

TOWN OF SILVERTHORNE COLORADO



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED DECEMBER 31, 2012**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2012

Prepared by:
Town of Silverthorne's
General Government Department

TOWN OF SILVERTHORNE, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For Fiscal Year Ended December 31, 2012

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July 2, 2013

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, 2012. 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, 2012, have been issued an unmodified ("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 approximately 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,

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 2012, 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 2012 saw the continuation of the national/state/local recovery since the recession which began in 2008 for Silverthorne. Sales tax revenues, which continues to be our major revenue source, saw solid growth in 2012. Minimal residential construction occurred in 2012. However, several commercial projects which construction began in 2011 opened in 2012; including a 100,000 sq ft Lowes Home Improvement Center.

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, 34 fast-food/restaurants and 6 hotels. Major industries/employers in 2012 included: Silverthorne Outlet Stores, Xcel Public Utilities, Town of Silverthorne, U.S. Forest Service, Colorado Mountain Express, Target, Lowes and a combination of lodging, building and restaurant businesses. For the past several years, many of these businesses, including the Town, laid off or left positions vacant. Fiscal year 2012 saw some recovery in employment. This is reflected by the County and State unemployment rates for 2011, 7.5% and 8.3% respectively, and for 2012, 7.1% and 8%.

The Town continues to be financially stable and did not use general fund balances for 2012 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 into 2011, the Town froze salaries, left five positions vacant and had across-the-board reductions to supplies & services. 2012 included adding back a public safety officer (through a Federal COPS Grant), a cost of living increase for employees and allowing some growth in department expenditures. 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 62% of the general fund revenues and 86% 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 2012 finished at \$8,160,996 and saw a 5.3% increase from 2011. However, 2012 was still \$584K 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 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 still experiencing some store vacancies.

Local skier/snowboarder numbers were down by 8.9% for the 2011/2012 winter season after experiencing one of the worst snow producing seasons ever. Recent reports from Vail Resorts, the owner of two ski resorts in Summit County, note that the 2012/2013 season saw visitor numbers increase by 11.8% with a normal snow fall year. The effects of these numbers generally are a mirror to the Town's most valuable revenue, sales taxes.

New building permits issued in 2012 were down compared to 2011. 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 through 2012 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 which explains the decline in 2012 permits. Building permits revenues are a direct indicator as to building retailer's revenues. Building retail sales tax revenues increased in 2012 by 19% due to the Lowes store opening in August of 2012.

General fund revenues have out-paced expenditures in 2012 by \$299,721. This was due to the Town continuing to react with tight controls of our expenditures while cautiously watching sales tax revenues recover. Emphasis has been placed on economic development by specifically looking at our Town Core area. Even with the expenditure controls, the Town continued to address maintenance projects that are now part of a long term asset management program.

Long-Term Financial Planning: The spendable fund balance in the general fund (72% 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 recovery.

In 2013, 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. The Town expects to have the full trail completed by 2018 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.

In August of 2012 the Town welcomed a new Lowes Home Improvement store. This new addition to our sales tax and business base will help the Town and County economically with new revenues and jobs.

The Town has a few large parcels of commercially zoned property still undeveloped. 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. The Town conducted a "Downtown Colorado" analysis performed by the Colorado Department of Local Government and is in the beginning steps 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 2012, 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. 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, 2011. 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 2011 was the seventeenth 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, 2011

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



Christopher P. Moynell

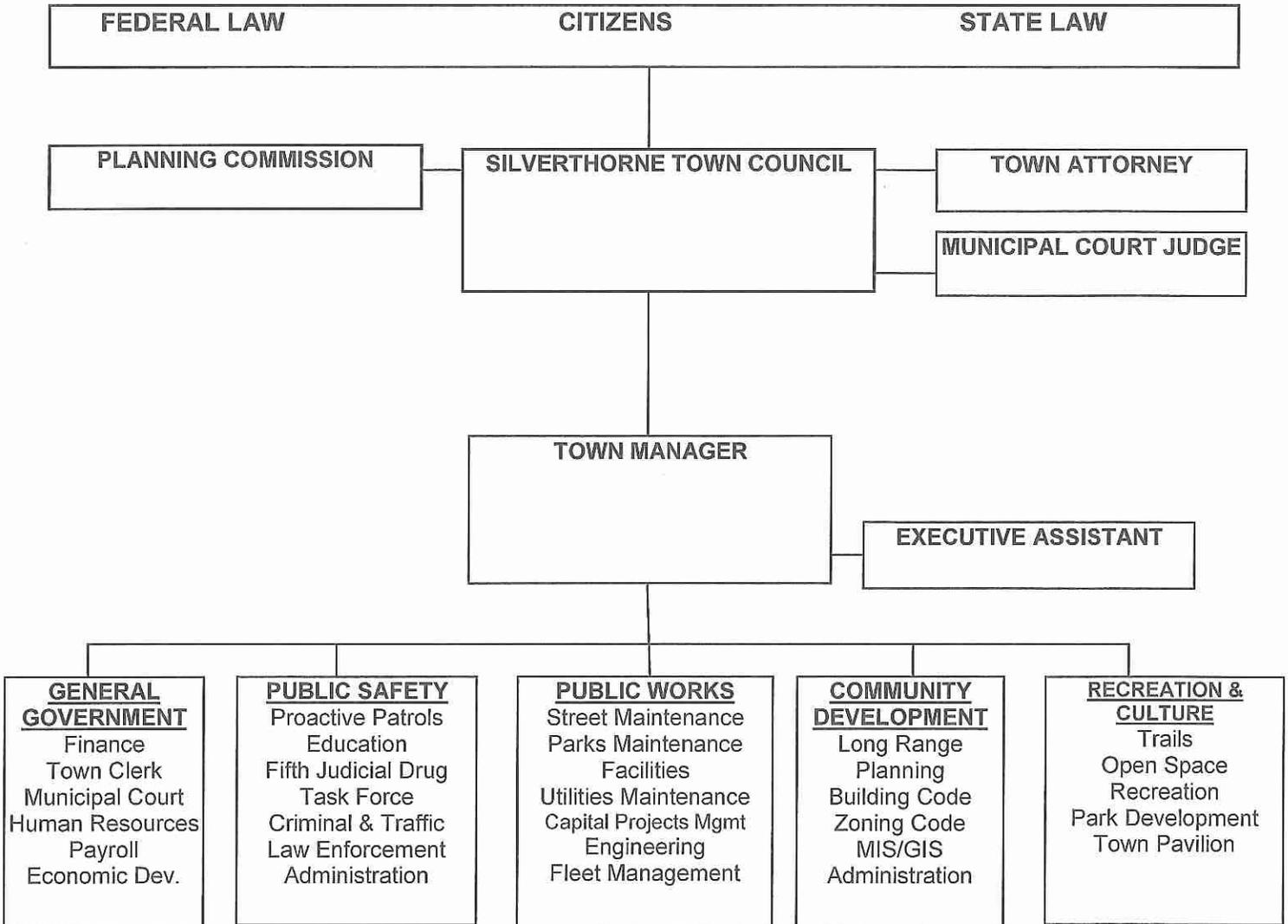
President

Jeffrey R. Emmer

Executive Director



TOWN OF SILVERTHORNE, CO ORGANIZATIONAL CHART





TOWN OF SILVERTHORNE, COLORADO
LIST OF ELECTED AND ADMINISTRATIVE OFFICIALS
December 31, 2012

Elected Officials

Mayor	Dave Koop
Mayor Pro-tem	Bruce Butler
Council Members	Dave Anderson
	Derrick Fowler
	David Preaus
	Stuart Richardson
	Ann-Maria Sandquist

Administrative Officials

Town Manager	Kevin Batchelder
Assistant Town Manager	Ryan Hyland
Attorney	Gerald Dahl
Town Clerk	Michele Miller
Administration & Finance Director	Donna Braun
Police Chief	Mark Hanschmidt
Public Works Director	Bill Linfield
Community Development Director	Mark Leidal
Recreation & Culture Director	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, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Silverthorne, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Silverthorne as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters (Required Supplementary Information)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.

Other Matters (Other Information)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Silverthorne's basic financial statements. 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



July 3, 2013

TOWN OF SILVERTHORNE, COLORADO

MANAGEMENT DISCUSSION & ANALYSIS

December 31, 2012

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, 2012. 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 2012 by \$85,975,362 (*net position*). Of this amount, \$18,001,916 (*unrestricted net position*) may be used to meet the Town's ongoing obligations or unforeseen expenses.
- As of the close of fiscal year 2012, the Town of Silverthorne's governmental funds reported a combined ending fund balance of \$9,057,156 an increase of \$1,584,322 compared to fiscal year 2011. \$1,252,899 of the total is considered unassigned.
- At the end of fiscal year 2012, spendable fund balance for the general fund was \$6,157,776 or 69% of the total general fund expenditures.
- The general fund fund balance increased by \$299,721 in 2012. Governmental funds general sales tax revenues, which is the Town's primary revenue source, increased by \$409,823 or 5.3% as compared to 2011 results.
- The Town governmental and enterprise funds expended \$2,324,057 in capital assets in 2012. Contributed infrastructure from Developers in 2012 equated to \$2,393,854.

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

The *statement of activities* presents information showing how the Town of Silverthorne's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses 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 33-52 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 53-79.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net Position – As noted earlier, net position 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 \$53 million at the close of fiscal year 2012.

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

	TOWN OF SILVERTHORNE'S NET POSITION					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 10,928,650	\$ 9,560,108	\$ 12,198,038	\$ 12,310,454	\$ 23,126,688	\$ 21,602,949
Capital Assets	43,533,197	41,853,055	20,831,886	20,957,378	64,365,083	62,810,433
Total Assets	54,461,847	51,413,163	33,019,829	33,267,832	87,491,771	84,680,995
Long-Term Liabilities	418,552	429,412	22,658	23,318	441,210	452,730
Other Liabilities	982,040	1,115,653	93,159	96,400	1,075,199	1,212,053
Total Liabilities	1,400,592	1,545,065	115,817	119,718	1,516,409	1,664,783
Net Position:						
Net Investment in Capital Assets	43,533,197	41,837,491	20,831,886	20,957,378	64,365,083	62,794,869
Restricted	3,608,363	2,585,454	-	-	3,608,363	2,585,454
Unrestricted	5,919,695	5,445,153	12,082,221	12,190,736	18,001,916	17,635,889
Total Net Position	\$ 53,061,255	\$ 49,868,098	\$ 32,914,107	\$ 33,148,114	\$ 85,975,362	\$ 83,016,212

By far the largest portion of the Town of Silverthorne’s net position, 75%, 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 any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town’s ongoing obligations to citizens and creditors.

The \$22,924,459 of Total Primary Government current and other assets includes \$14,361,163 in cash and investments. This reflects the strong cash balances that the Town of Silverthorne has maintained in 2012, even with completing \$2.3 million in capital projects. Cash & investments increased by \$1.3 million in 2012 mostly due to delayed capital projects. Capital assets increased \$1.55 million and included

adding \$2.39 million in infrastructure paid for by developers. The \$441,210 in long-term liabilities outstanding consists of compensated absences.

At the end of 2012 the Town of Silverthorne is able to report a positive balance of net position for the government as a whole, as well as for its separate Governmental and Business-type Activities. The net positions - unrestricted for the governmental activities equals 52% of total expenses in the statement of activities for governmental activities for 2012.

During 2012 the Town of Silverthorne's Governmental Activities net position increased by \$3,193,157. The increase from the Governmental Activities can be attributed mostly by \$2.17 million in infrastructure paid for by developers in the Lowes and Angler Mountain developments. Additionally, the Town saw increases in sales tax revenues. The net position from Business Activities showed a \$234,007 decrease due to operating expenses plus transfers outpacing operating revenues.

Changes in Net Positions – Governmental activities increased the Town of Silverthorne's net position by \$3,193,157, reflecting a 6.4% growth to total net position. This increase shows that the Town had continued to experience growth in 2012 but had a higher surplus as compared to 2011, by \$1.9 million, which again is reflected by the Town controlling expenses, development within the community and seeing revenues increases in 2012.

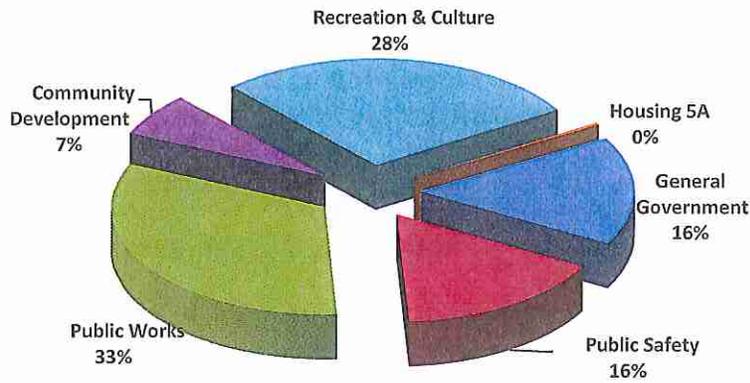
TOWN OF SILVERTHORNE'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Program Revenues:						
Charges for Services	\$ 2,430,925	\$ 2,654,664	\$ 2,096,870	\$ 2,073,503	\$ 4,527,795	\$ 4,728,167
Operating Grants & Contributions	421,313	224,725	-	-	421,313	224,725
Capital Grants & Contributions	2,537,671	265,162	517,458	741,708	3,055,129	1,006,870
General Revenues:						
Sales Taxes	8,160,996	7,751,173	-	-	8,160,996	7,751,173
Other Taxes	532,693	619,366	-	-	532,693	619,366
Other General Revenues	269,266	224,610	57,584	25,363	326,850	249,973
Total Revenues	<u>14,352,864</u>	<u>11,739,700</u>	<u>2,671,912</u>	<u>2,840,574</u>	<u>17,024,776</u>	<u>14,480,274</u>
Program Expenses:						
General Government	1,872,746	1,670,910	-	-	1,872,746	1,670,910
Public Safety	1,837,454	1,740,615	-	-	1,837,454	1,740,615
Public Works	3,726,877	3,489,925	-	-	3,726,877	3,489,925
Community Development	746,989	780,753	-	-	746,989	780,753
Recreation & Culture	3,241,437	3,049,233	-	-	3,241,437	3,049,233
Housing 5A	37,444	42,821	-	-	37,444	42,821
Interest on Long-term Debt	-	2,417	-	-	-	2,417
Water	-	-	1,354,773	1,143,688	1,354,773	1,143,688
Sewer	-	-	1,247,906	1,423,734	1,247,906	1,423,734
Total Expenses	<u>11,462,947</u>	<u>10,776,674</u>	<u>2,602,679</u>	<u>2,567,422</u>	<u>14,065,626</u>	<u>13,344,096</u>
Excess Before Transfers	2,889,917	963,026	69,233	273,152	2,959,150	1,236,178
Transfers	303,240	342,378	(303,240)	(342,378)	-	-
Change in Net Position	3,193,157	1,305,404	(234,007)	(69,226)	2,959,150	1,236,178
Net Position –Beginning of Yr	49,868,098	48,562,694	33,148,114	33,217,340	83,016,212	81,780,034
Net Position – End of Year	<u>\$ 53,061,255</u>	<u>\$ 49,868,098</u>	<u>\$ 32,914,107</u>	<u>\$ 33,148,114</u>	<u>\$ 85,975,362</u>	<u>\$ 83,016,212</u>

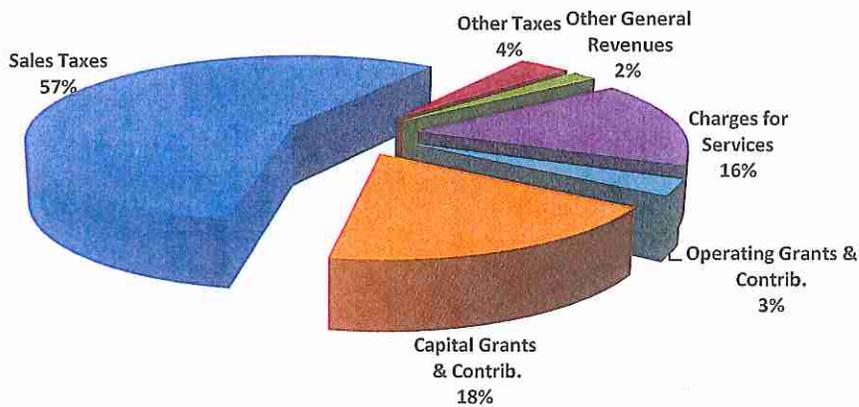
Governmental Activities

Governmental activities increased the Town of Silverthorne's net position by \$3,193,157. The following are illustrative summaries of Governmental Activities revenues and expenses:

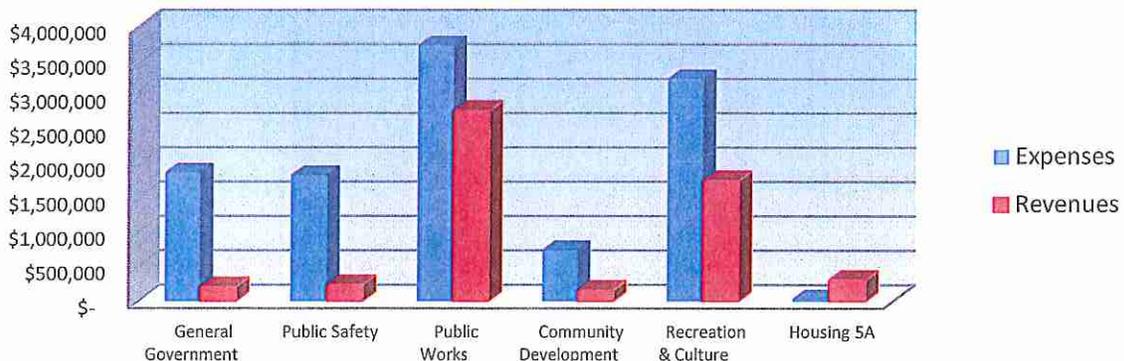
Governmental Activities Expenses as of 12/31/12



Governmental Activities - Revenues by Sources as of 12/31/12



Governmental Activities - Expenses & Program Revenues as of 12/31/2012



Governmental Activities Analysis:

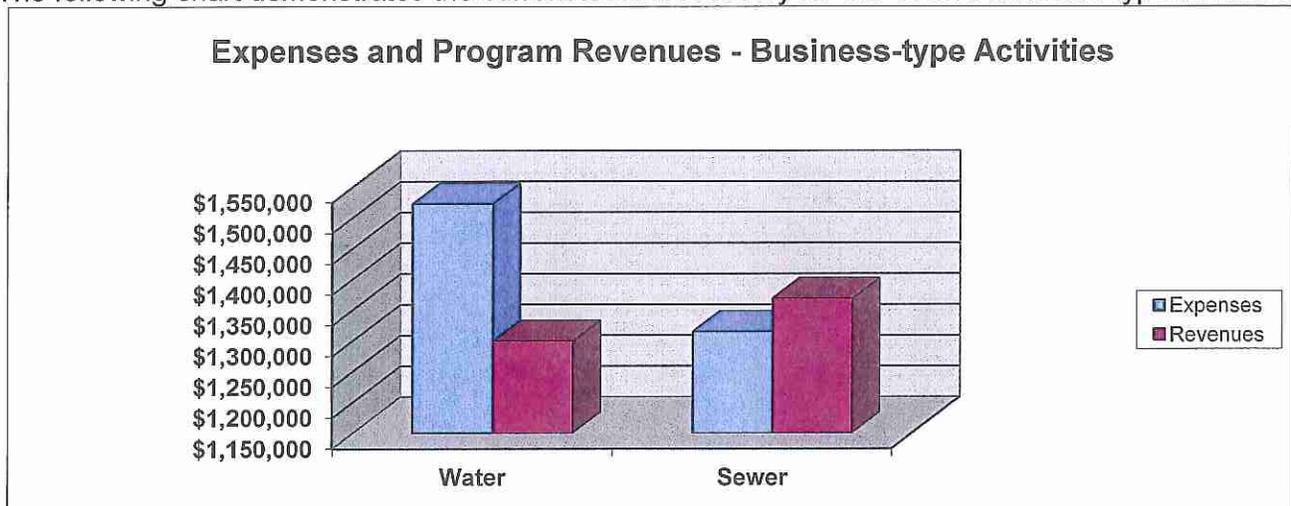
- Sales tax revenues increased by 5.3% (\$409,823) in 2012. The Town believes that the national/state/local economies continue to stabilize and that we are starting to see small increase to our core revenue sources. The Outlets saw an increase of \$223,089 or 8.4%. A few new stores were added in 2012, however several stores closed during the year and the Outlets now have an approximate vacancy rate of 16%. The Outlets make up 34% of the Town's total sales tax base. Building related retail saw an increase of 19% (\$141,569). The Town welcomed the opening of the Lowes Home Improvement store which opened in August. Lowes will help retain building material sales that were leaving the Summit County area in past years as well as bring additional sales taxes to the Town. A new auto parts store opened and an increase in auto sales helped increase auto tax revenues by \$62,033.
- Building related permits decreased by \$58,016 (20%) from 2011 due to two major commercial projects that were permitted in 2011.
- The Town was the recipient of a Federal COPS Grant that helped fund an additional patrol officer.
- The Town received \$2,165,665 in road related infrastructure from the Lowes commercial and Angler Mountain residential development.
- Fiscal year 2012 continued to see record level low interest rates, which is reflected in the \$4,917 (10%) decrease from 2011. This decrease in investment revenues occurred even with an additional \$1.3 million cash available for investment.
- Governmental expenses increased by \$686,273 or 6.3% from 2011. A portion of this increase (\$175K) is due to increasing economic development by issuing business grants, advertising and consulting. Additionally the Town added \$3.9 million in depreciable capital assets which increased depreciation expenses by \$160K. Pay freezes were lifted in 2012. Internal service allocations netted a \$378K difference between 2011 and 2012.

Business-type Activities

Net position in Business-type Activities decreased by \$234,007. Business type activities include water and sewer service.

There were no rate increases for water and sewer user fees. Charges for services make up approximately 79% of program revenues with system development fees and capital contributions making up the other 21%. The capital contributions reflect the commercial building/infrastructure growth in the Town including \$228,189 in contributed infrastructure from developers.

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 **unassigned** classification is the residual classification for the Town's General Fund only and includes all spendable amounts not contained in other classifications. The Town has made a choice via its financial policy's and a resolution to use 6-month of General Fund expenditures for unforeseen emergencies.

	General Fund	Capital Improvement Fund	Housing 5A Fund	Lodging Tax & Conservation Trust Funds	Development Excise Tax Fund	Total Governmental Funds
Nonspendable:						
Prepays	\$ 14,511	\$ 4,618	\$ -	\$ -	\$ -	\$ 19,129
Inventories	9,312	-	-	-	-	9,312
Total Nonspendable	<u>23,823</u>	<u>4,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,441</u>
Restricted for:						
Emergencies	266,008	-	-	-	-	266,008
Blue River Improvements	-	-	-	68,314	-	68,314
Parks, Trails & Open Space	-	-	-	81,448	-	81,448
Marketing	-	-	-	44,331	-	44,331
Capital Improvements	-	1,579,978	-	-	1,568,284	3,148,262
Total Restricted	<u>266,008</u>	<u>1,579,978</u>	<u>-</u>	<u>194,093</u>	<u>1,568,284</u>	<u>3,608,363</u>
Unassigned	<u>6,157,776</u>	<u>-</u>	<u>(737,424)</u>	<u>-</u>	<u>-</u>	<u>5,420,352</u>
Total Fund Balances	<u>\$ 6,447,607</u>	<u>\$ 1,584,596</u>	<u>\$ (737,424)</u>	<u>\$ 194,093</u>	<u>\$ 1,568,284</u>	<u>\$ 9,057,156</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 \$9,057,156. Of that balance, \$9,028,715 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 \$28,441.

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 \$6,423,784, while the total fund balance increased from 2011 to \$6,447,607. 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 72% of total 2012 general fund expenditures, while total fund balance represents 73% of that same amount.

During fiscal year 2012, the fund balance of the Town's general fund increased by \$299,721. Key factors for 2012 are as follows:

- Revenues were 1.3% (\$121,053) less for 2012 compared to 2011. The main reason for the decrease is due to unique revenue in 2011 for setting up an internal service fund. Outside of the one-time item from 2011, revenues were up by \$353,456 (4.2%). The largest increase in revenues includes \$267,960 in taxes. As mentioned earlier sales tax revenues saw an increase in 2012. The general fund receives approximately 70% of total sales tax revenues. For 2012, general fund sales taxes totaled \$5.72 million and were up \$287,445 (5.3%) from 2011. General fund sales taxes were as high as \$6.03 million in 2007 so the Town still is feeling the effects of loss revenues.
- Expenditures for 2012 increased by \$264,114 (3%) as compared to 2011. The majority of the increase was due to increasing the Town's effort in economic development. The Town issued \$50K in business grants to existing businesses. The grants were used to expand existing businesses and improve signage. The Town also created a local marketing/advertising program for local businesses. An additional police officer was added in 2012 thanks to the Federal COPS grant program. Due to the improved economy the Town was able to lift the pay freeze that had been in place since 2009.

The capital improvement fund has spendable fund balance of \$1,579,978. The net increase in fund balance during 2012 was \$949,030. The Town expended \$1,869,276 on capital and asset management projects. Major street/trail expenditures continue to be a priority for the Town with \$770K being spent on reconstruction street projects and \$718K spent on numerous asset management projects. Debt service is paid from this fund with \$15,879 expended in 2012. 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 housing 5A fund did not have much activity in 2012. 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 \$268K 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 \$264,998 in 2012. This fund currently has a deficit fund balance of \$737,424 due to the advancement.

Special revenue funds (other governmental funds) have a total fund balance of \$1,762,377. The fund balance is considered spendable, but is restricted for expenditures based on past election questions. The special revenue fund balance increased by \$70,573 in 2012 due to minimal activity in capital outlay.

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 position of the water and sewer funds at the end of the year amounted to \$12,137,510. The net position for all proprietary funds were decreased by \$163,342 in 2012. 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 2011.
- Midyear adjustments for decreases due to the economy, unanticipated projects, and expenditure savings.

Differences between the original budget and the amended budget were minor. Fines revenues were decreased due to staffing turnovers. The COPS grant didn't start until later than budgeted and required a budget reduction. An economic feasibility study required an expenditure increase. However, even with these adjustments, actual expenditures for the general fund were \$348,191 below final budget amounts and resources available for appropriation were \$198,895 above the final budget. The same results (over budget on revenues and expenditures) were seen for the sales tax capital improvement fund. The housing 5A fund building impact fees revenues were under budget.

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, 2012 amounts to \$64,365,083 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment, roads, bridges, trails, intangibles, water rights and utility system infrastructure. The total net increase in the Town of Silverthorne's investment in capital assets for the current fiscal year was \$1,554,650.

Major capital assets events during the 2012 fiscal year included the following:

- The contribution of \$2,393,854 in road/water/sewer infrastructure from developers.
- Constructed the Rivers Edge Park at a cost of \$184,741.
- Major maintenance of Town streets & trails at a cost of \$990,715.
- Replaced the Trent Park playground equipment and added a new Tot Lot playground - \$230,985.
- Continued the construction of the Old Dillon Reservoir at a cost of \$157,003.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Land	\$ 9,661,330	\$ 9,661,330	\$ 3,871	\$ 3,871	\$ 9,665,201	\$ 9,665,201
Projects in Progress	634,985	524,917	1,209,213	877,638	1,844,198	1,402,555
Buildings	8,878,414	9,105,136	-	-	8,878,414	9,105,136
Vehicles & Heavy Equipment	1,693,653	2,009,075	-	-	1,693,653	2,009,075
Equipment & Furniture	423,378	384,599	301,166	295,746	724,544	680,345
Infrastructure	19,113,471	17,254,660	-	-	19,113,471	17,254,660
Other Improvements	2,945,256	2,723,945	78,074	52,541	3,023,330	2,776,486
Water/Sewer Infrastructure	-	-	11,868,835	12,392,147	11,868,835	12,392,147
Intangibles	182,710	189,393	116,714	81,422	299,424	270,815
Water Rights	-	-	7,254,013	7,254,013	7,254,013	7,254,013
Total	<u>\$43,533,197</u>	<u>\$41,853,055</u>	<u>\$20,831,886</u>	<u>\$20,957,378</u>	<u>\$ 64,365,083</u>	<u>\$ 62,810,433</u>

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 bond or lease/purchase debt outstanding. For 2012, the Town of Silverthorne's total long-term debt decreased by \$511,811 and has a balance of \$418,552. The outstanding long term debt is for compensated absences.

Note I of the financial statements on page 44 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 67% of government fund revenues and continues to be an important revenue 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 to see growth through 2013. Silverthorne's sales tax revenue projections for 2013 are estimated to be up from 2012 by 2.51%. The majority of the increase is due the new Lowes store which opened in August of 2012.
- The Town added no new full-time position in 2013. The expenditure budget remains conservative with a 3% merit pay increase and no increase in health insurance premiums. The emphasis on economic development continues with funding for business grants, marketing and advertising remaining in the 2013 budget. The Silverthorne Urban Renewal Authority is being activated.
- The Town continues with a strong emphasis on asset management by including \$1.63 million to the 2013 budget for projects. This includes replacing four pieces of heavy equipment, six vehicles/trucks 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 2013 at an estimated cost of \$900,000.
- Complete the construction of the additional bathrooms/parking at Rainbow Park at a cost of \$320K.
- Purchase 1,400 additional EQRs in the Joint Sewer Authority at a cost of \$1,066,863.
- The water fund will complete the construction of the Old Dillon Reservoir. Construction is budgeted at \$125,000. 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 2013. No rate increases for sewer services and a 1.5% to the flat portion of the water rates.

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 2013 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 POSITION

December 31, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Investments	\$ 9,530,080	\$ 4,831,083	\$ 14,361,163
Accounts Receivable	558,283	496,189	1,054,472
Due from Other Governments	853,859	-	853,859
Internal Balances	(398,595)	398,595	-
Prepays	19,129	529	19,658
Inventory	9,312	19,602	28,914
Restricted Cash & Investments	88,969	-	88,969
NonCurrent Assets:			
Investment in Joint Sewer Authority	-	6,452,040	6,452,040
Loan Receivable	267,613	-	267,613
Capital Assets:			
Nondepreciable Assets	10,296,315	8,467,097	18,763,412
Depreciable Assets, Net	33,236,882	12,364,789	45,601,671
TOTAL ASSETS	54,461,847	33,029,924	87,491,771
LIABILITIES			
Accounts Payable	315,577	81,695	397,272
Accrued Liabilities	460,587	11,464	472,051
Unearned Revenues	55,922	-	55,922
Claims Payable	149,954	-	149,954
Noncurrent Liabilities:			
Due Within One Year	335,009	22,658	357,667
Due in More Than One Year	83,543	-	83,543
TOTAL LIABILITIES	1,400,592	115,817	1,516,409
NET POSITION			
Net Investment in Capital Assets	43,533,197	20,831,886	64,365,083
Restricted for:			
Emergency	266,008	-	266,008
Blue River Improvements	68,314	-	68,314
Parks, Trails & Open Space	81,448	-	81,448
Marketing	44,331	-	44,331
Capital Improvements	3,148,262	-	3,148,262
Unrestricted	5,919,695	12,082,221	18,001,916
TOTAL NET POSITION	\$ 53,061,255	\$ 32,914,107	\$ 85,975,362

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

TOWN OF SILVERTHORNE, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,872,746	\$ 334,442	\$ -	\$ -
Public Safety	1,837,454	133,987	82,001	-
Public Works	3,726,877	102,056	301,868	2,233,979
Community Development	746,989	151,940	-	-
Recreation & Culture	3,241,437	1,708,500	-	39,067
Housing	37,444	-	37,444	264,625
Total Governmental Activities	<u>11,462,947</u>	<u>2,430,925</u>	<u>421,313</u>	<u>2,537,671</u>
Business-Type Activities				
Water	1,354,773	947,202	-	343,149
Sewer	1,247,906	1,149,668	-	174,309
Total Business-Type Activities	<u>2,602,679</u>	<u>2,096,870</u>	<u>-</u>	<u>517,458</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 14,065,626</u>	<u>\$ 4,527,795</u>	<u>\$ 421,313</u>	<u>\$ 3,055,129</u>
GENERAL REVENUES				
Taxes:				
Sales Taxes				
Lodging Tax				
Franchise Taxes				
Development Excise Tax				
Other Taxes				
Investment Income				
Gain on Sale of Capital Assets				
Miscellaneous				
Transfers				
Total General Revenues & Transfers				
Change in Net Position				
NET POSITION, Beginning of Year				
NET POSITION, End of Year				

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

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

<u>Governmental Activities</u>	<u>Business-Type Activites</u>	<u>Total</u>
\$ (1,538,304)	\$ -	\$ (1,538,304)
(1,621,466)	-	(1,621,466)
(1,088,974)	-	(1,088,974)
(595,049)	-	(595,049)
(1,493,870)	-	(1,493,870)
264,625	-	264,625
<u>(6,073,038)</u>	<u>-</u>	<u>(6,073,038)</u>
-	(64,422)	(64,422)
-	76,071	76,071
-	11,649	11,649
<u>(6,073,038)</u>	<u>11,649</u>	<u>(6,061,389)</u>
8,160,996	-	8,160,996
126,856	-	126,856
227,469	-	227,469
129,080	-	129,080
49,288	-	49,288
42,473	23,217	65,690
22,339	-	22,339
204,454	34,367	238,821
303,240	(303,240)	-
<u>9,266,195</u>	<u>(245,656)</u>	<u>9,020,540</u>
3,193,157	(234,007)	2,959,150
<u>49,868,098</u>	<u>33,148,114</u>	<u>83,016,212</u>
<u>\$ 53,061,255</u>	<u>\$ 32,914,107</u>	<u>\$ 85,975,362</u>

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

TOWN OF SILVERTHORNE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012

	General	Sales Tax Capital Improvement	Housing 5A Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash & Investments	\$ 5,994,719	\$ 1,391,313	\$ 1,474	\$ 1,359,636	\$ 8,747,142
Accounts Receivable	242,331	273,219	-	15,845	531,395
Due from Other Governments	815,757	-	38,102	-	853,859
Interfund Receivable	27,936	-	-	388,500	416,436
Prepays	14,511	4,618	-	-	19,129
Inventory	9,312	-	-	-	9,312
Restricted Cash & Investments	88,969	-	-	-	88,969
Total Assets	\$ 7,193,535	\$ 1,669,150	\$ 39,576	\$ 1,763,981	\$ 10,666,242
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	259,637	54,336	-	1,604	315,577
Accrued Liabilities	430,369	30,218	-	-	460,587
Interfund Payable	-	-	777,000	-	777,000
Deferred Revenues	55,922	-	-	-	55,922
Total Liabilities	745,928	84,554	777,000	1,604	1,609,086
FUND BALANCES					
Nonspendable:					
Prepays	14,511	4,618	-	-	19,129
Inventory	9,312	-	-	-	9,312
Restricted for:					
Emergency	266,008	-	-	-	266,008
Blue River Improvements	-	-	-	68,314	68,314
Parks, Trails & Open Space	-	-	-	81,448	81,448
Marketing	-	-	-	44,331	44,331
Capital Improvements	-	1,579,978	-	1,568,284	3,148,262
Unassigned	6,157,776	-	(737,424)	-	5,420,352
Total Fund Balances	6,447,607	1,584,596	(737,424)	1,762,377	9,057,156
Total Liabilities & Fund Balances	\$ 7,193,535	\$ 1,669,150	\$ 39,576	\$ 1,763,981	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 43,533,197

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 net position. 203,289

Long-term assets including loan receivable are not due and payable in the current period and therefore are not reported in the funds. 267,613

Net Position of Governmental Activities \$ 53,061,255

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, 2012

	Governmental Funds				Total Governmental Funds
	General	Sales Tax Capital Improvement	Housing 5A Fund	Other Governmental Funds	
REVENUES					
Taxes	\$ 6,082,640	\$ 2,443,476	\$ -	\$ 255,936	\$ 8,782,052
Intergovernmental	205,506	-	243,209	39,067	487,782
Licenses, Permits & Fees	232,596	-	58,860	-	291,456
Charges for Services	2,114,406	-	-	-	2,114,406
Fines & Forfeitures	83,922	-	-	-	83,922
Interest	28,503	7,901	373	5,696	42,473
Grants/Donations	90,001	-	-	68,314	158,315
Miscellaneous	25,829	182,526	-	-	208,355
Total Revenues	<u>8,863,403</u>	<u>2,633,903</u>	<u>302,442</u>	<u>369,013</u>	<u>12,168,761</u>
EXPENDITURES					
Current:					
General Government	1,760,120	-	-	15,500	1,775,620
Public Safety	1,726,112	-	-	-	1,726,112
Public Works	2,126,862	-	-	-	2,126,862
Community Development	676,672	-	-	-	676,672
Recreation & Culture	2,577,156	-	-	-	2,577,156
Housing	-	-	37,444	-	37,444
Capital Outlay	-	1,869,276	-	282,940	2,152,216
Debt Service:					
Principal	-	15,564	-	-	15,564
Interest & Fiscal Charges	-	315	-	-	315
Total Expenditures	<u>8,866,922</u>	<u>1,885,155</u>	<u>37,444</u>	<u>298,440</u>	<u>11,087,961</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(3,519)</u>	<u>748,748</u>	<u>264,998</u>	<u>70,573</u>	<u>1,080,800</u>
OTHER FINANCING SOURCES					
Sales of Capital Assets	-	200,282	-	-	200,282
Transfer In	303,240	-	-	-	303,240
Total Other Financing Sources	<u>303,240</u>	<u>200,282</u>	<u>-</u>	<u>-</u>	<u>503,522</u>
Net Change in Fund Balances	299,721	949,030	264,998	70,573	1,584,322
Fund Balances, Beginning of Year	<u>6,147,886</u>	<u>635,566</u>	<u>(1,002,422)</u>	<u>1,691,804</u>	<u>7,472,834</u>
Fund Balances, End of Year	<u>\$ 6,447,607</u>	<u>\$ 1,584,596</u>	<u>\$ (737,424)</u>	<u>\$ 1,762,377</u>	<u>\$ 9,057,156</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, 2012

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	1,584,322
<p>Amounts reported for Governmental Activities in the Statement of Activities (page 24) are different because:</p>		
<p>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 \$1,847,669, contributions from developers of \$2,165,664, exceeded loss on disposal of capital assets (\$177,943) and depreciation expense (\$2,155,249) in the current period.</p>		1,680,141
<p>Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position. These include capital lease payments.</p>		15,879
<p>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.</p>		(87,185)
		(87,185)
Changes in Net Position of Governmental Activities (page 25)	\$	3,193,157

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

TOWN OF SILVERTHORNE, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2012

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	
ASSETS				
Current Assets:				
Cash & Investments	\$ 1,789,178	\$ 3,041,905	\$ 4,831,083	\$ 782,938
Accounts Receivable	201,137	295,052	496,189	26,888
Prepays	529	-	529	-
Inventory	19,602	-	19,602	-
Interfund Receivable	-	162,500	162,500	-
Total Current Assets	<u>2,010,446</u>	<u>3,499,457</u>	<u>5,509,903</u>	<u>809,826</u>
Noncurrent Assets:				
Interfund Receivable	-	226,000	226,000	-
Investment in Joint Sewer Authority	-	6,452,040	6,452,040	-
Capital Assets:				
Nondepreciable Assets	8,402,781	64,316	8,467,097	-
Depreciable Assets, Net	8,694,509	3,670,280	12,364,789	-
Total Noncurrent Assets	<u>17,097,290</u>	<u>10,412,636</u>	<u>27,509,926</u>	<u>-</u>
TOTAL ASSETS	<u>19,107,736</u>	<u>13,912,093</u>	<u>33,019,829</u>	<u>809,826</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	80,309	1,386	81,695	-
Accrued Liabilities	11,464	-	11,464	-
Due to Other Funds	-	-	-	27,936
Claims Payable	-	-	-	149,954
Compensated Absences	22,658	-	22,658	335,009
Total Current Liabilities	<u>114,431</u>	<u>1,386</u>	<u>115,817</u>	<u>512,899</u>
Noncurrent Liabilities:				
Compensated Absences	-	-	-	83,543
TOTAL LIABILITIES	<u>114,431</u>	<u>1,386</u>	<u>115,817</u>	<u>596,442</u>
NET POSITION				
Net Investment in Capital Assets	17,097,290	3,734,596	20,831,886	-
Unrestricted	1,896,015	10,176,111	12,072,126	213,384
TOTAL NET POSITION	<u>\$ 18,993,305</u>	<u>\$ 13,910,707</u>	<u>32,904,012</u>	<u>\$ 213,384</u>

Amounts Reported for Business-Type Activities in the Statement of Net Position 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 Position.

10,095

Total Net Position of Business-Type Activities

\$ 32,914,107

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

TOWN OF SILVERTHORNE, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS**
Year Ended December 31, 2012

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>	
OPERATING REVENUES				
User Fees	\$ 942,961	\$ 1,145,427	\$ 2,088,388	\$ -
Charges for Services	4,241	4,241	8,482	1,530,623
Miscellaneous	-	-	-	5,278
Total Operating Revenues	<u>947,202</u>	<u>1,149,668</u>	<u>2,096,870</u>	<u>1,535,901</u>
OPERATING EXPENSES				
Operations	462,753	67,606	530,359	-
Maintenance	273,764	85,284	359,048	-
Contractual Services	36,510	845,683	882,193	-
Compensated Absences Used	-	-	-	495,932
Claims & Wellness	-	-	-	1,132,994
Depreciation	<u>569,331</u>	<u>248,550</u>	<u>817,881</u>	<u>-</u>
Total Operating Expenses	<u>1,342,358</u>	<u>1,247,123</u>	<u>2,589,481</u>	<u>1,628,926</u>
Net Operating Income (Loss)	<u>(395,156)</u>	<u>(97,455)</u>	<u>(492,611)</u>	<u>(93,025)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Revenue	9,148	14,069	23,217	559
Loss on Disposal of Capital Assets	(7,134)	(783)	(7,917)	-
Equity Income in Joint Sewer Authority	-	34,367	34,367	-
Total Nonoperating Revenues (Expenses)	<u>2,014</u>	<u>47,653</u>	<u>49,667</u>	<u>559</u>
Income (Loss) Before Transfers & Contributions	<u>(393,142)</u>	<u>(49,802)</u>	<u>(442,944)</u>	<u>(92,466)</u>
Transfer Out	(167,297)	(135,943)	(303,240)	-
Capital Contributions	<u>343,149</u>	<u>174,309</u>	<u>517,458</u>	<u>-</u>
Changes in Net Position	<u>(217,290)</u>	<u>(11,436)</u>	<u>(228,726)</u>	<u>(92,466)</u>
NET POSITION, Beginning of Year	<u>19,210,595</u>	<u>13,922,143</u>	<u>33,132,738</u>	<u>305,850</u>
NET POSITION, End of Year	<u>\$ 18,993,305</u>	<u>\$ 13,910,707</u>	<u>\$ 32,904,012</u>	<u>\$ 213,384</u>

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

Change in Net Position of Proprietary Funds \$ (228,726)

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. (5,281)

Change in Net Position of Business-Type Activities \$ (234,007)

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, 2012

	Business-Type Activities - Enterprise Funds			Governmental
	Water Fund	Sewer Fund	Totals	Activities - Internal Service Funds
Cash Flows From Operating Activities				
Cash Received from Customers/Users	\$ 942,341	\$ 1,149,331	\$ 2,091,672	\$ 1,509,013
Cash Paid to Suppliers	(467,285)	(899,622)	(1,366,907)	(1,097,165)
Cash Paid to Employees	(303,449)	(52,766)	(356,215)	(490,913)
Net Cash Provided (Used) by Operating Activities	171,607	196,943	368,550	(79,065)
Cash Flows from Noncapital Financing Activities				
Payments from (to) Other Funds	(167,297)	(1,943)	(169,240)	27,936
Net Cash Provided (Used) by Noncapital Financing Activities	(167,297)	(1,943)	(169,240)	27,936
Cash Flows from Capital & Related Financing Activities				
Acquisition of Capital Assets	(435,486)	(36,631)	(472,117)	-
Tap Fees	158,962	130,307	289,269	-
Net Cash Provided (Used) by Capital & Related Financing Activities	(276,524)	93,676	(182,848)	-
Cash Flows from Investing Activities				
Interest Received	9,148	14,069	23,217	559
Net Cash Provided (Used) by Investing Activities	9,148	14,069	23,217	559
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(263,066)	302,745	39,679	(50,570)
Cash & Cash Equivalents, Beginning of Year	2,052,244	2,739,160	4,791,404	833,508
Cash & Cash Equivalents, End of Year	\$ 1,789,178	\$ 3,041,905	\$ 4,831,083	\$ 782,938
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Net Operating Income (Loss)	\$ (395,156)	\$ (97,455)	\$ (492,611)	\$ (93,025)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	569,331	248,550	817,881	-
Net Loss from Joint Sewer Authority	-	51,810	51,810	-
Changes to Assets & Liabilities:				
Accounts Receivable	(4,861)	(340)	(5,201)	(26,887)
Inventory	(1,384)	1,856	472	-
Prepays	100	-	100	-
Accounts Payable	(3,347)	(7,478)	(10,825)	-
Accrued Liabilities	7,584	-	7,584	-
Claims Payable	-	-	-	35,829
Compensated Absences	(660)	-	(660)	5,018
Total Adjustments	566,763	294,398	861,161	13,960
Net Cash Provided (Used) by Operating Activities	\$ 171,607	\$ 196,943	\$ 368,550	\$ (79,065)
Non-cash Capital Activities				
Contributed Infrastructure from Developers	\$ 184,187	\$ 44,002	\$ 228,189	\$ -

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

TOWN OF SILVERTHORNE, COLORADO

STATEMENT OF ASSETS & LIABILITIES - AGENCY FUND

December 31, 2012

Joint Sewer
Authority

ASSETS

CURRENT ASSETS

Cash & Investments \$ 4,424,187

Total Current Assets \$ 4,424,187

LIABILITIES

LIABILITIES

Funds Held for Authority \$ 4,424,187

Total Liabilities \$ 4,424,187

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

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 position and the statement of activities) 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 segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. 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, 2012

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 Position. The Statement of Activities presents changes in net position. 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, regardless of the timing of related cash flow. 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, 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 imposed by the provider 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. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

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 monies (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 2012, 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 projects 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, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Housing 5A Capital Project 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. Additionally, a voter-approved Impact Fee is assessed on new building based on square footage. Funds are to be used to pay for affordable housing.

Proprietary Funds

In 2012, 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

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 2012, 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, 2012

NOTE B – ASSETS, LIABILITIES & NET POSITION OR FUND BALANCE

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 flows. 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 the Town 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 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.

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 \$88,969 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, 2012

NOTE B – ASSETS, LIABILITIES & NET POSITION OR FUND BALANCE (CONTINUED)

7. Capital Assets

Capital assets, which include land, building and improvements, other improvements, intangibles, equipment and furniture, vehicles and heavy 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.

Capital assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide statement of activities and the proprietary fund statements.

Estimated useful lives for asset types are as follows:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	5-40
Equipment and Furniture	5-15
Vehicles and Heavy Equipment	5-15
Infrastructure	7-50
Intangible assets	5-10
Other Improvements	10-25
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 is 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, 2012

NOTE B – ASSETS, LIABILITIES & NET POSITION OR FUND BALANCE (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 position. 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 Position/Fund Balances

In the government-wide financial statements and the proprietary funds in the fund financial statements, net position is restricted when constraints placed on the use of resources 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 for 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 policy or resolution, or Council can delegate the authority. Council has granted, through resolution, the Town Manager or the Manager's Designee, the 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, 2012**

NOTE B – ASSETS, LIABILITIES & NET POSITION OR FUND BALANCE (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 \$737,424 as of December 31, 2012. 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, 2012, the Town had bank deposits of \$6,038,968 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, 2012

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, 2012, and reported at fair value, are shown below.

<u>Type</u>	<u>Fair Value</u>
Deposits:	
Bank Deposits	\$ 136,022
Certificates of Deposit	6,366,569
Cash on Hand	<u>2,100</u>
	<u>\$ 6,504,691</u>
Investments:	
Local Governmental Investment Pools	<u>\$12,369,628</u>
Total Deposits & Investments	<u>\$18,874,319</u>
Reconciliation to the Financial Statements	
Current:	
Cash & Investments	\$14,361,163
Restricted Cash & Investments	88,969
Fiduciary Fund Cash & Investments	<u>4,424,187</u>
	<u>\$18,874,319</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. The Town’s investment policy recommends that “no more than 10% of the portfolio deposited in any single bank or savings and loan. No more than 25% of the portfolio in PDPA collateralized deposits.” At the end of 2012 the Town’s portfolio had 16% deposited in one institution and 34% in certificate of deposits.

TOWN OF SILVERTHORNE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE D – DEPOSITS & INVESTMENTS (CONTINUED)

At December 31, 2012, the Town had invested \$12,369,628 in Local Governmental Investment 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 in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the 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, as amended. Investments of COLOTRUST and CSAFE are limited to those allowed by State statute. A designated custodial bank provides safekeeping and 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 owned by the participating government. 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, 2012, 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	\$ 2,567	\$ 599	\$ -	\$ 585	\$ 769	\$ 1,305
Taxes	225,696	266,760	-	15,260	-	-
Accounts	13,022	5,860	-	-	200,368	293,747
Employees	1,046	-	-	-	-	-
Total Receivables	\$ 242,331	\$ 273,219	\$ -	\$ 15,845	\$ 201,137	\$ 295,052
Due from Other Governments						
County	\$ 2,559	\$ -	\$ -	\$ -	\$ -	\$ -
Local Authority	1,245	-	38,102	-	-	-
Federal	17,353	-	-	-	-	-
State	794,600	-	-	-	-	-
Total Other Governments	\$ 815,757	\$ -	\$ 38,102	\$ -	\$ -	\$ -

TOWN OF SILVERTHORNE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE F – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2012:

<u>Governmental Activities</u>	Balance December 31, 2011	Additions	Disposals	Balance December 31, 2012
Capital assets, not being depreciated:				
Land	\$ 9,661,330	\$ -	\$ -	\$ 9,661,330
Projects in Progress	<u>524,917</u>	<u>216,457</u>	<u>(106,389)</u>	<u>634,985</u>
Total capital assets not being depreciated	<u>10,186,247</u>	<u>216,457</u>	<u>(106,389)</u>	<u>10,296,315</u>
Capital assets, being depreciated:				
Buildings and Improvements	15,158,940	289,584	(41,708)	15,406,816
Vehicles & Heavy Equipment	3,215,091	73,885	(223,847)	3,065,129
Equipment & Furniture	1,016,238	138,331	(45,634)	1,108,935
Infrastructure	27,556,754	2,901,705	-	30,458,459
Intangibles	293,925	36,725	(11,687)	318,963
Other Improvements	<u>5,282,735</u>	<u>463,036</u>	<u>-</u>	<u>5,745,771</u>
Total capital assets being depreciated	<u>52,523,683</u>	<u>3,903,266</u>	<u>(322,876)</u>	<u>56,104,073</u>
Less accumulated depreciation:				
Buildings and Improvements	(6,053,804)	(516,306)	41,708	(6,528,402)
Vehicles & Heavy Equipment	(1,206,016)	(211,364)	45,904	(1,371,476)
Equipment & Furniture	(631,639)	(99,553)	45,634	(685,557)
Infrastructure	(10,302,094)	(1,042,894)	-	(11,344,988)
Intangibles	(104,532)	(43,408)	11,687	(136,253)
Other Improvements	<u>(2,558,790)</u>	<u>(241,724)</u>	<u>-</u>	<u>(2,800,515)</u>
Total accumulated depreciation	<u>(20,856,875)</u>	<u>(2,155,249)</u>	<u>144,933</u>	<u>(22,867,191)</u>
Total capital assets, being depreciated, net	<u>31,666,808</u>	<u>1,748,017</u>	<u>(177,943)</u>	<u>33,236,882</u>
Governmental activities capital assets, net	<u>\$ 41,853,055</u>	<u>\$ 1,964,474</u>	<u>\$ (284,332)</u>	<u>\$ 43,533,197</u>
 <u>Business - Type Activities</u>	 Balance			 Balance
	December 31, 2011	Additions	Disposals	December 31, 2012
Capital assets, not being depreciated:				
Land	\$ 3,871	\$ -	\$ -	\$ 3,871
Projects in Progress	877,638	334,617	(3,042)	1,209,213
Water Rights	<u>7,254,013</u>	<u>-</u>	<u>-</u>	<u>7,254,013</u>
Total capital assets, not being depreciated	<u>8,135,522</u>	<u>334,617</u>	<u>(3,042)</u>	<u>8,467,097</u>
Capital assets, being depreciated:				
Water Tanks	2,272,867	-	-	2,272,867
Lines	15,666,158	244,428	(10,832)	15,899,754
Wells	2,717,508	-	(79,245)	2,638,263
Machinery & Equipment	607,937	42,221	-	650,158
Intangibles	131,675	52,298	-	183,973
Other Improvements	<u>69,048</u>	<u>29,784</u>	<u>-</u>	<u>98,832</u>
Total capital assets, being depreciated	<u>21,465,193</u>	<u>368,731</u>	<u>(90,077)</u>	<u>21,743,847</u>
Less accumulated depreciation:				
Water Tanks	(801,566)	(56,780)	-	(858,346)
Lines	(6,033,943)	(590,252)	7,583	(6,616,612)
Wells	(1,428,877)	(112,791)	74,577	(1,467,091)
Machinery & Equipment	(312,191)	(36,801)	-	(348,992)
Intangibles	(50,253)	(17,006)	-	(67,259)
Other Improvements	<u>(16,507)</u>	<u>(4,251)</u>	<u>-</u>	<u>(20,758)</u>
Total accumulated depreciation	<u>(8,643,337)</u>	<u>(817,881)</u>	<u>82,160</u>	<u>(9,379,058)</u>
Total capital assets, being depreciated, net	<u>12,821,856</u>	<u>(449,150)</u>	<u>(7,917)</u>	<u>12,364,789</u>
Business-type activities capital assets, net	<u>\$ 20,957,378</u>	<u>\$ (114,533)</u>	<u>\$ (10,959)</u>	<u>\$ 20,831,886</u>

TOWN OF SILVERTHORNE, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE F – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Governmental Activities:

General Government	\$ 72,650
Public Safety	60,768
Public Works	1,488,207
Community Development	46,419
Recreation & Culture	<u>487,205</u>

Total Governmental Activities Depreciation Expenses \$2,155,249

Business-Type Activities:

Water Fund	\$ 569,331
Sewer Fund	<u>248,550</u>

Total Business-Type Activities Depreciation Expenses \$ 817,881

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. The Town had an investment in the Authority at December 31, 2012, the date of the most recent audited financial statements, of \$6,452,040. The Town represents a 57.74% share in the joint venture. At December 31, 2012, the Town was responsible for 28.3% of the Authority's operating expenses.

Based on the 2012 audited results, the Town's equity in the Authority decreased by \$ 17,443.

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, 2012

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>Interfund Payable</u>	<u>Amount</u>
Development Excise Tax Fund	Housing 5A Fund	\$ 388,500
Sewer Fund	Housing 5A Fund	<u>388,500</u>
		<u>\$ 777,000</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 2012, the Housing 5A Fund paid \$134,000 each to the Development Excise Tax and the Sewer Fund.

Transfers between funds during the year ended December 31, 2012, were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 303,240	\$ -
Water Fund	-	167,297
Sewer Fund	-	<u>135,943</u>
Total	<u>\$ 303,240</u>	<u>\$ 303,240</u>

In the General Fund financial statements, total "transfers in" of \$303,240 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.

NOTE I - LONG-TERM DEBT

Governmental Activities:

The following summarizes the changes in the Town's long-term liabilities for the year ended December 31, 2012:

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>12/31/12</u>	<u>Due Within</u> <u>One Year</u>
Accrued Interest	\$ 315	\$ -	\$ (315)	\$ -	\$ -
Capital Leases	15,564	-	(15,564)	-	-
Compensated Absences	<u>413,534</u>	<u>500,950</u>	<u>(495,932)</u>	<u>418,552</u>	<u>335,009</u>
Total	<u>\$ 429,413</u>	<u>\$ 500,950</u>	<u>\$ (511,811)</u>	<u>\$ 418,552</u>	<u>\$ 335,009</u>

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

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE I - LONG-TERM DEBT (Continued)

1. Capital Lease Obligations

In 2007, the Town entered into a five year lease for a snow blower (\$142,450). The lease matured in 2012 and had an annual interest rate of 4.05%. The Town has no capital lease obligations as of the end of 2012.

NOTE J – RESTATEMENT

General Fund - Fund Balance – The Town Manager home loan, which was established in 2000, was declared as a non-current loan receivable; therefore, needing to be expensed in the General Fund in 2000. The amount of the loan receivable is \$267,613. The Town restated the beginning fund balance for 2011, and prior years have been adjusted.

NOTE K - PENSION PLANS

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

All full-time and $\frac{3}{4}$ 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 the 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, 2012, were \$480,199. Total contributions by the employees for the year ended December 31, 2012, were \$342,999.

NOTE L - 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, 2012, the Town had \$3,063 in seizure funds, which the police department is using for rewards for information leading to solving police cases.

NOTE M - 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).

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE M - RISK MANAGEMENT (CONTINUED)

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 2012 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 \$996,840. 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 \$1,000 per week.

All Town departments participate in the group insurance and make payments to the Health, Dental & Short-term Disability Internal Service 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 position balance of \$208,080 as of December 31, 2012.

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 amounts, 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	2012
Claims Payable, Beginning of Year	\$ 128,117	\$ 114,125
Claims and Changes in Provisions	912,701	1,109,408
Claim Payments	<u>(926,693)</u>	<u>(1,073,579)</u>
Claims Payable, End of Year	<u>\$ 114,125</u>	<u>\$ 149,954</u>

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE N- CONTINGENCIES AND COMMITMENTS

Litigation

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.

Economic Development Agreements

The Town has entered into certain agreements in an effort to promote economic development and re-development within the Town. There is currently only one agreement, the Lowes Enhanced Sales Tax Incentive Program (Agreement). The Lowes agreement contains certain fundamentals.

1. The Town has agreed to pay a portion of its sales tax, in order to reimburse Lowes for construction of public Improvements.
2. In an effort to promote immediate economic development, Lowes paid for and installed the improvements in advance.
3. The Town has only committed to reimbursing sales taxes generated by Lowes. The Town has not committed to reimbursing from revenues not directly generated by Lowes.
4. In the Lowes project area, the revenues to the Town were zero. As such, the Town was in a position to both enhance its economic base on improve overall economic vitality in areas surrounding the Lowes project.
5. The Lowes agreement is set to terminate at either a date certain, or when a given amount if funds have been paid to reimburse Lowes, whichever occurs first.
6. In no instance has the Town incurred or credit enhanced any debts or entered into any lease/purchase arrangements related to these agreements and project areas.
7. Since the reimbursements are payable solely from the sales tax revenues increments generated by Lowes, long-term debt is not required to be reported on the Town's financial statements.

The following represents a summary of the funding obligations related to economic development commitments of the Town:

Project Name	Maximum Amount Committed	Termination of Agreement	Description of Sharing Agreement	Amount of Tax Shared with Developer
Lowes Home Improvement	Up To \$1,913,068	08/1/2019	50% of 2.8% Sales Tax less a calculated amount for displaced sales tax.	\$104,742

TOWN OF SILVERTHORNE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE O - 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 the Town 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 2012, The Town was required to reserve 3% of its fiscal year spending as "emergency reserves." The TABOR emergency reserve of \$266,008 has been recorded as restricted fund balance in the General Fund.

Required Supplementary Information

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TOWN OF SILVERTHORNE, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 5,999,312	\$ 5,979,313	\$ 6,082,640	\$ 103,327
Intergovernmental	213,441	209,441	205,506	(3,935)
Licenses & Permits	270,833	237,833	232,596	(5,237)
Charges for Services	1,975,448	2,004,948	2,114,406	109,458
Fines & Forfeitures	149,000	85,000	83,922	(1,078)
Interest	72,973	30,973	28,503	(2,470)
Grants/Donations	109,857	92,000	90,001	(1,999)
Miscellaneous	15,000	25,000	25,829	829
	8,805,864	8,664,508	8,863,403	198,895
EXPENDITURES				
Current				
General Government	1,594,285	1,803,285	1,760,120	43,165
Public Safety	1,913,352	1,799,352	1,726,112	73,240
Public Works	2,241,390	2,246,390	2,126,862	119,528
Community Development	690,197	724,197	676,672	47,525
Recreation & Culture	2,708,389	2,641,889	2,577,156	64,733
	9,147,613	9,215,113	8,866,922	348,191
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(341,749)	(550,605)	(3,519)	547,086
OTHER FINANCING SOURCES				
Transfer In	303,607	303,607	303,240	(367)
Total Other Financing Sources	303,607	303,607	303,240	(367)
Net Change in Fund Balance	(38,142)	(246,998)	299,721	546,719
Fund Balance, Beginning of Year, as Restated	5,837,872	6,147,886	6,147,886	(0)
Fund Balance, End of Year	\$ 5,799,730	\$ 5,900,888	\$ 6,447,607	\$ 546,719

TOWN OF SILVERTHORNE, COLORADO

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2012**

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 expense and equity gain/loss from joint ventures. The Council does not budget for the fiduciary funds. Council legally adopts all governmental and 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 the 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 items 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.

**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, 2012

	Special Revenue Funds			Total Other Governmental Funds
	Conservation Trust	Lodging Tax	Development Excise Tax	
ASSETS				
Cash & Investments	\$ 39,103	\$ 141,255	\$ 1,179,278	\$ 1,359,636
Accounts Receivable	-	15,339	506	15,845
Interfund Receivable	-	-	388,500	388,500
Total Assets	\$ 39,103	\$ 156,594	\$ 1,568,284	\$ 1,763,981
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 1,604	\$ -	\$ 1,604
Total Liabilities	-	1,604	-	1,604
 FUND BALANCES				
Restricted For:				
Blue River Improvements	-	68,314	-	68,314
Parks, Trails & Open Space	39,103	42,345	-	81,448
Marketing	-	44,331	-	44,331
Capital Improvements	-	-	1,568,284	1,568,284
Total Fund Balances	39,103	154,990	1,568,284	1,762,377
Total Liabilities & Fund Balances	\$ 39,103	\$ 156,594	\$ 1,568,284	\$ 1,763,981

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, 2012

	<u>Special Revenue Funds</u>			<u>Total Other Governmental Funds</u>
	<u>Conservation Trust</u>	<u>Lodging Tax</u>	<u>Development Excise Tax</u>	
REVENUES				
Taxes	\$ -	\$ 126,856	\$ 129,080	\$ 255,936
Intergovernmental	39,067	-	-	39,067
Grants/Donations	-	68,314	-	68,314
Interest	36	833	4,827	5,696
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	39,103	196,003	133,907	369,013
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
General Government - Marketing	-	15,500	-	15,500
Capital Outlay	-	224,086	58,854	282,940
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	-	239,586	58,854	298,440
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	39,103	(43,583)	75,053	70,573
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year	-	198,573	1,493,231	1,691,804
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ <u>39,103</u>	\$ <u>154,990</u>	\$ <u>1,568,284</u>	\$ <u>1,762,377</u>

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

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

	<u>Original & Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 37,744	\$ 39,067	\$ 1,323
Interest	-	36	36
	<hr/>	<hr/>	<hr/>
Total Revenues	37,744	39,103	1,359
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	37,744	39,103	1,359
	<hr/>	<hr/>	<hr/>
Fund Balance, Beginning of Year	-	-	-
	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	\$ 37,744	\$ 39,103	\$ 1,359
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See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

LODGING TAX FUND
BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 125,000	\$ 125,000	\$ 126,856	\$ 1,856
Grants/Donations	900,000	68,314	68,314	-
Interest	1,550	1,550	833	(717)
	1,026,550	194,864	196,003	1,139
EXPENDITURES				
General Government - Marketing	15,000	15,000	15,500	(500)
Capital Outlay	2,143,138	480,638	224,086	256,552
	2,158,138	495,638	239,586	256,052
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,131,588)	(300,774)	(43,583)	257,191
OTHER FINANCING SOURCES				
Transfer In	1,025,000	210,000	-	(210,000)
Net Change in Fund Balance	(106,588)	(90,774)	(43,583)	47,191
Fund Balance, Beginning of Year	185,321	198,573	198,573	-
Fund Balance, End of Year	\$ 78,733	\$ 107,799	\$ 154,990	\$ 47,191

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

DEVELOPMENT EXCISE TAX FUND
BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 154,000	\$ 154,000	\$ 129,080	\$ (24,920)
Payment from Housing 5A	137,500	137,500	134,000	(3,500)
Interest	6,102	6,102	4,827	(1,275)
Total Revenues	297,602	297,602	267,907	(29,695)
EXPENDITURES				
Capital Outlay	121,000	61,000	58,854	2,146
Transfer Out	750,000	105,000	-	(105,000)
Total Expenditures	871,000	166,000	58,854	(102,854)
Net Change in Fund Balance, Budgetary Basis	\$ (573,398)	\$ 131,602	209,053	\$ (132,549)
ADJUSTMENTS TO GAAP BASIS				
Payment from Housing 5A			(134,000)	
Change in Fund Balance, GAAP Basis			75,053	
Fund Balance, Beginning of Year			1,493,231	
Fund Balance, End of Year			\$ 1,568,284	

See the accompanying Independent Auditors' Report.

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Capital Project Funds

Capital project funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Sales Tax Capital Improvement Fund - This fund is used to account for the 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 trust funds

Housing 5A Fund – This fund is used to account for the voter approved .125% sales tax and impact fees that is assessed by the Summit Housing Authority and distributed back to the Town for affordable housing related capital projects.

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TOWN OF SILVERTHORNE, COLORADO
SALES TAX CAPITAL IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2012

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 2,440,175	\$ 2,440,175	\$ 2,443,476	\$ 3,301
Interest	9,068	9,068	7,901	(1,167)
Miscellaneous	49,441	176,110	182,526	6,416
Total Revenues	<u>2,498,684</u>	<u>2,625,353</u>	<u>2,633,903</u>	<u>8,550</u>
EXPENDITURES				
Capital Outlay	2,209,425	2,491,925	1,869,276	622,649
Debt Services:				
Principal	15,564	15,564	15,564	-
Interest & Fiscal Charges	315	315	315	-
Total Expenditures	<u>2,225,304</u>	<u>2,507,804</u>	<u>1,885,155</u>	<u>622,649</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>273,380</u>	<u>117,549</u>	<u>748,748</u>	<u>631,199</u>
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	1,500	198,500	200,282	1,782
Transfer Out	(275,000)	(105,000)	-	105,000
Total Other Financing Sources (Uses)	<u>(273,500)</u>	<u>93,500</u>	<u>200,282</u>	<u>106,782</u>
Net Change in Fund Balance	(120)	211,049	949,030	737,981
Fund Balance, Beginning of Year	<u>517,357</u>	<u>635,566</u>	<u>635,566</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 517,237</u>	<u>\$ 846,615</u>	<u>\$ 1,584,596</u>	<u>\$ 737,981</u>

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

HOUSING 5A FUND
BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2012

	<u>Original & Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 242,592	\$ 243,209	\$ 617
Licenses, Permits & Fees	75,000	58,860	(16,140)
Interest	525	373	(152)
	<u>318,117</u>	<u>302,442</u>	<u>(15,675)</u>
EXPENDITURES			
Housing Administrative Fees	38,874	37,444	1,430
Payments to Excise Tax and Sewer Funds	275,000	268,000	7,000
	<u>313,874</u>	<u>305,444</u>	<u>8,430</u>
Net Change in Fund Balance, Budgetary Basis	<u>\$ 4,243</u>	(3,002)	<u>\$ (7,245)</u>
ADJUSTMENTS TO GAAP BASIS			
Payments to Excise Tax and Sewer Funds		<u>268,000</u>	
Change in Fund Balance, GAAP Basis		264,998	
Fund Balance, Beginning of Year		<u>(1,002,422)</u>	
Fund Balance, End of Year		<u>\$ (737,424)</u>	

See the accompanying Independent Auditors' Report

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, 2012

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
User Fees	\$ 926,659	\$ 926,659	\$ 942,961	\$ 16,302
Charges for Services	4,600	4,600	4,241	(359)
Tap Fees	178,200	178,200	158,962	(19,238)
Interest	22,623	22,623	9,148	(13,475)
Total Revenues	<u>1,132,082</u>	<u>1,132,082</u>	<u>1,115,312</u>	<u>(16,770)</u>
EXPENSES				
Operations	497,210	497,210	462,753	34,457
Maintenance	258,000	323,000	273,764	49,236
Contractual Services	42,600	42,600	36,510	6,090
Capital Outlay	200,000	678,000	435,486	242,514
Transfer Out	169,812	169,812	167,297	2,515
Total Expenses	<u>1,167,622</u>	<u>1,710,622</u>	<u>1,375,810</u>	<u>334,812</u>
Change in Net Position, Budgetary Basis	<u>\$ (35,540)</u>	<u>\$ (578,540)</u>	(260,498)	<u>\$ 318,042</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay			435,486	
Depreciation Expense			(569,331)	
Contributed Capital from Developers			184,187	
Loss on Disposal of Capital Assets			<u>(7,134)</u>	
Change in Net Position, GAAP Basis			<u>\$ (217,290)</u>	

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

SEWER FUND
BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2012

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
User Fees	\$ 1,141,071	\$ 1,141,071	\$ 1,145,427	\$ 4,356
Charges for Services	4,400	4,400	4,241	(159)
Tap Fees	151,200	151,200	130,307	(20,893)
Interest	41,278	41,278	14,069	(27,209)
Payment from Housing 5A	137,500	137,500	134,000	(3,500)
	<u>1,475,449</u>	<u>1,475,449</u>	<u>1,428,044</u>	<u>(47,405)</u>
EXPENSES				
Operations	72,485	72,485	67,606	4,879
Maintenance	122,500	122,500	85,284	37,216
Contractual Services	854,506	854,506	845,683	8,823
Capital Outlay	-	10,000	36,631	(26,631)
Transfer Out	133,795	133,795	135,943	(2,148)
	<u>1,183,286</u>	<u>1,193,286</u>	<u>1,171,147</u>	<u>22,139</u>
Change in Net Position, Budgetary Basis	<u>\$ 292,163</u>	<u>\$ 282,163</u>	256,897	<u>\$ (25,266)</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay			36,631	
Depreciation Expense			(248,550)	
Payment from Housing 5A			(134,000)	
Contributed Capital from Developers			44,002	
Loss on Disposal of Capital Assets			(783)	
Equity Gain in Joint Sewer Authority Investment			34,367	
Change in Net Position, GAAP Basis			<u>\$ (11,436)</u>	

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 POSITION
INTERNAL SERVICE FUNDS

December 31, 2012

	<u>Compensated Absences</u>	<u>Health, Dental & Short-Term Disability</u>	<u>Total</u>
ASSETS			
Cash & Investments	\$ 451,598	\$ 331,340	\$ 782,938
Accounts Receivables	194	26,694	26,888
TOTAL ASSETS	451,792	358,034	809,826
LIABILITIES			
Current Liabilities:			
Due to Other Funds	27,936	-	27,936
Claims Payable	-	149,954	149,954
Compensated Absences	335,009	-	335,009
Total Current Liabilities	362,945	149,954	512,899
Noncurrent Liabilities:			
Compensated Absences	83,543	-	83,543
TOTAL LIABILITIES	446,488	149,954	596,442
NET POSITION			
Unrestricted	5,304	208,080	213,384
TOTAL NET POSITION	\$ 5,304	\$ 208,080	\$ 213,384

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS**
Year Ended December 31, 2012

	Compensated Absences	Health, Dental & Short-Term Disability	Total
OPERATING REVENUES			
Charges for Services	\$ 500,950	\$ 1,029,673	\$ 1,530,623
Miscellaneous	-	5,278	5,278
	500,950	1,034,951	1,535,901
OPERATING EXPENSES			
Compensated Absences Used	495,932	-	495,932
Claims	-	1,109,408	1,109,408
Wellness Program	-	23,586	23,586
	495,932	1,132,994	1,628,926
Net Operating Income (Loss)	5,018	(98,043)	(93,025)
NONOPERATING REVENUES			
Interest Revenues	286	273	559
Change in Net Position	5,304	(97,770)	(92,466)
NET POSITION, Beginning of Year	-	305,850	305,850
NET POSITION, End of Year	\$ 5,304	\$ 208,080	\$ 213,384

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

Year Ended December 31, 2012

	<u>Compensated Absences</u>	<u>Health, Dental & Short-Term Disability</u>	<u>Total</u>
Cash Flows From Operating Activities			
Cash Received From Customers/Users	\$ 500,756	\$ 1,008,257	\$ 1,509,013
Cash Paid to Suppliers	-	(1,097,165)	(1,097,165)
Cash Paid to Employees	(490,913)	-	(490,913)
Net Cash Provided (Used) By Operating Activities	9,843	(88,908)	(79,065)
Cash Flows from Noncapital Financing Activities			
Payments from Other Funds	27,936	-	27,936
Net Cash Provided by Noncapital Financing Activities	27,936	-	27,936
Cash Flows from Investing Activities			
Interest Received	286	273	559
Net Cash Provided by Investing Activities	286	273	559
NET INCREASE (DECREASES) IN CASH AND CASH EQUIVALENTS	38,065	(88,635)	(50,570)
Cash & Cash Equivalents, Beginning of Year	413,533	419,975	833,508
Cash & Cash Equivalents, End of Year	\$ 451,598	\$ 331,340	\$ 782,938
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net Operating Income (Loss)	\$ 5,018	\$ (98,043)	\$ (93,025)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Changes to Assets & Liabilities:			
Accounts Receivable	(193)	(26,694)	(26,887)
Compensated Absences	5,018	-	5,018
Claims Payable	-	35,829	35,829
Total Adjustments	4,825	9,135	13,960
Net Cash Provided (Used) By Operating Activities	\$ 9,843	\$ (88,908)	\$ (79,065)

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TOWN OF SILVERTHORNE, COLORADO

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

Year Ended December 31, 2012

	<u>Balance</u> <u>January 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2012</u>
Joint Sewer Authority				
ASSETS				
Cash and Investments	\$ 4,435,329	\$ 3,039,101	\$ (3,050,243)	\$ 4,424,187
Total Assets	<u>\$ 4,435,329</u>	<u>\$ 3,039,101</u>	<u>\$ (3,050,243)</u>	<u>\$ 4,424,187</u>
LIABILITIES				
Funds Held for Authority	\$ 4,435,329	\$ 3,039,101	\$ (3,050,243)	\$ 4,424,187
Total Liabilities	<u>\$ 4,435,329</u>	<u>\$ 3,039,101</u>	<u>\$ (3,050,243)</u>	<u>\$ 4,424,187</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	80-87
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	88-93
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	94-97
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	98-100
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	101-102

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

Source	2003	2004	2005 (1)	2006	2007	2008	2009 (4)	2010	2011	2012
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 43,533,197
Restricted	1,332,329	1,314,910	916,688	743,056	765,449	780,551	252,224	253,108	-	-
Restricted for: (2)										
Emergency	-	-	-	-	-	-	-	-	258,084	266,008
Blue River Improvements	-	-	-	-	-	-	-	-	-	68,314
Parks, Trails & Open Space	-	-	-	-	-	-	-	-	157,948	81,448
Marketing	-	-	-	-	-	-	-	-	40,625	44,331
Capital Improvements	-	-	-	-	-	-	-	-	2,128,787	3,148,262
Unrestricted	8,841,141	9,683,870	8,662,117	15,622,291	11,699,863	8,281,222	6,975,032	7,392,136	5,445,153	5,919,695
Subtotal Governmental Activities										
Net Position	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	53,061,255
Business-type Activities										
Net Investment in Capital Assets (3)	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	20,831,886
Restricted	-	-	-	-	-	-	-	-	-	-
Restricted for: (2)										
Emergency	-	-	-	-	-	-	-	-	-	-
Parks, Trails & Open Space	-	-	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-	-	-
Capital Improvements	-	-	-	-	-	-	-	-	-	-
Unrestricted	9,752,788	10,100,896	11,123,035	11,985,937	11,416,846	11,534,762	11,530,909	11,905,165	12,190,736	12,082,221
Subtotal Business-type Activities	26,919,743	27,390,889	22,170,294	22,974,584	25,251,362	26,374,972	33,284,180	33,217,340	33,148,114	32,914,107
Primary Government										
Net Investment in Capital Assets	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	64,365,063
Restricted	1,332,329	1,314,910	916,688	743,056	765,449	780,551	252,224	253,108	-	-
Restricted for: (2)										
Emergency	-	-	-	-	-	-	-	-	258,084	266,008
Blue River Improvements	-	-	-	-	-	-	-	-	-	68,314
Parks, Trails & Open Space	-	-	-	-	-	-	-	-	157,948	81,448
Marketing	-	-	-	-	-	-	-	-	40,625	44,331
Capital Improvements	-	-	-	-	-	-	-	-	2,128,787	3,148,262
Unrestricted	18,593,929	19,784,366	19,785,132	27,608,228	23,116,729	19,815,984	18,505,941	19,297,301	17,635,869	18,001,916
Total Primary Government										
Net Position	\$ 50,128,098	\$ 51,838,911	\$ 55,620,247	\$ 60,496,979	\$ 68,267,704	\$ 73,161,095	\$ 81,049,632	\$ 81,780,034	\$ 83,016,212	\$ 85,975,362

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

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

(3) There is no capital related debt for business-type activities.

(4) Prior Year Adjustments due to GASB 51 adding intangibles capital assets from prior years.

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

Source	2003	2004	2005 (2)	2006	2007	2008	2009	2010	2011	2012
Expenses:										
General Government	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	\$1,872,746
Public Safety	1,748,117	1,840,205	1,728,498	1,886,232	1,841,689	1,947,374	1,857,556	1,832,321	1,740,615	1,837,454
Public Works	2,516,778	2,738,467	2,822,074	2,942,747	3,053,768	3,378,759	3,598,113	3,411,665	3,489,925	3,726,877
Community Development	640,302	616,439	665,785	738,851	814,718	805,313	745,431	719,689	780,753	746,989
Recreation & Culture	1,178,049	1,868,467	2,523,010	2,682,592	2,912,284	3,054,899	3,089,079	3,038,923	3,049,233	3,241,437
Housing 5A	-	-	-	-	39,713	77,764	316,901	84,104	42,821	37,444
Interest on Long-Term Debt	504,432	478,517	337,529	240,015	229,425	162,916	126,502	7,576	2,417	-
Total Expenses	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	11,462,947
Program Revenues:										
Charges for Services										
General Government	120,212	131,621	146,421	153,354	169,744	182,069	257,581	205,876	243,697	334,442
Public Safety	83,482	82,054	136,320	104,384	115,227	143,199	158,075	143,689	139,631	133,987
Public Works	68,303	66,124	68,547	72,733	71,278	83,963	76,876	76,318	78,318	102,056
Community Development	254,986	298,747	504,012	404,569	449,551	412,551	169,820	200,217	219,989	151,940
Recreation & Culture	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	1,708,500
Housing 5A	-	-	-	-	-	-	-	-	-	-
Operating Grants & Contributions	272,519	266,923	310,299	57,324	7,773	292,037	250,850	252,062	452,588	421,313
Capital Grants & Contributions	2,028,174	249,270	663,921	1,788,089	2,517,121	1,517,000	977,500	106,017	318,192	2,537,671
Total Program Revenues	3,916,432	2,212,853	3,231,985	4,096,191	4,968,745	4,251,620	3,508,483	2,567,786	3,144,551	5,389,909
Net (Expense)/Revenue	(4,471,335)	(6,324,308)	(6,065,068)	(5,722,552)	(5,328,519)	(6,644,891)	(7,830,844)	(8,063,262)	(7,632,123)	(6,073,038)
General Revenues & Transfers:										
Taxes:										
Sales Taxes for General Purpose	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	5,717,520
Sales Taxes for Capital & Debt	1,840,677	1,897,958	2,118,292	2,393,680	2,714,907	2,559,111	2,245,857	2,202,647	2,321,097	2,443,476
Lodging Tax	103,026	95,664	101,817	122,571	135,088	146,041	113,629	120,602	128,803	126,856
Franchise Taxes	171,634	174,999	193,884	211,959	204,669	241,047	213,636	231,610	233,638	227,469
Development Excise Tax	276,026	350,785	615,538	402,059	381,781	311,944	92,276	96,986	105,958	129,080
Other Taxes	47,767	61,669	47,131	336,234	332,663	328,836	347,084	360,206	150,967	49,288
Investment Income	122,159	153,795	219,867	443,509	571,350	361,769	124,732	91,096	47,392	42,473
Miscellaneous	44,377	47,702	100,580	48,404	102,500	229,937	154,128	182,165	177,218	204,454
Gains on Sales of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	89,203	94,040	6,968,807	331,102	349,811	318,411	262,092	282,915	342,378	303,240
Total General Revenues & Transfers	7,070,807	7,363,976	15,266,998	9,794,994	10,822,466	10,414,672	8,759,632	8,860,504	8,937,527	9,266,195
Change in Net Position	\$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	\$ 3,193,157

(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 Position - Business-type Activities
 Last Ten Fiscal Years
 (accrual basis of accounting)

Source	2003	2004	2005 (2)	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Water	\$ 761,421	\$ 810,246	\$ 1,068,559	\$ 942,428	\$ 1,101,207	\$ 1,129,095	\$ 1,138,255	\$ 1,161,340	\$ 1,143,688	\$ 1,354,773
Sewer	844,120	905,982	968,266	1,022,839	1,035,722	1,062,344	1,116,886	1,191,002	1,423,734	1,247,906
Pavilion	471,428	466,800	-	-	-	-	-	-	-	-
Total Expenses	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	2,602,679
Program Revenues:										
Charges for Services										
Water	814,082	809,921	844,505	853,448	850,636	899,740	893,157	963,413	935,373	947,202
Sewer	928,516	964,372	996,302	1,027,270	973,371	1,010,619	1,030,277	1,078,408	1,138,130	1,149,668
Pavilion	148,137	166,618	-	-	-	-	-	-	-	-
Capital Grants & Contributions	1,063,961	446,731	1,487,220	616,320	2,265,718	1,321,018	788,267	275,185	741,708	517,458
Total Program Revenues	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	2,614,328
Net (Expense)/Revenue	877,727	204,614	1,291,202	531,771	1,952,796	1,039,938	456,560	(35,336)	247,789	11,649
General Revenues & Transfers:										
Investment Income	53,061	80,957	125,072	274,474	324,704	159,173	52,044	36,005	25,363	23,217
Miscellaneous	224,239	279,614	331,940	329,146	349,089	242,910	120,403	215,406	-	34,367
Transfers	(89,203)	(94,040)	(6,988,807)	(331,102)	(349,811)	(318,411)	(262,092)	(282,915)	(342,378)	(303,240)
Total General Revenues & Transfers	188,097	266,531	(6,511,795)	272,518	323,982	83,672	(89,645)	(31,504)	(317,015)	(245,656)
Change in Net Position	\$ 1,065,824	\$ 471,145	\$ (5,220,593)	\$ 804,289	\$ 2,276,778	\$ 1,123,610	\$ 366,915	\$ (66,840)	\$ (69,226)	\$ (234,007)

(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 Position - Proprietary Funds
Last Ten Fiscal Years
(accrual basis of accounting)

Source	2003	2004	2005 (1)	2006	2007	2008	2009	2010	2011	2012
Operating Revenues:										
Users Fees	\$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	\$2,088,388
Charges for Services	45,534	48,631	28,573	34,362	10,907	11,594	16,350	9,760	11,804	8,482
Total Operating Revenues	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	2,096,870
Operating Expenses:										
Operations	514,040	555,568	370,789	423,211	457,614	498,024	479,666	501,184	518,748	530,359
Maintenance	238,277	229,429	261,193	160,378	146,354	123,411	89,422	159,665	199,856	359,048
Contractual Services	699,623	745,615	854,473	813,238	899,027	852,785	864,837	872,484	857,304	882,193
Depreciation and Amortization	625,029	652,416	550,370	568,440	631,585	717,219	821,216	819,009	954,880	817,881
Total Operating Expenses	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	2,589,481
Operating Income/(Loss)	(186,234)	(242,117)	(196,018)	(84,549)	(310,573)	(281,080)	(331,707)	(310,521)	(457,285)	(492,611)
Non-Operating Revenues/Expenses:										
Interest Revenue	53,061	80,957	125,072	274,474	324,704	159,173	52,044	36,005	25,363	23,217
Loss on Disposal of Capital Assets	-	-	-	-	(2,349)	-	-	-	(11,371)	(7,917)
Equity Income in Joint Sewer Authority Investment	224,239	279,614	331,940	329,146	349,089	242,910	120,403	215,406	(40,639)	34,367
Total Non-Operating Revenues	277,300	360,571	457,012	603,620	671,444	402,083	172,447	251,411	(26,647)	49,667
Income Before Transfers & Capital Contributions	91,066	118,454	260,994	519,071	360,871	121,003	(159,260)	(59,110)	(483,932)	(442,944)
Transfer out to General Fund	(89,203)	(94,040)	(6,968,807)	(331,102)	(349,811)	(318,411)	(262,092)	(282,915)	(342,378)	(303,240)
Capital Contributions	1,063,961	446,731	1,487,220	616,320	2,265,718	1,321,018	788,267	275,185	741,708	517,458
Change in Net Position	\$1,065,824	\$471,145	(\$5,220,593)	\$804,289	\$2,276,778	\$1,123,610	\$366,915	(\$66,840)	(\$84,602)	(228,726)

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

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

Source	2003	2004	2005 (1)	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental Activities	\$ 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	\$ 11,462,947
Business-type Activities	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	2,602,679
Total Expenses	<u>10,464,736</u>	<u>10,720,189</u>	<u>11,333,878</u>	<u>11,784,010</u>	<u>12,434,193</u>	<u>13,087,950</u>	<u>13,594,468</u>	<u>12,983,390</u>	<u>13,344,096</u>	<u>14,065,626</u>
Program Revenues:										
Governmental Activities	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	5,389,909
Business-type Activities	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	2,614,328
Total Program Revenues	<u>6,974,154</u>	<u>4,696,160</u>	<u>6,560,012</u>	<u>6,593,229</u>	<u>9,058,470</u>	<u>7,209,139</u>	<u>5,985,845</u>	<u>4,654,149</u>	<u>5,731,899</u>	<u>8,004,237</u>
Net (Expense)/Revenue	<u>(3,490,582)</u>	<u>(6,024,029)</u>	<u>(4,773,866)</u>	<u>(5,190,781)</u>	<u>(3,375,723)</u>	<u>(5,878,811)</u>	<u>(7,608,623)</u>	<u>(8,329,241)</u>	<u>(7,612,197)</u>	<u>(6,061,389)</u>
General Revenues & Transfers:										
Governmental Activities	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	9,266,195
Business-type Activities	188,097	266,531	(6,511,795)	272,518	323,982	83,672	(89,645)	(31,504)	(317,015)	(245,656)
Total General Revenues & Transfers	<u>7,155,878</u>	<u>7,534,842</u>	<u>8,755,203</u>	<u>10,067,512</u>	<u>11,146,448</u>	<u>10,772,202</u>	<u>8,904,326</u>	<u>9,059,643</u>	<u>8,848,375</u>	<u>9,020,539</u>
Change in Net Position	<u>\$ 3,665,296</u>	<u>\$ 1,510,813</u>	<u>\$ 3,981,337</u>	<u>\$ 4,876,731</u>	<u>\$ 7,770,725</u>	<u>\$ 4,893,391</u>	<u>\$ 1,295,703</u>	<u>\$ 730,402</u>	<u>\$ 1,236,178</u>	<u>\$ 2,959,150</u>

(1) 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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable:										
Inventory & Prepaids	\$ 288,474	\$ 288,056	\$ 422,507	\$ 262,404	\$ 299,264	\$ 324,789	\$ 319,430	\$ 375,817	\$ 32,087	\$ 23,323
Restricted	-	-	-	-	-	-	-	-	-	-
Restricted For: (1)										
Emergency	-	-	-	-	-	-	-	-	258,084	266,008
Blue River Improvements	-	-	-	-	-	-	-	-	-	-
Parks, Trails & Open Space	-	-	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-	-	-
Capital Improvements	-	-	-	-	-	-	-	-	-	-
Unrestricted	6,085,824	6,550,038	5,456,594	6,792,952	7,843,847	6,494,875	6,056,714	6,122,549	-	-
Unassigned	-	-	-	-	-	-	-	-	5,857,715	6,157,776
Subtotal General Fund	6,394,298	6,838,094	5,879,101	7,055,356	8,143,111	6,819,464	6,376,144	6,498,366	6,147,886	6,447,607
General Fund Percentage Change	5.1%	6.9%	-14.0%	20.0%	15.4%	-16.3%	-6.5%	1.9%	-5.4%	5.4%
All Other Governmental Funds										
Nonspendable:										
Inventory & Prepaids	1,046,000	1,067,857	632,777	800,976	626,976	511,991	-	133,000	-	4,918
Restricted	-	-	-	-	-	-	-	-	-	-
Restricted, reported in: (1)										
Capital Improvement Fund	1,613,664	1,522,995	861,092	972,607	1,111,808	1,112,962	650,120	480,806	635,566	1,579,978
Conservation Trust Fund	-	13,573	-	-	-	-	-	-	-	39,103
Lodging Tax Fund	234,534	349,185	376,503	28,862	168,463	306,072	313,059	349,562	198,573	154,990
Excise Tax Fund	561,670	886,867	1,522,971	1,426,594	1,653,759	1,840,154	1,286,326	1,385,539	1,493,231	1,568,284
Housing SA Fund	-	-	-	-	464,920	(1,839,441)	(1,665,335)	(1,469,126)	-	-
Unassigned	-	-	-	-	-	-	-	-	(1,002,422)	(737,424)
Subtotal All Other Governmental Funds	3,455,868	3,840,477	3,393,343	3,229,039	4,025,926	1,931,738	584,771	879,781	1,324,948	2,609,549
Total Governmental Funds										
Restricted	1,344,474	1,355,913	1,055,284	1,063,380	926,240	836,780	319,430	508,817	2,617,541	3,636,804
Unassigned	8,505,692	9,322,658	8,217,160	9,221,015	11,242,797	7,914,422	6,641,484	6,869,330	4,855,283	5,420,352
Total Governmental Funds	\$ 9,850,166	\$ 10,678,571	\$ 9,272,444	\$ 10,284,395	\$ 12,169,037	\$ 8,751,202	\$ 6,960,914	\$ 7,378,147	\$ 7,472,824	\$ 9,057,156
All Governmental Funds Percentage Change	6.5%	8.4%	-13.2%	10.9%	18.3%	-28.1%	-20.5%	6.0%	1.3%	21.2%

(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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Revenues	\$ 9,799,401	\$ 9,398,596	\$ 11,239,910	\$ 13,457,434	\$ 13,806,106	\$ 13,265,758	\$ 11,497,637	\$ 11,129,403	\$ 12,182,588	\$ 12,168,761
Total Expenditures	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	11,087,961
Excess (Deficiency of Revenues Over (Under) Expenditures	255,098	330,146	(2,217,161)	218,035	1,273,200	(3,924,644)	(2,081,382)	(2,557)	41,699	1,080,800
Other Financing Sources (Uses)										
Capital Leases	182,738	353,719	193,325	384,972	237,326	166,000	-	-	-	-
Sales of Capital Assets	77,017	50,500	36,803	77,842	24,305	22,398	29,003	136,875	185,116	200,282
Claims and Judgment	-	-	64,880	-	-	-	-	-	-	-
Fund Closure of Pavilion Fund	-	-	148,708	-	-	-	-	-	-	-
General Fund	286,703	418,040	2,567,318	496,102	649,811	2,378,411	762,092	282,915	942,378	303,240
Transfer In	(197,500)	(324,000)	(2,200,000)	(165,000)	(300,000)	(2,060,000)	(500,000)	-	(1,074,506)	-
Transfer Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	348,958	498,259	811,034	793,916	611,442	506,809	291,095	419,790	52,988	503,522
Net Change in Fund Balances	\$ 604,056	\$ 828,405	\$ (1,406,127)	\$ 1,011,951	\$ 1,884,642	\$ (3,417,835)	\$ (1,790,287)	\$ 417,233	\$ 94,687	\$ 1,584,322

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	\$ 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	\$ 1,775,620
Public Safety	1,724,376	1,612,507	1,691,899	1,737,911	1,808,163	1,914,928	1,778,406	1,758,679	1,696,797	1,726,112
Public Works	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	2,126,862
Community Development	503,334	493,107	553,298	638,500	756,543	743,026	682,488	641,036	695,909	676,672
Recreation and Culture	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	2,577,156
Housing 5A	-	-	-	-	39,713	103,361	103,791	84,104	42,821	37,444
Total Current	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	8,919,866
% Change from Prior Year	-3.1%	-1.2%	12.4%	5.9%	10.3%	7.0%	-6.0%	0.1%	1.6%	2.9%
Capital Outlay	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	2,152,216
% Change from Prior Year	-19.0%	-40.4%	18.1%	69.2%	-48.3%	41.7%	-89.0%	-19.8%	28.1%	-57.0%
Debt Service	819,279	931,947	4,383,029	560,744	620,620	2,437,571	2,034,669	158,942	88,428	15,564
Principal	507,945	482,301	355,168	238,482	228,132	180,813	111,239	8,331	2,619	315
Total Debt Service	1,327,224	1,414,248	4,738,197	799,226	848,752	2,618,384	2,145,908	167,273	91,047	15,879
% Change from Prior Year	-11.9%	6.6%	235.0%	-83.1%	6.2%	208.5%	-18.0%	-1182.9%	-83.7%	-473.4%
Total Expenditures	\$ 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	\$ 11,087,961
% Change from Prior Year	-7.5%	-5.2%	32.6%	-1.6%	-5.6%	27.1%	-26.6%	-22.0%	8.3%	-9.5%
Debt Service as a Percentage of Noncapital Expenditures (1)	16.9%	18.0%	39.5%	9.4%	9.1%	22.4%	20.1%	1.9%	1.0%	0.2%

(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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	\$ 6,903,689	\$ 7,159,671	\$ 8,074,017	\$ 8,760,919	\$ 9,613,728	\$ 9,601,173	\$ 8,264,367	\$ 8,323,214	\$ 8,598,402	\$ 8,782,052
Intergovernmental	202,825	206,053	200,980	233,071	477,430	217,608	227,151	248,440	245,999	487,782
Licenses and Permits	305,797	354,805	551,889	442,241	486,642	674,307	289,014	324,285	570,985	291,456
Charges for Services	1,369,517	1,390,657	1,609,322	1,716,864	1,895,558	2,012,446	1,926,913	1,910,868	2,460,431	2,114,406
Fines and Forfeitures	84,407	78,080	129,063	96,018	99,243	99,243	137,646	124,666	116,523	83,922
Interest	122,160	153,795	219,868	443,509	571,351	361,768	124,733	91,096	47,390	42,473
Grants	687,585	39,062	438,880	1,700,752	606,555	218,179	416,511	34,419	16,025	158,315
Miscellaneous	123,481	16,473	15,891	42,060	54,987	81,033	111,302	72,415	124,813	208,355
Total Revenues	\$ 9,799,401	\$ 9,398,596	\$ 11,238,910	\$ 13,457,434	\$ 13,906,106	\$ 13,285,758	\$ 11,497,637	\$ 11,129,403	\$ 12,182,568	\$ 12,168,761
Expenditures:										
General Government	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	1,775,620
Public Safety	1,724,376	1,612,507	1,691,899	1,737,911	1,808,163	1,914,928	1,778,406	1,758,679	1,696,797	1,726,112
Public Works	1,615,325	1,583,648	1,711,576	1,775,885	2,057,478	2,252,865	1,989,880	2,067,316	2,062,359	2,126,862
Community Development	503,334	493,107	553,298	638,500	756,543	743,026	682,488	641,036	695,909	676,672
Recreation and Culture	1,561,483	1,643,871	2,154,316	2,284,185	2,496,865	2,660,391	2,589,163	2,552,086	2,566,259	2,577,156
Housing SA	-	-	-	-	39,713	103,361	103,791	84,104	42,821	37,444
Capital Outlay	1,683,041	1,198,863	1,464,100	4,758,662	3,208,983	5,502,862	2,910,833	2,430,624	3,379,228	2,162,216
Debt Service:										
Principal	819,279	931,947	4,383,029	560,744	620,620	2,437,571	2,034,669	158,942	88,428	15,564
Interest and Fiscal Charges	507,945	482,301	355,168	238,482	228,132	180,813	111,239	8,331	2,619	315
Total Expenditures	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	11,087,961
Excess (Deficiency) of Revenues Over (Under) Expenditures	255,098	330,146	(2,217,161)	218,035	1,273,200	(3,924,644)	(2,081,382)	(2,557)	41,699	1,080,800
Other Financing Sources (Uses)										
Capital Leases	182,738	353,719	193,325	384,972	237,326	166,000	-	-	-	-
Sales of Capital Assets	77,017	50,500	36,803	77,842	24,305	22,398	29,003	136,875	185,116	200,282
Claims and Judgment	-	-	64,880	-	-	-	-	-	-	-
Fund Closure of Pavilion Fund to General Fund	-	-	148,708	-	-	-	-	-	-	-
Transfer In	286,703	418,040	2,567,318	496,102	649,811	2,378,411	762,092	282,915	942,378	303,240
Transfer Out	(197,500)	(324,000)	(2,200,000)	(165,000)	(300,000)	(2,060,000)	(500,000)	-	(1,074,506)	-
Total Other Financing Sources (Uses)	348,958	498,259	811,034	793,916	611,442	506,809	291,095	419,790	52,988	503,522
Net Change in Fund Balances	\$ 604,056	\$ 828,405	\$ (1,406,127)	\$ 1,011,951	\$ 1,884,642	\$ (3,417,835)	\$ (1,790,287)	\$ 417,233	\$ 94,687	\$ 1,584,322

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

Revenue Source	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sales Tax	\$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	\$8,160,996
Housing 5A Tax	-	-	-	-	253,051	273,858	234,339	222,978	227,863	243,209
Lodging Tax	103,026	95,664	101,817	122,571	135,088	146,041	113,629	120,602	128,803	126,856
Dev. Excise Tax	276,026	350,785	615,538	402,059	381,781	311,944	92,276	96,986	105,958	129,080
Property Tax (1)	-	-	-	-	-	-	-	-	-	-
Franchise Tax	171,634	174,999	193,884	211,959	204,669	241,047	213,636	231,610	233,638	227,469
Cigarette Tax	47,035	61,053	47,131	50,984	51,194	49,426	44,674	40,805	37,544	35,963
Road & Bridge Tax	60,994	66,032	67,990	64,848	66,757	72,702	73,862	74,951	75,733	62,672
Miscellaneous Tax	28,359	25,816	28,283	29,342	29,635	29,468	39,896	32,693	37,690	39,015
Total Revenues (2)	\$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	\$9,025,260
% change from prior year	3.6%	3.7%	12.4%	8.9%	9.2%	-0.2%	-13.6%	9.7%	3.2%	4.9%

(1) The Town of Silverthorne does not assess a municipal property tax.
(2) Years prior to 2012 included Highway User Tax, which is now included in Program Revenues.

Source: Town of Silverthorne Sales Tax Reports

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Summit County Government:										
General Fund	5.347	5.416	5.311	5.250	4.625	4.704	5.004	4.240	5.204	5.260
Road & Bridge Fund	1.127	1.141	1.082	1.079	0.943	0.932	0.813	0.814	0.814	0.814
Social Services Fund	0.221	0.163	0.154	0.189	0.211	0.158	0.103	0.103	0.234	0.203
Library Fund	0.797	0.772	0.732	0.761	0.646	0.644	0.563	0.548	0.662	0.665
Capital Expenditures	2.156	2.148	2.251	2.035	2.360	2.362	3.033	2.991	1.898	1.899
Legacy Fund	0.000	0.000	0.000	0.196	0.288	0.253	0.289	0.336	0.421	0.421
Open Space (2)	2.140	2.128	2.018	2.001	1.630	1.611	0.000	0.000	0.000	0.000
2010 Fund	0.378	0.376	0.356	0.353	0.288	0.284	2.297	3.063	3.063	3.062
Early Childhood Care & Learning	0.000	0.000	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
Total	12.166	12.144	12.404	12.364	11.491	11.448	12.602	12.595	12.796	12.824
Summit School District RE-1:										
General Fund	14.447	14.027	13.387	13.377	13.271	13.320	12.832	13.923	14.635	14.677
Bond Redemption Fund	4.720	6.032	5.740	5.691	4.663	4.653	3.886	3.582	4.492	4.331
Special Building & Technology Fund	7.620	3.352	3.370	3.370	3.671	3.396	3.396	0.000	0.000	0.000
Kindergarten Fund	0.000	0.000	0.000	0.000	0.000	0.438	0.451	0.403	0.524	0.472
Transportation Fund	0.429	0.421	0.413	0.410	0.485	0.484	0.371	0.456	0.551	0.551
Total	27.216	23.832	22.910	22.848	22.090	22.291	20.936	18.364	20.202	20.031
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	0.252	0.230	0.221	0.191	0.198	0.166	0.188	0.228	0.242
Eagles Nest Metropolitan District (3)	17.000	17.000	17.000	17.000	15.030	15.014	15.076	15.028	15.022	15.157
Lake Dillon Fire Protection District	8.345	8.345	8.289	8.311	8.275	8.286	8.295	8.279	8.284	9.021
Middle Park Water Conservancy District	0.078	0.078	0.075	0.075	0.062	0.062	0.056	0.056	0.056	0.056
Silverthorne Fire Protection District (Bond only)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	25.678	25.675	25.594	25.607	23.558	23.560	23.593	23.551	23.590	24.476
Total Mill Levies	69.057	65.648	64.905	64.816	61.136	61.296	61.128	58.507	60.585	61.328

(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

	2003	2004	2005	2006	2007(1)	2008(2)	2009(3)	2010(4)	2011(5)	2012
Water Rates:										
Monthly	\$ 13.34	\$ 13.34	\$ 13.34	\$ 13.74	\$ 15.00	\$ 15.00	\$ 12.17	\$ 12.17	\$ 12.17	\$ 12.17
Per 1,000 Gallons	1.98	1.98	1.98	1.98	1.00	1.00	1.30	1.35	1.35	1.35
Tap Fee	4,600	4,800	5,000	5,200	5,400	5,800	6,000	6,200	6,400	6,600
Sewer Rates:										
Monthly	\$ 29.22	\$ 30.10	\$ 30.10	\$ 30.10	\$ 27.83	\$ 27.83	\$ 27.83	\$ 28.67	\$ 30.10	\$ 30.10
Tap Fee	4,600	4,800	5,000	5,200	5,400	5,400	5,400	5,400	5,600	5,800

- (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.
- (5) The Town changed the tiered water rates for 2011. The rates are \$1.35 for 0-5,000 gallons used, \$2.70 for 5,001-10,000 gallons used, \$4.00 for 10,001-16,666 gallons used and \$5.70 for 16,667 and above.

Source: Town of Silverthorne Water Department

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

Retail Category	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Auto	\$ 632,762	\$ 602,400	\$ 578,537	\$ 590,555	\$ 630,615	\$ 695,540	\$ 422,279	\$ 499,463	\$ 551,583	\$ 613,842
Building	935,205	968,499	1,045,206	1,235,386	1,402,298	1,368,016	932,906	736,108	745,939	887,482
Consumer	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	1,911,771
Outlet Stores	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	2,883,683
Food/Liquor	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	1,214,509
Lodging	211,614	197,016	216,182	244,383	266,450	286,675	224,013	243,031	260,874	253,433
Services	344,291	322,560	342,465	377,998	460,410	438,810	383,827	392,701	417,741	396,276
Total	\$ 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	\$ 8,160,996

Auto	10.18%	9.43%	8.24%	7.48%	7.21%	8.21%	5.67%	6.66%	7.12%	7.52%
Building	15.04%	15.17%	14.89%	15.64%	16.04%	16.14%	12.52%	9.81%	9.62%	10.87%
Consumer	20.92%	21.48%	20.71%	19.39%	19.89%	19.18%	23.48%	24.61%	24.42%	23.43%
Outlet Stores	28.00%	28.94%	32.61%	34.65%	33.94%	33.10%	34.77%	35.17%	34.51%	35.33%
Food/Liquor	16.92%	16.84%	15.60%	14.97%	14.60%	14.81%	15.41%	15.27%	15.58%	14.88%
Lodging	3.40%	3.09%	3.08%	3.09%	3.05%	3.38%	3.01%	3.24%	3.37%	3.11%
Services	5.54%	5.05%	4.88%	4.79%	5.27%	5.18%	5.15%	5.23%	5.39%	4.86%
Total	100.00%									

Source: Town of Silverthorne Sales Tax Reports

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed valuations:										
Assessed value	\$ 117,965,730	\$ 119,326,850	\$ 120,857,050	\$ 123,742,000	\$ 154,922,390	\$ 159,036,460	\$ 185,244,790	\$ 186,258,360	\$ 154,970,690	\$ 155,852,340
Legal debt margin:										
Debt limitation - 3 percent of assessed value (1)	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	4,675,570
Debt applicable to limitation:										
Total bonded debt	9,160,000	8,580,000	4,585,000	4,295,000	3,995,000	1,845,000	-	-	-	-
Less: Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	(9,160,000)	(8,580,000)	(4,585,000)	(4,295,000)	(3,995,000)	(1,845,000)	-	-	-	-
Debt exempt by law from legal debt margin (Water Bonds)	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limitation	(9,160,000)	(8,580,000)	(4,585,000)	(4,295,000)	(3,995,000)	(1,845,000)	-	-	-	-
Legal debt margin	\$ 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	\$ 4,675,570

(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

Water and Sewer Fund
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Gross Revenues (1)	\$ 2,019,166	\$ 2,113,626	\$ 1,965,879	\$ 2,155,192	\$ 2,148,711	\$ 2,069,532	\$ 2,043,837	\$ 2,041,821	\$ 2,073,503	\$ 2,096,870
Operating Expenses (2)	1,111,344	1,194,644	1,486,455	1,396,826	1,502,955	1,474,220	1,433,925	1,533,333	1,575,908	1,702,243
Net Revenue Available for Debt Service	907,822	918,982	479,424	758,366	645,716	595,312	609,912	508,488	497,595	394,627
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

Government Fund Types (1)
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Gross Revenues (1)	\$ 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	\$ 12,672,283
Operating Expenses (2)	9,741,803	9,392,450	15,657,071	13,404,399	12,832,906	19,250,402	14,079,019	11,131,960	12,140,869	11,087,961
Net Revenue Available for Debt Service	604,056	828,405	(1,406,127)	1,011,951	1,884,642	(3,417,835)	(1,790,287)	417,233	94,687	1,584,322
Debt Service Requirement	560,000	580,000	610,000	290,000	300,000	325,000	-	-	-	-
Principal Interest	474,455	448,755	421,389	214,570	201,808	187,976	-	-	-	-
Total	1,034,455	1,028,755	1,031,389	504,570	501,808	512,976	-	-	-	-
Coverage	0.58	0.81	(1.36)	2.01	3.76	(6.66)	-	-	-	-

(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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Population (1) (2) (3)	3,789	3,856	3,831	3,937	4,068	4,163	3,863	3,887	3,896	3,916
Assessed Value	\$ 117,965,730	\$ 119,326,850	\$ 120,357,050	\$ 123,742,000	\$ 154,922,390	\$ 159,036,460	\$ 185,244,790	\$ 186,258,380	\$ 154,970,690	\$ 155,852,340
Governmental Activities										
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	\$ 9,160,000	\$ 8,580,000	\$ 4,585,000	\$ 4,295,000	\$ 3,995,000	\$ 1,845,000	\$ -	\$ -	\$ -	\$ -
Capital Leases	\$ 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	\$ 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)	7.66%	6.51%	3.42%	2.87%	2.49%	1.21%	0.16%	0.06%	0.01%	0.00%
Per Capita (2) (5)	\$ 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
 Direct and Overlapping Governmental Activities Debt
 December 31, 2012

Overlapping Entity	2012 Value	Debt Outstanding	Net Outstanding Debt Chargeable to Properties within the Town	
			Percent	Amount
Eagle's Nest Metropolitan District	\$ 52,927,890	\$ 5,325,000	100.0	\$ 5,325,000
Summit County School District RE-1	1,594,701,010	44,740,000	9.2	4,116,080
		Total Overlapping Debt		9,441,080
		Town of Silverthorne Direct Debt		-
		Total Direct & Overlapping Debt		\$ 9,441,080

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

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Town of Silverthorne. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.

Town of Silverthorne, Colorado
Demographics Statistics
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Silverthorne Population (1) (4) (5)	3,789	3,856	3,831	3,937	4,068	4,163	3,863	3,887	3,896	3,916
County Population (1) (3) (4) (5)	25,313	25,177	25,287	25,745	26,234	26,724	27,783	27,994	28,144	28,294
Personal Income (2) (3) (4) (5) (6)	862,882	935,234	990,875	1,128,272	1,182,809	1,215,100	1,138,281	1,210,044	1,286,331	1,304,242
Per Capita Income (2) (3) (4) (5)	34,088	37,146	39,185	43,825	45,087	45,468	41,789	43,090	44,431	46,627
Median Family Income (1) (2) (3) (4) (5)	67,473	70,720	78,400	80,752	84,741	81,300	85,100	87,200	89,351	93,729
Silverthorne School Enrollment (7)	225	280	275	307	315	336	330	338	342	307
Unemployment Rate (1) (2) (3) (4) (5)	4.7%	3.3%	4.1%	3.2%	2.7%	3.8%	6.9%	7.8%	7.5%	7.1%

(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) In thousands

(7) RE-1 School District

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

Employer	2012			2007		
	Employees (1)	Rank	Percentage (2) of Total County Employment	Employees (1)	Rank	Percentage (2) of Total County Employment
Outlets at Silverthorne	600	1	2.94%	360	1	1.87%
Town of Silverthorne	203	2	0.99%	167	3	0.87%
Target Stores	124	3	0.61%	135	5	0.70%
Lowe's	120	4	0.59%	-	n/a	n/a
United Parcel Service	85	5	0.42%	76	6	0.39%
Nells Linceford	80	6	0.39%	140	4	0.73%
Colorado Mountain Express	68	7	0.33%	250	2	1.30%
Old Chicago Restaurant	60	8	0.29%	50	10	0.26%
McDonald's	60	9	0.29%	55	9	0.29%
Xcel Energy	47	10	0.23%	47	11	0.24%
Raven Golf Club @ 3 Peaks	40	11	0.20%	65	8	0.34%
Wendy's	35	12	0.17%	38	14	0.20%
Hudson Auto Source	30	13	0.15%	42	12	0.22%
Summit Ford, Inc	24	14	0.12%	26	16	0.13%
Vista Auto Group	23	15	0.11%	42	13	0.22%
Bighorn Materials, Inc	-	n/a	n/a	70	7	0.36%
Village Inn Restaurant	-	n/a	n/a	35	15	0.18%
Total	1,599		7.84%	1,598		8.29%

As of the 2012 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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administrative Services:										
Council Meetings	22	22	22	22	23	23	22	22	22	22
Newsletters	12	4	6	6	6	6	4	6	6	6
Business Licenses	915	934	890	1,007	1,005	1,067	1,179	1,134	1,130	1,156
Elections	1	1	-	1	-	1	1	1	-	2
Public Safety:										
Physical Arrests	375	278	334	290	347	533	498	488	172	144
Parking Violations	75	74	110	100	114	251	294	143	51	110
Traffic Violations	779	740	1,031	1,112	1,265	1,265	1,203	1,151	1,295	917
Calls for Service	16,922	14,481	16,263	7,933	15,205	9,501	8,982	7,314	6,554	6,039
Public Works:										
Street Resurfacing (miles)	n/a	n/a	n/a	1.95	5.17	4.18	4.55	3.68	3.68	3.68
Miles of Streets to Plow	25.49	25.49	26.08	26.08	26.08	28.08	28.39	28.39	28.39	28.39
Miles of Sidewalks/Trails to Maintain	14	14	14	14	14.5	17.75	23.95	23.95	24.35	24.35
Community Development (1):										
Building Permits Issued	82	90	125	87	151	92	65	72	59	52
CO's Issued	64	44	42	61	38	56	78	35	8	23
Computers	88	90	90	93	105	113	115	115	115	115
Users	95	95	97	100	120	121	107	109	110	110
Applications	23	23	24	25	25	27	27	33	33	33
Recreation & Culture:										
Annual Visitors	201,179	201,817	201,003	211,744	242,010	259,922	250,369	248,433	242,593	265,137
Daily Admissions	38,049	38,500	33,500	35,640	35,700	34,000	33,384	33,071	38,013	31,247
Free Fitness Classes	1,708	1,600	1,678	1,565	1,538	1,593	1,593	1,623	1,619	1,542
Pavilion Wedding Rentals	24	25	30	36	50	51	34	53	48	50
Pavilion Non-Wedding Rentals	56	67	75	38	74	95	80	119	114	64
Water & Sewer:										
Water EQR's	2652.92	2682.65	2767.41	2818.22	2980.35	3053.25	3053.25	3147.76	3163.69	3216.93
Service Connections	1,354	1,394	1,439	1,518	1,518	1,602	1,643	1,660	1,671	1,687
Average Daily Consumption										
in Gallons	620,000	690,000	720,000	700,000	760,000	691,500	750,000	643,000	628,000	607,000
Sewer EQR's	2647.41	2696.04	2767.94	2809.35	2971.48	3042.08	3095.98	3148.89	3160.82	3210.41
Service Connections	1,335	1,371	1,416	1,475	1,517	1,574	1,600	1,625	1,635	1,654

(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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	10	10	9	9	9	9	9	9	9	9
Public Works:										
Miles of Streets	25.49	25.49	26.08	26.08	26.08	28.08	28.39	28.39	28.39	28.39
Miles of Sidewalks/Trails	14	14	14	14	14.5	17.75	23.95	23.95	24.35	24.35
Traffic Lights	8	8	8	8	8	8	8	8	10	10
Recreation & Culture:										
Park/Open Space Acreage	70.65	70.65	70.65	72.18	72.18	72.18	72.18	72.18	72.18	73.54
Parks	3	3	3	4	4	4	4	4	4	7
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	4	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	42.50	45.50	46.50	46.50	46.50	50.18	50.28	45.44	45.60
Fire Hydrants	357	361	369	369	376	388	405	407	390	399
Miles of Sewers	18.50	26.25	28.25	28.25	28.25	28.25	32.78	32.88	31.61	31.61
Manholes	731	735	748	748	759	789	870	873	894	933

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Elected/Appointed	8	8	8	8	8	8	8	8	8	8
Total Elected/Appointed	8									
Administrative Services	8	8	8	9	9	10	10	10	10	10
Public Safety	21	20	21	21	21	20	18	18	18	18
Public Works (1)	20	19	19	20	20	20	20	20	20	20
Water and Sewer	4	4	4	4	4	4	4	4	4	4
Community Development	8	7	8	8	8	8	7	6	6	6
Recreation and Culture (2)	18	16	17	19	19	19	19	19	19	19
Pavilion	3	3	3	3	3	4	4	4	4	4
Total Full-Time Employees	82	77	80	84	84	85	82	81	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 2012

This Information From The Records Of (example - City of _ or County of _)
TOWN OF SILVERTHORNE

Prepared By: T McArthur
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)	769,845
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,031,610
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	55,877
2. General fund appropriations		b. Snow and ice removal	239,311
3. Other local imposts (from page 2)	2,459,383	c. Other	
4. Miscellaneous local receipts (from page 2)	257,633	d. Total (a. through c.)	295,188
5. Transfers from toll facilities		4. General administration & miscellaneous	330,649
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	505,041
a. Bonds - Original Issues		6. Total (1 through 5)	2,932,333
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)	2,717,016	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government		2. Notes:	
(from page 2)	231,196	a. Interest	315
D. Receipts from Federal Government		b. Redemption	15,564
(from page 2)	0	c. Total (a. + b.)	15,879
E. Total receipts (A.7 + B + C + D)	2,948,212	3. Total (1.c + 2.c)	15,879
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,948,212

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)	15,564		15,564	0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	2,948,212	2,948,212		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2012

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	55,951
1. Sales Taxes	2,396,711	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	200,282
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	62,672	g. Other Misc. Receipts	1,400
6. Total (1. through 5.)	2,459,383	h. Other	
c. Total (a. + b.)	2,459,383	i. Total (a. through h.)	257,633
	(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	205,506	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	25,690	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.)	25,690	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	231,196	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		2,466	2,466
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		713,059	713,059
(4). System Enhancement & Operation		54,320	54,320
(5). Total Construction (1) + (2) + (3) + (4)	0	767,379	767,379
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	769,845	769,845
			(Carry forward to page 1)

Notes and Comments: