727,828 | 4,985,149 | 5,010,913 | 4,462,048 | 4,626,342 | 5,770,321 |
| Intergovernmental | 74,711,367 | 78,613,243 | 83,993,103 | 68,153,764 | 67,446,760 | 64,381,138 | 75,632,862 | 76,404,188 | 73,914,329 | 72,511,100 |
| Charges for Services | 22,959,637 | 21,007,016 | 21,042,576 | 47,357,627 | 46,865,997 | 41,715,069 | 39,538,768 | 39,949,208 | 39,927,613 | 42,344,679 |
| Fines | 1,093,343 | 639,077 | 785,472 | 808,757 | 938,603 | 1,256,099 | 1,455,525 | 1,770,420 | 2,187,374 | 2,276,220 |
| Investment Earnings | 2,621,254 | 4,318,675 | 5,558,907 | 11,246,281 | 15,866,208 | 13,437,761 | 5,832,262 | 3,672,457 | 2,337,311 | 1,340,297 |
| Interfund Revenues and Rentals | 2,261,953 | 2,314,416 | 2,313,077 | 2,689,473 | 3,407,789 | 2,647,830 | 2,863,123 | 2,629,159 | 3,381,894 | 3,871,456 |
| Interest on Loan to Component Unit | 1,589,643 | 1,585,696 | 1,583,945 | 1,596,898 | 1,560,383 | 1,579,686 | 1,595,034 | 1,595,759 | 1,617,384 | 1,584,577 |
| Developer Contributions | - | - | - | 1,071,547 | 163,630 | 295,749 | 585,425 | - | 306,191 | 101,521 |
| Build America Bonds credit | - | - | - | - | - | - | - | - | 1,158,381 | 1,158,381 |
| Miscellaneous | 6,313,565 | 5,390,856 | 2,188,342 | 789,859 | 3,048,831 | 1,245,054 | 2,931,773 | 3,902,719 | 3,089,955 | 2,642,425 |
| Total Revenues | \$ 229,737,633 | \$ 252,909,220 | \$ 259,066,910 | \$ 280,682,956 | \$ 292,659,384 | \$ 284,454,157 | \$ 292,287,424 | \$ 292,736,780 | \$ 292,727,279 | \$ 298,835,287 |
| Expenditures | | | | | | | | | | |
| General Government | \$ 55,592,430 | \$ 59,021,795 | \$ 56,683,458 | \$ 58,883,500 | \$ 59,119,225 | \$ 62,002,254 | \$ 60,274,976 | \$ 60,680,392 | \$ 59,409,082 | \$ 57,788,954 |
| Public Safety | 53,471,694 | 55,067,036 | 58,825,264 | 63,285,652 | 66,225,968 | 69,733,643 | 72,770,225 | 71,572,143 | 72,257,100 | 73,438,472 |
| Judicial Services | 9,900,252 | 10,371,758 | 10,721,527 | 10,569,358 | 11,534,723 | 10,551,071 | 12,721,751 | 12,694,119 | 12,099,113 | 12,234,857 |
| Health and Welfare | 64,769,219 | 63,855,150 | 65,460,066 | 65,146,077 | 68,384,170 | 74,338,791 | 82,671,002 | 84,906,821 | 85,820,777 | 84,074,191 |
| Highways and Streets | 14,222,775 | 15,017,991 | 15,949,856 | 16,783,085 | 19,180,829 | 17,196,792 | 16,413,516 | 18,167,228 | 19,904,997 | 15,900,164 |
| Water and Wastewater | 82,154 | 53,612 | 84,478 | 884,654 | 80,522 | 76,053 | 579,638 | 602,474 | 101,224 | 113,441 |
| Airport | - | - | - | - | 9,800 | 650 | 650 | 664 | 850 | 6,282 |
| Culture and Recreation | 716,339 | 6,840,843 | 13,021,607 | 13,228,239 | 15,506,016 | 16,163,173 | 18,094,674 | 13,673,560 | 15,074,698 | 17,521,272 |
| Capital Outlay | 20,387,334 | 18,386,039 | 19,249,181 | 37,630,609 | 34,096,302 | 34,819,984 | 33,676,013 | 73,304,010 | 22,953,275 | 10,144,267 |
| Debt Service | | | | | | | | | | |
| Principal | 6,020,183 | 7,149,738 | 7,204,173 | 5,503,094 | 7,832,487 | 7,819,177 | 6,277,470 | 6,559,486 | 13,449,250 | 65,774,205 |
| Interest | 8,570,944 | 7,365,208 | 7,093,843 | 7,106,442 | 8,041,596 | 8,132,886 | 8,079,409 | 10,119,632 | 11,506,597 | 11,361,697 |
| Debt Issuance Costs | - | - | - | 811,523 | 3,225 | 53,284 | 157,375 | 2,450 | 48,121 | 1,263,735 |
| Total Expenditures | \$ 233,733,324 | \$ 243,129,170 | \$ 254,293,453 | \$ 279,832,233 | \$ 290,014,863 | \$ 300,887,758 | \$ 311,716,699 | \$ 352,282,979 | \$ 312,625,084 | \$ 349,621,537 |
| Excess of revenues over (under) expenditures | \$ (3,995,691) | \$ 9,780,050 | \$ 4,773,457 | \$ 850,723 | \$ 2,644,521 | \$ (16,433,601) | \$ (19,429,275) | \$ (59,546,199) | \$ (19,897,805) | \$ (50,786,250) |

Other Financing Sources (Uses)

| | | | | | | | | | | |
|---|-----------------------|-----------------------|----------------------|----------------------|---------------------|------------------------|----------------------|------------------------|------------------------|----------------------|
| Transfers In | \$ 14,782,721 | \$ 15,801,245 | \$ 11,185,836 | \$ 16,045,208 | \$ 29,598,579 | \$ 34,089,983 | \$ 29,288,252 | \$ 18,325,661 | \$ 49,478,206 | \$ 21,451,484 |
| Transfers Out | (15,969,134) | (17,516,176) | (11,937,188) | (17,415,030) | (31,441,287) | (35,040,486) | (31,332,360) | (18,876,154) | (50,234,438) | (20,767,035) |
| Debt issued | - | - | 27,190,071 | 51,552,858 | 2,600,000 | 5,300,000 | 56,075,000 | - | 9,650,000 | 59,020,000 |
| Capital Leases | 288,040 | - | 13,028,205 | - | - | - | - | - | - | - |
| Capital Contributions | - | - | 110,250 | - | - | 110,250 | (396,671) | - | - | - |
| Sale of Capital Assets | 1,665,605 | - | 1,614,355 | - | - | - | - | - | - | - |
| Payment to Bond Agent | - | - | - | (54,529,516) | (517) | - | - | - | - | - |
| Premium (discount) on Bonds | - | - | - | 1,706,086 | - | - | - | - | - | 1,767,720 |
| Long-term Notes Payable | - | - | - | 16,049,975 | - | - | - | - | - | - |
| Total other financing sources (uses) | \$ 767,232 | \$ (1,714,931) | \$ 41,191,529 | \$ 13,409,581 | \$ 756,775 | \$ 4,459,747 | \$ 53,634,221 | \$ (550,493) | \$ 8,893,768 | \$ 61,472,169 |
| Extraordinary item | - | - | - | 4,275,000 | - | - | - | - | - | - |
| Net Change in Fund Balances | \$ (3,228,459) | \$ 8,065,119 | \$ 45,964,986 | \$ 18,535,304 | \$ 3,401,296 | \$ (11,973,854) | \$ 34,204,946 | \$ (60,096,692) | \$ (11,004,037) | \$ 10,685,919 |
| Debt service as a percentage of noncapital expenditures | 6.83% | 6.45% | 6.08% | 5.54% | 6.20% | 6.02% | 5.00% | 5.98% | 8.63% | 23.09% |

Data Source:

Applicable years' comprehensive annual financial report

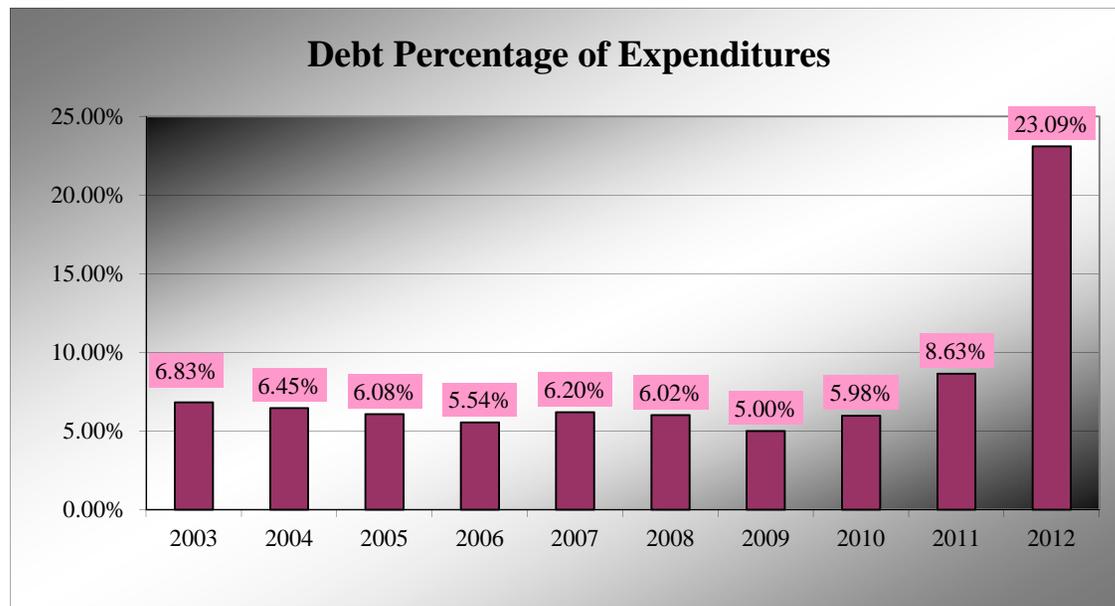


Table 5

ARAPAHOE COUNTY, COLORADO

**Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
December 31, 2012**

| Fiscal Year | Residential Property | Commercial Property | Industrial Property | Vacant | Agricultural |
|------------------------|---------------------------------|--------------------------------|--------------------------------|---------------|---------------------|
| 2003 | 3,443,470,550 | 2,551,708,600 | 46,622,300 | 246,271,900 | 8,569,130 |
| 2004 | 3,525,011,050 | 2,579,353,950 | 39,778,480 | 243,086,960 | 9,316,020 |
| 2005 | 3,693,248,930 | 2,510,113,510 | 38,435,840 | 253,854,830 | 9,110,590 |
| 2006 | 3,793,083,480 | 2,553,086,780 | 36,574,210 | 249,054,490 | 9,343,150 |
| 2007 | 4,149,223,900 | 2,881,577,130 | 38,006,330 | 291,633,820 | 10,099,980 |
| 2008 | 4,234,534,700 | 2,907,703,660 | 37,189,710 | 262,746,280 | 10,269,220 |
| 2009 | 3,954,383,160 | 3,360,045,380 | 38,952,380 | 256,206,470 | 10,747,100 |
| 2010 | 3,987,486,080 | 3,352,504,060 | 33,931,360 | 235,853,770 | 10,890,300 |
| 2011 | 3,775,269,790 | 2,995,807,840 | 31,667,580 | 219,167,970 | 12,033,580 |
| 2012 | 3,794,466,240 | 2,984,226,260 | 32,561,730 | 204,179,330 | 11,863,490 |

Data Source:
Arapahoe County Assessor's Office

| Other Natural Resources | State Assessed | Tax-Exempt Property | Total Taxable Assessed Value | Total Taxable Actual Value | Total Direct Tax rate |
|-------------------------|----------------|---------------------|------------------------------|----------------------------|-----------------------|
| 4,209,220 | 289,365,900 | 612,743,630 | 6,590,217,600 | 54,103,554,508 | 22.679 |
| 4,845,650 | 266,765,100 | 846,509,190 | 6,668,157,210 | 55,113,869,001 | 25.038 |
| 5,849,760 | 283,819,500 | 946,964,840 | 6,794,432,960 | 57,080,798,063 | 25.333 |
| 6,941,710 | 272,494,000 | 972,509,970 | 6,920,577,820 | 58,423,210,708 | 25.958 |
| 6,487,460 | 309,434,800 | 1,035,456,060 | 7,686,463,420 | 64,311,406,839 | 25.013 |
| 6,135,760 | 329,180,700 | 1,057,226,880 | 7,787,760,030 | 65,438,081,973 | 25.418 |
| 7,589,600 | 334,020,900 | 1,258,930,570 | 7,961,944,990 | 63,482,961,616 | 25.437 |
| 5,210,150 | 342,934,700 | 1,263,684,890 | 7,968,810,420 | 63,812,923,092 | 25.800 |
| 6,624,610 | 387,517,800 | 1,293,261,390 | 7,428,089,170 | 60,010,542,511 | 27.279 |
| 17,992,250 | 417,530,100 | 1,312,493,880 | 7,462,819,400 | 60,300,053,871 | 27.035 |

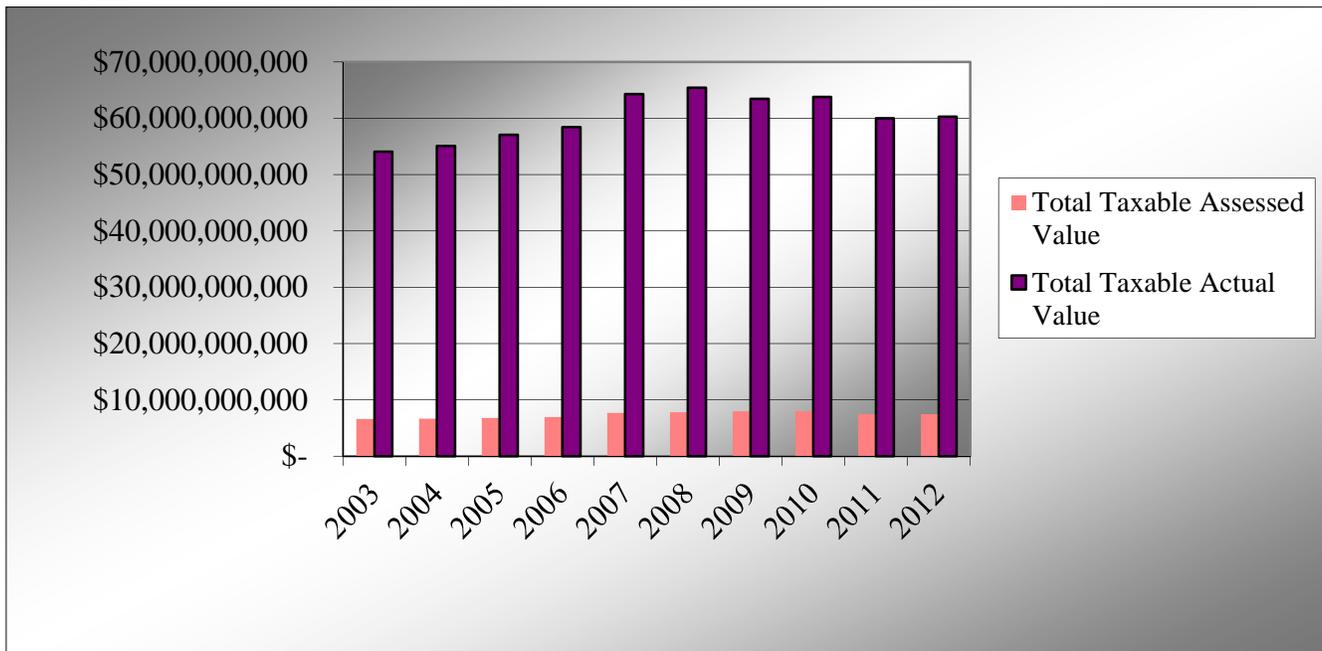


Table 6

ARAPAHOE COUNTY, COLORADO
Direct and Overlapping Property Tax Rates
(rate per \$1,000 of assessed value)
Last Ten Fiscal Years
December 31, 2012

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| County Direct Rates | | | | | |
| General | 9.960 | 11.030 | 11.631 | 11.998 | 11.398 |
| Special Revenue | 4.042 | 4.110 | 3.820 | 4.085 | 3.819 |
| L.E.A.D. & Library | 8.677 | 9.898 | 9.882 | 9.875 | 9.796 |
| Total direct rate | 22.679 | 25.038 | 25.333 | 25.958 | 25.013 |
| City & Town Rates | | | | | |
| Aurora | 11.409 | 11.161 | 11.079 | 10.867 | 10.701 |
| Bennett | 11.950 | 11.950 | 11.950 | 11.950 | 11.950 |
| Bow-Mar | 15.224 | 14.737 | 15.420 | 16.378 | 13.901 |
| Centennial | 4.996 | 5.015 | 5.031 | 5.031 | 4.958 |
| Cherry Hills | 7.300 | 7.300 | 7.300 | 13.117 | 13.117 |
| Columbine | 9.567 | 10.086 | 10.403 | 10.918 | 9.810 |
| Deer Trail | 13.999 | 15.004 | 15.905 | 15.745 | 16.573 |
| Englewood | 7.770 | 8.310 | 8.320 | 8.400 | 8.173 |
| Foxfield | 30.541 | 27.232 | 28.054 | 27.167 | 23.728 |
| Glendale | 8.420 | 8.420 | 14.920 | 18.670 | 18.670 |
| Greenwood Village | 2.932 | 2.932 | 2.932 | 2.932 | 2.932 |
| Littleton | 6.662 | 6.662 | 6.662 | 6.662 | 6.662 |
| Sheridan | 5.453 | 7.896 | 7.963 | 8.145 | 7.981 |
| School Districts | | | | | |
| Aurora | 49.825 | 47.964 | 47.003 | 45.745 | 45.530 |
| Bennett | 30.121 | 30.072 | 37.903 | 34.156 | 34.246 |
| Byers | 44.844 | 44.560 | 36.451 | 33.910 | 33.603 |
| Cherry Creek | 47.331 | 49.654 | 51.132 | 51.129 | 47.397 |
| Deer Trail | 34.187 | 33.121 | 33.000 | 30.169 | 27.432 |
| Englewood | 39.485 | 39.431 | 44.419 | 40.354 | 37.211 |
| Littleton | 45.380 | 45.304 | 50.515 | 48.907 | 46.791 |
| Sheridan | 43.580 | 40.836 | 40.634 | 39.419 | 38.294 |
| Strasburg | 52.821 | 51.676 | 49.666 | 50.631 | 50.631 |
| Special Districts | .026-84.148 | .027-76.5 | .027-90.0 | .027-90.0 | .028-90.0 |

Data Source:
Assessor's abstract of assessments and levies

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| County Direct Rates | | | | | |
| General | 11.756 | 11.875 | 12.124 | 13.270 | 13.127 |
| Special Revenue | 3.853 | 3.797 | 3.825 | 4.046 | 4.023 |
| L.E.A.D. & Library | 9.809 | 9.765 | 9.851 | 9.963 | 9.885 |
| Total direct rate | 25.418 | 25.437 | 25.800 | 27.279 | 27.035 |
| City & Town Rates | | | | | |
| Aurora | 10.664 | 10.494 | 10.595 | 10.653 | 10.290 |
| Bennett | 11.950 | 11.950 | 11.950 | 11.950 | 11.950 |
| Bow-Mar | 14.493 | 14.729 | 15.309 | 16.956 | 17.486 |
| Centennial | 5.054 | 5.047 | 5.077 | 5.120 | 5.129 |
| Cherry Hills | 13.402 | 13.402 | 13.402 | 13.295 | 13.304 |
| Columbine | 8.950 | 9.161 | 9.331 | 9.352 | 9.336 |
| Deer Trail | 17.104 | 17.104 | 17.104 | 17.104 | 17.104 |
| Englewood | 7.827 | 7.911 | 8.010 | 7.621 | 7.794 |
| Foxfield | 21.471 | 21.865 | 21.865 | 23.238 | 20.400 |
| Glendale | 18.670 | 18.670 | 18.670 | 18.670 | 18.670 |
| Greenwood Village | 2.932 | 2.932 | 2.932 | 2.932 | 2.932 |
| Littleton | 6.662 | 6.662 | 6.662 | 6.662 | 6.662 |
| Sheridan | 8.042 | 7.921 | 7.994 | 8.078 | 8.253 |
| School Districts | | | | | |
| Aurora | 53.248 | 53.455 | 53.919 | 54.159 | 63.830 |
| Bennett | 35.724 | 33.381 | 33.363 | 33.427 | 33.508 |
| Byers | 32.607 | 32.52 | 32.305 | 33.148 | 31.407 |
| Cherry Creek | 49.569 | 48.825 | 50.947 | 54.367 | 58.037 |
| Deer Trail | 27.355 | 27.342 | 27.319 | 27.293 | 27.309 |
| Englewood | 37.195 | 37.199 | 37.495 | 45.858 | 46.719 |
| Littleton | 46.650 | 46.081 | 55.389 | 57.530 | 56.935 |
| Sheridan | 37.794 | 37.627 | 37.891 | 38.764 | 41.998 |
| Strasburg | 50.738 | 49.335 | 46.458 | 42.494 | 41.135 |
| Special Districts | .029-90.0 | .030-90.0 | .030-90.0 | .030-90.0 | .030-90.0 |

ARAPAHOE COUNTY, COLORADO

Table 7

Principal Property Taxpayers
Current Year and Ten Years Ago
December 31, 2012

| Taxpayer | 2012 | | | 2003 | | |
|-------------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total County Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total County Taxable Assessed Value |
| Public Svc Co (Xcel Energy) | \$ 118,911,650 | 1 | 1.35% | \$ 85,460,500 | 2 | 1.28% |
| Qwest | 103,996,000 | 2 | 1.18% | 105,630,400 | 1 | 1.58% |
| Verizon Wireless | 70,873,900 | 3 | 0.80% | - | | - |
| Columbia HealthOne LLC | 43,500,010 | 4 | 0.49% | 35,699,010 | 3 | 0.53% |
| Greenwood Property Corp | 28,420,000 | 5 | 0.32% | 29,000,000 | 4 | 0.43% |
| GPI Plaza Tower LP | 18,415,000 | 6 | 0.21% | - | | - |
| National Digital Television | 13,394,340 | 7 | 0.15% | - | | - |
| IKEA Propety Inc | 12,180,000 | 8 | 0.14% | - | | - |
| Weingarten/Miller Aurora II | 11,388,310 | 9 | 0.13% | - | | - |
| 5251 DTC Parkway LLC | 11,223,000 | 10 | 0.13% | - | | - |
| Property Colorado OBJLW One | - | | - | 17,400,000 | 5 | 0.26% |
| Galleria Acquisition Inc | - | | - | 12,614,990 | 6 | 0.19% |
| Verizon FKA Airtouch Comm | - | | - | 12,564,030 | 7 | 0.19% |
| Trinet Realty Investors V Inc | - | | - | 11,455,000 | 8 | 0.17% |
| EOP-Quadrant LLC | - | | - | 10,730,000 | 9 | 0.16% |
| M&S Terrace Tower II LLC | - | | - | 10,150,010 | 10 | 0.15% |
| Total | \$ 432,302,210 | | 4.90% | \$ 330,703,940 | | 4.95% |

Data Source:
Arapahoe County Assessor's Office tax roll

Table 8

ARAPAHOE COUNTY, COLORADO

Property Tax Levies and Collections
Last Ten Fiscal Years
December 31, 2012

| Fiscal Year | Taxes Levied for the Fiscal Year | Collected within the Fiscal year of the Levy | | Total Collections to Date | | |
|-------------|----------------------------------|--|--------------------|---------------------------------|------------------------|--------------------|
| | | Amount | Percentage of Levy | Collections in Subsequent Years | Total Taxes Collected* | Percentage of Levy |
| 2003 | 92,861,237 | 91,096,873 | 98.1% | 160,000 | 91,256,873 | 98.3% |
| 2004 | 98,720,931 | 98,424,768 | 99.7% | 239,000 | 98,663,768 | 99.9% |
| 2005 | 101,846,177 | 101,642,485 | 99.8% | 203,000 | 101,845,485 | 100.0% |
| 2006 | 103,601,298 | 101,425,671 | 97.9% | 565,000 | 101,990,671 | 98.5% |
| 2007 | 110,093,640 | 109,873,453 | 99.8% | 219,000 | 110,092,453 | 100.0% |
| 2008 | 115,983,061 | 115,751,095 | 99.8% | 230,000 | 115,981,095 | 100.0% |
| 2009 | 120,721,049 | 120,238,165 | 99.6% | 445,000 | 120,683,165 | 99.9% |
| 2010 | 123,574,755 | 123,204,031 | 99.7% | 360,000 | 123,564,031 | 100.0% |
| 2011 | 125,349,303 | 125,098,604 | 99.8% | 200,000 | 125,298,604 | 100.0% |
| 2012 | 125,727,462 | 125,476,007 | 99.8% | - | 125,476,007 | 99.8% |

Data Sources: Arapahoe County Treasurer's Office
Arapahoe County Assessor's Office abstract of assessment and levies
Arapahoe County annual budget

Note: The difference between the total taxes collected shown on this schedule and the property taxes recorded on the Government Wide Statement of Activities, pages C-2 and C-3, is that the Statement of Activities line item for property taxes includes interest on current tax and property taxes collected on three blended component units not included above (Arapahoe Law Enforcement Authority, Arapahoe County Recreation District and the Arapahoe County Water & Wastewater Public Improvement District.)

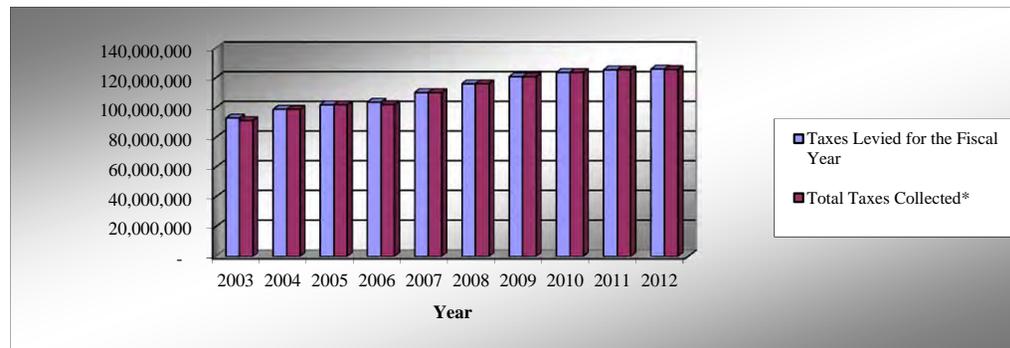


Table 9

ARAPAHOE COUNTY, COLORADO

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
December 31, 2012

| Fiscal Year | Total Bonds Payable (1) | Total Notes Payable (1) | Total Certificates of Participation Payable (1) | Total Capital Leases (1) | Total Primary Government (1) | Percentage of Personal Income (2) | Percentage of Actual Value of Taxable Property (3) | Total Outstanding Debt Per Capita |
|-------------|-------------------------|-------------------------|---|--------------------------|------------------------------|-----------------------------------|--|-----------------------------------|
| 2003 | 70,157,647 | - | 71,684,118 | 5,196,238 | 147,038,003 | 0.63% | 2.23% | 285.40 |
| 2004 | 67,671,960 | - | 68,673,421 | 3,621,498 | 139,966,879 | 0.57% | 2.10% | 266.90 |
| 2005 | 65,121,273 | 27,190,071 | 65,537,724 | 15,210,528 | 173,059,596 | 0.69% | 2.55% | 325.46 |
| 2006 | 62,505,586 | 43,697,934 | 65,229,722 | 14,130,291 | 185,563,533 | 0.69% | 2.68% | 341.71 |
| 2007 | 60,819,899 | 42,815,966 | 59,701,439 | 15,175,838 | 178,513,142 | 0.63% | 2.32% | 320.78 |
| 2008 | 59,064,130 | 42,108,191 | 55,939,276 | 18,944,343 | 176,055,940 | 0.62% | 2.26% | 308.74 |
| 2009 | 114,775,779 | 41,232,834 | 52,017,113 | 17,489,736 | 225,515,462 | 0.78% | 2.83% | 395.47 |
| 2010 | 114,488,463 | 40,934,625 | 47,936,133 | 15,955,489 | 219,314,710 | 0.75% | 2.75% | 379.14 |
| 2011 | 114,445,945 | 39,872,693 | 43,876,948 | 17,371,307 | 215,566,893 | 0.78% | 2.90% | 370.30 |
| 2012 | 116,735,398 | 38,793,793 | 39,649,009 | 16,119,193 | 211,297,393 | 0.73% | 2.83% | 355.97 |

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Data Sources:

- (1) Applicable years' comprehensive annual financial report
- (2) Estimates obtained from the state of Colorado Department of Local Affairs
- (3) Arapahoe County Assessor's Office

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Table 10

ARAPAHOE COUNTY, COLORADO

Computation of Direct and Overlapping Debt
December 31, 2012

| <u>Governmental Unit</u> | <u>General Obligation Debt Outstanding</u> | <u>Percentage Applicable to County</u> | <u>County Share of Direct and Overlapping Debt</u> |
|--|--|--|--|
| Cities & Towns: | | | |
| City of Aurora | \$ 14,180,000 | 80.00% | \$ 11,344,000 |
| Town of Bow Mar | 175,000 | 70.00% | 122,500 |
| City of Englewood | 21,010,000 | 100.00% | 21,010,000 |
| City of Sheridan | 630,000 | 100.00% | 630,000 |
| Town of Foxfield | 1,210,000 | 100.00% | 1,210,000 |
| Total cities & towns | | | \$ 34,316,500 |
| School Districts: | | | |
| Englewood | \$ 66,591,986 | 100.00% | \$ 66,591,986 |
| Sheridan | 18,565,000 | 100.00% | 18,565,000 |
| Cherry Creek | 466,030,000 | 100.00% | 466,030,000 |
| Littleton | 82,610,000 | 100.00% | 82,610,000 |
| Aurora | 380,585,000 | 67.00% | 254,991,950 |
| Bennett | 8,975,000 | 50.00% | 4,487,500 |
| Strasburg | 9,665,000 | 35.00% | 3,382,750 |
| Total school districts | | | \$ 896,659,186 |
| Special Districts: | | | |
| Adonea Metro District #2 | \$ 29,356,177 | 100.00% | \$ 29,356,177 |
| Antelope Water System General Improvement | 2,730,000 | 100.00% | 2,730,000 |
| Arapahoe Estates Water | 480,017 | 100.00% | 480,017 |
| Arapahoe Lake Public Park | 650,000 | 100.00% | 650,000 |
| Arapahoe Park & Recreation | 11,650,000 | 100.00% | 11,650,000 |
| Arapahoe Water & Wastewater Public Improvement | 152,960,625 | 100.00% | 152,960,625 |
| Antelope Hills General Improvement | 4,010,000 | 100.00% | 4,010,000 |
| Aurora Centretech Metro | 16,905,000 | 100.00% | 16,905,000 |
| Aspen Grove Business Improvement | 8,400,000 | 100.00% | 8,400,000 |
| Beacon Point Metropolitan District | 16,785,000 | 100.00% | 16,785,000 |
| Centennial Downs Metro | 11,909,000 | 100.00% | 11,909,000 |
| Centennial 25 Metro | 1,185,000 | 100.00% | 1,185,000 |
| Cherry Creek Racquet Club Gen Impv Dist | 635,000 | 81.00% | 514,350 |
| Cherry Creek Vista Metro Rec & Park Dist A | 1,767,538 | 100.00% | 1,767,538 |
| Cherry Creek Vista Metro Rec & Park Dist B | 1,492,280 | 100.00% | 1,492,280 |

| | | | |
|---|------------|---------|------------|
| Cherry Hills Heights Water & San District | 179,119 | 100.00% | 179,119 |
| Cornerstar Metro District | 35,595,000 | 100.00% | 35,595,000 |
| Columbia Metro District | 935,000 | 100.00% | 935,000 |
| Copperleaf Metro District #2 | 26,875,000 | 100.00% | 26,875,000 |
| Conservatory Metro District | 23,995,000 | 100.00% | 23,995,000 |
| Cross Creek Metro District #2 | 10,130,000 | 100.00% | 10,130,000 |
| Dove Valley Metro | 49,305,000 | 100.00% | 49,305,000 |
| Eagle Bend Metro District #2 | 35,245,000 | 100.00% | 35,245,000 |
| East Quincy Highlands Metro | 3,135,000 | 100.00% | 3,135,000 |
| East Smoky Hill Metro District #1 | 3,920,000 | 100.00% | 3,920,000 |
| East Smoky Hill Metro District #2 | 7,765,000 | 100.00% | 7,765,000 |
| East Valley Metro | 451,324 | 100.00% | 451,324 |
| Estancia Metro District | 4,110,000 | 100.00% | 4,110,000 |
| Fiddler's Green Business Impv District | 58,745,000 | 100.00% | 58,745,000 |
| Foxfield Metropolitan District #1 | 1,530,000 | 100.00% | 1,530,000 |
| Galleria Metro | 5,260,732 | 100.00% | 5,260,732 |
| Greenwood Metro District Bonds | 2,620,000 | 90.00% | 2,358,000 |
| Goldsmith Metro Blk K | 5,040,000 | 100.00% | 5,040,000 |
| Goodman Metro | 4,160,000 | 100.00% | 4,160,000 |
| Heritage Greens Metro | 3,655,000 | 100.00% | 3,655,000 |
| Heather Gardens Metro | 9,570,000 | 100.00% | 9,570,000 |
| High Plains Metro | 23,675,000 | 100.00% | 23,675,000 |
| Heather Ridge Metro District #1 | 5,529,000 | 100.00% | 5,529,000 |
| Highline Business Improvement | 3,725,000 | 100.00% | 3,725,000 |
| Highline Glen Metro | 130,000 | 100.00% | 130,000 |
| Hills at Cherry Creek Metro | 1,605,000 | 100.00% | 1,605,000 |
| Inverness Water & Sanitation District | 20,105,000 | 67.50% | 13,570,875 |
| Inverness Metro Improvement District | 5,695,000 | 68.00% | 3,872,600 |
| Landmark Metro | 1,415,000 | 100.00% | 1,415,000 |
| Liverpool Metro* | 3,540,000 | 100.00% | 3,540,000 |
| Marin Metro | 17,485,000 | 100.00% | 17,485,000 |
| Meadow Hills Country Club Gid | 465,000 | 80.00% | 372,000 |
| Murphy Creek Metro District No.3 | 27,600,000 | 100.00% | 27,600,000 |
| Tallgrass Metropolitan District | 17,635,000 | 100.00% | 17,635,000 |
| Oaks Park Metro Dist | 848,126 | 100.00% | 848,126 |
| Panorama Metro | 6,735,000 | 100.00% | 6,735,000 |
| Parker Jordan Metro | 11,205,000 | 100.00% | 11,205,000 |
| Parker Jordan Metro District Bonds Only | 3,985,000 | 100.00% | 3,985,000 |
| Peoria Park GID | 354,000 | 100.00% | 354,000 |
| Pier Point 7 GID | 2,520,000 | 100.00% | 2,520,000 |
| Piney Creek Village Metro | 6,285,000 | 100.00% | 6,285,000 |
| Pioneer Hills Metro | 3,175,000 | 100.00% | 3,175,000 |
| Polo Reserve Metro | 985,000 | 100.00% | 985,000 |

Table 10

ARAPAHOE COUNTY, COLORADO

Computation of Direct and Overlapping Debt
December 31, 2012
(Continued)

| <u>Governmental Unit</u> | <u>General Obligation Debt Outstanding</u> | <u>Percentage Applicable to County</u> | <u>County Share of Direct and Overlapping Debt</u> |
|--|--|--|--|
| Sable Altura Fire Protection | 4,730,000 | 90.00% | 4,257,000 |
| Saddle Rock Metro | 10,380,000 | 100.00% | 10,380,000 |
| Saddle Rock South Metro District #2 | 4,580,000 | 100.00% | 4,580,000 |
| Saddle Rock South Metro District #3 | 4,100,000 | 100.00% | 4,100,000 |
| Saddle Rock South Metro District #4 | 7,520,000 | 100.00% | 7,520,000 |
| Serenity Ridge Metro District #2 | 6,710,000 | 100.00% | 6,710,000 |
| Sorrel Ranch Metro | 14,150,000 | 100.00% | 14,150,000 |
| Southgate At Centennial Metro District | 235,000 | 100.00% | 235,000 |
| Southglenn Metro District | 80,800,000 | 100.00% | 80,800,000 |
| Southpark Metro | 500,000 | 96.00% | 480,000 |
| Southlands Metro District #1 | 55,750,000 | 100.00% | 55,750,000 |
| Southlands Metro District #2 | 2,295,000 | 100.00% | 2,295,000 |
| Southshore Metro District #2 | 9,970,000 | 100.00% | 9,970,000 |
| South Suburban Rec/Park District | 21,025,000 | 72.00% | 15,138,000 |
| Sterling Hills Metro | 1,440,000 | 100.00% | 1,440,000 |
| Sterling Hills West Metro | 13,910,000 | 100.00% | 13,910,000 |
| Sundance Hills Metro District | 550,000 | 100.00% | 550,000 |
| Tallyn's Reach Metro District #2 | 5,695,000 | 100.00% | 5,695,000 |
| Tallyn's Reach Metro District #3 | 27,690,000 | 100.00% | 27,690,000 |
| Tollgate Crossing Metro District #2 | 16,130,000 | 100.00% | 16,130,000 |
| Traditions Metro District #2 | 9,904,188 | 100.00% | 9,904,188 |
| Valley Club Pointe Metro | 6,300,000 | 100.00% | 6,300,000 |
| Wheatlands Metro District #2 | 24,434,000 | 100.00% | 24,434,000 |
| Willow Trace Metro | 9,225,000 | 100.00% | 9,225,000 |
| Total special districts | | | \$ 1,040,643,951 |
| Subtotal, overlapping debt | | | 1,971,619,637 |
| Arapahoe County direct debt | | | 211,297,393 |
| Total direct and overlapping debt | | | \$ 2,182,917,030 |

Source: Arapahoe County Finance Department

Note: Overlapping Debt is the proportionate share of the debts of local jurisdictions located wholly or in part within the limits of Arapahoe County. The amount of debt applicable to Arapahoe County is computed by:

- (a) Determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of Arapahoe County, and
- (b) Applying this percentage to the total general obligation debt of the overlapping jurisdiction.

Table 11

ARAPAHOE COUNTY, COLORADO

Legal Debt Margin Information
Last Ten Fiscal Years
December 31, 2012

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Assessed Value of Property | \$ 6,679,052,920 | \$ 6,552,161,630 | \$ 6,630,189,550 | \$ 6,920,577,820 | \$ 7,686,463,510 | \$ 7,798,433,580 | \$ 7,959,760,080 | \$ 7,963,447,430 | \$ 7,428,001,820 | \$ 8,827,821,580 |
| Statutory Debt Limit 3% (1) | 200,371,588 | 196,564,849 | 198,905,687 | 207,617,335 | 230,593,905 | 233,953,007 | 238,792,802 | 238,903,423 | 222,840,055 | 264,834,647 |
| Amount of Debt Applicable to Debt Limit | | | | | | | | | | |
| General Obligation Bonds | - | - | - | - | - | - | - | - | - | - |
| Less: Resources Restricted to Paying Principal | - | - | - | - | - | - | - | - | - | - |
| Total net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal Debt Margin | <u>\$ 200,371,588</u> | <u>\$ 196,564,849</u> | <u>\$ 198,905,687</u> | <u>\$ 207,617,335</u> | <u>\$ 230,593,905</u> | <u>\$ 233,953,007</u> | <u>\$ 238,792,802</u> | <u>\$ 238,903,423</u> | <u>\$ 222,840,055</u> | <u>\$ 264,834,647</u> |
| Total net debt as a percentage of debt limit | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

Notes:

Prior years used Assessed Values at 1.5% per statute and are not comparable.

Data Source:

Arapahoe County Assessor's Office abstract of assessments and levies.

Table 12

ARAPAHOE COUNTY, COLORADO

Demographic and Economic Statistics

Last Ten Fiscal Years

December 31, 2012

| Year | Population (1) | | Households (1) | | |
|------|-----------------|------------------------------|----------------|--------------|--|
| | Arapahoe County | Seven County Denver Metro | Total | Average Size | |
| 2003 | 515,206 | 2,538,574 | 201,662 | 2.53 | |
| 2004 | 524,414 | 2,596,827 | 206,034 | 2.52 | |
| 2005 | 531,741 | 2,643,965 | 209,275 | 2.53 | |
| 2006 | 543,033 | 2,696,579 | 214,423 | 2.50 | |
| 2007 | 556,481 | 2,762,367 | 218,627 | 2.51 | |
| 2008 | 562,009 | 2,788,765 | 232,647 | 2.53 | |
| 2009 | 570,235 | 2,883,583 | 233,627 | 2.53 | |
| 2010 | 574,929 | 2,868,771 | 238,904 | 2.53 | |
| 2011 | 584,703 | 2,830,173 | 239,870 | 2.53 | |
| 2012 | 593,589 | 2,884,336 | * | * | |

| Year | Per Capita Income (2) | Total | Median Age (1) | School Enrollment (4) | Unemployment Rate (3) |
|------|-----------------------|-------------------------------------|----------------|-----------------------|-----------------------|
| | | Personal Income (2) in thousands | | | |
| 2003 | 45,013 | 23,190,967 | 34.5 | 110,160 | 5.7% |
| 2004 | 46,645 | 24,461,291 | 34.5 | 110,241 | 5.6% |
| 2005 | 47,039 | 25,012,564 | 34.5 | 111,603 | 5.0% |
| 2006 | 49,458 | 26,857,326 | 34.5 | 112,785 | 5.0% |
| 2007 | 50,947 | 28,351,037 | 36.1 | 114,617 | 4.3% |
| 2008 | 50,727 | 28,509,030 | 36.2 | 116,251 | 5.0% |
| 2009 | 48,480 | 27,644,992 | 36.5 | 117,158 | 7.3% |
| 2010 | 47,704 | 27,426,356 | 36.8 | 120,315 | 8.8% |
| 2011 | 48,989 | 28,656,232 | 36.0 | 121,503 | 7.9% |
| 2012 | * | * | 36.2 | 122,432 | 7.5% |

Data Source:

- (1) Figures for 1999-2002 Colorado Division of Local Government, Demographic Section.
 Figures 2003-2008 Denver Regional Council of Governments.
 Figures 2009-2010 Estimates obtained from the State of Colorado Department of Local Affairs.
 * 2012 data not available at the time this report went to print.

Notes:

- (1) On April 25, 2012, new estimates for 2010 other population data not revised at the time report went to print.
- (2) U.S. Bureau of Economic Analysis
 * 2012 data not available at the time this report went to print.
 On April 25, 2012, revised Per Capita and Personal Income in thousands estimates for 2010.
- (3) U.S. Bureau of Labor Statistics
- (4) Colorado Department of Education - Public & Non-Public School Enrollment

ARAPAHOE COUNTY, COLORADO

Table 13

Principal Employers
Current Year and Ten Years Ago
December 31, 2012

| Employer | 2012 | | | 2003 | | |
|-------------------------------------|-----------|------|---------------------------------------|-----------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Cherry Creek School District | 7,700 | 1 | 2.70% | 7,400 | 1 | 2.73% |
| Adams Arapahoe Aurora Schools | 5,400 | 2 | 1.94% | 4,500 | 2 | 1.61% |
| City of Aurora | 3,400 | 3 | 1.22% | 3,300 | 3 | 1.18% |
| Raytheon Company | 2,400 | 4 | 0.86% | 2,500 | 8 | 0.90% |
| Littleton School Dist | 2,400 | 5 | 0.86% | 2,000 | 4 | 0.72% |
| Arapahoe County | 1,900 | 6 | 0.68% | 1,500 | 9 | 0.54% |
| Qwest Corporation | 1,900 | 7 | 0.68% | 1,800 | 10 | 0.65% |
| Columbia HCA Of Denver | 1,700 | 8 | 0.61% | 2,000 | 7 | 0.72% |
| Tyco Integrated Security LLC | 1,600 | 9 | 0.58% | 2,100 | - | 0.75% |
| Echosphere | 1,500 | 10 | 0.54% | - | 6 | 0.00% |
| Great West Life & Annuity Insurance | - | | 0.00% | 2,100 | 5 | 0.75% |
| Total | 29,900 | | 10.69% | 29,200 | | 10.55% |

Data Source:
Colorado Department of Labor & Employment

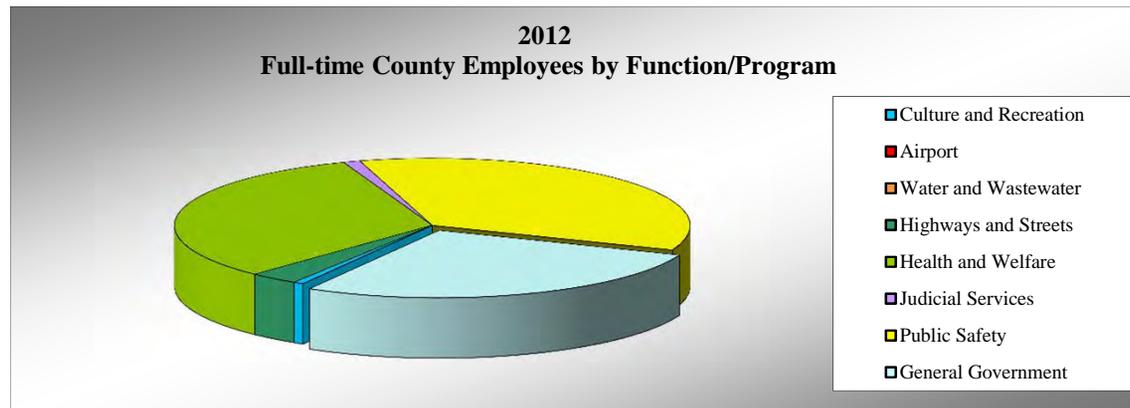
ARAPAHOE COUNTY, COLORADO

Table 14

**Full-time equivalent County Employees by Function/Program
Last Ten Fiscal Years
December 31, 2012**

| <u>Function/Program</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Culture and Recreation | - | 4.50 | 4.50 | 5.00 | 8.50 | 8.50 | 9.50 | 9.50 | 10.50 | 12.50 |
| Airport | - | - | - | - | - | - | - | - | - | - |
| Water and Wastewater | 7.00 | 9.30 | 9.30 | 8.80 | - | - | - | - | - | - |
| Highways and Streets | 73.50 | 74.50 | 74.50 | 74.50 | 74.50 | 77.00 | 61.00 | 61.00 | 61.00 | 61.00 |
| Health and Welfare | 492.75 | 477.25 | 503.25 | 514.75 | 578.50 | 589.25 | 605.00 | 626.50 | 640.50 | 640.00 |
| Judicial Services | 18.50 | 18.50 | 18.50 | 19.30 | 22.50 | 22.50 | 22.50 | 22.50 | 21.50 | 21.00 |
| Public Safety | 631.50 | 637.25 | 643.50 | 647.00 | 660.50 | 694.50 | 695.50 | 701.50 | 699.50 | 702.50 |
| General Government | 553.50 | 555.00 | 558.00 | 558.00 | 563.25 | 562.75 | 552.75 | 549.75 | 541.93 | 541.00 |
| Total | 1,776.75 | 1,776.30 | 1,811.55 | 1,827.35 | 1,909.75 | 1,954.50 | 1,946.25 | 1,970.75 | 1,974.93 | 1,978.00 |

Data Source:
Arapahoe County Finance Department



ARAPAHOE COUNTY, COLORADO

Table 15

**Operating Indicators by Function/Program
Last Ten Fiscal Years
December 31, 2012**

| <u>Function/Program</u> | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| General Government | | | | | | | | | | |
| Motor vehicle renewals | 332,401 | 340,174 | 349,725 | 354,498 | 369,244 | 380,117 | 392,907 | 404,155 | 409,597 | 411,301 |
| Registered voters (active & inactive) | 334,648 | 364,385 | 324,442 | 331,097 | 309,390 | 344,559 | 338,785 | 347,495 | 353,274 | 385,097 |
| Voter turnout | 108,440 | 234,725 | 126,484 | 171,920 | 78,247 | 268,671 | 247,297 | 273,435 | 235,042 | 384,557 |
| Public Safety (1) | | | | | | | | | | |
| Criminals arrested and put in jail | 2,000 | 2,380 | 2,546 | 13,449 | 7,106 | 7,374 | 6,987 | 6,609 | 6,356 | 5,688 |
| DUI arrests | 600 | 800 | 825 | 573 | 559 | 492 | 618 | 412 | 478 | 384 |
| Traffic violaters stopped and cited | 5,500 | 6,500 | 7,000 | 69,217 | 27,444 | 32,825 | 50,797 | 53,089 | 48,364 | 44,466 |
| Number of E-911 calls | 38,254 | 53,200 | 54,800 | 60,563 | 63,132 | 62,186 | 63,138 | 70,696 | 74,042 | 71,465 |
| Judicial Services (1) | | | | | | | | | | |
| Felony cases filed | 3,545 | 3,710 | 3,420 | 238 | 3,029 | 1,976 | 1,812 | 1,796 | 1,675 | 1,585 |
| Misdemeanor cases filed | 28,860 | 23,296 | 25,913 | 2,119 | 2,196 | 5,050 | 4,923 | 4,640 | 4,309 | 18,911 |
| Health and Welfare | | | | | | | | | | |
| Total annual cases of Food Assistance | 96,707 | 109,658 | 113,886 | 118,020 | 116,125 | 124,656 | 168,630 | 212,297 | 259,346 | 251,406 |
| Highways and Streets | | | | | | | | | | |
| Sweeping pass miles | 2,522 | 2,468 | 3,114 | 4,448 | 2,387 | 2,919 | 5,437 | 6,729 | 4,173 | 1,651 |
| Finished concrete curb & gutter (linear feet) | 1,810 | 6,150 | 4,679 | 2,180 | 1,079 | 1,895 | 4,147 | 5,178 | 3,365 | 3,469 |
| Tons of asphalt applied | 26,333 | 29,015 | 24,403 | 22,405 | 22,825 | 1,483 | 4,767 | 10,666 | 8,191 | 15,719 |
| Culture & Recreation | | | | | | | | | | |
| Number of building permits issued | 3,030 | 3,055 | 2,815 | 2,277 | 2,633 | 2,104 | 4,868 | 3,235 | 2,003 | 3,207 |

Notes:

Figures for years 2003-2005 are estimates from the Arapahoe County Budget Department. Actual data was not available.

Data Source:

Various Arapahoe County Departments

ARAPAHOE COUNTY, COLORADO

Table 16

**Capital Asset Statistics by Function/Program
Last Seven Fiscal Years (1)
December 31, 2012**

| <u>Function/Program</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | Fiscal Year <u>2012</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|------------------------------------|
| General Government | | | | | | | |
| Square footage of buildings(4) | 277,005 | 272,788 | 272,788 | 358,302 | 351,747 | 582,529 | 298,544 |
| Voting machines (2) | 1,275 | 1,275 | 1,263 | 1,393 | 1,322 | 1,364 | 406 |
| Public Safety | | | | | | | |
| Square footage of detention center(4) | 291,955 | 291,955 | 291,955 | 293,108 | 293,108 | 293,108 | 293,108 |
| Square footage of other buildings(4) | 129,867 | 121,588 | 121,588 | 174,136 | 162,338 | 173,481 | 175,406 |
| Number of patrol vehicles | 138 | 135 | 133 | 158 | 144 | 151 | 155 |
| Judicial Services | | | | | | | |
| Square footage of buildings(4) | 251,115 | 201,167 | 201,167 | 296,973 | 249,714 | 253,573 | 242,773 |
| Health and Welfare | | | | | | | |
| Square footage of buildings(4) | 44,865 | 167,660 | 167,660 | 250,166 | 232,905 | 222,023 | 229,284 |
| Highways and Streets(3) | | | | | | | |
| Total centerline miles of county roads | 529.3 | 533.1 | 541.0 | 541.3 | 541.6 | 542.9 | * |
| Paved lane miles | 999.7 | 1,024.5 | 1,074.6 | 1,084.2 | 1,090.1 | 1,095.8 | * |
| Unpaved lane miles | 527.3 | 516.2 | 492.4 | 481.8 | 478.6 | 478.7 | * |
| Culture and Recreation | | | | | | | |
| Number of parks | 6 | 6 | 6 | 6 | 10 | 10 | 10 |
| Total Open Space and Parks Acreage | 447 | 798 | 1,097 | 1,097 | 4,394 | 4,394 | 4,394 |

Notes:

- (1) Prior years' data was not available.
- (2) 958 Advantage machines disposed of in 2012.
- (3) The reports are published on July 1st of each year and reflect changes reported by DTD through December 31st of the previous year.
- (4) 2009 recalculated measurements using standard measurements by BOMA (Building Owners and Managers Assn.).

Data Sources:

Various Arapahoe County Departments
Colorado Department of Transportation