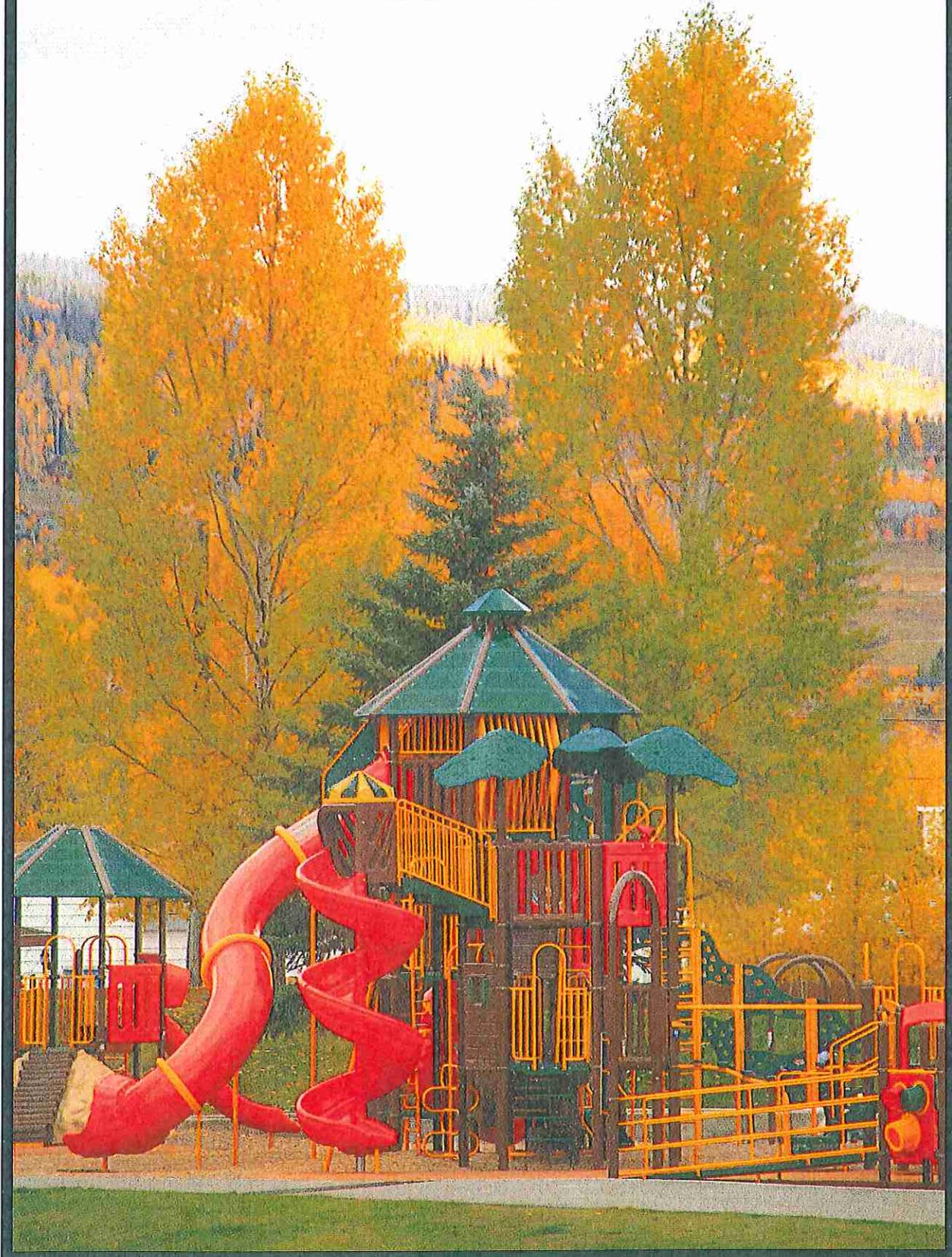


TOWN OF SILVERTHORNE COLORADO

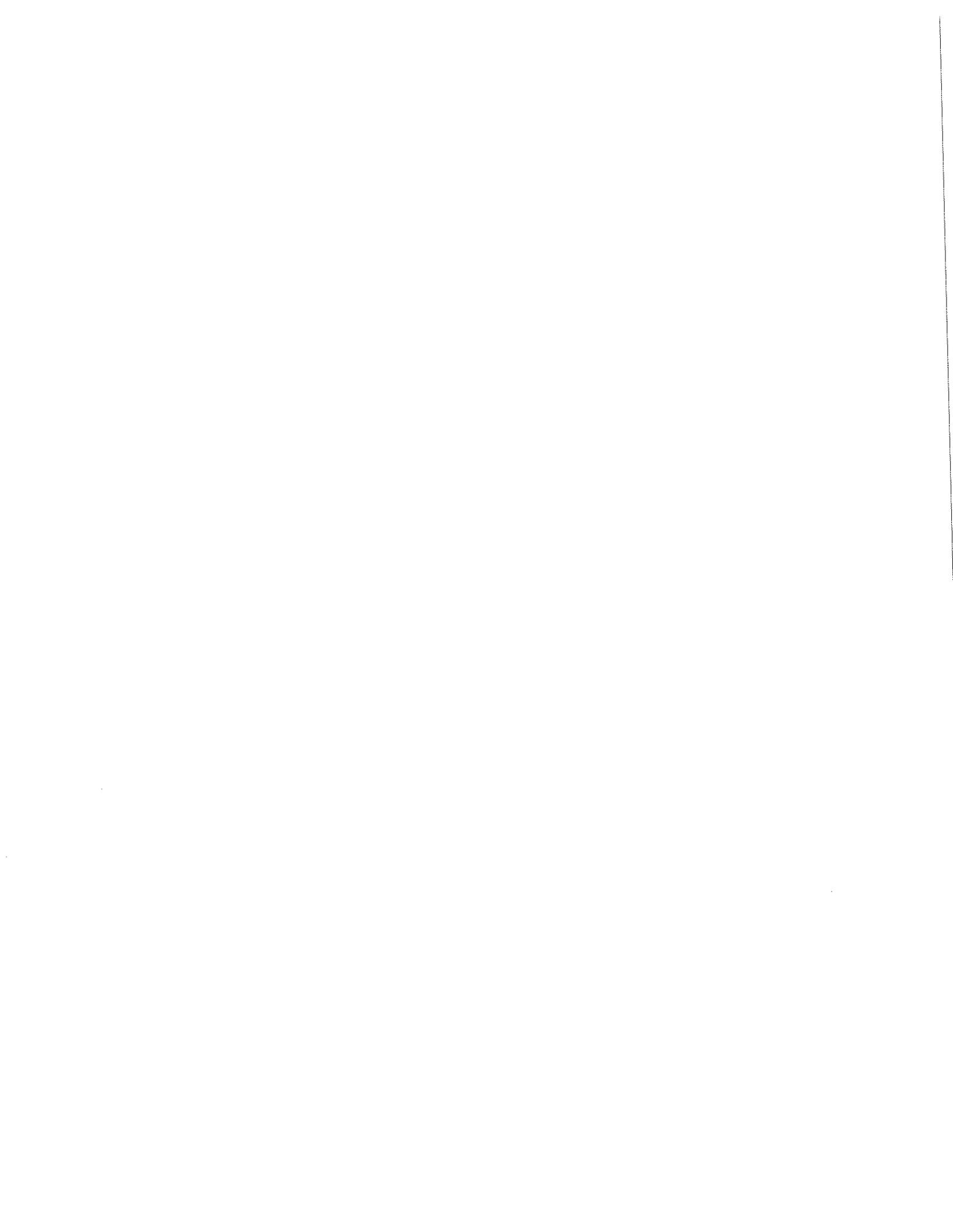


**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED DECEMBER 31, 2011**



COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2011

Prepared by:
Town of Silverthorne's
General Government Department



TOWN OF SILVERTHORNE, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For Fiscal Year Ended December 31, 2011

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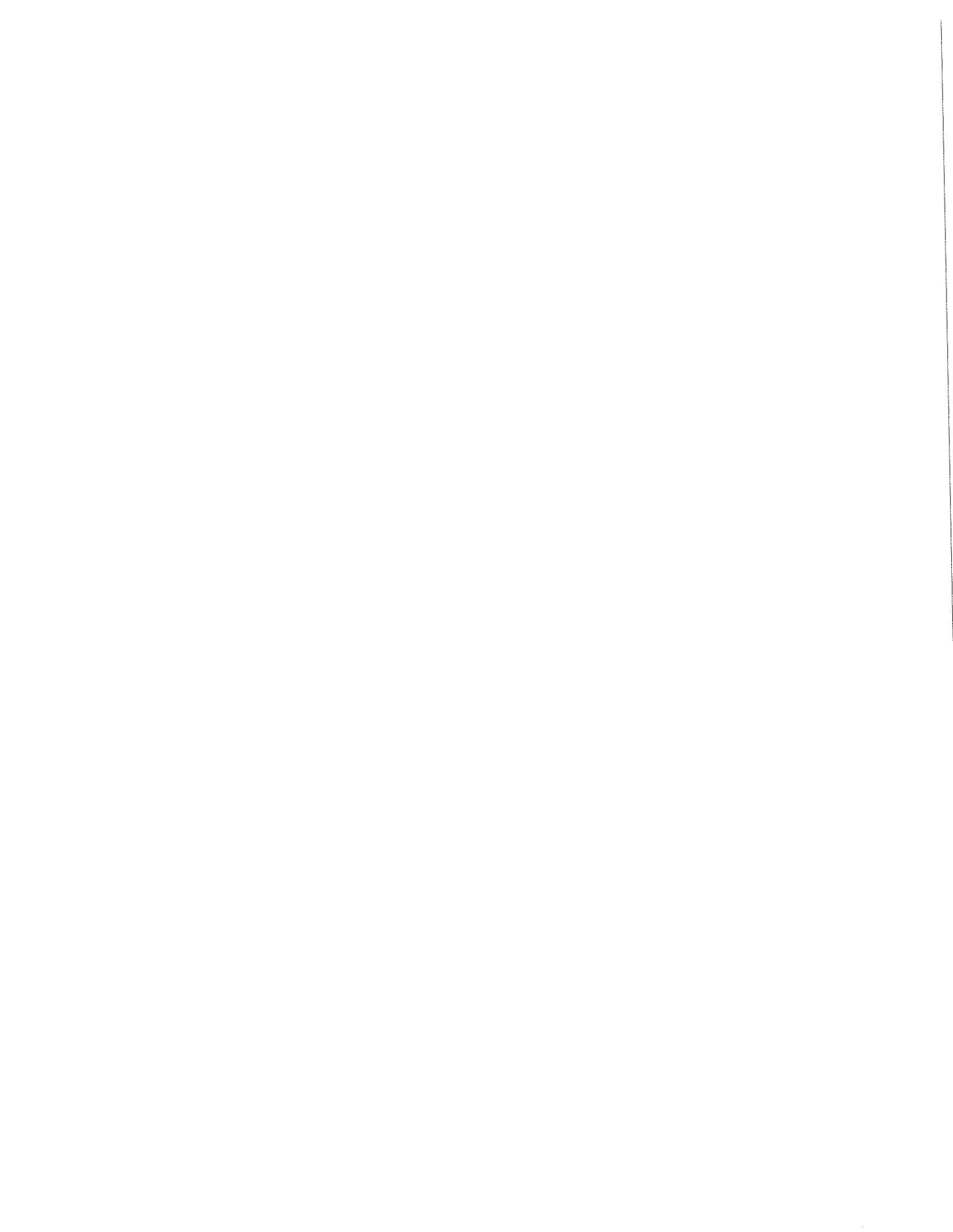
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May 31, 2012

To the Honorable Mayor, Members of the Town Council and the Citizens of the Town of Silverthorne:

The Town of Silverthorne is pleased to present the comprehensive annual financial report, prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2011. The report is submitted as mandated by both local ordinance and state statutes. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town government. The Town has established an internal control structure designed to ensure accurate financial reporting and to safeguard the assets of the Town. 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. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town of Silverthorne's financial statements for the year ended December 31, 2011, have been issued an unqualified ("clean") opinion by Swanhorst & Company, LLC, a firm of licensed certified public accountants. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Silverthorne's MD&A can be found immediately following the report of the independent auditors.

Governmental Structure

Of all the towns in Colorado, few have probably experienced the overwhelming change that Silverthorne has in the short time since its incorporation in 1967. Over the course of its brief existence, the Town has gone from a makeshift construction camp for workers building the Dillon Dam, to a period in which the most the Town had to offer was a convenient refueling stop along Interstate 70, to a full-service, well-balanced community of 4,000 people.

The Town of Silverthorne is located high in the Colorado Rocky Mountains, approximately 70 miles west of Denver, at an elevation of 8,730 feet. It is situated along the Lower Blue River Valley below peaks of 12,000 and 13,000 feet and is surrounded on two sides by large stands of forest and Wilderness Area. It is considered the gateway to Summit County and Western Colorado. Three major ski resorts are within 10 miles of Silverthorne making Silverthorne a "bedroom community" to the resorts and an attractive area for second homeowners.

The government operates under the council-manager form of government. Policymaking and legislative authority are vested in the Town Council, which consists of a mayor and six-member council. The Town Council is responsible for, among other things, passing ordinances, adopting the budget and hiring the Town Manager. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council and for overseeing the day-to-day operations.

The Town provides a full range of services. These services include police protection, street construction and maintenance, infrastructure, water and sewer services, a recreation center, recreation activities and cultural events. Wastewater services are provided through a legally separate Joint Sewer Authority, which the Town manages and are therefore reported separately within the Town of Silverthorne's financial statements. Additional information on the Authority can be found in Note G in the notes to the financial statements.

The Town Council is required to adopt a final budget by no later than the thirty days prior to the beginning of the fiscal year. This annual budget serves as the foundation for the Town of Silverthorne's financial planning and control. The budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Department Directors may transfer resources within a department. Transfers between departments require the Town Manager's approval while transfers between funds need approval from the Town Council. Adjustments to the budget are conducted several times during a fiscal year after Town Council review and approval via ordinance.

In order to accomplish the goals set for 2011, it is important to note the primary goal of the Town Council as described in its Mission Statement:

We, the Silverthorne Town Council, recognize our Town as a year-round, family community with economic, recreational and social opportunities for all citizens to have a mountain quality of life."

The Mission Statement and other tools such as the Home Rule Charter, the Municipal Code, the Comprehensive Plan, the Three Mile Plan, Parks, Trails & Open Space Plan and Department Policies (Operations, Personnel and Financial) all provide guidance to the Town Council and Town staff in their task of making decisions regarding daily operations as well as long range planning.

Factors Affecting Financial Condition

Local Economy: Fiscal year 2011 saw the continuation of the national/state/local slow crawl out of the recession which began in 2008 for Silverthorne. Sales tax revenues, which continues to be our major revenue source, saw solid growth in 2011. Minimal residential construction occurred in 2011. However, several commercial projects began in 2011 which indicates recovery is occurring.

Silverthorne is home to many commercial businesses that service the community and surrounding areas. The remainder of the economy is tourism related, with 80 (when fully leased) Outlet stores, 36 fast-food/restaurants and 6 hotels. Major industries/employers in 2011 included: Silverthorne Outlet Stores, Xcel Public Utilities, Town of Silverthorne, U.S. Forest Service, Colorado Mountain Express, Target and a combination of lodging, building and restaurant businesses. Many of these businesses, including the Town, laid off or left positions vacant throughout 2011. This is reflected by the County and State unemployment rates for 2010, 7.8% and 8.9% respectively, and for 2011, 7.5% and 8.3%.

Even with the down economy, the Town continues to be financially stable and did not use any general fund balances for 2011 annual operations. Economic history includes: expenditure reductions during fiscal years 2002 – 2004, the opening of the Target store in March of 2003, strong tourism and building industries in 2005 - 2008 and the remodeling of the Outlet Stores. Beginning in 2009 and continuing in to 2011, the Town froze salaries, left five positions vacant and had across-the-board reductions to supplies & services. While the Town has had modest to moderate increases in cash throughout the years, it looks toward the future and realizes the need to diversify and increase revenues if it is to continue to grow and remain in healthy financial condition. However, due to conservative reserve policies (6-month of expenditures), the Town is in position to handle economic difficulties.

The primary challenge the Town faces is its dependency on sales tax revenues. Sales tax revenues comprised 61% of the general fund revenues and 89% for the sales tax capital fund revenues. Fiscal year 2007 saw the highest sales tax revenues ever for the Town at \$8,744,604. Fiscal years 2008 and 2009 saw sales tax revenues decrease 3% and 12%, respectively. Sales taxes for 2010 were flat showing a small .7% increase. Fiscal year 2011 finished at \$7,751,173 and saw a 3.3% increase from 2010. However, 2011 was still \$1M less than our highest year, 2007. Sales tax trends model the health of our local businesses.

The Outlet stores make up 35% of the Town's total sales tax revenues and are an important contributor to the Town's revenues. The Outlets have been in Silverthorne since the mid-1980s. Over a recent three year period of time (2005-2007), the Outlets did a major exterior remodel and updated their buildings and pedestrian areas. This attracted several new and "highly-sought-after" retail stores and brought a new life to the Outlets. Of course the economy has also had an effect on the Outlets which are now experiencing some store vacancies.

Local skier/snowboarder numbers were up by 4% for the 2010/2011 winter season due to the great snow Summit County received. Recent reports from Vail Resorts, the owner of two ski resorts in Summit County, note that the 2011/2012 season saw visitor numbers decrease by 8.9% after experiencing one of the worst snow producing seasons ever. The effects of these numbers generally are a mirror to the Town's most valuable revenue, sales taxes.

New building permits issued in 2011 were slightly up compared to 2010. While the national housing market was already in a downturn in 2008, Silverthorne residential building growth continued until late 2008, when new construction stopped. In general, this stoppage continued throughout 2011 although a few new homes have been built annually. However, commercial permits issued in 2011 included the 100,000 sq ft new Lowes building which brought in one-time building related revenues including building permits, utility taps, sales taxes and 5A impact fees. Building permits revenues are a direct indicator as to building retailer's revenues. Building retail sales tax revenues were flat for 2011.

General fund revenues out paced operational expenditures in 2011 by \$724,026 when you include the utility transfer. This was due to the Town continuing to react with tight controls of our expenditures. Even with the expenditure controls, the Town continued to address maintenance projects that are now part of a long term asset management program. The pine beetle disease has killed many lodgepole pine trees in the Silverthorne area with most of the death in the surrounding national forest. The Town has had to enforce tree removal programs for both Town-owned property and the property of residents and businesses. Without the removal of the trees the risk of forest fire increases. Silverthorne is surrounded by national forest and open space so being prepared for fire has been an important priority for the community as a whole.

Long-Term Financial Planning: The spendable fund balance in the general fund (74% of annual expenditures) is above the Town's financial policies requirement of 6-months of annual expenditures. This certainly has the Town in a comfortable financial position as we continue to buffer the current economic downturn.

In 2012, the Town will design and construct the next section of the Blue River Trail. The trail is and has been a long-term goal for the Town and is mostly being funded by capital and special revenue funds whose sole purpose is to use these funds towards this type of capital project. Additionally, the Town continues to search for grants and donations opportunities to offset the cost of the trail. The Town expects to have the full trail completed by 2015 and to cost the Town approximately \$8 million dollars. The completion of the trail will be another asset to the Town that will draw both visitors and residential and commercial development.

The Town has a few large parcels of commercially zoned property still undeveloped. In September of 2010 a Lowes Home Improvement Store was approved for development on a commercial lot located off of I-70. Construction began in April of 2011 with an estimated store opening in August of 2012. This new addition to our sales tax and business base will help the Town and County economically with new revenues and jobs. Since our only grocery store left Silverthorne in 1998, it has been a priority to bring another grocery store to Town. However, it's felt this will eventually happen when more homes are built. The other reason for the desire of a grocery store is to bring diversity to the Town's sales tax base.

The Town has developed a Town Center area located between the Blue River and Hwy 9. The Center currently consists of an enclosed pavilion, which hosts entertainment, arts, weddings, private and community events. A fly fishing shop and an outside public area to encourage gatherings and viewing of the river are also included. The second phase of the Town Center includes two restaurant/office/retail buildings with residential properties above the riverside building. The two pedestrian bridges connect the Center to Phase III of the Outlets. Pedestrian walkways also add to the accessibility to the Center. The Town of Silverthorne does not have a "downtown area" like older communities. A recently conducted "Downtown Colorado" analysis performed by the Colorado Department of Local Government is a beginning step towards looking at development in our core business area, which includes the Town Center. Town Council is looking to take this analysis to the next level by doing economic and planning analysis on properties in the core area to help direct proper zoning and potentially business districts to encourage development. In essence, balancing the economics with the vision remains a priority of the Town.

The financial challenge for the Town is to bring balance between commercial and residential development. Commercial helps generate revenues for the Town. Residential requires public services but provides very limited revenues to offset the cost of those services.

Relevant Financial Policies: The Town recognizes that in order to maintain current service levels and the potential need to increase service levels when impacted by growth in future years, the Town will need to find other revenue sources and/or continue to encourage increase in sales tax generating businesses. Per the Town's Financial Policies, the Town maintains financial reserves "to pay for needs caused by unforeseen emergencies which may include revenue shortages." This contingency can assist the Town in maintaining current service levels, but utilizing these funds is not interpreted as a long-term solution to a situation. In general, the Town Council does not consider the use of reserves for general operations. The question of "Who pays for services when growth occurs?" continues to be a statewide challenge for Colorado and locally for Silverthorne. The Town has addressed this issue by utilizing real estate transfer assessments and general improvement districts in future residential areas. Watch for these revenue sources to become a part of the Town's revenue base in future years.

Per the Town's financial policies, capital related funds allow fund balances to grow and then be utilized for one-time type of capital projects as defined by the funds. Therefore, it's not unusual to see years where capital expenditures are greater than actual revenues.

Major Initiatives: If there is one thing that can be said about 2011, it is that the Town continued to be faced with many economic challenges due to the economy and its affect on tourism, residential development and diversity of our revenues. Without a town-assessed property tax, there will be no additional revenues to assist paying for Town services and continued maintenance of Town assets. Again we remain dependent on growth in our sales tax base.

Prior to the current economic downturn, local employers struggled to find and retain employees due to lack of affordable housing. The cost of housing in Summit County has grown to be too expensive as compared to wages local workers earn. In 2007, an affordable housing sales tax and an impact

fee on any new building was put in place to help raise funds for local governments to be applied towards work force affordable housing. This could include purchasing/developing affordable housing for sale/rent, down payment assistances, current owners renovation and anything that could help provide housing for local employees. In 2008, the Town purchased the 50-acre Smith Ranch parcel which the Town intends to use as a "yet to be determined" affordable housing development. In 2009, the Town assisted an eight-unit deed restricted project by donating the land for the project. Lack of affordable housing will be an issue into the future and the Town wants to be ready to address this issue when that time arrives. Providing affordable housing opportunities will assist with maintaining our commercial base and keep our community a place where locals can make a home.

Town management and Town Council have and will continue to work hard to analyze the many complex issues, look for ways to save money and still provide services to the public while planning for the future.

Awards and Acknowledgements

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Silverthorne for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2010. The Certificate of Achievement is a prestigious national award; recognized for 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 Comprehensive Annual Financial Report (CAFR), whose contents 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. Fiscal year 2010 was the sixteenth consecutive year the Town of Silverthorne has received the award. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The Town also received the GFOA Distinguished Budget Presentation Award for our 2011-2012 Financial Plan. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

Acknowledgments: The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance & Administration Department. We would also like to express our appreciation for the cooperation of the other Town departments, which provided assistance and support.

Finally, we acknowledge the Mayor and Town Council, who have consistently supported the Town's goal of excellence in all aspects of financial management. Their continuing interest and support is greatly appreciated.

Respectfully Submitted,



Kevin Batchelder
Town Manager, Town of Silverthorne



Donna Braun, CPA, National & Co. CPFO
Director of Finance & Administration

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Silverthorne
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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.



Linda C. Davison

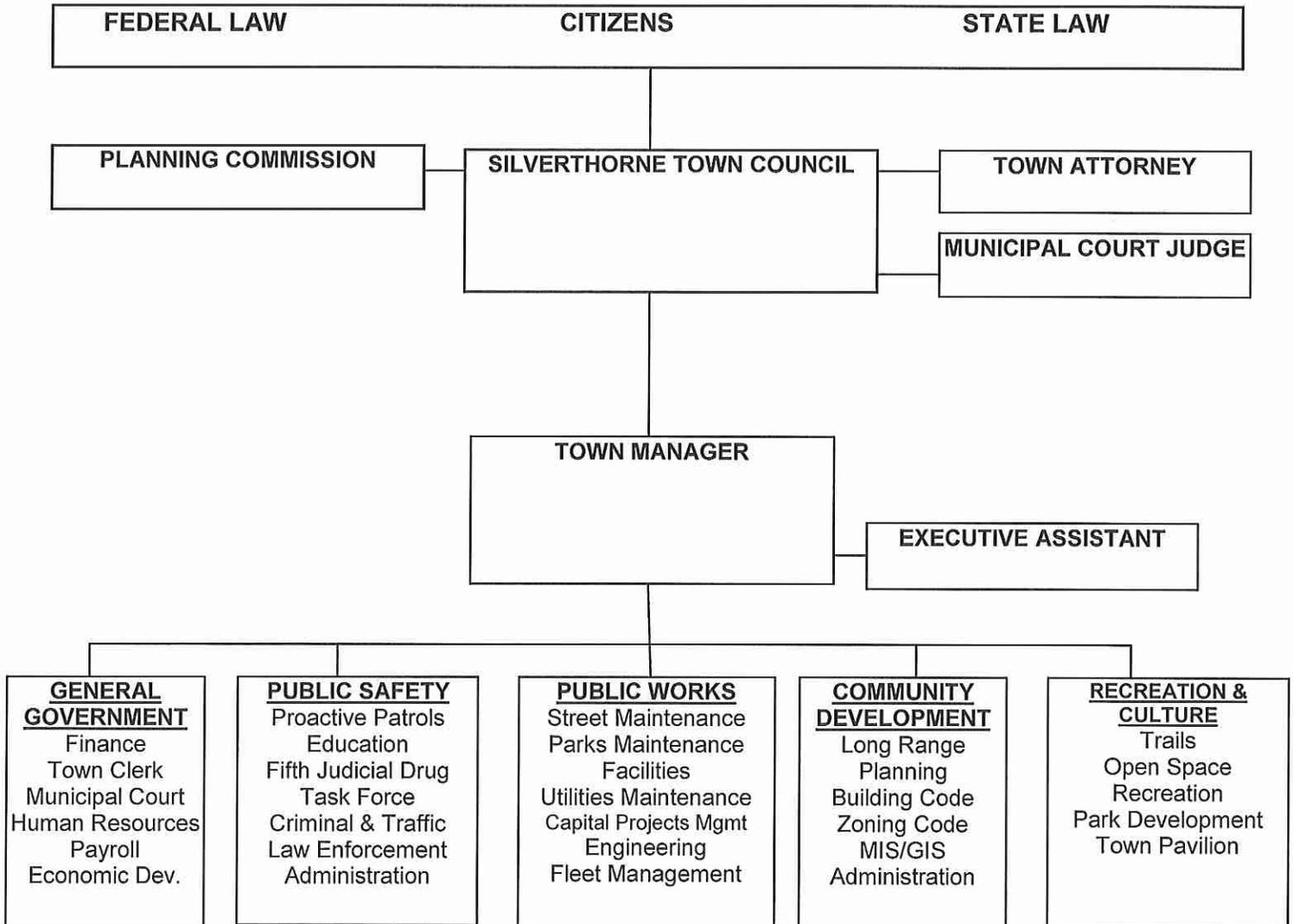
President

Jeffrey R. Emer

Executive Director



TOWN OF SILVERTHORNE, CO ORGANIZATIONAL CHART





TOWN OF SILVERTHORNE, COLORADO
LIST OF ELECTED AND ADMINISTRATIVE OFFICIALS
December 31, 2011

Elected Officials

Mayor
Mayor Pro-tem
Council Members

Dave Koop
Vince Lanuza
Dave Anderson
Bruce Butler
Stuart Richardson
David Preaus
Ann-Maria Sandquist

Administrative Officials

Town Manager
Attorney
Town Clerk
Administration & Finance Director
Police Chief
Public Works Director
Community Development Director
Recreation & Culture Director

Kevin Batchelder
Gerald Dahl
Michele Miller
Donna Braun
Mark Hanschmidt
Bill Linfield
Mark Leidal
JoAnne Breigenzer

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Honorable Mayor and Members of the Town Council
Town of Silverthorne
Silverthorne, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Silverthorne as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements of the Town of Silverthorne, as listed in the table of contents. These financial statements are the responsibility of the Town of Silverthorne's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Silverthorne as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

For the year ended December 31, 2011, the Town of Silverthorne adopted the standards of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and the required supplementary information listed in the table of contents 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Silverthorne's financial statements as a whole. The introductory section, combining and individual fund statements and schedules, statistical section, and local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund statements and schedules and the local highway finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Swainhart & Company, LLC

July 18, 2012

TOWN OF SILVERTHORNE, COLORADO
MANAGEMENT DISCUSSION & ANALYSIS
December 31, 2011

As management of the Town of Silverthorne, we offer readers of the Town of Silverthorne's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Silverthorne exceeded its liabilities at the close of fiscal year 2011 by \$83,016,212 (*net assets*). Of this amount, \$17,635,889 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations or unforeseen expenses.
- As of the close of fiscal year 2011, the Town of Silverthorne's governmental funds reported a combined ending fund balance of \$7,740,447 an increase of \$94,687 compared to fiscal year 2010. \$1,079,586 of the total is considered unassigned.
- At the end of fiscal year 2011, spendable fund balance for the general fund was \$6,383,412 or 74% of the total general fund expenditures.
- The general fund 2011 revenues increased by \$708,219 or 5.2% as compared to 2010. Governmental funds general sales tax revenues, which is the Town's primary revenue source, increased by \$248,584 or 3.3% as compared to 2010 results.
- The Town governmental and enterprise funds expended \$3,587,037 in capital assets in 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Silverthorne's basic financial statements. The basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Silverthorne's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all the Town of Silverthorne's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **statement of activities** presents information showing how the Town of Silverthorne's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

Both of the government-wide financial statements distinguish functions of the Town of Silverthorne that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town of Silverthorne include: general government, public safety (police), public works, community development, recreation & culture,

affordable housing and capital acquisition. The Business-type Activities of the Town of Silverthorne include water and sewer.

The government-wide financial statements can be found on pages 23-25 of this report.

Fund Financial Statements

A *fund* is a grouping that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and bond covenants; however Town Council establishes other funds to help control and manage money for particular purposes. All of the Town's funds can be divided into four categories: Governmental Funds, Proprietary Funds, Fiduciary Funds and Internal Service Funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *short-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. This accounting method is called *modified accrual* accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the *governmental funds* 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 short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Silverthorne maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, capital improvement and affordable housing fund. These three funds are considered to be major funds. The other three funds are combined in the special revenues funds into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Town adopts an annual appropriated budget for its general, capital improvement and affordable housing funds. A budgetary comparison statement has been provided for the general, capital improvement and affordable housing funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 26-28 of this report.

Proprietary Funds – The Town of Silverthorne maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally. The Town uses internal service funds to account for compensated absences and health, dental & disability insurance. Because these services predominantly benefit the Town rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water and sewer funds. Both are considered to be major funds of the Town of Silverthorne. The compensated absences and health, dental & disability insurance internal services funds are also presented in the proprietary fund statements.

The basic proprietary fund financial statements can be found on pages 29-31 of this report.

Fiduciary Funds – The Town of Silverthorne maintains one fiduciary fund, the Joint Sewer Authority, which is an agency fund. It is used to account for situations where the Town’s role is purely custodial. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town’s own programs. All assets reported in Agency funds are offset by a liability; the accrual basis of accounting is used to recognize receivables and payables.

The fiduciary fund financial statements can be found on page 32.

Notes to Financial Statements & Required Supplementary Information – The notes and required supplementary information provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes and required supplementary information to the financial statements can be found on pages 33-47 of this report.

Supplementary & Other Information – The supplementary and combining statements referred to earlier in connection with major and non-major governmental funds are presented immediately following the required notes to financial statements. Combining and individual fund statements and schedules can be found on pages 51-75.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net Assets – As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the Town of Silverthorne, governmental activities assets exceeded liabilities by \$49.9 million at the close of fiscal year 2011.

Combined net assets of the Town at December 31, were:

	TOWN OF SILVERTHORNE'S NET ASSETS					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 9,560,108	\$ 9,171,666	\$ 12,310,454	\$ 11,951,066	\$ 21,870,562	\$ 21,122,732
Capital Assets	41,853,055	41,021,442	20,957,378	21,312,175	62,810,433	62,333,617
Total Assets	51,413,163	50,193,108	33,267,832	33,263,241	84,680,995	83,456,349
Long-Term Liabilities	429,412	499,046	23,318	24,303	452,730	523,349
Other Liabilities	1,115,653	1,131,368	96,400	21,598	1,212,053	1,152,966
Total Liabilities	1,545,065	1,630,414	119,718	45,901	1,664,783	1,676,315
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	41,837,491	40,917,450	20,957,378	21,312,175	62,794,867	62,229,625
Restricted	2,585,454	253,108	-	-	2,585,454	253,108
Unrestricted	5,445,153	7,392,136	12,190,736	11,905,165	17,635,889	19,297,301
Total Net Assets	\$ 49,868,098	\$ 48,562,694	\$ 33,148,114	\$ 33,217,340	\$ 83,016,212	\$ 81,780,034

By far the largest portion of the Town of Silverthorne’s net assets, 76%, reflects its investment in capital assets (e.g. land, buildings, infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town of Silverthorne uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Silverthorne’s investment in its 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. Unrestricted net assets may be used to meet the Town’s ongoing obligations to citizens and creditors.

The \$21,870,562 of Total Primary Government current and other assets includes \$13,018,741 in cash, cash equivalents and investments. This reflects the strong cash balances that the Town of Silverthorne has maintained in 2011, even with completing \$3.6 million in capital projects. The \$452,730 in long-term

liabilities outstanding consists of \$436,851 in compensated absences and \$15,879 in lease purchases plus related accrued interest. The decrease of \$70,619, in long-term liabilities is mostly due to paying lease payments and not adding additional leases in 2011 as is normal when replacing/adding vehicles/equipment.

At the end of 2011 the Town of Silverthorne is able to report a positive balance of net assets for the government as a whole, as well as for its separate Governmental and Business-type Activities. The net assets - unrestricted for the governmental activities equals 50% of total expenses in the statement of activities for governmental activities for 2011.

During 2011 the Town of Silverthorne's Governmental Activities net assets increased by \$1,305,404. The increase from the Governmental Activities can be attributed mostly from all governmental programs holding expenses to 2010 levels (due to no pay increases and the instability of the economy) and increases in sales tax and charges for services related revenues. The net assets from Business Activities show a \$69,226 decrease operating expenses plus transfers outpacing operating revenues.

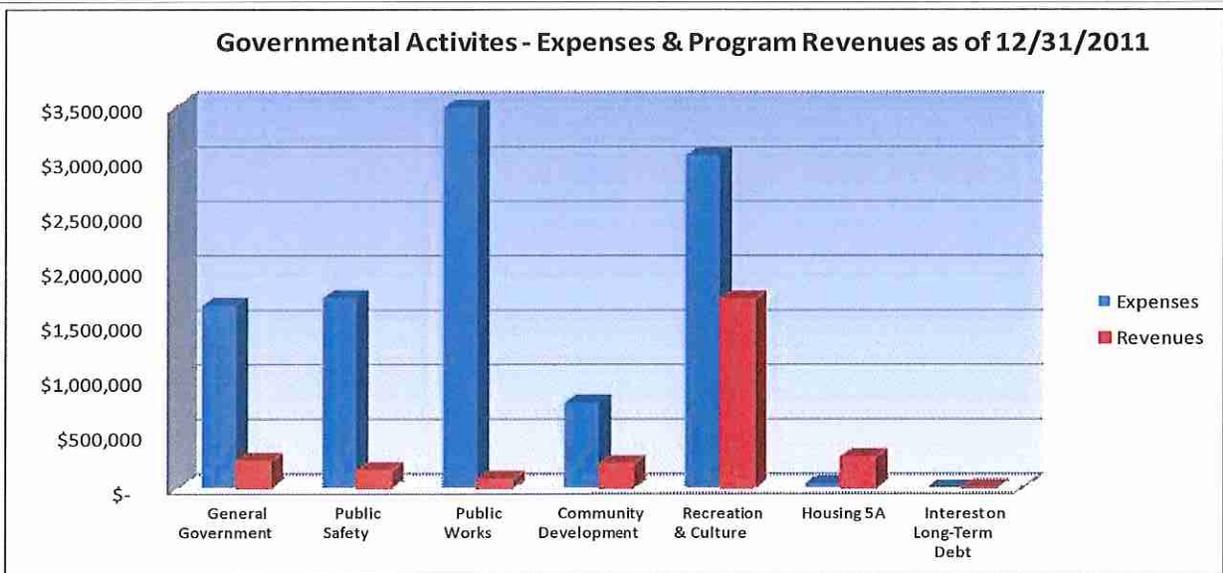
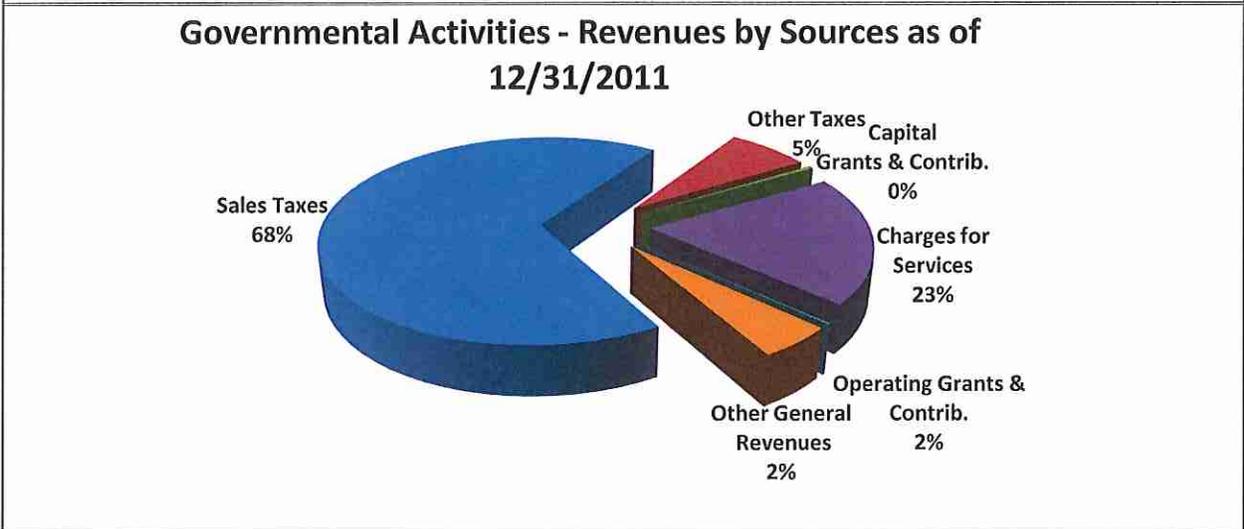
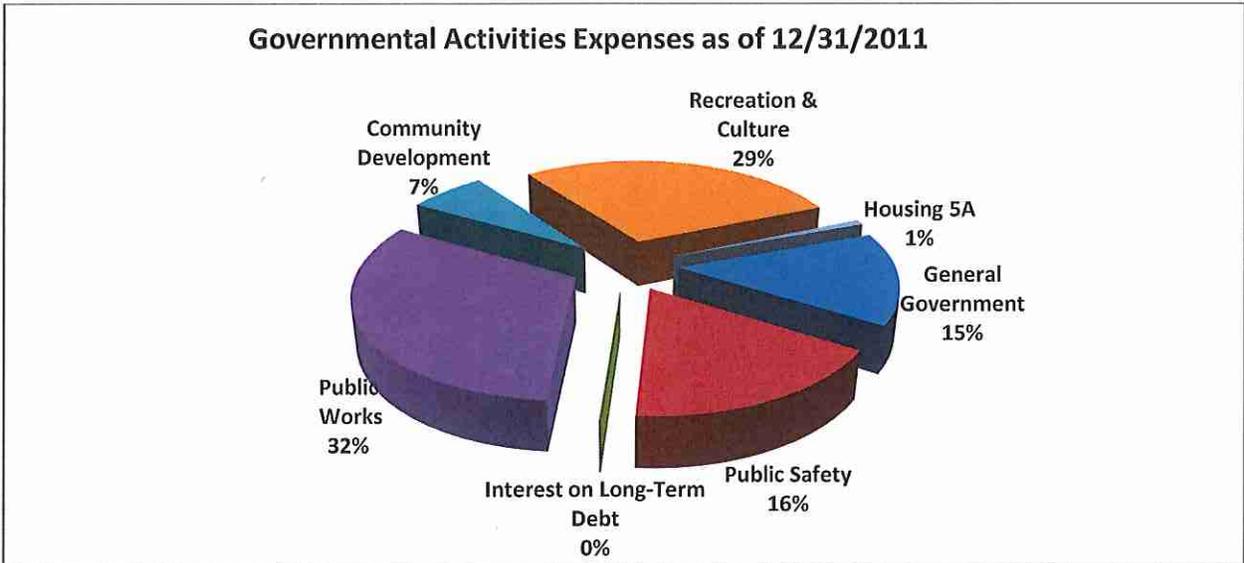
Changes in Net Assets – Governmental activities increased the Town of Silverthorne's net assets by \$1,305,404, reflecting a 2.7% growth to total net assets. This increase shows that the Town had continued to experience growth in 2011 but had a higher surplus as compared to 2010, by \$508,162, which again is reflected by the Town controlling expenses and seeing modest revenues increases in 2011.

TOWN OF SILVERTHORNE'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Program Revenues:						
Charges for Services	\$ 2,654,664	\$ 2,266,041	\$ 2,073,503	\$ 2,041,821	\$ 4,728,167	\$ 4,307,862
Operating Grants & Contributions	224,725	21,419	-	-	224,725	21,419
Capital Grants & Contributions	37,299	49,683	741,708	275,185	779,007	324,868
General Revenues:						
Sales Taxes	7,979,036	7,725,567	-	-	7,979,036	7,725,567
Other Taxes	619,366	809,404	-	-	619,366	809,404
Other General Revenues	224,610	273,261	25,363	251,411	249,973	524,672
Total Revenues	<u>11,739,700</u>	<u>11,145,375</u>	<u>2,840,574</u>	<u>2,568,417</u>	<u>14,480,274</u>	<u>13,713,792</u>
Program Expenses:						
General Government	1,670,910	1,536,770	-	-	1,670,910	1,536,770
Public Safety	1,740,615	1,832,321	-	-	1,740,615	1,832,321
Public Works	3,489,925	3,411,665	-	-	3,489,925	3,411,665
Community Development	780,753	719,689	-	-	780,753	719,689
Recreation & Culture	3,049,233	3,038,923	-	-	3,049,233	3,038,923
Housing 5A	42,821	84,104	-	-	42,821	84,104
Interest on Long-term Debt	2,417	7,576	-	-	2,417	7,576
Water	-	-	1,143,688	1,161,340	1,143,688	1,161,340
Sewer	-	-	1,423,734	1,191,002	1,423,734	1,191,002
Total Expenses	<u>10,776,674</u>	<u>10,631,048</u>	<u>2,567,422</u>	<u>2,352,342</u>	<u>13,344,096</u>	<u>12,983,390</u>
Excess Before Transfers	963,026	514,327	273,152	216,075	1,236,178	730,402
Transfers	342,378	282,915	(342,378)	(282,915)	-	-
Change in Net Assets	1,305,404	797,242	(69,226)	(66,840)	1,236,178	730,402
Net Assets – Unadj., Beginning of Yr	48,562,694	47,714,911	33,217,340	26,741,887	81,780,034	74,456,798
Prior Period Adj., GASB 51 Intangibles	-	50,541	-	6,542,293	-	6,592,834
Net Assets, Adj., Beginning of Yr	48,562,694	47,765,452	33,217,340	33,284,180	81,780,034	81,049,632
Net Assets – End of Year	<u>\$ 49,868,098</u>	<u>\$ 48,562,694</u>	<u>\$ 33,148,114</u>	<u>\$ 33,217,340</u>	<u>\$ 83,016,212</u>	<u>\$ 81,780,034</u>

Governmental Activities

Governmental activities increased the Town of Silverthorne’s net assets by \$1,305,404. The following are illustrative summaries of Governmental Activities revenues and expenses:



Governmental Activities Analysis:

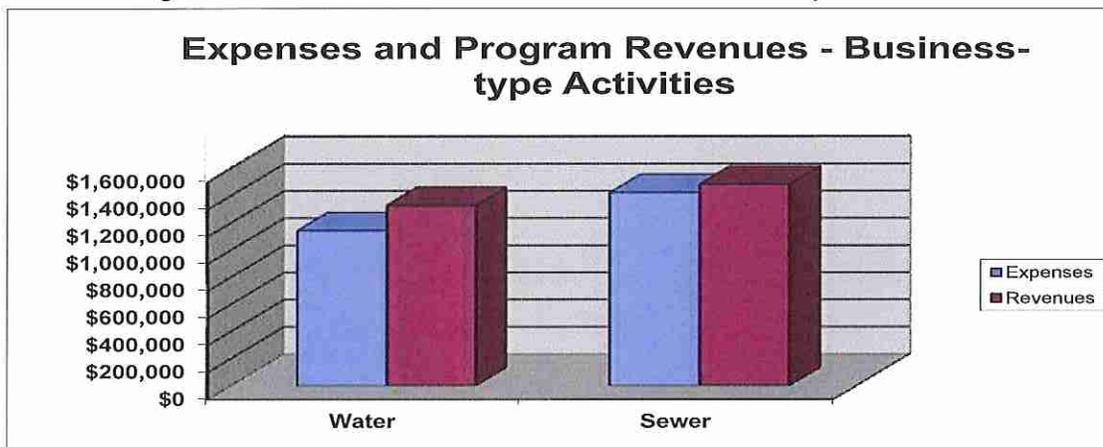
- Sales tax revenues increased by 3.3% (\$248,583) in 2011. The Town believes that the national/state/local economies continue to stabilize and that we are starting to see small increase to our core revenue source. All of the sales tax categories saw increases in 2011. The Outlets saw an increase of \$40,986 or 2%. A few new stores were added in 2011, however several stores closed during the year and the Outlets now have an approximate vacancy rate of 16%. The Outlets make up 35% of the Town's total sales tax base. The sales tax category to see the highest increase (\$61,614) for 2011 was the food/liquor category. This is due to the excellent 2010/2011 winter season and summer construction which brought more business to the area.
- Building related permits increased by \$22,141 (8%) from 2010. A residential development, Angler Mountain, began developing multi and single-family high end homes just prior to 2008 and was one of the few residential building projects in Silverthorne. A few commercial properties began construction in 2011, including a Lowes Home Improvement store and an AutoZone.
- Transfers to the general fund from the water and sewer funds increased by \$59,463 due to the new commercial development one-time impact fees for which a percentage of the revenues are passed back to the general fund.
- Fiscal year 2011 continued to see record level low interest rates, which is reflected in the \$16,053 (33%) decrease from 2010. This decrease in investment revenues occurred even with an additional \$690K in cash available for investment.
- Governmental expenses increased by \$145,626 or 1.4% from 2010. The majority of this increase (\$134,140) is due to one-time type consulting and service fees due to out-sourcing building inspection services and town core analysis. Due to an uncertain economy, the Town continued no increase funding for supplies and services. Pay freezes continued through 2011.

Business-type Activities

Net assets in Business-type Activities decreased by \$69,226. Business type activities include water and sewer service.

There was a 5% increase in sewer user rates and no increase for water user fees. The sewer flat rate was increased to address increases in operational costs. Charges for services make up approximately 73% of program revenues with system development fees and capital contributions making up the other 27%. The capital contributions reflect the commercial building/infrastructure growth in the Town including \$68,137 in contributed infrastructure and the purchased taps from the Lowes building center.

The following chart demonstrates the current level of recovery for the Town's business type activities:



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, The Town of Silverthorne uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund Balance Reporting & Governmental Accounting Standards Board Statement #54

Beginning in this 2011 Comprehensive Annual Financial Report, the Town is reporting fund balance classifications as required by Governmental Accounting Standards Board Statement #54 (GASB 54). The objective of this new GASB 54 reporting is to enhance the usefulness of the fund balance information by providing clearer fund balance classifications that can be applied more consistently across governments. The classifications are designed based on the relative strength of the constraints that control how specific amounts can be spent, or in the case of inventories, the inability to be spent. This change in reporting does not present any changes in the strategic initiatives of the Town, and enhances public disclosure of the Town's financial condition.

The **nonspendable** classification is generally for inventories and prepaid expenses that are a part of fund balance but are not available for spending.

The **restricted** classification includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers, or through enabling legislation. Under the Colorado Constitution, the Town has restricted fund balance for emergencies and other fund balances for which the funds may only be used for a specific purpose.

The **assigned** classification is for those funds for which the Town intends to spend on specific purposes, while maintaining the flexibility to change these intentions without the elements present in the restricted classification. The Town has made a commitment via its financial policy's and a resolution to use 6-month of General Fund expenditures for unforeseen emergencies.

The **unassigned** classification is the residual classification for the Town's General Fund only and includes all spendable amounts not contained in other classifications.

	General Fund	Capital Improvement Fund	Housing 5A Fund	Lodging Tax Fund	Development Excise Tax Fund	Total Governmental Funds
Nonspendable:						
Prepays	\$ 16,742	\$ -	\$ -	\$ -	\$ -	\$ 16,742
Inventories	15,345	-	-	-	-	15,345
Total Nonspendable	<u>32,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,087</u>
Restricted for:						
Emergencies	258,084	-	-	-	-	258,084
Parks, Trails & Open Space	-	-	-	157,948	-	157,948
Marketing	-	-	-	40,625	-	40,625
Capital Improvements	-	635,566	-	-	1,493,231	2,128,797
Total Restricted	<u>258,084</u>	<u>635,566</u>	<u>-</u>	<u>198,573</u>	<u>1,493,231</u>	<u>2,585,454</u>
Assigned for:						
Unforeseen Emergencies	4,043,320	-	-	-	-	4,043,320
Unassigned	<u>2,082,008</u>	<u>-</u>	<u>(1,002,422)</u>	<u>-</u>	<u>-</u>	<u>1,079,586</u>
Total Fund Balances	<u>\$ 6,415,499</u>	<u>\$ 635,566</u>	<u>\$(1,002,422)</u>	<u>\$ 198,573</u>	<u>\$ 1,493,231</u>	<u>\$ 7,740,447</u>

Governmental Funds – The focus on the Town of Silverthorne's governmental funds is to provide information on short-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements.

As the Town completed the year, its governmental funds reported a combined fund balance of \$7,740,447. Of that balance, \$7,708,360 constitutes spendable fund balance which is available for spending at the government's discretion, as it relates to a specific use or for emergencies. The remainder of the fund balance is not available for new spending because it has already been spent for items such as inventories and prepaid expenses of \$32,087.

The general fund is the chief operating fund of the Town of Silverthorne. At the end of the current fiscal year, spendable fund balance of the general fund was \$6,383,412, while the total fund balance decreased from 2010 to \$6,415,499. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to fund expenditures. Spendable fund balance represents 74% of total 2011 general fund expenditures, while total fund balance represents 75% of that same amount.

During fiscal year 2011, the fund balance of the Town's general fund decreased by \$350,480. Key factors for 2011 are as follows:

- Revenues were 3.3% (\$293,186) higher for 2011 compared to 2010. The largest increase in revenues includes \$139,287 in taxes. As mentioned earlier sales tax revenues saw an increase in 2011. The general fund receives approximately 61% of total sales tax revenues. For 2011, general fund sales taxes totaled \$5.43 million and were up \$137,799 (2.6%) from 2010. General fund sales taxes were as high as \$6.03 million in 2007 so the Town still is feeling the effects of loss revenues.
- Initially the Town planned on fiscal year 2011 expenditures to grow 2% from projected 2010. The 2011 general fund revenues became known, and apparent savings in expenditures were found. These expenditure reductions included wages, and across the board supply & service reductions, including staff training. Fortunately, most Town services have remained in tack. Increases in building inspection fees and economic development were examples of increased expenditures in 2011. Additionally, the general fund transferred \$600,000 to the capital improvement fund to complete the Wilderness Road project and \$474,506 to establish an internal service fund. Overall, 2011 operating expenditures saw an increase of \$165,878 (2%) from 2010.

The voter approved capital improvement fund has spendable fund balance of \$635,566. The net increase in fund balance during the current year was \$76,760. The Town expended \$3,027,600 on capital and asset management projects. Major street/trail expenditures continue to be a priority for the Town with \$1.9M being spent on reconstruction projects and \$1.1 million spent on numerous asset management projects. Debt service is paid from this fund with \$91,047 expended in 2011. Like the general fund, the major revenue source for the capital improvement fund is sales tax revenues. The Town is able to continue to provide funding for capital and asset projects because a portion of our sales tax revenues is legally required to be used in the capital improvement fund.

The special revenue housing 5A fund did not have much activity in 2011. Due to the slow housing market the Town has chosen to wait on any affordable housing development until the market dictates a need. The 5A fund did reimbursed back \$460,000 in advancements from 2008 that were used to purchase a portion of the 50 acre Smith Ranch parcel to be developed, sometime in the future, into an affordable housing development. The Housing 5A fund saw an increase to its fund balance of \$466,704 in 2011. This fund currently has a deficit fund balance of \$1,002,422 due to the advancement. This fund's revenue sources sunset in 2016.

Special revenue funds (other governmental funds) have a total fund balance of \$1,691,804. The fund balance is considered spendable, but is restricted for expenditures based on past election questions. The special revenue fund balance decreased by \$98,297 in 2011 due to minimal activity in capital outlay. Funds will be used in the future when projects are needed.

Proprietary funds – The Town of Silverthorne's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water and sewer funds at the end of the year amounted to \$12,175,360. The net assets for all proprietary funds were decreased by \$84,602 in 2011. Other factors concerning the finances of these two funds have been addressed in the discussion of the Town's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Town Council revised the Town budget two times. These budget amendments fell into two categories:

- Supplemental appropriations approved shortly after the beginning of the year to reflect projects and purchases not completed as expected in 2010.
- Midyear adjustments for decreases due to the economy, unanticipated projects, and expenditure savings.

Differences between the original budget and the amended budget were minor. Building related permits and taxes were increased due to increase in commercial permits and interest revenues were decrease due to low rates. Additionally, the Town Council chose to begin the reconstruction of Wilderness Road and to pay cash instead of financing heavy equipment. However, even with these adjustments, actual expenditures for the general fund were \$386,203 below final budget amounts and resources available for appropriation were \$512,308 above the final budget. The same results (over budget on revenues and expenditures) were seen for all major government funds.

The statement of budget to actual for the General Fund can be found on page 51.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town of Silverthorne's investment in capital assets for its governmental and business-type activities as of December 31, 2011 amounts to \$62,810,433 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, parks & recreation, equipment, roads, bridges, trails, intangibles and utility system infrastructure. The total net increase in the Town of Silverthorne's investment in capital assets for the current fiscal year was \$476,816.

Major capital assets events during the 2011 fiscal year included the following:

- The contribution of \$68,167 in water/sewer infrastructure from developers.
- Reconstruction of Wilderness Road at a cost of \$1,312,991
- Major maintenance of Town streets & trails at a cost of \$676,186.
- Repurposing the community room at the recreation center at a cost of \$79,205.
- The replacement of heavy equipment for \$597,973.
- Beginning the construction of the Old Dillon Reservoir at a cost of \$434,828.

The table below provides a summary of total capital assets at December 31:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Land/Projects in Progress	\$10,186,247	\$ 9,884,953	\$ 881,509	\$ 436,867	\$ 11,067,756	\$ 10,321,820
Buildings	9,105,136	9,326,136	-	-	9,105,136	9,326,136
Vehicles & Heavy Equipment	2,009,075	1,943,829	-	-	2,009,075	1,943,829
Parks & Recreation	1,735,772	1,840,634	-	-	1,735,772	1,840,634
Equipment & Furniture	331,072	307,930	295,746	335,454	626,818	643,384
Infrastructure	17,254,660	16,347,812	-	-	17,254,660	16,347,812
Other Improvements	1,041,700	1,139,554	52,541	55,303	1,094,241	1,194,857
Water/Sewer Infrastructure	-	-	12,392,147	12,134,725	12,392,147	12,134,725
Intangibles	189,393	230,594	81,422	95,813	270,815	326,407
Water Rights	-	-	7,254,013	7,254,013	7,254,013	7,254,013
Total	\$41,853,055	\$41,021,442	\$20,957,378	\$21,312,175	\$ 62,810,433	\$ 62,333,617

Note F of the financial statements on page 42 provides a summary of the Town's capital assets.

Long-Term Debt

At the end of the current fiscal year, the Town of Silverthorne government and proprietary funds had no bonded debt outstanding. For 2011, the Town of Silverthorne's total long-term debt decreased by \$69,565 and has a balance of \$429,412. The outstanding debt is a lease purchase agreement and related accrued interest and compensated absences equal to \$413,533.

Note I of the financial statements on page 45 provides a summary of the Town's long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Sales tax revenues account for approximately 65% of government fund revenues and are an important source for providing funds for the general operations/maintenance and capital for the Town of Silverthorne.
- The national, state and local economies are projected to continue with little growth through 2012. Silverthorne's sales tax revenue projections for 2012 are estimated to be up from 2011 by 3.5%. The majority of the increase is due to the opening of the new Lowes store in August of 2012.
- The Town added no new full-time positions in 2012 and still has five positions vacant. The expenditure budget remains conservative with only a 1.5% COLA pay increase and a 5% decrease in health insurance premiums with minor changes to the health plan. This is due to the self-funded insurance account having a sizable surplus at the end of 2011. Some expenditure reductions from 2010 were brought back in 2012 including additional education and supplies budget.
- The Town continues with a strong emphasis on asset management by adding \$1.76 million to the 2012 budget for projects. This includes the reconstruction of Trent Park play ground equipment, replacing two pieces of heavy equipment and Recreation Center updates. This is possible because of the voter approved designation of sales tax funds towards capital assets, meaning those funds can only be used for maintaining current capital assets and providing new assets.
- Another section of the north trail system will be constructed in the fall of 2012 at an estimated cost of \$1.3 million.
- A new playground area for tots will be added to Rainbow Park and a new park call Rivers Edge will be built near the Town Center.
- The water fund will complete the construction of the Old Dillon Reservoir. Construction is budgeted at \$365,000. This is an intergovernmental project which will add surface water to the Town.
- The Town has done its best to limit any rate increases for 2012. No rate increases for water and sewer services.

Even as we continue with a questionable economy, the Town of Silverthorne continues to be in a strong financial position. General fund reserves are at levels as required in the Town's financial policies (equal to six months of operations expenditures). While this strong financial position is reassuring; the fact remains that annual operation expenditures must be paid for from revenues earned during this same period, not from reserves. In other words, we must live within our means.

All these factors were considered in preparing the Town of Silverthorne's budget for the 2012 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Silverthorne's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, PO Box 1309, Silverthorne, Colorado 80498.

TOWN OF SILVERTHORNE, COLORADO

STATEMENT OF NET ASSETS

December 31, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Investments	\$ 8,227,337	\$ 4,791,404	\$ 13,018,741
Accounts Receivable	835,810	490,988	1,326,798
Due from Other Governments	830,067	-	830,067
Internal Balances	(537,876)	537,876	-
Prepays	16,742	629	17,371
Inventory	15,345	20,074	35,419
Restricted Cash & Investments	172,683	-	172,683
Investment in Joint Sewer Authority	-	6,469,483	6,469,483
Capital Assets:			
Non-depreciable Assets	10,186,247	8,135,522	18,321,769
Depreciable Assets, Net	31,666,808	12,821,856	44,488,664
TOTAL ASSETS	<u>51,413,163</u>	<u>33,267,832</u>	<u>84,680,995</u>
LIABILITIES			
Accounts Payable	417,705	92,520	510,225
Accrued Liabilities	472,742	3,880	476,622
Unearned Revenues	111,081	-	111,081
Claims Payable	114,125	-	114,125
Noncurrent Liabilities:			
Due Within One Year	315,551	23,318	338,869
Due in More Than One Year	113,861	-	113,861
TOTAL LIABILITIES	<u>1,545,065</u>	<u>119,718</u>	<u>1,664,783</u>
NET ASSETS			
Invested in Capital Assets			
Net of Related Debt	41,837,491	20,957,378	62,794,869
Restricted for:			
Emergency	258,084	-	258,084
Parks, Trails & Open Space	157,948	-	157,948
Marketing	40,625	-	40,625
Capital Improvements	2,128,797	-	2,128,797
Unrestricted	5,445,153	12,190,736	17,635,889
TOTAL NET ASSETS	<u>\$ 49,868,098</u>	<u>\$ 33,148,114</u>	<u>\$ 83,016,212</u>

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

TOWN OF SILVERTHORNE, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,670,910	\$ 243,697	\$ -	\$ -
Public Safety	1,740,615	139,631	16,025	-
Public Works	3,489,925	78,318	208,700	-
Community Development	780,753	219,989	-	-
Recreation & Culture	3,049,233	1,692,136	-	37,299
Housing	42,821	280,893	-	-
Interest on Long-Term Debt	2,417	-	-	-
Total Governmental Activities	<u>10,776,674</u>	<u>2,654,664</u>	<u>224,725</u>	<u>37,299</u>
Business-Type Activities				
Water	1,143,688	935,373	-	394,275
Sewer	1,423,734	1,138,130	-	347,433
Total Business-Type Activities	<u>2,567,422</u>	<u>2,073,503</u>	<u>-</u>	<u>741,708</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 13,344,096</u>	<u>\$ 4,728,167</u>	<u>\$ 224,725</u>	<u>\$ 779,007</u>
GENERAL REVENUES				
Taxes:				
Sales Taxes				
Lodging Tax				
Franchise Taxes				
Development Excise Tax				
Other Taxes				
Investment Income				
Miscellaneous				
Transfers				
Total General Revenues & Transfers				
Change in Net Assets				
NET ASSETS, Beginning of Year				
NET ASSETS, End of Year				

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

**Net (Expense) Revenues and
Changes in Net Assets**

<u>Governmental Activities</u>	<u>Business-Type Activites</u>	<u>Total</u>
\$ (1,427,213)	\$ -	\$ (1,427,213)
(1,584,959)	-	(1,584,959)
(3,202,907)	-	(3,202,907)
(560,764)	-	(560,764)
(1,319,798)	-	(1,319,798)
238,072	-	238,072
(2,417)	-	(2,417)
<u>(7,859,986)</u>	<u>-</u>	<u>(7,859,986)</u>
-	185,960	185,960
-	61,829	61,829
<u>-</u>	<u>247,789</u>	<u>247,789</u>
<u>(7,859,986)</u>	<u>247,789</u>	<u>(7,612,198)</u>
7,979,036	-	7,979,036
128,803	-	128,803
233,638	-	233,638
105,958	-	105,958
150,967	-	150,967
47,390	25,363	72,753
177,220	-	177,220
342,378	(342,378)	-
<u>9,165,390</u>	<u>(317,015)</u>	<u>8,848,375</u>
1,305,404	(69,226)	1,236,178
<u>48,562,694</u>	<u>33,217,340</u>	<u>81,780,034</u>
<u>\$ 49,868,098</u>	<u>\$ 33,148,114</u>	<u>\$ 83,016,212</u>

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

TOWN OF SILVERTHORNE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	<u>General</u>	<u>Sales Tax Capital Improvement</u>	<u>Housing 5A Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash & Investments	\$ 5,433,511	\$ 708,255	\$ 4,689	\$ 1,247,373	\$ 7,393,828
Accounts Receivable	539,052	280,342	4	16,412	835,810
Due from Other Governments	792,182	-	37,885	-	830,067
Interfund Receivable	-	-	-	522,500	522,500
Prepays	16,742	-	-	-	16,742
Inventory	15,345	-	-	-	15,345
Restricted Cash & Investments	172,683	-	-	-	172,683
Total Assets	<u>\$ 6,969,515</u>	<u>\$ 988,597</u>	<u>\$ 42,578</u>	<u>\$ 1,786,285</u>	<u>\$ 9,786,975</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	186,255	205,283	-	26,167	417,705
Accrued Liabilities	324,994	147,748	-	-	472,742
Interfund Payable	-	-	1,045,000	-	1,045,000
Deferred Revenues	42,767	-	-	68,314	111,081
Total Liabilities	<u>554,016</u>	<u>353,031</u>	<u>1,045,000</u>	<u>94,481</u>	<u>2,046,528</u>
FUND BALANCES					
Nonspendable:					
Prepays	16,742	-	-	-	16,742
Inventory	15,345	-	-	-	15,345
Restricted for:					
Emergency	258,084	-	-	-	258,084
Parks, Trails & Open Space	-	-	-	157,948	157,948
Marketing	-	-	-	40,625	40,625
Capital Improvements	-	635,566	-	1,493,231	2,128,797
Assigned for:					
Unforeseen Emergencies	4,043,320	-	-	-	4,043,320
Unassigned	2,082,008	-	(1,002,422)	-	1,079,586
Total Fund Balances	<u>6,415,499</u>	<u>635,566</u>	<u>(1,002,422)</u>	<u>1,691,804</u>	<u>7,740,447</u>
Total Liabilities & Fund Balances	<u>\$ 6,969,515</u>	<u>\$ 988,597</u>	<u>\$ 42,578</u>	<u>\$ 1,786,285</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	41,853,055
Internal Service Funds are used by management to charge the costs of certain activities to individual funds, such as compensated absences and self funded insurance. The assets and liabilities of the internal services funds are included in governmental activities in the statement of assets.	290,474
Long-term liabilities including accrued interest (\$315) and capital leases (\$15,564) are not due and payable in the current period and therefore are not reported in the funds.	<u>(15,879)</u>
Net Assets of Governmental Activities	<u>\$ 49,868,098</u>

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

TOWN OF SILVERTHORNE, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
Year Ended December 31, 2011

	Governmental Funds				Total Governmental Funds
	General	Sales Tax Capital Improvement	Housing 5A Fund	Other Governmental Funds	
REVENUES					
Taxes	\$ 5,814,680	\$ 2,321,098	\$ 227,863	\$ 234,761	\$ 8,598,402
Intergovernmental	208,700	-	-	37,299	245,999
Licenses, Permits & Fees	290,092	-	280,893	-	570,985
Charges for Services	2,460,431	-	-	-	2,460,431
Fines & Forfeitures	118,523	-	-	-	118,523
Interest	33,054	7,331	769	6,236	47,390
Grants/Donations	16,025	-	-	-	16,025
Miscellaneous	42,951	81,862	-	-	124,813
Total Revenues	<u>8,984,456</u>	<u>2,410,291</u>	<u>509,525</u>	<u>278,296</u>	<u>12,182,568</u>
EXPENDITURES					
Current:				24,965	1,606,449
General Government	1,581,484	-	-	-	1,696,797
Public Safety	1,696,797	-	-	-	2,062,359
Public Works	2,062,359	-	-	-	695,909
Community Development	695,909	-	-	-	2,566,259
Recreation & Culture	2,566,259	-	42,821	-	42,821
Housing	-	-	-	351,628	3,379,228
Capital Outlay	-	3,027,600	-	-	88,428
Debt Service:		88,428	-	-	2,619
Principal	-	2,619	-	-	12,140,869
Interest & Fiscal Charges	-	-	-	-	
Total Expenditures	<u>8,602,808</u>	<u>3,118,647</u>	<u>42,821</u>	<u>376,593</u>	<u>12,140,869</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>381,648</u>	<u>(708,356)</u>	<u>466,704</u>	<u>(98,297)</u>	<u>41,699</u>
OTHER FINANCING SOURCES					
Sales of General Capital Assets	-	185,116	-	-	185,116
Transfer In	342,378	600,000	-	-	942,378
Transfer Out	(1,074,506)	-	-	-	(1,074,506)
Total Other Financing Sources (Uses)	<u>(732,128)</u>	<u>785,116</u>	<u>-</u>	<u>-</u>	<u>52,988</u>
Net Change in Fund Balance	(350,480)	76,760	466,704	(98,297)	94,687
Fund Balance, Beginning of Year	<u>6,765,979</u>	<u>558,806</u>	<u>(1,469,126)</u>	<u>1,790,101</u>	<u>7,645,760</u>
Fund Balance, End of Year	<u>\$ 6,415,499</u>	<u>\$ 635,566</u>	<u>\$ (1,002,422)</u>	<u>\$ 1,691,804</u>	<u>\$ 7,740,447</u>

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

TOWN OF SILVERTHORNE, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2011

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 94,687

Amounts reported for Governmental Activities in the Statement of Activities (page 24) are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay \$3,043,750, sales and loss on disposals of capital assets (\$216,838) exceeded depreciation expenses (\$1,995,299) in the current period. 831,613

Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term debt liabilities in the Statement of Net Assets. These include capital lease payments. 88,428

Some Governmental Fund expenditures reflect payments related to prior periods. Such amounts should not be included in the Statement of Activities. This amount represents the change in accrued interest payable. 202

Internal Service Funds are used by management to charge the costs of certain activities to individual funds, such as compensated absences and self funded insurance. A portion of the activities of the internal service funds are reported with governmental activities in the Statement of Activities. 290,474

Changes in net assets of governmental activities (page 25) \$ 1,305,404

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

TOWN OF SILVERTHORNE, COLORADO

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Totals	Funds
ASSETS				
Current Assets:				
Cash & Investments	\$ 2,052,244	\$ 2,739,160	\$ 4,791,404	\$ 833,508
Accounts Receivable	196,276	294,712	490,988	-
Prepays	629	-	629	-
Inventory	18,218	1,856	20,074	-
Interfund Receivable	-	137,500	137,500	-
Investment in Joint Sewer Authority	-	6,469,483	6,469,483	-
Total Current Assets	2,267,367	9,642,711	11,910,078	833,508
Noncurrent Assets:				
Interfund Receivable	-	385,000	385,000	-
Capital Assets:				
Non-depreciable Assets	8,071,206	64,316	8,135,522	-
Depreciable Assets, Net	8,982,876	3,838,980	12,821,856	-
Total Noncurrent Assets	17,054,082	4,288,296	21,342,378	-
TOTAL ASSETS	19,321,449	13,931,007	33,252,456	833,508
LIABILITIES				
Current Liabilities:				
Accounts Payable	83,656	8,864	92,520	-
Accrued Liabilities	3,880	-	3,880	-
Claims Payable	-	-	-	114,125
Compensated Absences	23,318	-	23,318	299,672
Total Current Liabilities	110,854	8,864	119,718	413,797
Noncurrent Liabilities:				
Compensated Absences	-	-	-	113,861
TOTAL LIABILITIES	110,854	8,864	119,718	527,658
NET ASSETS				
Invested in Capital Assets	17,054,082	3,903,296	20,957,378	-
Unrestricted	2,156,513	10,018,847	12,175,360	305,850
TOTAL NET ASSETS	\$ 19,210,595	\$ 13,922,143	33,132,738	\$ 305,850

Amounts Reported for Business-Type Activities in the Statement of Net Assets are different because:

Internal Service funds are used by management to charge the costs of health, dental and short-term disability claims to individual funds. A portion of the assets and liabilities of the internal service fund are included in business-type activities in the statement of net assets.

15,376

Total Net Assets of Business-Type Activities \$ 33,148,114

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

TOWN OF SILVERTHORNE, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - PROPRIETARY FUNDS**
Year Ended December 31, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Total	
OPERATING REVENUES				
User Fees	\$ 928,730	\$ 1,132,969	\$ 2,061,699	\$ -
Charges for Services	6,643	5,161	11,804	912,701
Total Operating Revenues	935,373	1,138,130	2,073,503	912,701
OPERATING EXPENSES				
Operations	453,586	65,162	518,748	-
Maintenance	96,526	103,330	199,856	-
Contractual Services	29,840	827,464	857,304	1,062,267
Claims	-	-	-	19,090
Wellness Program	-	-	-	-
Depreciation	567,741	387,139	954,880	-
Total Operating Expenses	1,147,693	1,383,095	2,530,788	1,081,357
Net Operating Income (Loss)	(212,320)	(244,965)	(457,285)	(168,656)
NON-OPERATING REVENUES/EXPENSES				
Interest Revenue	11,700	13,663	25,363	-
Loss on Disposal of Capital Assets	(11,371)	-	(11,371)	-
Equity Income (Loss) in Joint Sewer Authority Investment	-	(40,639)	(40,639)	-
Total Non-operating Revenues (Expenses)	329	(26,976)	(26,647)	-
Income (Loss) Before Transfers & Contributions	(211,991)	(271,941)	(483,932)	(168,656)
Transfer In	-	-	-	474,506
Transfer Out	(195,412)	(146,966)	(342,378)	-
Capital Contributions	394,275	347,433	741,708	-
Change in Net Assets	(13,128)	(71,474)	(84,602)	305,850
NET ASSETS, Beginning of Year	19,223,723	13,993,617	33,217,340	-
NET ASSETS, End of Year	\$ 19,210,595	\$ 13,922,143	\$ 33,132,738	\$ 305,850

Amounts Reported for Business-Type Activities in the Statement of Activities are different because:

Change in Net Assets of Proprietary Funds

\$ (84,602)

Internal Service funds are used by management to charge the costs of health, dental and short-term disability claims to individual funds. A portion of the net revenues of the internal service fund is reported with business-type activities in the statement of activities.

15,376

Change in Net Assets of Business-Type Activities

\$ (69,226)

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

TOWN OF SILVERTHORNE, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended December 31, 2011

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	<u>Activities - Internal Service Funds</u>
Cash Flows From Operating Activities				
Cash Received from Customers/Users	\$ 937,034	\$ 1,122,755	\$ 2,059,789	\$ 912,701
Cash Paid to Suppliers	(215,152)	(936,310)	(1,151,462)	(967,232)
Cash Paid to Employees	(292,629)	(51,451)	(344,080)	-
Net Cash Provided (Used) by Operating Activities	<u>429,253</u>	<u>134,994</u>	<u>564,247</u>	<u>(54,531)</u>
Cash Flows from Noncapital Financing Activities				
Payments from Other Funds	-	230,000	230,000	413,533
Transfer In	-	-	-	474,506
Transfer Out	(195,412)	(146,966)	(342,378)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(195,412)</u>	<u>83,034</u>	<u>(112,378)</u>	<u>888,039</u>
Cash Flows from Capital & Related Financing Activities				
Acquisition of Capital Assets	(532,887)	(10,400)	(543,287)	-
Tap Fees	355,675	317,866	673,541	-
Net Cash Flows Provided (Used) by Capital & Related Financing Activities	<u>(177,212)</u>	<u>307,466</u>	<u>130,254</u>	<u>-</u>
Cash Flows from Investing Activities				
Interest Received on Investments	11,700	13,663	25,363	-
Net Cash Provided (Used) by Investing Activities	<u>11,700</u>	<u>13,663</u>	<u>25,363</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>68,329</u>	<u>539,157</u>	<u>607,486</u>	<u>833,508</u>
Cash & Cash Equivalents, Beginning of Year	<u>1,983,915</u>	<u>2,200,003</u>	<u>4,183,918</u>	<u>-</u>
Cash & Cash Equivalents, End of Year	<u>\$ 2,052,244</u>	<u>\$ 2,739,160</u>	<u>\$ 4,791,404</u>	<u>\$ 833,508</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Net Operating Income (Loss)	\$ (212,320)	\$ (244,965)	\$ (457,285)	\$ (168,656)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	567,741	387,139	954,880	-
Changes to Assets & Liabilities:				
Accounts Receivable	1,661	(15,374)	(13,713)	-
Inventory	6,530	158	6,688	-
Prepays	(140)	-	(140)	-
Accounts Payable	62,902	8,036	70,938	-
Accrued Liabilities	3,864	-	3,864	-
Claims Payable	-	-	-	114,125
Compensated Absences	(985)	-	(985)	-
Total Adjustments	<u>641,573</u>	<u>379,959</u>	<u>1,021,532</u>	<u>114,125</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 429,253</u>	<u>\$ 134,994</u>	<u>\$ 564,247</u>	<u>\$ (54,531)</u>
Non-cash Capital Activities				
Contributed Infrastructure from Developers	<u>\$ 38,600</u>	<u>\$ 29,567</u>	<u>\$ 68,167</u>	<u>\$ -</u>

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

TOWN OF SILVERTHORNE, COLORADO

STATEMENT OF ASSETS & LIABILITIES - AGENCY FUND

December 31, 2011

Joint Sewer
Authority

ASSETS

CURRENT ASSETS

Cash & Investments \$ 4,435,329

Total Current Assets \$ 4,435,329

LIABILITIES

LIABILITIES

Funds Held for Authority \$ 4,435,329

Total Liabilities \$ 4,435,329

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

TOWN OF SILVERTHORNE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Silverthorne is a Colorado Home Rule Town operating under a charter provided by the authority of the Constitution of the State of Colorado, and adopted by its citizens on April 4, 1994. The Town operates under a Council-Manager form of government and provides services as authorized by its charter.

The accounting policies of the Town of Silverthorne conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant policies:

1. Financial Reporting Entity

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

No entities were identified that could be included in the Town's reporting entity, as the Town was not financially accountable for other entities.

2. Government-wide & Fund Financial Statements

The government-wide financial statements (e.g., the statement of net assets and the statement of activities and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the government's water and sewer functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenue*. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

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

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus & Basis of Accounting

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. Accordingly, all of the Town's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The agency fund utilizes the accrual basis of accounting.

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 Town considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments and compensated absences, are recorded only when payment is due.

Taxes, intergovernmental revenues, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Sales and lodging taxes collected and held by vendors at year end on behalf of the Town are also recognized as revenue if collected within sixty days after year end. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

4. Financial Statement Presentation

The Town uses funds to report on its financial position, the results of its operations and cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and distribution of earmarked moneys (Special Revenue Funds), and the acquisition or construction of general capital assets (Capital Projects Funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

In 2011 the Town had the following major Governmental Funds:

General Fund – This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Sales Tax Capital Improvement Fund – This fund is used to account for 60% of the Town's 2% sales tax. The funds are used for the acquisition, construction and debt of major capital products and facilities other than those financed by proprietary funds and fiduciary funds. This was approved by voters in 1992.

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Housing 5A Fund - This fund is used to account for the voter approved .125% sales tax that is assessed by the Summit Housing Authority and distributed back to the Town of Silverthorne for sales that took place in Silverthorne. Funds are to be used to pay for housing related expenses. Additionally, a voter approved Impact Fee is assessed on new building based on square footage. Proceeds from the impact fee are to be used for capital type housing projects.

Proprietary Funds

In 2011 the Town had the following major Proprietary Funds:

Enterprise Funds:

Water Fund – This fund is used to account for the acquisitions, operation and maintenance of the facilities, services and water rights associated with providing water to the Town.

Sewer Fund – This fund is used to account for the operation and maintenance of the infrastructure and services associated with providing sewer services to the Town.

Additionally, the Town reports the following fund types:

Internal Service Funds – These funds are used to account for the Town's employee compensated absences earned and used during the fiscal year and the Town's self-funded insurance programs. Internal Service Funds account for services provided to other departments, funds or agencies of the Town, on a cost reimbursement basis.

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

Fiduciary Funds

In 2011 the Town had the following Fiduciary Fund:

Agency Fund:

Joint Sewer Authority (JSA) Agency Fund – This fund is used to account for the joint venture which provides wastewater collection and treatment facilities for the central basin of Summit County. There are five participants (Town of Silverthorne, Town of Dillon, Dillon Valley Metro District, Buffalo Mountain Metro District and the Mesa Cortina Metro District) to the JSA and the Town is the managing entity. The Town holds all assets on behalf of the JSA in a purely custodial capacity.

TOWN OF SILVERTHORNE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE B – ASSETS, LIABILITIES & NET ASSETS OR EQUITY

1. Cash & Investments

The Town pools cash resources of its various funds in order to facilitate the management of cash. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements can be invested in various interest-bearing securities and disclosed as part of the Town's investments.

The Town considers pooled cash and investments to be cash equivalents for the statement of cash flow. Cash equivalents include investments with original maturities of three months or less. Investments are stated at fair value. Earnings on investments are recognized when earned and include realized and unrealized gains on investments.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts, where applicable.

3. Property Taxes

In April of 1994 the Town had a ballot question that included the phrase "...and reduce the Town of Silverthorne ad valorem property tax to zero." The voters of Silverthorne approved this reduction in property taxes when the ballot question was approved, and therefore, the Town no longer collects property taxes.

4. Inventory & Prepaids

Inventories are merchandise inventories intended for sale to the public. For the enterprise funds some of the inventories are also available for internal use. Inventories are valued at cost using the first in/first out (FIFO) method. The cost of inventories is recorded as expenditures or expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both government-wide and fund financial statements using the consumption method.

5. Restricted Cash & Investments

Restricted cash and investments of \$172,683 are reported in the General Fund. These funds represent escrowed monies held from developers pending satisfactory completion of various construction projects within the Town.

6. Deferred Revenues – Deferred revenues include grants/donations that have been collected but the corresponding expenditures have not been incurred. The next calendar year's business licenses that are collected prior to the first of the year are also deferred. Revenues not available as current financial resources are deferred in the governmental fund financial statements.

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE B – ASSETS, LIABILITIES & NET ASSETS OR EQUITY (CONTINUED)

7. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the financial statements. Capital assets are defined by the Town as assets with a cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are valued at historical or estimated historical costs. Donated or contributed assets are recorded at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital asset, as applicable.

Assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide statement of activities.

Estimated useful lives for asset types are as follows:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	5-40
Equipment and vehicles	5-15
Infrastructure	7-50
Parks and recreation	5-25
Intangible assets	5-10
Water tanks, wells and lines	15-60

8. Compensated Absences

Employees accrue personal leave time which may be used in place of traditional sick and vacation time. Personal leave accrues to employees based on a sliding scale, and may be carried over to subsequent periods. Upon termination in good standing, employees are compensated for 100% of unused personal time.

Compensation time is earned when a full time employee works over 40 hours in a week. The time is figured at time and half for each hour worked over 40 hours. The Town's personnel policies state that "an employee may not work over 80 hours of compensation time in a year and they may not accrue more than 80 hours on the records at any time."

Accumulated personal and compensation time is available to employees due to services employees have already provided to the Town. No liability should be reported in the governmental funds in connection with compensated absences until they are paid or, in the case of separation payments for unused leave, due for payment (i.e., at separation). The Town elects to advance fund its personal and compensation time as it is earned by employees. Therefore compensated absences are accounted for in an internal service fund.

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE B – ASSETS, LIABILITIES & NET ASSETS OR EQUITY (CONTINUED)

9. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as current expenditures.

10. Net Assets/Fund Balances

In the government-wide financial statements and the proprietary funds in the fund financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report fund balances based on financial reporting standards that establish criteria for classifying fund balances into specifically defined classifications to make the nature and extent of constraints more useful and understandable. The classifications comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances may be classified as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable Fund Balance – Amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including inventories and prepaids.
- Restricted Fund Balance – Amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation that are legally enforceable.
- Committed Fund Balance – Amounts that can only be used for specific purposes pursuant to constraints imposed by the Town Council by ordinance. The committed amounts cannot be used for any other purpose until Town Council removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.
- Assigned Fund Balance – Amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by Town Council through an informal action or Council can delegate the authority. Council has granted that the Town Manager or the Manager's Designee, authority to designate the assigned fund balance for each Fund based on the intended use of such resources.
- Unassigned Fund Balance – The remaining fund balance after amounts are set aside for other classifications.

TOWN OF SILVERTHORNE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE B – ASSETS, LIABILITIES & NET ASSETS OR EQUITY (CONTINUED)

The Town of Silverthorne not has established a formal policy for its use of restricted and unrestricted (committed, assigned, unassigned) fund balance. If expenditures are incurred the Town uses restricted fund balance first if the expenditure meets the restricted purpose, followed by committed amounts, assigned amounts, and finally, by unassigned amounts.

NOTE C – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity – The Housing 5A Fund had a deficit fund balance of \$1,002,422 as of December 31, 2011. In 2008, the Fund purchased land for \$2.7M that will be used for a “yet-to-be” determined affordable housing project. The Fund was able to purchase the property due to \$2M in advancements from the Development Excise Tax and Sewer Funds. The advancements will be paid back, interest free, over a seven year period of time as revenues are retained in the Housing 5A Fund.

NOTE D - DEPOSITS & INVESTMENTS

The Town maintains a cash and short-term investments pool that is available for use by all Funds. Additionally, the Town pools longer-term investments for all Funds.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. At December 31, 2011, the Town had bank deposits of \$8,162,303 collateralized with securities held by the financial institutions' agents but not in the Town's name.

TOWN OF SILVERTHORNE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE D - DEPOSITS & INVESTMENTS (CONTINUED)

The Town of Silverthorne is governed by the deposit and investment limitations of State law. The deposits and investments held at December 31, 2011, and reported at fair value, are shown below.

<u>Type</u>	<u>Fair Value</u>
Deposits:	
Bank Deposits	\$ 317,662
Certificate of Deposit	8,575,729
Cash on Hand	<u>2,100</u>
	<u>\$ 8,895,491</u>
Investments:	
Governmental Pools	<u>\$ 8,731,262</u>
 Total Deposits & Investments	 <u><u>\$17,626,753</u></u>
 Reconciliation to Financial Statements	
Current:	
Cash & Investments	\$13,018,741
Restricted Cash & Investments	172,683
Fiduciary Fund Cash & Investments	<u>4,435,329</u>
	<u><u>\$17,626,753</u></u>

The Town has a formal investment policy that limits its investment choices. The investment choices are within the limitations of State laws and include:

- Direct obligations of the US government and certain US agency securities;
- Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions;
- With certain limitations, commercial paper and money market funds regulated by the Securities and Exchange Commission (SEC);
- Local government investment pools

Credit Risk – State statutes limit investments to those with specified ratings, as provided by nationally recognized statistical rating organizations, depending on the investment type.

Interest Rate Risk – State statutes generally limit investments to an original maturity of no more than five years. The Town has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising for increasing interest rates. The Town's general policy is to buy and hold investments to maturity. The Town's investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Town's investment risk constraints and the cash flow characteristics of the portfolio.

Concentration of Credit Risk – The Town places limits on the amount it may invest in any one issuer. The Town's investment policy limits concentration depending on the investment instruments. At a maximum the policy allows no more than 50% of the portfolio in any single issuer. Additionally, the Town's investment policy recommends the Town diversify use of investment instruments to avoid incurring unreasonable risk in over investing in one specific instrument or in one institution.

TOWN OF SILVERTHORNE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE D – DEPOSITS & INVESTMENTS (CONTINUED)

At December 31, 2011, the Town had invested \$8,731,262 in Governmental Pools (Pools) from the Colorado Local Government Liquid Asset Trust (COLOTRUST) and Colorado Surplus Asset Fund Trust (CSAFE). The Pools are investment vehicles established by State statute for local government entities to pool surplus assets. The Colorado Division of Securities administers and enforces the requirements of creating and operating Pools. The Trusts operate in conformity with the Securities and Exchange Commission's Rule 2a-7, as promulgated under the Investment Company Act of 1940. Investments of COLOTRUST and CSAFE are limited to those allowed by State statute. Designated custodial banks provided safekeeping depository services, and substantially all securities owned by the Pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investment as owned by the Pools. The Pools are rated AAAM by Standard and Poor's.

NOTE E – RECEIVABLES & DUE FROM OTHER GOVERNMENTS

Receivables and Due from Other Governments as of December 31, 2011 for the Town's individual major funds and non-major funds in the aggregate are as follows.

	General Fund	Sales Tax Capital Improvement Fund	Housing 5A Fund	Nonmajor Funds	Water Fund	Sewer Fund
Receivables:						
Interest	\$ 5,151	\$ 584	\$ 4	\$ 1,028	\$ 1,695	\$ 2,254
Taxes	225,317	277,111	-	15,384	-	-
Accounts	37,798	2,647	-	-	194,276	292,458
Employees	270,786	-	-	-	305	-
Total Receivables	\$ 539,052	\$ 280,342	\$ 4	\$ 16,412	\$ 196,276	\$ 294,712
Due from Other Governments						
County	\$ 3,287	\$ -	\$ -	\$ -	\$ -	\$ -
Local Authority	3,525	-	37,885	-	-	-
State	785,370	-	-	-	-	-
Total Other Governments	\$ 792,182	\$ -	\$ 37,885	\$ -	\$ -	\$ -

TOWN OF SILVERTHORNE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE F – CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended December 31, 2011:

	Balance December 31, 2010	Additions	Disposals	Balance December 31, 2011
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 9,661,330	\$ -	\$ -	\$ 9,661,330
Projects in Progress	223,623	345,465	(44,171)	524,917
Total capital assets not being depreciated	<u>9,884,953</u>	<u>345,465</u>	<u>(44,171)</u>	<u>10,186,247</u>
Capital assets, being depreciated:				
Buildings	14,935,282	279,020	(55,362)	15,158,940
Vehicles & Heavy Equipment	3,171,772	503,892	(460,573)	3,215,091
Parks & Recreation	3,614,788	46,890	(13,649)	3,648,029
Equipment & Furniture	753,892	90,515	(19,883)	824,524
Infrastructure	25,734,615	1,822,139	-	27,556,754
Intangibles	320,765	-	(26,840)	293,925
Other Improvements	1,826,420	-	-	1,826,420
Total capital assets being depreciated	<u>50,357,534</u>	<u>2,742,456</u>	<u>(576,307)</u>	<u>52,523,683</u>
Less accumulated depreciation:				
Buildings	(5,609,146)	(500,020)	55,362	(6,053,804)
Vehicles & Heavy Equipment	(1,227,943)	(221,808)	243,735	(1,206,016)
Parks & Recreation	(1,774,154)	(151,752)	13,649	(1,912,257)
Equipment & Furniture	(445,962)	(67,373)	19,883	(493,452)
Infrastructure	(9,386,803)	(915,291)	-	(10,302,094)
Intangibles	(90,171)	(41,201)	26,840	(104,532)
Other Improvements	(686,866)	(97,854)	-	(784,720)
Total accumulated depreciation	<u>(19,221,045)</u>	<u>(1,995,299)</u>	<u>359,469</u>	<u>(20,856,875)</u>
Total capital assets, being depreciated, net	<u>31,136,489</u>	<u>747,157</u>	<u>(216,838)</u>	<u>31,666,808</u>
Governmental activities capital assets, net	<u>\$ 41,021,442</u>	<u>\$ 1,092,622</u>	<u>\$ (261,009)</u>	<u>\$ 41,853,055</u>
<u>Business - Type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 3,871	\$ -	\$ -	\$ 3,871
Projects in Progress	432,996	444,642	-	877,638
Water Rights	7,254,013	-	-	7,254,013
Total capital assets, not being depreciated	<u>7,690,880</u>	<u>444,642</u>	<u>-</u>	<u>8,135,522</u>
Capital assets, being depreciated:				
Water Tanks	2,272,867	-	-	2,272,867
Lines	15,665,178	153,283	(152,303)	15,666,158
Wells	2,725,732	-	(8,224)	2,717,508
Machinery & Equipment	646,843	13,529	(52,435)	607,937
Intangibles	131,675	-	-	131,675
Other Improvements	69,048	-	-	69,048
Total capital assets, being depreciated	<u>21,511,343</u>	<u>166,812</u>	<u>(212,962)</u>	<u>21,465,193</u>
Less accumulated depreciation:				
Water Tanks	(744,785)	(56,781)	-	(801,566)
Lines	(5,462,902)	(723,344)	152,303	(6,033,943)
Wells	(1,321,365)	(115,736)	8,224	(1,428,877)
Machinery & Equipment	(311,389)	(41,866)	41,064	(312,191)
Intangibles	(35,862)	(14,391)	-	(50,253)
Other Improvements	(13,745)	(2,762)	-	(16,507)
Total accumulated depreciation	<u>(7,890,048)</u>	<u>(954,880)</u>	<u>201,591</u>	<u>(8,643,337)</u>
Total capital assets, being depreciated, net	<u>13,621,295</u>	<u>(788,068)</u>	<u>(11,371)</u>	<u>12,821,856</u>
Business-type activities capital assets, net	<u>\$ 21,312,175</u>	<u>\$ (343,426)</u>	<u>\$ (11,371)</u>	<u>\$ 20,957,378</u>

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE F – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Governmental Activities:

General Government	\$ 72,243
Public Safety	72,120
Public Works	1,341,950
Community Development	46,193
Recreation & Culture	<u>462,793</u>

Total Governmental Activities Depreciation Expenses \$1,995,299

Business-Type Activities:

Water Fund	\$ 567,741
Sewer Fund	<u>387,139</u>

Total Business-Type Activities Depreciation Expenses \$ 954,880

NOTE G - INVESTMENT IN SILVERTHORNE/DILLON JOINT SEWER AUTHORITY

The Town is a participant in the Silverthorne/Dillon Joint Sewer Authority (JSA), which was formed to construct and operate a wastewater treatment facility. Participants in the Authority are the Towns of Silverthorne and Dillon, the Dillon Valley District, the Buffalo Mountain Metropolitan District and the Mesa Cortina Metro District.

Construction costs are paid by each participant based on their share of the available capacity in each phase of the project. Operating costs are funded by quarterly billings to the participants, which are based on the number of taps each participant has connected to the system.

The Town records its investments in the Authority, and its share of operating costs in the Sewer Fund. The investment is accounted for under the equity method in accordance with Generally Accepted Government Accounting Standards. The Town had an investment in the Authority at December 31, 2011, the date of the most recent audited financial statements, of \$6,469,483 which represents a 57.74% share in the joint venture. At December 31, 2011, the Town was responsible for 41.74% of the Authority's operating expenses.

Based on the 2011 audited results, the Town's equity in the Authority decreased by \$ 40,639.

Joint Sewer Authority financial statements are issued annually and can be obtained from the managing entity, the Town of Silverthorne.

TOWN OF SILVERTHORNE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE H – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either *Interfund Receivables or Payables*. Any residual balances outstanding between governmental and business-type activities are reported in the government-wide financial statements as internal balances.

Interfunds:	<u>Interfund Receivable</u>	<u>Amount</u>
<u>Interfund Payable</u>		\$ 522,500
Development Excise Tax Fund	Housing 5A Fund	<u>522,500</u>
Sewer Fund	Housing 5A Fund	
		<u>\$1,045,000</u>

The amounts payable to the Development Excise Tax and Sewer Fund relate to advancements made to the Housing 5A Fund to purchase the Smith Ranch parcel in order to use the land for a future affordable housing development. In 2011, the Housing 5A Fund paid \$230,000 each to the Development Excise Tax and the Sewer Fund.

Transfers between funds during the year ended December 31, 2011 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 342,378	\$ 1,074,506
Sales Tax Capital Improvement Fund	600,000	-
Water Fund	-	195,412
Sewer Fund	-	146,966
Health, Dental & Short-term Disability Insurance Fund	<u>474,506</u>	<u>-</u>
Total	<u>\$ 1,416,884</u>	<u>\$ 1,416,884</u>

In the General Fund financial statements, total "transfers in" of \$342,378 are due to the 15%/10% of water/sewer revenues that are transferred to the general fund to cover services provided to the Water and Sewer Funds. The amount of the transfers from the Water and Sewer Funds, while based as a percentage, are approximately what those would have costs the utility funds for the services (payroll, billing, management etc.) provided by the General Fund. The General Fund provided funding for capital projects, specifically the reconstruction of Wilderness Road, through a one-time transfer of \$600,000 to the Sales Tax Capital Improvement Fund. The transfer of \$474,506 between the General Fund and the Health, Dental and Short-term Disability Insurance Fund was to establish the internal service fund.

TOWN OF SILVERTHORNE, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE I - LONG-TERM DEBT

Governmental Activities:

The following summarizes the changes in the Town's long-term liability activity for the year ended December 31, 2011:

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>12/31/11</u>	<u>Due Within</u> <u>One Year</u>
Accrued Interest	\$ 517	\$ 315	\$ (517)	\$ 315	\$ 315
Capital Leases	103,922	-	(88,428)	15,564	15,564
Compensated Absences	<u>394,538</u>	<u>463,261</u>	<u>(444,266)</u>	<u>413,533</u>	<u>299,672</u>
Total	<u>\$ 498,977</u>	<u>\$463,576</u>	<u>\$ (533,211)</u>	<u>\$ 429,412</u>	<u>\$ 315,551</u>

Compensated absences are expected to be liquidated with revenues from the General Fund.

1. Capital Lease Obligations

In 2007, the Town entered into a five year lease for a snow blower. This lease agreement qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of the future minimum lease payments. The lease matures in 2012 and has an annual interest rate of 4.05%.

The asset acquired through the capital lease as of 12/31/11 is as follows:

<u>Leased Capital Assets</u>	<u>Amount</u>
2007 Snow Blower	\$142,450

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011 were:

<u>Year Ending</u> <u>December 31,</u>	<u>Minimum</u> <u>Lease Payment</u>	<u>Interest</u>	<u>Present Value of</u> <u>Minimum Lease Payments</u>
2012	15,879	315	15,564

NOTE J - PENSION PLANS

ICMA Retirement Prototype Money Purchase Plan & Trust (A 401 Qualified Plan)

All full-time and ¾ time employees, except elected/appointed officials as defined by the Town Code participate in a Section 401(A) defined contribution money purchase retirement plan. The plan, administered by ICMA Retirement Corporation, requires the Town to contribute monthly an amount equal to 10.5% of each employee's salary. All amounts contributed are vested immediately. Each participant is required to contribute 7.5% of earnings for the plan year as a condition of participation in the plan. The Town Council has the authority to make changes to the plan as to contributions and vesting rights as long as the changes are within the laws as set by the Federal Government.

Total contributions by the Town for the year ended December 31, 2011 were \$479,891. Total contributions by the employees for the year ended December 31, 2011 were \$342,780.

TOWN OF SILVERTHORNE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE K - COLORADO CONTRABAND FORFEITURE ACT

The Town's police department has entered into a program with other law enforcement agencies in the Colorado Fifth Judicial District whereby most assets acquired under the Colorado Contraband Forfeiture Act are turned over to the District to be used for authorized purposes to benefit all agencies within the District. At December 31, 2011, the Town had \$2,071 in seizure funds, which the police department is using for rewards for information leading to solving police cases.

NOTE L - RISK MANAGEMENT

Colorado Intergovernmental Risk Sharing Agency (CIRSA)

The Town is a member with CIRSA, a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, section 18(2).

The purposes of CIRSA are to provide members defined liability and property coverage and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers. CIRSA provides insurance coverage for workers compensation, property, liability, crime, police professional and errors and omissions insurance. CIRSA does not cover contractual risks.

It is the intent of CIRSA to create an entity in perpetuity, which will administer and use funds contributed by members to defend and indemnify, in accordance with the Bylaws, any member of CIRSA against stated liability or loss, to the limit of the financial resources of CIRSA. All income and assets of CIRSA are dedicated to the exclusive benefit of its members.

The deductible amount paid by the Town for each incident in 2011 was \$5,000; there is no change in coverage from past years.

CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA.

Group Insurance - Health, Dental & Short Term Disability

The Town has an established partially self funded insurance plan for health, dental and short-term disability for employees and their dependents. Under the program, for employees, spouses and dependents who choose to participate, the Town provides health insurance coverage up to \$65,000 and aggregate losses for all participants up to \$2,000,000. The Town purchases commercial insurance for claims in excess of coverage provided by the Town.

For the Town's dental and short-term disability program, the Town provides coverage equal to the coverage that was provided by the private insurance industry. The coverage has a low risk to the Town. There is no excess coverage insurance for these plans. The dental insurance allows a \$1,000 cap per person per year. The short-term disability insurance covers a maximum of 12 weeks of 60% of weekly salary with a maximum of \$750 per week.

All Town departments participate in the group insurance and make payments to the Health, Dental & Short-term Disability Fund based on prior claims experience in amounts needed to pay current year claims and to establish a reserve for catastrophic losses. The Fund has a net asset balance of \$305,850 as of December 31, 2011.

TOWN OF SILVERTHORNE, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE L - RISK MANAGEMENT (CONTINUED)

The Town has established a reserve for incurred but not reported (IBNR) claims based on claims experience. The IBNR reserves are included in claims payable, and include a provision for incremental claim adjustment expenses as well as estimated recoveries, if applicable. Other than current accounts, the Town does not believe that IBNR claims can be reasonably estimated. Therefore no long-term liability is reported in the financial statements. Changes in claims payable were as follows:

	2011	2010
Claims Payable, Beginning of Year	\$ 128,117	\$ 42,009
Claims and Changes in Provisions	912,701	613,551
Claim Payments	(926,693)	(527,443)
Claims Payable, End of Year	\$ 114,125	\$ 128,117

NOTE M- CONTINGENT LIABILITIES

The Town is named in several lawsuits. In the opinion of the Town's counsel, none of these lawsuits are expected to result in a material liability which would not be covered by the insurance coverage available nor have a material effect on the Town's financial statements.

NOTE N - TAXPAYER BILL OF RIGHTS & THE AMENDMENT ONE ELECTION QUESTION

At the November 3, 1992 general election, Colorado voters approved an amendment to the Colorado Constitution commonly known as the Taxpayer's Bill of Rights (the Amendment). The Amendment was effective December 31, 1992, and its provisions limit government taxes, spending, revenues and debt without electoral approval.

The Amendment by its terms applies to local governments such as the Town but excludes "enterprises" which are defined as a (1) government owned business, (2) authorized to issue its own debt and (3) receives less than 10% of its annual revenue in grants from all state and local governments. The Town considers its Water and Sewer Funds to be "enterprise" funds and, therefore, considers them excluded from the terms of the Amendment.

On April 5, 1994 an election question was put before and approved by the Citizens of Silverthorne. The election question asked the citizens for the Town to retain the ability to collect and expend the full revenues generated without any increase in any tax rate and expenditures and revenues on debt service, municipal operations and capital projects without the limitation of the Amendment. The period covered was January 1, 1994 to December 31, 2013.

On November 3, 2009, an election question was put before and approved by the Citizens of Silverthorne. The election question asked the citizens for the Town to continue beyond December 31, 2013, to retain the ability to collect and expend the full revenues generated without any increase in any tax rate and expenditures and revenues on debt service, municipal operations and capital projects without the limitation of the Amendment. The basic of this question was to take the 1994 election question and continue to be exempt from TABOR as it relates to revenue limits indefinitely. The ability to remain exempt from TABOR allows the Town to continue to provide existing services and budget confidently from year to year.

For 2011, The Town was required to reserve 3% of its fiscal year spending as "emergency reserves." The TABOR emergency reserve of \$258,084 has been recorded as restricted fund balance in the General Fund.

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Required Supplementary Information

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TOWN OF SILVERTHORNE, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 5,851,037	\$ 5,857,663	\$ 5,814,680	\$ (42,983)
Intergovernmental	218,424	218,424	208,700	(9,724)
Licenses & Permits	219,333	274,833	290,092	15,259
Charges for Services	1,955,107	1,910,107	2,460,431	550,324
Fines & Forfeitures	147,000	127,000	118,523	(8,477)
Interest	97,121	37,121	33,054	(4,067)
Grants/Donations	7,000	7,000	16,025	9,025
Miscellaneous	15,000	40,000	42,951	2,951
Total Revenues	8,510,022	8,472,148	8,984,456	512,308
EXPENDITURES				
Current				
General Government	1,450,426	1,636,654	1,581,484	55,170
Public Safety	1,837,870	1,752,896	1,696,797	56,099
Public Works	2,167,439	2,197,113	2,062,359	134,754
Community Development	669,731	726,127	695,909	30,218
Recreation & Culture	2,652,445	2,676,221	2,566,259	109,962
Total Expenditures	8,777,911	8,989,011	8,602,808	386,203
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(267,889)	(516,863)	381,648	898,511
OTHER FINANCING SOURCES (USES)				
Transfer In	286,870	339,021	342,378	3,357
Transfer Out	-	(750,000)	(1,074,506)	(324,506)
Total Other Financing Sources (Uses)	286,870	(410,979)	(732,128)	(321,149)
Net Change in Fund Balance	18,981	(927,842)	(350,480)	577,362
Fund Balance, Beginning of Year	6,474,742	6,765,979	6,765,979	-
Fund Balance, End of Year	\$ 6,493,723	\$ 5,838,137	\$ 6,415,499	\$ 577,362

See the accompanying Independent Auditors' Report

TOWN OF SILVERTHORNE, COLORADO

SALES TAX CAPITAL IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2011

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 2,279,771	\$ 2,279,771	\$ 2,321,098	\$ 41,327
Interest	7,725	7,725	7,331	(394)
Miscellaneous	49,441	78,627	81,862	3,235
	<u>2,336,937</u>	<u>2,366,123</u>	<u>2,410,291</u>	<u>44,168</u>
Total Revenues				
EXPENDITURES				
Capital Outlay	1,787,743	3,212,860	3,027,600	185,260
Debt Services:				
Principal	88,428	88,428	88,428	-
Interest & Fiscal Charges	2,619	2,619	2,619	-
	<u>1,878,790</u>	<u>3,303,907</u>	<u>3,118,647</u>	<u>185,260</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>458,147</u>	<u>(937,784)</u>	<u>(708,356)</u>	<u>229,428</u>
OTHER FINANCING SOURCES (USES)				
Sales of General Capital Assets	120,000	181,500	185,116	3,616
Transfer In	-	750,000	600,000	(150,000)
Transfer Out	(575,000)	-	-	-
	<u>(455,000)</u>	<u>931,500</u>	<u>785,116</u>	<u>(146,384)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	3,147	(6,284)	76,760	83,044
Fund Balance, Beginning of Year	<u>558,806</u>	<u>558,806</u>	<u>558,806</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 561,953</u>	<u>\$ 552,522</u>	<u>\$ 635,566</u>	<u>\$ 83,044</u>

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

HOUSING 5A FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 239,621	\$ 239,621	\$ 227,863	\$ (11,758)
Licenses, Permits & Fees	50,000	276,000	280,893	4,893
Interest	127	127	769	642
	289,748	515,748	509,525	(6,223)
Total Revenues				
EXPENDITURES				
Housing	43,246	43,246	42,821	425
	43,246	43,246	42,821	425
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	246,502	472,502	466,704	(5,798)
OTHER FINANCING (USES)				
Payments to Housing 5A and Sewer Fund	(225,000)	(480,000)	(460,000)	20,000
Net Change in Fund Balance, Budgetary, Basis	\$ 21,502	\$ (7,498)	6,704	\$ 13,352
ADJUSTMENTS TO GAAP BASIS				
Payments to Housing 5A and Sewer Fund			460,000	
Changes in Fund Balance, GAAP Basis			466,704	
Fund Balance, Beginning of Year			(1,469,126)	
Fund Balance, End of Year			\$ (1,002,422)	

See the accompanying Independent Auditors' Report

TOWN OF SILVERTHORNE, COLORADO

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2011**

NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets for the governmental funds, except for interfund loan activity in Housing 5A and Development Excise Tax Funds, are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for the proprietary funds and fiduciary fund are adopted on a basis consistent with GAAP except that the budgeted expenditures also include capital outlay and exclude depreciation and equity gain/loss in joint ventures. The Council does not budget for the internal service and fiduciary funds. Council legally adopts all governmental, proprietary fund budgets. All annual appropriations lapse at the end of the fiscal year.

During the year the Town Council meets with each Department to approve policy, identify goals and performance measures. It is the Department's responsibility to prepare an annual budget to implement policy and accomplish the goals identified. Each year the Manager will present the Financial Policies in August, Capital Budget in September, and the Operating Budget in October. The Council holds two public hearings prior to the Council's adoption of the Budget Resolution schedule to be completed on or before the first regular Council meeting in November of each year.

The appropriated budget is prepared by fund, department, programs and categories. The Manager may approve transfer of budget between departments within a fund. Departments may request the Manager's approval to transfer budget between categories and programs within a department. The Manager will review requests to ensure compliance with the goals and objectives of the annual budget as approved by the Council. Transfers of appropriation between funds require the approval of Council. The legal level of budgetary control is the fund level. Council can amend the approved budget during the year as long as no determined savings exist which can be used instead.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in all funds. Encumbrances outstanding at year-end lapse and do not constitute expenditures or liabilities because the commitments will be re-appropriated during the subsequent year.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Conservation Trust Fund - This fund is used to account for the Town's share of lottery funds distributed by the State of Colorado. Funds are to be used for Parks, Trails and Open Space.

Lodging Tax Fund – This fund is used to account for the voter approved 2% tax on lodging sales. Funds are to be split and expended 85% to Parks, Trails and Open Space – 15% for marketing.

Development Excise Tax Fund – This fund is used to account for the voter approved \$2 per square foot charged on new residential construction. Funds are to be used for growth related operations and capital expenditures.

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TOWN OF SILVERTHORNE, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2011

	Special Revenue Funds			Total Other Governmental Funds
	Conservation Trust	Lodging Tax	Development Excise Tax	
ASSETS				
Cash & Investments	\$ -	\$ 277,441	\$ 969,932	\$ 1,247,373
Accounts Receivable	-	15,613	799	16,412
Interfund Receivable	-	-	522,500	522,500
Total Assets	\$ -	\$ 293,054	\$ 1,493,231	\$ 1,786,285
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 26,167	\$ -	\$ 26,167
Deferred Revenues	-	68,314	-	68,314
Total Liabilities	-	94,481	-	94,481
FUND BALANCES				
Restricted For:				
Parks, Trails & Open Space	-	157,948	-	157,948
Marketing	-	40,625	-	40,625
Capital Improvements	-	-	1,493,231	1,493,231
Total Fund Balances	-	198,573	1,493,231	1,691,804
Total Liabilities & Fund Balances	\$ -	\$ 293,054	\$ 1,493,231	\$ 1,786,285

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year Ended December 31, 2011

	Special Revenue Funds			Total Other Governmental Funds
	Conservation Trust	Lodging Tax	Development Excise Tax	
REVENUES				
Taxes	\$ -	\$ 128,803	\$ 105,958	\$ 234,761
Intergovernmental	37,299	-	-	37,299
Interest	21	2,224	3,991	6,236
Total Revenues	<u>37,320</u>	<u>131,027</u>	<u>109,949</u>	<u>278,296</u>
EXPENDITURES				
General Government - Marketing	-	24,965	-	24,965
Capital Outlay	37,320	312,051	2,257	351,628
Total Expenditures	<u>37,320</u>	<u>337,017</u>	<u>2,257</u>	<u>376,594</u>
Net Change in Fund Balance	-	(205,989)	107,692	(98,297)
Fund Balance, Beginning of Year	<u>-</u>	<u>404,562</u>	<u>1,385,539</u>	<u>1,790,101</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 198,573</u>	<u>\$ 1,493,231</u>	<u>\$ 1,691,804</u>

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2011

	<u>Original & Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 37,370	\$ 37,299	\$ (71)
Interest	-	21	21
Total Revenues	<u>37,370</u>	<u>37,320</u>	<u>(50)</u>
EXPENDITURES			
Capital Outlay	<u>37,370</u>	<u>37,320</u>	<u>50</u>
Total Expenditures	<u>37,370</u>	<u>37,320</u>	<u>50</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

LODGING TAX FUND
BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2011

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 117,038	\$ 117,038	\$ 128,803	\$ 11,765
Grants	200,000	-	-	-
Interest	4,504	4,504	2,224	(2,280)
Total Revenues	<u>321,542</u>	<u>121,542</u>	<u>131,027</u>	<u>9,485</u>
EXPENDITURES				
General Government - Marketing	50,000	50,000	24,965	25,035
Capital Outlay	1,558,268	353,630	312,051	41,579
Total Expenditures	<u>1,608,268</u>	<u>403,630</u>	<u>337,016</u>	<u>66,613</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,286,726)	(282,088)	(205,989)	76,098
OTHER FINANCING SOURCES				
Transfer In	<u>1,075,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(211,726)	(282,088)	(205,989)	76,098
Fund Balance, Beginning of Year	<u>300,296</u>	<u>404,562</u>	<u>404,562</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 88,570</u>	<u>\$ 122,474</u>	<u>\$ 198,573</u>	<u>\$ 76,099</u>

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

DEVELOPMENT EXCISE TAX FUND
BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 105,000	\$ 105,000	\$ 105,958	\$ 958
Interest	9,513	9,513	3,991	(5,522)
Total Revenues	114,513	114,513	109,949	(4,564)
EXPENDITURES				
Capital Outlay	12,500	12,500	2,257	10,243
Total Expenditures	12,500	12,500	2,257	10,243
Excess of Revenues Over Expenditures	102,013	102,013	107,692	5,679
OTHER FINANCING SOURCES (USES)				
Payment from Housing 5A	112,500	240,000	230,000	(10,000)
Transfer Out	(500,000)	-	-	-
Total Other Financing Sources (Uses)	(387,500)	240,000	230,000	(10,000)
Net Change in Fund Balance, Budgetary Basis	\$ (285,487)	\$ 342,013	337,692	\$ (4,321)
ADJUSTMENTS TO GAAP BASIS				
Payment from Housing 5A			(230,000)	
Changes in Fund Balance, GAAP Basis			107,692	
Fund Balance, Beginning of Year			1,385,539	
Fund Balance, End of Year			\$ 1,493,231	

See the accompanying Independent Auditors' Report.

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Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

Water Fund - This fund is used to account for the provision of water service for the Town.

Sewer Fund - This fund is used to account for the provision of sewer service for the Town.

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TOWN OF SILVERTHORNE, COLORADO

WATER FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
User Fees	\$ 912,659	\$ 912,659	\$ 928,730	\$ 16,071
Charges for Services	4,600	4,600	6,643	2,043
Tap Fees	115,200	332,200	355,675	23,475
Interest	28,600	28,600	11,700	(16,900)
	1,061,059	1,278,059	1,302,748	24,689
EXPENSES				
Operations	467,813	484,565	453,586	30,979
Maintenance	230,500	230,500	96,526	133,974
Contractual Services	42,500	42,500	29,840	12,660
Capital Outlay	775,000	859,505	532,887	326,618
Transfer Out	159,158	191,708	195,412	(3,704)
	1,674,971	1,808,778	1,308,251	500,527
Change in Net Assets, Budgetary Basis	\$ (613,912)	\$ (530,719)	(5,503)	\$ 525,216
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay			532,887	
Depreciation Expense			(567,741)	
Contributed Capital from Developers			38,600	
Loss on Disposal of Capital Assets			(11,371)	
			(13,128)	
Change in Net Assets, GAAP Basis			\$ (13,128)	

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

**SEWER FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2011**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
User Fees	\$ 1,134,570	\$ 1,134,570	\$ 1,132,969	\$ (1,601)
Charges for Services	4,400	4,400	5,161	761
Tap Fees	100,800	296,800	317,866	21,066
Interest	37,658	37,658	13,663	(23,995)
Advancement Payment	112,500	240,000	230,000	(10,000)
Total Revenues	1,389,928	1,713,428	1,699,659	(13,769)
EXPENSES				
Operations	70,594	70,594	65,162	5,432
Maintenance	122,500	122,500	103,330	19,170
Contractual Services	840,796	840,796	827,464	13,332
Capital Outlay	12,500	12,500	10,400	2,100
Transfer Out	127,712	147,312	146,966	346
Total Expenses	1,174,102	1,193,702	1,153,322	40,380
Change in Net Assets, Budgetary Basis	\$ 215,826	\$ 519,726	546,337	\$ 26,611
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay			10,400	
Depreciation Expense			(387,139)	
Advancement Payment			(230,000)	
Contributed Capital from Developers			29,567	
Equity Loss in Joint Sewer Authority Investment			(40,639)	
Change in Net Assets, GAAP Basis			\$ (71,474)	

See the accompanying Independent Auditors' Report.

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 governmental unit, or to other governmental units, on a cost-reimbursement basis.

Compensated Absences Fund - This fund is used to account for the Town's governmental compensated absences earned and used during the fiscal year.

Health, Dental & Short-Term Disability Fund – This fund is used to account for the first \$65,000 in medical claims per claimant per year, dental claims and short-term disability claims. The claims related premiums are paid into this fund to cover the claims which are paid through a third party administrator.

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TOWN OF SILVERTHORNE, COLORADO

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

December 31, 2011

	<u>Compensated Absences</u>	<u>Health, Dental & Short-Term Disability</u>	<u>Total</u>
ASSETS			
Cash & Investments	\$ 413,533	\$ 419,975	\$ 833,508
TOTAL ASSETS	<u>413,533</u>	<u>419,975</u>	<u>833,508</u>
LIABILITIES			
Current Liabilities:			
Claims Payable	-	114,125	114,125
Compensated Absences	299,672	-	299,672
Total Current Liabilities	<u>299,672</u>	<u>114,125</u>	<u>413,797</u>
Noncurrent Liabilities:			
Compensated Absences	<u>113,861</u>	<u>-</u>	<u>113,861</u>
TOTAL LIABILITIES	<u>413,533</u>	<u>114,125</u>	<u>527,658</u>
NET ASSETS			
Unrestricted	<u>-</u>	<u>305,850</u>	<u>305,850</u>
TOTAL NET ASSETS	<u>\$ -</u>	<u>\$ 305,850</u>	<u>\$ 305,850</u>

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS**

Year Ended December 31, 2011

	<u>Compensated Absences</u>	<u>Health, Dental & Short-Term Disability</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ -	\$ 912,701	\$ 912,701
Total Revenues	-	912,701	912,701
OPERATING EXPENSES			
Claims	-	1,062,267	1,062,267
Wellness Program	-	19,090	19,090
Total Expenses	-	1,081,357	1,081,357
Net Operating Income (Loss)	-	(168,656)	(168,656)
NON-OPERATING REVENUES			
Transfer In	-	474,506	474,506
Change in Net Assets	-	305,850	305,850
NET ASSETS, Beginning of Year	-	-	-
NET ASSETS, End of Year	\$ -	\$ 305,850	\$ 305,850

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Year Ended December 31, 2011

	Compensated Absences	Health, Dental & Short-Term Disability	Total
Cash Flows From Operating Activities			
Cash Received From Customers/Users	\$ -	\$ 912,701	\$ 912,701
Cash Paid to Suppliers	-	(967,232)	(967,232)
Cash Paid to Employees	-	-	-
	-	(54,531)	(54,531)
Net Cash Provided (Used) By Operating Activities			
Cash Flows from Noncapital Financing Activities			
Payments from Other Funds	413,533	-	413,533
Transfer In	-	474,506	474,506
	413,533	474,506	888,039
Net Cash Provided by Noncapital Financing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS	413,533	419,975	833,508
Cash & Cash Equivalents, Beginning of Year	-	-	-
Cash & Cash Equivalents, End of Year	\$ 413,533	\$ 419,975	\$ 833,508
 RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net Operating Income (Loss)	\$ -	\$ (168,656)	\$ (168,656)
 Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Changes to Assets & Liabilities:			
Claims Payable	-	114,125	114,125
Total Adjustments	-	114,125	114,125
Net Cash Provided (Used) By Operating Activities	\$ -	\$ (54,531)	\$ (54,531)

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TOWN OF SILVERTHORNE, COLORADO

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

Year Ended December 31, 2011

	<u>Balance</u> <u>January 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2011</u>
Joint Sewer Authority				
ASSETS				
Cash and Investments	\$ 3,865,933	\$ 3,026,677	\$ (2,457,281)	\$ 4,435,329
Total Assets	<u>\$ 3,865,933</u>	<u>\$ 3,026,677</u>	<u>\$ (2,457,281)</u>	<u>\$ 4,435,329</u>
LIABILITIES				
Funds Held for Authority	\$ 3,865,933	\$ 3,026,677	\$ (2,457,281)	\$ 4,435,329
Total Liabilities	<u>\$ 3,865,933</u>	<u>\$ 3,026,677</u>	<u>\$ (2,457,281)</u>	<u>\$ 4,435,329</u>

See the accompanying Independent Auditors' Report.

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TOWN OF SILVERTHORNE, COLORADO

STATISTICAL SECTION
(Unaudited)

This part of the Town of Silverthorne's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures and supplementary information. This section includes data for the Town (i.e., the primary government) and the business-type funds. This information has not been audited by the independent auditor.

Contents	Schedules	Pages
Financial Trends These tables contain trend information that may assist the reader in assessing the Town's current financial performance by placing it in historical perspective.	1-8	78-85
Revenue Capacity These tables contain information that may assist the reader in assessing the viability of the Town's most significant "own-source" revenues.	9-14	86-91
Debt Capacity These tables present information that may assist the reader in analyzing the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	15-18	92-95
Demographic and Economic Information These tables offer economic and demographic indicators that are commonly used for financial analysis and depict the Town's present and ongoing financial status.	19-21	96-98
Operating Information These tables contain service and infrastructure indicators that represent how the information in the Town's financial statements relates to the services the Town provides and the activities it performs.	22-23	99-100

Town of Silverthorne, Colorado
 Government-wide Net Assets by Category
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Source	2002 (1)	2003	2004	2005 (2)	2006	2007	2008	2009 (5)	2010	2011
Governmental Activities										
Invested in Capital Assets,										
Net of Related Debt	\$11,035,900	\$13,034,885	\$13,249,443	\$23,871,148	\$21,157,048	\$30,551,010	\$37,724,350	\$40,538,196	\$40,917,450	\$41,837,491
Restricted	1,353,661	1,332,329	1,314,910	916,688	743,056	765,449	780,551	252,224	253,108	-
Restricted for: (3)										
Emergency	-	-	-	-	-	-	-	-	-	258,084
Parks, Trails & Open Space	-	-	-	-	-	-	-	-	-	157,948
Marketing	-	-	-	-	-	-	-	-	-	40,625
Capital Improvements	-	-	-	-	-	-	-	-	-	2,128,797
Unrestricted	8,219,322	8,841,141	9,663,670	8,662,117	15,622,291	11,689,883	8,281,222	6,975,032	7,392,136	5,445,153
Subtotal Governmental Activities										
Net Assets	20,608,863	23,208,355	24,248,023	33,449,953	37,522,395	43,016,342	46,786,123	47,765,452	48,562,694	49,868,098
Business-type Activities										
Invested in Capital Assets (4)	17,077,694	17,166,955	17,290,192	11,047,259	10,988,647	13,834,516	14,840,210	21,753,271	21,312,175	20,957,378
Restricted	-	-	-	-	-	-	-	-	-	-
Restricted for: (3)										
Emergency	-	-	-	-	-	-	-	-	-	-
Parks, Trails & Open Space	-	-	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-	-	-
Capital Improvements	-	-	-	-	-	-	-	-	-	-
Unrestricted	8,776,225	9,752,788	10,100,696	11,123,035	11,985,937	11,416,846	11,534,762	11,530,909	11,905,165	12,190,736
Subtotal Business-type Activities										
Net Assets	25,853,919	26,919,743	27,390,888	22,170,294	22,974,584	25,251,362	26,374,972	33,284,180	33,217,340	33,148,114
Primary Government										
Invested in Capital Assets,										
Net of Related Debt	28,113,594	30,201,840	30,539,635	34,918,407	32,145,695	44,385,526	52,564,560	62,291,467	62,229,625	62,794,869
Restricted	1,353,661	1,332,329	1,314,910	916,688	743,056	765,449	780,551	252,224	253,108	-
Restricted for: (3)										
Emergency	-	-	-	-	-	-	-	-	-	258,084
Parks, Trails & Open Space	-	-	-	-	-	-	-	-	-	157,948
Marketing	-	-	-	-	-	-	-	-	-	40,625
Capital Improvements	-	-	-	-	-	-	-	-	-	2,128,797
Unrestricted	16,995,547	18,593,929	19,784,366	19,785,152	27,608,228	23,116,729	19,815,984	18,505,941	19,297,301	17,535,889
Total Primary Government										
Net Assets	\$46,462,802	\$50,128,098	\$51,638,911	\$55,620,247	\$60,496,979	\$68,267,704	\$73,161,095	\$81,049,632	\$81,780,034	\$83,016,212

(1) The year of GASB 34 implementation.
 (2) Fiscal year 2005 includes the Pavilion Enterprise Fund closure of \$6,601,489 to the General Fund.
 (3) Required for GASB 54, implemented in FY2011.
 (4) There is no capital related debt for business-type activities.
 (5) Prior Year Adjustments due to GASB 51 adding intangibles capital assets from prior years

Town of Silverthorne, Colorado
Changes in Net Assets - Governmental Activities
Last Ten Fiscal Years
(modified accrual basis of accounting)

Source	2002 (1)	2003	2004	2005 (2)	2006	2007	2008	2009	2010	2011
Expenses:										
General Government	1,180,289	1,200,089	\$ 1,195,066	\$ 1,220,157	\$ 1,328,306	\$ 1,405,667	\$ 1,469,486	\$ 1,605,745	\$ 1,536,770	\$ 1,670,910
Public Safety	1,775,598	1,748,117	1,640,205	1,728,498	1,886,232	1,841,689	1,947,374	1,857,566	1,832,321	1,740,615
Public Works	3,175,612	2,516,778	2,738,467	2,822,074	2,942,747	3,053,788	3,378,759	3,598,113	3,411,665	3,489,925
Community Development	707,406	640,302	616,439	665,785	738,851	814,718	805,313	745,431	719,689	780,753
Recreation & Culture	1,779,417	1,778,049	1,868,467	2,523,010	2,682,592	2,912,264	3,054,899	3,089,079	3,038,923	3,049,233
Housing SA						39,713	77,764	316,901	84,104	42,821
Interest on Long-Term Debt	535,342	504,432	478,517	337,529	240,015	229,425	162,916	126,502	7,576	2,417
Total Expenses	9,153,664	8,387,767	8,537,161	9,297,053	9,818,743	10,297,264	10,896,511	11,339,327	10,631,048	10,776,674
Program Revenues:										
Charges for Services										
General Government	108,623	120,212	131,621	146,421	153,354	169,744	182,069	257,581	205,876	243,697
Public Safety	86,534	83,492	82,054	136,320	104,384	115,227	143,199	158,075	143,689	139,631
Public Works	63,568	68,303	66,124	68,547	72,733	71,279	83,963	76,876	76,318	78,318
Community Development	303,409	254,986	298,747	504,012	404,569	449,551	412,551	169,820	200,217	219,989
Recreation & Culture	1,068,380	1,088,756	1,118,114	1,402,465	1,515,738	1,638,050	1,620,801	1,617,781	1,583,607	1,692,136
Housing SA						209,408		40,696	56,334	280,893
Operating Grants & Contributions	340,791	272,519	266,923	310,299	57,324	7,773	18,179	16,511	21,419	224,725
Capital Grants & Contributions	247,490	2,028,174	249,270	663,921	1,788,089	2,517,121	1,307,592	936,804	49,683	37,299
Total Program Revenues	2,218,795	3,916,432	2,212,853	3,231,985	4,096,191	4,968,745	3,977,762	3,274,144	2,337,143	2,916,688
Net (Expense)/Revenue	(6,934,869)	(4,471,335)	(6,324,308)	(6,065,068)	(5,722,552)	(5,328,519)	(6,918,749)	(8,065,183)	(8,293,905)	(7,859,986)
General Revenues & Transfers:										
Taxes:										
Sales Taxes for General Purpose	4,291,469	4,375,938	4,487,364	4,901,082	5,505,476	6,029,697	5,917,576	5,206,198	5,292,277	5,430,076
Sales Taxes for Capital & Debt	1,700,238	1,840,677	1,897,958	2,118,292	2,393,680	2,714,907	2,832,969	2,480,196	2,433,290	2,548,960
Lodging Tax	110,470	103,026	95,664	101,817	122,571	135,088	146,041	113,629	120,602	128,803
Franchise Taxes	139,364	171,634	174,999	193,884	211,959	204,669	241,047	213,636	231,610	233,638
Development Excise Tax	263,709	276,026	350,785	615,538	402,059	381,781	311,944	92,276	96,986	105,958
Other Taxes	53,247	47,767	61,669	47,131	336,234	332,663	328,836	347,084	360,206	150,967
Investment Income	171,895	122,159	153,795	219,867	443,509	571,350	361,769	124,732	91,096	47,392
Miscellaneous	47,814	44,377	47,702	100,580	48,404		229,937	154,128	182,165	177,218
Gains on Sales of Capital Assets	33,078									
Transfers	266,784	89,203	94,040	6,968,807	331,102	349,811	318,411	262,092	282,915	342,378
Total General Revenues & Transfers	7,078,068	7,070,807	7,383,976	15,286,998	9,794,994	10,822,466	10,688,530	8,993,971	9,091,147	9,165,390
Change in Net Assets	\$ 143,199	\$ 2,599,472	\$ 1,039,668	\$ 9,201,930	\$ 4,072,442	\$ 5,493,947	\$ 3,769,781	\$ 928,788	\$ 797,242	\$ 1,305,404

(1) The year of GASB 34 implementation.

(2) Fiscal year 2005 includes the Pavilion Fund closure of \$6,601,469 to the General Fund.

Town of Silverthorne, Colorado
 Changes in Net Assets - Business-type Activities
 Last Ten Fiscal Years
 (accrual basis of accounting)

Source	2002 (1)	2003	2004	2005 (2)	2006	2007	2008	2009	2010	2011
Expenses:										
Water	\$ 723,630	\$ 761,421	\$ 810,246	\$ 1,068,559	\$ 942,428	\$ 1,101,207	\$ 1,129,095	\$ 1,138,255	\$ 1,161,340	\$ 1,143,688
Sewer	800,928	844,120	905,982	968,266	1,022,839	1,035,722	1,062,344	1,116,886	1,191,002	1,423,734
Pavilion	442,086	471,428	466,800	-	-	-	-	-	-	-
Total Expenses	<u>1,966,644</u>	<u>2,076,969</u>	<u>2,183,028</u>	<u>2,036,825</u>	<u>1,965,267</u>	<u>2,136,929</u>	<u>2,191,439</u>	<u>2,255,141</u>	<u>2,352,342</u>	<u>2,567,422</u>
Program Revenues:										
Charges for Services										
Water	840,015	814,082	809,921	844,505	853,448	850,636	899,740	893,157	963,413	935,373
Sewer	874,561	928,516	964,372	996,302	1,027,270	973,371	1,010,619	1,030,277	1,078,408	1,138,130
Pavilion	124,881	148,137	166,618	-	-	-	-	-	-	-
Capital Grants & Contributions	1,789,125	1,063,961	446,731	1,487,220	616,320	2,265,718	1,321,018	788,267	275,185	741,708
Total Program Revenues	<u>3,628,582</u>	<u>2,954,696</u>	<u>2,387,642</u>	<u>3,328,027</u>	<u>2,497,038</u>	<u>4,089,725</u>	<u>3,231,377</u>	<u>2,711,701</u>	<u>2,317,006</u>	<u>2,815,211</u>
Net (Expense)/Revenue	<u>1,661,938</u>	<u>877,727</u>	<u>204,614</u>	<u>1,291,202</u>	<u>531,771</u>	<u>1,952,796</u>	<u>1,039,938</u>	<u>456,560</u>	<u>(35,336)</u>	<u>247,789</u>
General Revenues & Transfers:										
Investment Income	68,920	53,061	80,957	125,072	274,474	324,704	159,173	52,044	36,005	25,363
Miscellaneous	234,073	224,239	279,614	331,940	329,146	349,089	242,910	120,403	215,406	-
Transfers	(266,784)	(89,203)	(94,040)	(6,968,807)	(331,102)	(349,811)	(318,411)	(262,092)	(282,915)	(342,378)
Total General Revenues & Transfers	<u>36,209</u>	<u>188,097</u>	<u>266,531</u>	<u>(6,511,795)</u>	<u>272,518</u>	<u>323,982</u>	<u>83,672</u>	<u>(89,645)</u>	<u>(31,504)</u>	<u>(317,015)</u>
Change in Net Assets	<u>\$1,698,147</u>	<u>\$ 1,065,824</u>	<u>\$ 471,145</u>	<u>\$ (5,220,593)</u>	<u>\$ 804,289</u>	<u>\$ 2,276,778</u>	<u>\$ 1,123,610</u>	<u>\$ 366,915</u>	<u>\$ (66,840)</u>	<u>\$ (69,226)</u>

(1) The year of GASB 34 implementation.

(2) Fiscal year 2005 includes the Pavilion Fund closure of \$6,601,489 to the General Fund.

Town of Silverthorne, Colorado
Changes in Net Assets - Proprietary Funds
Last Ten Fiscal Years
(accrual basis of accounting)

Source	2002 (1)	2003	2004	2005 (2)	2006	2007	2008	2009	2010	2011
Operating Revenues:										
Users Fees	\$1,791,405	\$1,845,201	\$1,892,280	\$1,812,234	\$1,846,356	\$1,813,100	\$1,898,765	\$1,907,084	\$2,032,061	\$2,061,699
Charges for Services	48,052	45,534	48,631	28,573	34,362	10,907	11,594	16,350	9,760	11,804
Total Operating Revenues	1,839,457	1,890,735	1,940,911	1,840,807	1,880,718	1,824,007	1,910,359	1,923,434	2,041,821	2,073,503
Operating Expenses:										
Operations	469,744	514,040	555,568	370,789	423,211	457,614	498,024	479,666	501,184	518,748
Maintenance	252,014	238,277	229,429	261,193	160,378	146,354	123,411	89,422	159,665	199,856
Contractual Services	665,812	699,623	745,615	854,473	813,238	899,027	852,785	864,837	872,484	857,304
Depreciation and Amortization	579,074	625,029	652,416	550,370	568,440	631,585	717,219	821,216	819,009	954,880
Total Operating Expenses	1,966,644	2,076,969	2,183,028	2,036,825	1,965,267	2,134,580	2,191,439	2,255,141	2,352,342	2,530,788
Operating Income/(Loss)	(127,187)	(186,234)	(242,117)	(196,018)	(84,549)	(310,573)	(281,080)	(331,707)	(310,521)	(457,285)
Non-Operating Revenues/Expenses:										
Interest Revenue	68,920	53,061	80,957	125,072	274,474	324,704	159,173	52,044	36,005	25,363
Loss on Disposal of Capital Assets	-	-	-	-	-	(2,349)	-	-	-	(11,371)
Equity Income in Joint Sewer Authority Investment	234,073	224,239	279,614	331,940	329,146	349,089	242,910	120,403	215,406	(40,639)
Total Non-Operating Revenues	302,993	277,300	360,571	457,012	603,620	671,444	402,083	172,447	251,411	(26,647)
Income Before Transfers & Capital Contributions	175,806	91,066	118,454	260,994	519,071	360,871	121,003	(159,260)	(59,110)	(483,932)
Transfer out to General Fund	(266,784)	(89,203)	(94,040)	(6,968,807)	(331,102)	(349,811)	(318,411)	(262,092)	(282,915)	(342,378)
Capital Contributions	1,789,125	1,063,961	446,731	1,487,220	616,320	2,265,718	1,321,018	788,267	275,185	741,708
Change in Net Assets	\$1,698,147	\$1,065,824	\$471,145	(\$5,220,593)	\$804,289	\$2,276,778	\$1,123,610	\$366,915	(\$66,840)	(\$84,602)

(1) The year of GASB 34 implementation.

(2) Fiscal year 2005 includes the Pavilion Fund closure of \$6,601,489 to the General Fund.

Town of Silverthorne, Colorado
 Changes in Net Assets - Total
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Source	2002 (1)	2003	2004	2005 (2)	2006	2007	2008	2009	2010	2011
Expenses:										
Governmental Activities	\$ 9,153,664	\$ 8,387,767	\$ 8,537,161	\$ 9,297,053	\$ 9,818,743	\$ 10,297,264	\$ 10,896,511	\$ 11,339,327	\$ 10,631,048	\$ 10,776,674
Business-type Activities	1,966,644	2,076,969	2,183,028	2,036,825	1,965,267	2,136,929	2,191,439	2,255,141	2,352,342	2,567,422
Total Expenses	11,120,308	10,464,736	10,720,189	11,333,878	11,784,010	12,434,193	13,087,950	13,594,468	12,983,390	13,344,096
Program Revenues:										
Governmental Activities	2,329,265	4,019,458	2,308,518	3,231,985	4,096,191	4,968,745	3,977,762	3,274,144	2,337,143	2,916,688
Business-type Activities	3,628,582	2,954,696	2,387,642	3,328,027	2,497,038	4,089,725	3,231,377	2,711,701	2,317,006	2,815,211
Total Program Revenues	5,957,847	6,974,154	4,696,160	6,560,012	6,593,229	9,058,470	7,209,139	5,985,845	4,654,149	5,731,899
Net (Expense)/Revenue	(5,162,461)	(3,490,582)	(6,024,029)	(4,773,866)	(5,190,781)	(3,375,723)	(5,878,811)	(7,608,623)	(8,329,241)	(7,612,197)
General Revenues & Transfers:										
Governmental Activities	6,967,598	6,967,781	7,268,311	15,266,998	9,794,994	10,822,466	10,688,530	8,993,971	9,091,147	9,165,390
Business-type Activities	36,209	188,097	266,531	(6,511,795)	272,518	323,982	83,672	(89,645)	(31,504)	(317,015)
Total General Revenues & Transfers	7,003,807	7,155,878	7,534,842	8,755,203	10,067,512	11,146,448	10,772,202	8,904,326	9,059,643	8,848,375
Change in Net Assets	\$ 1,841,346	\$ 3,665,296	\$ 1,510,813	\$ 3,981,337	\$ 4,876,731	\$ 7,770,725	\$ 4,893,391	\$ 1,295,703	\$ 730,402	\$ 1,236,178

(1) The year of GASB 34 implementation.
 (2) Fiscal year 2005 includes the Pavilion Enterprise Fund closure of \$6,601,489 to the General Fund.

Town of Silverthorne, Colorado
Fund Balances - Governmental Funds
Last Ten Fiscal Years

Source	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Nonspendable:										
Inventory & Prepaids	\$ 359,789	\$ 298,474	\$ 288,056	\$ 422,507	\$ 262,404	\$ 299,264	\$ 324,789	\$ 319,430	\$ 375,817	\$ 32,087
Restricted	-	-	-	-	-	-	-	-	-	-
Restricted For: (1)										
Emergency	-	-	-	-	-	-	-	-	-	258,084
Parks, Trails & Open Space	-	-	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-	-	-
Capital Improvements	-	-	-	-	-	-	-	-	-	-
Assigned to:										
Unforeseen Emergencies	-	-	-	-	-	-	-	-	-	4,043,320
Unrestricted	5,990,004	6,363,437	6,817,651	5,724,207	7,060,565	8,111,460	6,762,288	6,324,327	6,390,162	2,082,008
Unassigned	-	-	-	-	-	-	-	-	-	-
Subtotal General Fund	6,349,793	6,661,911	7,105,707	6,146,714	7,322,969	8,410,724	7,087,077	6,643,757	6,765,979	6,415,499
General Fund Percentage Change	-13.3%	4.9%	6.6%	-13.4%	19.1%	14.9%	-15.7%	-6.3%	1.8%	-5.2%
All Other Governmental Funds										
Restricted	1,046,000	1,046,000	1,067,857	632,777	800,976	626,976	511,991	-	133,000	-
Restricted, reported in: (1)										
Capital Improvement Fund	1,421,790	1,613,664	1,522,995	861,092	972,607	1,111,808	1,112,962	650,120	480,806	635,566
Conservation Trust Fund	84,956	-	13,573	-	-	-	-	-	-	-
Lodging Tax Fund	330,817	234,534	349,185	376,503	28,862	168,463	306,072	313,059	349,562	198,573
Excise Tax Fund	280,567	561,670	866,867	1,522,971	1,426,594	1,653,759	1,840,154	1,286,926	1,365,539	1,493,231
Housing 5A Fund	-	-	-	-	-	464,920	(1,839,441)	(1,665,335)	(1,469,126)	-
Unassigned	-	-	-	-	-	-	-	-	-	(1,002,422)
Subtotal All Other Governmental Funds	3,163,930	3,455,668	3,840,477	3,393,343	3,229,039	4,025,926	1,931,738	584,771	879,781	1,324,948
Total Governmental Funds	9,513,723	10,117,579	10,946,184	9,540,057	10,552,008	12,436,650	9,018,815	7,228,527	7,645,760	7,740,447
All Governmental Funds Percentage Change	-7.8%	6.3%	8.1%	-12.8%	10.6%	17.8%	-27.5%	-19.8%	5.8%	1.2%

(1) Required for GASB 54, implemented in FY2011.

Town of Silverthorne, Colorado
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Source	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Revenues	\$ 8,996,999	\$ 9,799,401	\$ 9,398,596	\$ 11,239,910	\$ 13,457,434	\$ 13,806,106	\$ 13,265,758	\$ 11,497,637	\$ 11,129,403	\$ 12,162,568
Total Expenditures	10,255,371	9,544,303	9,068,450	13,457,071	13,239,399	12,532,906	17,190,402	13,579,019	11,131,960	12,140,869
Excess (Deficiency of Revenues Over (Under) Expenditures	(1,258,372)	255,098	330,146	(2,217,161)	218,035	1,273,200	(3,924,644)	(2,081,382)	(2,557)	41,699
Other Financing Sources (Uses)										
Capital Leases	506,543	182,738	353,719	193,325	384,972	237,326	166,000	-	-	-
Sales of General Capital Assets	49,078	77,017	50,500	36,803	77,842	24,305	22,398	29,003	136,875	185,116
Claims and Judgment	(377,371)	-	-	64,880	-	-	-	-	-	-
Fund Closure of Pavilion Fund	-	-	-	148,708	-	-	-	-	-	-
General Fund Transfer In	1,112,500	286,703	418,040	2,567,318	496,102	649,811	2,378,411	762,092	282,915	942,378
Transfer Out	(845,715)	(197,500)	(324,000)	(2,200,000)	(165,000)	(300,000)	(2,060,000)	(500,000)	-	(1,074,506)
Total Other Financing Sources	445,035	348,958	498,259	811,034	793,916	611,442	506,809	291,095	419,790	52,988
Net Change in Fund Balances	\$ (813,337)	\$ 604,056	\$ 828,405	\$ (1,406,127)	\$ 1,011,951	\$ 1,884,642	\$ (3,417,835)	\$ (1,790,287)	\$ 417,233	\$ 94,687

Town of Silverthorne, Colorado
General Governmental Expenditures by Function
Last Ten Fiscal Years
(modified accrual basis of accounting)

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	\$ 1,091,066	\$ 1,129,510	\$ 1,122,206	\$ 1,143,685	\$ 1,244,030	\$ 1,316,409	\$ 1,394,565	\$ 1,374,550	\$ 1,430,842	\$ 1,606,449
Public Safety	1,688,083	1,724,376	1,612,507	1,691,899	1,737,911	1,808,163	1,914,928	1,778,406	1,758,679	1,686,797
Public Works	1,811,206	1,615,325	1,583,648	1,711,576	1,775,885	2,057,478	2,252,885	1,989,880	2,067,316	2,062,359
Community Development	559,451	503,334	493,107	553,298	638,500	756,543	743,026	682,488	641,036	695,909
Recreation and Culture	1,595,141	1,561,493	1,643,871	2,154,316	2,284,185	2,496,865	2,660,391	2,593,163	2,552,086	2,566,259
Housing SA	-	-	-	-	-	39,713	103,361	103,791	84,104	42,821
Total Current	6,744,947	6,534,038	6,455,339	7,254,774	7,680,511	8,475,171	9,069,156	8,522,278	8,534,063	8,670,594
% Change from Prior Year	1.0%	-3.1%	-1.2%	12.4%	5.9%	10.3%	7.0%	-6.0%	0.1%	1.6%
Capital Outlay	2,003,609	1,683,041	1,198,863	1,464,100	4,759,662	3,208,983	5,502,862	2,910,833	2,430,624	3,379,228
% Change from Prior Year	-71.3%	-19.0%	-40.4%	18.1%	69.2%	-48.3%	41.7%	-89.0%	-19.8%	28.1%
Debt Service	968,811	819,279	931,947	4,383,029	560,744	620,620	2,437,571	2,034,669	158,942	88,428
Principal	538,004	507,945	482,301	355,168	238,482	228,132	180,813	111,239	8,331	2,619
Interest and Fiscal Charges	1,506,815	1,327,224	1,414,248	4,738,197	799,226	848,752	2,618,384	2,145,908	167,273	91,047
% Change from Prior Year	5.0%	-11.9%	6.6%	235.0%	-83.1%	6.2%	208.5%	-18.0%	-1182.9%	-83.7%
Total Expenditures	\$ 10,255,371	\$ 9,544,303	\$ 9,068,450	\$ 13,457,071	\$ 13,239,399	\$ 12,532,906	\$ 17,190,402	\$ 13,579,019	\$ 11,131,960	\$ 12,140,869
% Change from Prior Year	-12.6%	-7.5%	-5.2%	32.6%	-1.6%	-5.6%	27.1%	-26.6%	-22.0%	8.3%
Debt Service as a Percentage of Noncapital Expenditures (1)	18.3%	16.9%	18.0%	39.5%	9.4%	9.1%	22.4%	20.1%	1.9%	1.0%

(1) Debt service amount includes financial charges.

Town of Silverthorne, Colorado
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Source	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Taxes	\$ 6,647,300	\$ 6,903,689	\$ 7,159,671	\$ 8,074,017	\$ 8,780,919	\$ 9,613,728	\$ 9,601,173	\$ 8,284,367	\$ 8,323,214	\$ 8,598,402
Intergovernmental	253,280	202,825	206,053	200,980	233,071	477,430	217,608	227,151	248,440	245,999
Licenses and Permits	325,972	305,737	354,805	561,889	442,241	486,642	674,307	289,014	324,285	570,985
Charges for Services	1,337,395	1,369,517	1,390,657	1,609,322	1,716,864	1,895,858	2,012,446	1,926,913	1,910,868	2,460,431
Fines and Forfeitures	85,604	84,407	76,080	129,063	98,018	99,555	99,243	137,646	124,866	118,523
Interest	171,895	122,160	153,795	219,368	443,509	571,351	361,769	124,733	91,096	47,390
Grants	-	687,585	39,062	438,880	1,700,752	606,555	218,179	416,511	34,419	16,025
Miscellaneous	175,563	123,481	16,473	15,891	42,060	54,987	81,033	111,302	72,415	124,813
Total Revenues	\$ 8,996,999	\$ 9,799,401	\$ 9,398,596	\$ 11,239,910	\$ 13,457,434	\$ 13,806,106	\$ 13,265,758	\$ 11,497,637	\$ 11,129,403	\$ 12,182,568
Expenditures:										
General Government	1,091,066	1,129,510	1,122,206	1,143,885	1,244,030	1,316,409	1,394,565	1,374,550	1,430,842	1,606,449
Public Safety	1,688,083	1,724,376	1,612,507	1,691,999	1,737,911	1,808,163	1,914,928	1,778,406	1,758,679	1,696,797
Public Works	1,811,206	1,615,325	1,583,848	1,711,576	1,775,885	2,067,478	2,252,885	1,989,880	2,067,316	2,062,359
Community Development	559,451	503,334	493,107	553,298	638,500	756,543	743,026	682,488	641,036	695,909
Recreation and Culture	1,595,141	1,561,493	1,643,871	2,154,316	2,284,185	2,496,865	2,660,391	2,593,163	2,552,086	2,566,259
Housing SA	-	-	-	-	-	39,713	103,361	103,791	84,104	42,821
Capital Outlay	2,003,609	1,683,041	1,198,863	1,464,100	4,759,662	3,208,983	5,502,862	2,910,833	2,430,624	3,379,228
Debt Service:										
Principal	968,811	819,279	931,947	4,383,029	560,744	620,620	2,437,571	2,034,669	158,942	88,428
Interest and Fiscal Charges	538,004	507,945	482,301	355,168	238,482	228,132	180,813	111,239	8,331	2,619
Total Expenditures	10,255,371	9,544,303	9,068,450	13,457,071	13,239,399	12,532,906	17,190,402	13,579,019	11,131,960	12,140,869
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,258,372)	255,098	330,146	(2,217,161)	218,035	1,273,200	(3,924,644)	(2,081,382)	(2,557)	41,699
Other Financing Sources (Uses)										
Capital Leases	506,543	182,738	353,719	193,325	384,972	237,326	166,000	-	-	-
Sales of General Capital Assets	49,078	77,017	50,500	36,803	77,842	24,305	22,398	29,003	136,875	185,116
Claims and Judgment	(377,371)	-	-	64,880	-	-	-	-	-	-
Fund Closure of Pavilion Fund to General Fund	-	-	-	148,708	-	-	-	-	-	-
Transfer In	1,112,500	288,703	418,040	2,567,318	496,102	649,811	2,378,411	762,092	282,915	942,378
Transfer Out	(845,715)	(197,500)	(324,000)	(2,200,000)	(165,000)	(300,000)	(2,060,000)	(500,000)	-	(1,074,506)
Total Other Financing Sources (Uses)	445,035	348,958	498,259	811,034	793,916	611,442	506,809	291,095	419,790	52,988
Net Change in Fund Balances	\$ (813,337)	\$ 604,056	\$ 828,405	\$ (1,406,127)	\$ 1,011,951	\$ 1,884,642	\$ (3,417,835)	\$ (1,790,287)	\$ 417,233	\$ 94,667

Town of Silverthorne, Colorado
General Governmental Tax Revenues by Source
Last Ten Fiscal Years

Revenue Source	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sales Tax	\$5,991,707	\$6,216,615	\$6,385,322	\$ 7,019,374	\$7,899,156	\$8,491,553	\$8,476,687	\$7,452,055	\$7,502,589	\$7,751,173
Housing 5A Tax	-	-	-	-	-	253,051	273,858	234,339	222,978	227,863
Lodging Tax	110,470	103,026	95,664	101,817	122,571	135,088	146,041	113,629	120,602	128,803
Dev. Excise Tax	263,710	276,026	350,795	615,538	402,059	381,781	311,944	92,276	96,986	105,958
Property Tax (1)	-	-	-	-	-	-	-	-	-	-
Franchise Tax	139,363	171,634	174,999	193,884	211,959	204,669	241,047	213,636	231,610	233,638
Cigarette Tax	52,977	47,035	61,053	47,131	50,984	51,194	49,426	44,674	40,805	37,544
Road & Bridge Tax	64,585	60,994	66,032	67,990	64,848	66,757	72,702	73,862	74,951	75,733
Miscellaneous Tax	24,490	28,359	25,816	28,283	29,342	29,635	29,468	39,896	32,693	37,690
Total Revenues	\$6,647,300	\$6,903,689	\$7,159,671	\$ 8,074,017	\$8,780,919	\$9,613,728	\$9,601,173	\$8,264,367	\$8,323,214	\$8,598,402
% change from prior year	-6.9%	3.6%	3.7%	12.4%	8.9%	9.2%	-0.2%	-13.6%	9.7%	3.2%

(1) The Town of Silverthorne does not assess a municipal property tax.

Source: Town of Silverthorne Sales Tax Reports

Town of Silverthorne, Colorado
Silverthorne Property Tax Mill Levies (1)
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Summit County Government:										
General Fund	5.420	5.347	5.416	5.311	5.250	4.625	4.704	5.004	4.240	5.204
Road & Bridge Fund	1.120	1.127	1.141	1.082	1.079	0.943	0.932	0.813	0.814	0.814
Social Services Fund	0.263	0.221	0.163	0.154	0.189	0.211	0.158	0.103	0.103	0.234
Library Fund	0.689	0.797	0.772	0.732	0.761	0.646	0.644	0.563	0.548	0.662
Capital Expenditures	2.085	2.156	2.148	2.251	2.035	2.360	2.362	3.033	2.991	1.898
Legacy Fund	0.000	0.000	0.000	0.000	0.196	0.288	0.253	0.289	0.336	0.421
Open Space (2)	2.128	2.140	2.128	2.018	2.001	1.630	1.611	0.000	0.000	0.000
2010 Fund	0.376	0.378	0.376	0.356	0.353	0.288	0.284	2.297	3.063	3.063
Early Childhood Care & Learning	0.000	0.000	0.000	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Total	12.081	12.166	12.144	12.404	12.364	11.491	11.448	12.602	12.595	12.796
Summit School District RE-1:										
General Fund	13.916	14.447	14.027	13.387	13.377	13.271	13.320	12.832	13.923	14.635
Bond Redemption Fund	4.701	4.720	6.032	5.740	5.691	4.663	4.653	3.886	3.582	4.492
Special Building & Technology Fund	7.620	7.620	3.352	3.370	3.370	3.671	3.370	3.396	0.000	0.000
Kindergarten Fund	0.000	0.000	0.000	0.000	0.000	0.000	0.438	0.451	0.403	0.524
Transportation Fund	0.317	0.429	0.421	0.413	0.410	0.485	0.484	0.371	0.456	0.551
Total	26.554	27.216	23.832	22.910	22.848	22.090	22.291	20.936	18.364	20.202
College:										
Colorado Mountain College	3.997	3.997	3.997	3.997	3.997	3.997	3.997	3.997	3.997	3.997
Special Districts:										
Colorado River Water Conservation District	0.255	0.255	0.252	0.230	0.221	0.191	0.198	0.166	0.188	0.228
Eagles Nest Metropolitan District (3)	17.000	17.000	17.000	17.000	17.000	15.030	15.014	15.076	15.028	15.022
Lake Dillon Fire Protection District	8.280	8.345	8.345	8.289	8.311	8.275	8.286	8.295	8.279	8.284
Middle Park Water Conservancy District	0.078	0.078	0.078	0.075	0.075	0.062	0.062	0.056	0.056	0.056
Silverthorne Fire Protection District (Bond only)	0.100	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	25.713	25.678	25.675	25.594	25.607	23.558	23.560	23.593	23.551	23.590
Total Mill Levies	68.345	69.057	65.648	64.905	64.816	61.136	61.296	61.128	58.507	60.585

(1) The Town does not have a property tax.
 (2) Combined into "2010 Fund" in 2009, which also includes Workforce Housing, Wildfire Mitigation and Energy Efficiency in Public Buildings.
 (3) Applies only to properties in the Eagles Nest subdivision.

Source: Summit County Assessor's Office

Town of Silverthorne, Colorado
 Water and Sewer Rates
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007(1)	2008(2)	2009(3)	2010(4)	2011
Water Rates:										
Monthly Per 1,000 Gallons	\$ 13.34	\$ 13.34	\$ 13.34	\$ 13.34	\$ 13.74	\$ 15.00	\$ 15.00	\$ 12.17	\$ 12.17	\$ 12.17
Tap Fee	1.94	1.98	1.98	1.98	1.98	1.00	1.00	1.30	1.35	1.35
	4,400	4,600	4,800	5,000	5,200	5,400	5,800	6,000	6,200	6,400
Sewer Rates:										
Monthly Tap Fee	\$ 28.37	\$ 29.22	\$ 30.10	\$ 30.10	\$ 30.10	\$ 27.83	\$ 27.83	\$ 27.83	\$ 28.67	\$ 30.10
	4,400	4,600	4,800	5,000	5,200	5,400	5,400	5,400	5,400	5,600

(1) The Town instituted a tiered water rate commencing in 2007. The rate is \$1.00 for 0 - 5,000 gallons used, \$2.00 for 5,001-10,000 gallons used, \$3.00 for 10,001-16,666 gallons used and \$4.00 for 16,667 and above.
 (2) The Town changed the tiered water rates for 2008. The rates are \$1.00 for 0-15,000 gallons used, \$2.00 for 15,001-30,000 gallons used, \$3.00 for 30,001-50,000 gallons used and \$4.00 for 50,001 and above.
 (3) The Town changed the tiered water rates for 2009. The rates are \$1.30 for 0-15,000 gallons used, \$2.60 for 15,001-30,000 gallons used, \$3.90 for 30,001-50,000 gallons used and \$5.50 for 50,001 and above.
 (4) The Town changed the tiered water rates for 2010. The rates are \$1.35 for 0-15,000 gallons used, \$2.70 for 15,001-30,000 gallons used, \$4.00 for 30,001-50,000 gallons used and \$5.65 for 50,001 and above.

Source: Town of Silverthorne Water Department

Town of Silverthorne, Colorado
 Taxable Sales by Category
 Last Ten Fiscal Years

Retail Category	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Auto	\$ 655,787	\$ 632,762	\$ 602,400	\$ 578,537	\$ 590,555	\$ 630,615	\$ 695,540	\$ 422,279	\$ 499,463	\$ 551,583
Building	935,279	935,205	968,499	1,045,206	1,235,386	1,402,298	1,368,016	932,906	736,108	745,939
Consumer	715,283	1,300,262	1,371,738	1,453,477	1,531,309	1,739,658	1,626,089	1,749,557	1,846,662	1,892,639
Outlet Stores	2,032,253	1,740,770	1,847,703	2,288,733	2,736,923	2,968,227	2,806,060	2,591,069	2,638,928	2,675,086
Food/Liquor	1,102,391	1,051,711	1,075,406	1,094,804	1,182,601	1,276,947	1,255,496	1,148,404	1,145,697	1,207,311
Lodging	226,126	211,614	197,016	216,182	244,383	266,450	286,675	224,013	243,031	260,874
Services	324,587	344,291	322,560	342,465	377,998	460,410	438,810	383,827	392,701	417,741
Total	\$ 5,991,706	\$ 6,216,615	\$ 6,385,322	\$ 7,019,404	\$ 7,899,155	\$ 8,744,605	\$ 8,476,686	\$ 7,452,055	\$ 7,502,590	\$ 7,751,173
Auto	10.94%	10.18%	9.43%	8.24%	7.48%	7.21%	8.21%	5.67%	6.66%	7.12%
Building	15.61%	15.04%	15.17%	14.89%	15.64%	16.04%	16.14%	12.52%	9.81%	9.62%
Consumer	11.94%	20.92%	21.48%	20.71%	19.39%	19.89%	19.18%	23.48%	24.61%	24.42%
Outlet Stores	33.92%	28.00%	28.94%	32.61%	34.65%	33.94%	33.10%	34.77%	35.17%	34.51%
Food/Liquor	18.40%	16.92%	16.84%	15.60%	14.97%	14.60%	14.81%	15.41%	15.27%	15.58%
Lodging	3.77%	3.40%	3.09%	3.08%	3.09%	3.05%	3.38%	3.01%	3.24%	3.37%
Services	5.42%	5.54%	5.05%	4.88%	4.79%	5.27%	5.18%	5.15%	5.23%	5.39%
Total	100.00%									

Source: Town of Silverthorne Sales Tax Reports

Town of Silverthorne, Colorado
Computation of Legal Debt Margin
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed valuations:										
Assessed value	\$ 113,033,030	\$ 117,965,730	\$ 119,326,850	\$ 120,357,050	\$ 123,742,000	\$ 154,922,390	\$ 159,036,460	\$ 185,244,790	\$ 186,258,380	\$ 164,970,690
Legal debt margin:										
Debt limitation - 3 percent of assessed value (1)	3,390,991	3,538,972	3,579,806	3,610,712	3,712,260	4,647,672	4,771,094	5,557,344	5,587,751	4,649,121
Debt applicable to limitation:										
Total bonded debt	9,720,000	9,160,000	8,580,000	4,585,000	4,295,000	3,995,000	1,845,000	-	-	-
Less: Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	(9,720,000)	(9,160,000)	(8,980,000)	(4,585,000)	(4,295,000)	(3,995,000)	(1,845,000)	-	-	-
Debt exempt by law from legal debt margin (Water Bonds)	-	-	-	-	-	-	-	-	-	-
	(9,720,000)	(9,160,000)	(8,580,000)	(4,585,000)	(4,295,000)	(3,995,000)	(1,845,000)	-	-	-
Total debt applicable to limitation	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 3,390,991	\$ 3,638,972	\$ 3,579,806	\$ 3,610,712	\$ 3,712,260	\$ 4,647,672	\$ 4,771,094	\$ 5,557,344	\$ 5,587,751	\$ 4,649,121

(1) Colorado State Statute limits the total amount of General Obligation debt to three percent (3%) of the jurisdictions actual property value.

Town of Silverthorne, Colorado
 Revenue Bond Coverage
 Water and Sewer Fund
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Gross Revenues (1)	\$ 2,013,365	\$ 2,019,168	\$ 2,113,626	\$ 1,965,879	\$ 2,155,192	\$ 2,148,711	\$ 2,069,532	\$ 2,043,837	\$ 2,041,821	\$ 2,073,503
Operating Expenses (2)	1,080,323	1,111,344	1,194,644	1,486,455	1,396,826	1,502,995	1,474,220	1,433,925	1,533,333	1,575,908
Net Revenue Available for Debt Service	933,042	907,822	918,982	479,424	758,366	645,716	595,312	609,912	508,488	497,595
Debt Service Requirement	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Coverage	-	-	-	-	-	-	-	-	-	-

(1) Total revenues (including interest) exclusive of tap fees.

(2) Total operating expenses exclusive of depreciation and amortization, and bond interest.

Town of Silverthorne, Colorado
 Revenue Bond Coverage
 Government Fund Types (1)
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Gross Revenues (1)	\$ 10,685,120	\$ 10,345,859	\$ 10,220,855	\$ 14,250,944	\$ 14,416,350	\$ 14,717,548	\$ 15,832,567	\$ 12,288,732	\$ 11,549,193	\$ 12,235,556
Operating Expenses (2)	11,478,457	9,741,803	9,392,450	15,657,071	13,404,399	12,832,906	19,250,402	14,079,019	11,131,960	12,140,889
Net Revenue Available for Debt Service	(813,337)	604,056	828,405	(1,406,127)	1,011,951	1,884,642	(3,417,835)	(1,790,287)	417,233	94,687
Debt Service Requirement	530,000	560,000	580,000	610,000	290,000	300,000	325,000	-	-	-
Principal	500,248	474,455	448,755	421,389	214,570	201,808	187,976	-	-	-
Interest	1,030,248	1,034,455	1,028,755	1,031,389	504,570	501,808	512,976	-	-	-
Total	(0.79)	0.58	0.81	(1.36)	2.01	3.76	(6.66)	-	-	-
Coverage										

(1) Includes general, special revenue and capital improvement funds.

(2) Includes transfers in/out from/to all. Excludes capital expenditures from Parkway & Pavilion Fund.

Town of Silverthorne, Colorado
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Population (1) (2) (3)	3,707	3,789	3,856	3,831	3,937	4,068	4,163	3,863	3,887	3,896
Assessed Value	\$ 113,033,030	\$ 117,965,730	\$ 119,326,850	\$ 120,357,050	\$ 123,742,000	\$ 154,922,390	\$ 159,036,460	\$ 185,244,790	\$ 186,258,380	\$ 154,870,690
Governmental Activities										
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	\$ 9,720,000	\$ 9,160,000	\$ 8,580,000	\$ 4,585,000	\$ 4,295,000	\$ 3,995,000	\$ 1,845,000	\$ -	\$ -	\$ -
Capital Leases	\$ 812,714	\$ 736,173	\$ 737,945	\$ 543,241	\$ 657,468	\$ 574,174	\$ 452,603	\$ 262,933	\$ 103,991	\$ 15,879
Business-Type Activities										
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Primary Government	\$ 10,532,714	\$ 9,896,173	\$ 9,317,945	\$ 5,128,241	\$ 4,952,468	\$ 4,569,174	\$ 2,297,603	\$ 262,933	\$ 103,991	\$ 15,879
Percentage of Personal Income (2) (4)	8.22%	7.66%	6.51%	3.42%	2.87%	2.48%	1.21%	0.16%	0.06%	0.01%
Per Capita (2) (5)	\$ 2,841	\$ 2,612	\$ 2,416	\$ 1,339	\$ 1,258	\$ 1,123	\$ 552	\$ 68	\$ 27	\$ 4

(1) Annual government censuses and Summit County/Community Development department.
(2) Prior year numbers that were based on estimates may have changed due to actual numbers becoming available.
(3) Current year is an estimate based on historical data.
(4) Percentage of per capita income from schedule 19.
(5) Represents per capita of Silverthorne population.

Town of Silverthorne, Colorado
 Computation of Overlapping Bonded Debt
 General Obligation Bonds
 December 31, 2011

Overlapping Entity (1)	2011 Value	Outstanding General Obligation Debt	Net Outstanding General Obligation Debt Chargeable to Properties within the Town	
			Percent	Amount
Eagle's Nest Metropolitan District	\$ 52,569,880	\$ 5,910,000	100.0	\$ 5,910,000
Summit County School District RE-1	1,595,028,340	49,500,000	9.7	4,752,000
Total				<u>\$ 10,662,000</u>

Sources: Summit County Assessor's Office and information obtained from individual entities

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the entities taxable assessed value that is within the Town's boundaries and dividing it by their total taxable assessed value.

Town of Silverthorne, Colorado
Demographics Statistics
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Silverthorne Population (1) (4) (5)	3,707	3,789	3,856	3,831	3,937	4,068	4,163	3,863	3,887	3,896
County Population (1) (3) (4) (5)	24,966	25,313	25,177	25,287	25,745	26,234	26,724	27,783	27,994	28,144
Personal Income (2) (3) (4) (5)	863,093	862,882	935,234	990,875	1,128,272	1,182,809	1,215,100	1,138,281	1,210,044	1,286,331
Per Capita Income (2) (3) (4) (5)	34,571	34,088	37,146	39,185	43,825	45,087	45,468	41,789	43,090	44,431
Median Family Income (1) (2) (3) (4) (5)	66,780	67,473	70,720	78,400	80,752	84,741	81,300	85,100	87,200	89,351
Silverthorne School Enrollment (6)	212	225	280	275	307	315	336	330	338	342
Unemployment Rate (1) (2) (3) (4) (5)	4.3%	4.7%	3.3%	4.1%	3.2%	2.7%	3.8%	6.9%	7.8%	7.5%

(1) Annual government census (2000), DOLA (Department of Local Affairs) and Community Development.

(2) Statistics available for Summit County only.

(3) Colorado Department of Local Affairs or Bureau of Economic Analysis (BEA).

(4) Current year is an estimate based on historical data.

(5) Prior year numbers that were based on estimates may have changed due to actual numbers becoming available.

(6) RE-1 School District

Town of Silverthorne, Colorado
Employer Statistics
Current Year and Four Years Ago

Employer	2011			2007		
	Employees (1)	Rank	Percentage (2) of Total County Employment	Employees (1)	Rank	Percentage (2) of Total County Employment
Outlets at Silverthorne	600	1	2.96%	360	1	1.87%
Town of Silverthorne	199	2	0.98%	167	3	0.87%
Target Stores	117	3	0.58%	135	5	0.70%
Neils Lunceford	75	4	0.37%	140	4	0.73%
Colorado Mountain Express	100	5	0.49%	250	2	1.30%
United Parcel Service	85	6	0.42%	76	6	0.39%
Old Chicago Restaurant	60	7	0.30%	50	9	0.26%
Xcel Energy	47	8	0.23%	47	10	0.24%
Raven Golf Club @ 3 Peaks	40	9	0.20%	65	8	0.34%
Wendy's	35	10	0.17%	38	13	0.20%
Village Inn Restaurant	25	11	0.12%	35	14	0.18%
Hudson Auto Source	30	12	0.15%	42	12	0.22%
Summit Ford, Inc	27	13	0.13%	26	15	0.13%
Bighorn Materials, Inc	19	14	0.09%	70	7	0.36%
Vista Auto Group	23	15	0.11%	42	11	0.22%
Total	1,482		7.31%	1,543		8.00%

As of the 2011 CAFR report the Town only has information through 2007.

(1) Includes part-time and seasonal employees, if any.

(2) Based on County employment number.

Sources: Department of Local Affairs, Summit County and information obtained from individual entities

Town of Silverthorne, Colorado
Operating Indicators by Function
Last Ten Fiscal Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Administrative Services:										
Council Meetings	22	22	22	22	22	23	23	22	22	22
Newsletters	3	12	4	6	6	6	6	4	6	6
Business Licenses	864	915	934	890	1,007	1,005	1,067	1,179	1,134	1,130
Elections	2	1	1	-	1	-	1	1	1	-
Public Safety:										
Physical Arrests	366	375	278	334	290	347	533	488	498	172
Parking Violations	65	75	74	110	100	114	251	294	143	51
Traffic Violations	590	779	740	1,031	1,112	1,265	1,265	1,203	1,151	1,295
Calls for Service	16,416	16,922	14,481	16,263	7,933	15,205	9,501	8,982	7,314	6,554
Public Works:										
Street Resurfacing (miles)	n/a	n/a	n/a	n/a	1.95	5.17	4.18	4.55	3.68	3.68
Miles of Streets to Plow	25.49	25.49	25.49	26.08	26.08	26.08	28.08	28.39	28.39	28.39
Miles of Sidewalks/Trails to Maintain	14	14	14	14	14	14.5	17.75	23.95	23.95	24.35
Community Development (*):										
Building Permits Issued	112	82	90	125	87	151	92	65	72	59
CO's Issued	25	64	44	42	61	38	56	78	35	8
Computers	74	88	90	90	93	105	113	115	131	131
Users	94	95	95	97	100	120	121	107	109	109
Applications	22	23	23	24	25	25	27	27	33	33
Recreation & Culture:										
Annual Visitors	206,020	201,179	201,817	201,003	211,744	242,010	259,922	250,369	248,433	242,593
Daily Admissions	37,619	38,049	38,500	33,500	35,640	35,700	34,000	33,384	33,071	39,013
Free Fitness Classes	1,658	1,708	1,600	1,678	1,565	1,538	1,593	1,593	1,623	1,619
Pavilion Wedding Rentals	n/a	24	25	30	36	50	51	34	53	48
Pavilion Non-Wedding Rentals	n/a	56	67	75	38	74	95	80	119	114
Water & Sewer:										
Water EQR's	2591.01	2652.92	2682.65	2767.41	2818.22	2980.35	3053.25	3053.25	3147.76	3163.69
Service Connections	1,278	1,354	1,394	1,439	1,518	1,518	1,602	1,643	1,660	1,671
Average Daily Consumption in Gallons	640,000	620,000	690,000	720,000	700,000	760,000	691,500	750,000	643,000	628,000
Sewer EQR's	2583.14	2647.41	2696.04	2767.94	2809.35	2971.48	3042.08	3095.98	3148.89	3160.82
Service Connections	1,257	1,335	1,371	1,416	1,475	1,517	1,574	1,600	1,625	1,635

(1) Includes Management Information Systems

Source: Town of Silverthorne Biennial Financial Plan, Comprehensive Annual Financial Report and Individual Departments

Town of Silverthorne, Colorado
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	10	10	10	9	9	9	9	9	9	9
Public Works:										
Miles of Streets	25.49	25.49	25.49	26.08	26.08	26.08	28.08	28.39	28.39	28.39
Miles of Sidewalks/Trails	14	14	14	14	14	14.5	17.75	23.95	23.95	24.35
Traffic Lights	8	8	8	8	8	8	8	8	8	10
Recreation & Culture:										
Park/Open Space Acreage	70.65	70.65	70.65	70.65	72.18	72.18	72.18	72.18	72.18	72.18
Parks	3	3	3	3	4	4	4	4	4	4
Swimming Pools	4	4	4	4	4	4	4	4	4	4
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Skateboard Parks	1	1	1	1	1	1	1	1	1	1
Volleyball Courts	1	1	1	4	4	4	4	4	4	4
Pavilion (Community Center)	1	1	1	1	1	1	1	1	1	1
Water & Sewer:										
Miles of Water Mains	40.95	40.95	42.50	45.50	46.50	46.50	46.50	50.18	50.28	45.44
Fire Hydrants	349	357	361	369	369	376	388	405	407	390
Miles of Sewers	18.50	18.50	26.25	28.25	28.25	28.25	28.25	32.78	32.88	31.61
Manholes	719	731	735	748	748	759	789	870	873	894

Source: Town of Silverthorne Biennial Financial Plan, Comprehensive Annual Financial Report and Individual Departments

Note: No capital asset indicators are available for the Administrative Services and Community Development functions.

Town of Silverthorne, Colorado
 Summary of Approved Full-time Positions by Department
 Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Elected/Appointed	8	8	8	8	8	8	8	8	8	8
Total Elected/Appointed	8									
Administrative Services	9	8	8	8	9	9	10	10	10	10
Public Safety	23	21	20	21	21	21	20	18	18	18
Public Works (1)	21	20	19	19	20	20	20	20	20	20
Water and Sewer	4	4	4	4	4	4	4	4	4	4
Community Development	8	8	7	8	8	8	8	7	6	6
Recreation and Culture (2)	18	18	16	17	19	19	19	19	19	19
Pavilion	2	3	3	3	3	3	4	4	4	4
Total Full-Time Employees	85	82	77	80	84	84	85	82	81	81

(1) 2009 and 2010 numbers were decreased.

(2) Includes three 3/4 time employees.

Source: Town of Silverthorne Biennial Financial Plan

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Silverthorne
	YEAR ENDING : December 2011

This Information From The Records Of (example - City of _ or County of _) Prepared By: T McArthur
TOWN OF SILVERTHORNE Phone: 970-262-7301

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)	642,714
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,043,338
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	47,931
2. General fund appropriations		b. Snow and ice removal	245,023
3. Other local imposts (from page 2)	2,369,751	c. Other	
4. Miscellaneous local receipts (from page 2)	262,419	d. Total (a. through c.)	292,954
5. Transfers from toll facilities		4. General administration & miscellaneous	291,117
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	509,009
a. Bonds - Original Issues		6. Total (1 through 5)	2,779,132
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)	2,632,170	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	234,762	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	2,567
E. Total receipts (A.7 + B + C + D)	2,866,932	b. Redemption	85,233
		c. Total (a. + b.)	87,800
		3. Total (1.c + 2.c)	87,800
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,866,932

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)	100,797		85,233	15,564

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	2,866,932	2,866,932		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2011

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		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	79,019
1. Sales Taxes	2,294,018	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	181,500
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	75,733	g. Other Misc. Receipts	1,900
6. Total (1. through 5.)	2,369,751	h. Other	
c. Total (a. + b.)	2,369,751	i. Total (a. through h.)	262,419
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	208,700	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 Registrations	26,062	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.)	26,062	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	234,762	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			0
(1). New Facilities			0
(2). Capacity Improvements			
(3). System Preservation		590,756	590,756
(4). System Enhancement & Operation		51,958	51,958
(5). Total Construction (1) + (2) + (3) + (4)	0	642,714	642,714
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	642,714	642,714
			(Carry forward to page 1)

Notes and Comments: