



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2007**

Prepared by:  
Town of Silverthorne's  
General Government Department

**TOWN OF SILVERTHORNE, COLORADO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For Fiscal Year Ended December 31, 2007**

**TABLE OF CONTENTS**

**INTRODUCTION SECTION**

Letter of Transmittal .....	1
Certificate of Achievement .....	7
Organization Chart .....	8
List of Elected and Appointed Officials .....	9

**FINANCIAL SECTION**

Report of Independent Certified Public Accountants .....	11
Management Discussion and Analysis .....	13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	23
Statement of Activities .....	24
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to Statement of Activities .....	28
Statement of Net Assets – Proprietary Funds .....	29
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds .....	30
Statement of Cash Flows – Proprietary Funds .....	31
Statement of Assets & Liabilities – Agency Fund .....	32
Notes to the Financial Statements .....	33
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund .....	57
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Improvement Fund .....	58
Combining and Individual Fund Statements and Schedules (Supplementary Information):	
Non-major Governmental Funds	
Combining Balance Sheet – Other Governmental Funds .....	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Governmental Funds .....	62
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget & Actual - Conservation Trust Fund .....	63
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget & Actual - Lodging Tax Fund .....	64
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget & Actual - Development Excise Tax Fund .....	65
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget & Actual - Housing 5A Fund .....	66

**Table of Contents (Continued)**  
**Year Ended December 31, 2007**

Statement of Net Assets – Compensated Absences .....	69
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Agency Fund .....	70
Statement of Changes in Assets and Liabilities – Agency Fund .....	71
Local Highway Finance Report .....	73

**STATISTICAL SECTION**

Government-wide Net Assets by Category	Schedule 1	76
Changes in Net Assets – Governmental Activities	Schedule 2	77
Changes in Net Assets – Business-Type Activities	Schedule 3	78
Changes in Net Assets – Proprietary Funds	Schedule 4	79
Changes in Net Assets – Total	Schedule 5	80
Fund Balances – Governmental Funds	Schedule 6	81
Changes in Fund Balances – Governmental Funds	Schedule 7	82
General Governmental Expenditures by Function	Schedule 8	83
General Governmental Revenues by Source	Schedule 9	84
Changes in Fund Balances – Governmental Funds	Schedule 10	85
General Governmental Tax Revenues by Source	Schedule 11	86
Silverthorne Property Tax Mill Levies	Schedule 12	87
Water & Sewer Rates	Schedule 13	88
Taxable Sales by Category	Schedule 14	89
Computation of Legal Debt Margin	Schedule 15	90
Revenue Bond Coverage	Schedule 16	91
Ratio of Net General Obligation Bonded Debt	Schedule 17	92
Computation of Overlapping Bonded Debt	Schedule 18	93
Miscellaneous Statistics	Schedule 19	94
Demographics Statistics	Schedule 20	95
Principal Employers	Schedule 21	96
Operating Indicators by Function	Schedule 22	97
Summary of Approved Positions by Department	Schedule 23	98



**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, 2007. 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, 2007, have been issued an unqualified ("clean") opinion by Johnson, Holscher & Company, P.C., 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 over 4,000 people.

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

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

The Town provides a full range of services. These services include police protection, street construction and maintenance, infrastructure, water and sewer services, a recreation center, recreation activities and cultural events. Wastewater services are provided through a legally separate Joint Sewer Authority, which the Town manages and are therefore reported separately within the Town of Silverthorne's financial statements. Additional information on the Authority can be found in Note H 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 2007, 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 the future.

### ***Factors Affecting Financial Condition***

***Local Economy:*** For fiscal year 2007, the Town of Silverthorne continued to see financial and physical growth. Silverthorne is home to many commercial businesses that service the community. The remainder of the economy is tourism related, with 80 (when fully leased) Outlet stores, 36 fast-food/restaurants and 6 hotels. Major industries/employers in 2007 included: Silverthorne Outlet Stores, Xcel Public Utilities, Town of Silverthorne, U.S. Forest Service, Colorado Mountain Express, Target and a combination of lodging, building and restaurant businesses.

The Town continues to be financially stable. This can be mostly attributed to expenditure reductions during fiscal years 2002 – 2004, the opening of the Target store in March of 2003 and the recent remodeling of Phases I & III of the Outlet Stores. The reductions required during the financially challenged years had caused the Town to be cautious when adding expenditures back while at the same time addressing increases in wages, fuel and natural resource expenses. 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 the Town is to continue to grow and remain in healthy financial condition.

The primary challenge the Town faces currently and into the future is its dependency on sales tax revenues. Sales tax revenues comprised 64% of the general fund revenues. The national and local economy began a downturn in the summer of 2001 which continued into 2003. The decline in the economy was seen in Silverthorne with decreases (5.5%) in sales tax revenues from 2001 as compared to 2002 sales tax collections. Sales tax collections saw moderate increases in 2003 and 2004 as reflected by the 3.8% and 2.7% respective increases. However, 2005 - 2007 finished with significant increases in sales taxes of 10%, 12.5% and 10.7%, respectively.

Recent history includes the relocation of our community grocery store to an adjacent community in April of 1998. A \$1 million sales tax shortfall (a loss of approximately 15% of general fund revenues) was the reality of the relocation. Since then the Town has added a buildings material store as well as a major office supply store. During the late 90's and early 2000, the local and national economy grew. This produced acceleration in the building industry that helped the Town's sales tax revenues grow. An economic downturn began in mid-2001. The September 11th terrorist attacks had a direct effect on tourism and the economy throughout 2002. The state-wide drought and wild fires during the summer of 2002 discouraged tourism in the Summit County area. 2003 saw tourism numbers return to the area however, consumers were cautious in their spending. In March of 2003 Target opened a 124,000 sq. ft. retail sundries store in Silverthorne.

The remodel and addition of eight new retail businesses to Phase II of the Outlet Stores was the primary reason for the increase in sales tax revenues in 2005. Phase III of the Outlets began renovations in 2006 and included the addition of a new anchor store, Old Navy. Several other new stores were added to that Phase that same year. The Outlets Phase III completed their remodel in 2007 and Phase I began their remodel in late 2007. Several highly-sought-after retail stores, Columbia & Ann Taylor, opened in late 2007.

New building permits issued in 2007 were flat compared to 2006 permits. While flat from the prior year, 2007 is considered to have been a continuation of building growth. While the national housing market is in a downturn, Silverthorne residential building growth continues to maintain. Building permits revenues are a direct indicator as to building retailer's revenues and as such building retail sales tax revenues were higher than 2006.

The increase in revenues in 2007 has allowed the Town to add several full-time positions that had been eliminated in past years as well as fill service needs that have since been added. The Town also had the ability to address many maintenance projects that had been postponed in recent years due to budget reductions. The pine beetle disease has killed many lodgepole pine trees in the Silverthorne area with most of the death in the surrounding national forest. The Town has had to enforce tree removal programs for both Town-owned property and the property of residents and businesses. Without the removal of the trees the risk of fire increases.

Several new capital projects took place in 2007 including the continued expansion of the north trail system. Major street and infrastructure projects included the construction of a second bridge in the Town Center area, sidewalk and road reconstruction in Ptarmigan subdivision and a new water pumphouse and storage tank.

If there is one thing that can be said about 2007, it is that the Town continues to be faced with many economic challenges due to changes (both good and bad) in retail structure, the economy and especially residential growth. Without a town-assessed property tax, there will be no direct revenue to cover the additional cost of the growth. Town management and Council have had to work hard and analyze many complex issues in order to save money and still provide services to the public while planning for the future.

**Long-Term Financial Planning:** The unreserved fund balance in the general fund (96% of expenditures) is above the Town's financial policies requirement of 6-months of annual expenditures. However, in 2008 the Town will continue with the construction of another portion of the Town's trail system. Additionally the Town will design and engineer the next section of the trail to be built in 2009. The trail is and has been a long-term goal for the Town.

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 has never had a downtown area like older communities have. The Town Center Project has been a vision for this community for quite some time. Its realization should stimulate additional economic development in the community. In essence, balancing the economics with the vision remains the priority of the Town.

A major contributor to the Town's sales tax revenues are the Silverthorne Outlet Stores. For over the last sixteen years, the approximately 80 stores have accounted for 28% to 40% of the Town's total sales tax revenues. As with any retail business, there comes a time when a business will be required to redevelop in order to maintain or grow. Fiscal year 2008 will continue to see the completion of the remodel of Phase I and the filling of the restaurant space at Phase III. This redevelopment should have a major effect on future sales tax revenues.

In late 2006, the Citizens of Summit County approved a .125% sales tax and an impact fee on new construction that will fund affordable housing projects. The funds raised in Silverthorne (estimated to be over \$5 million) and the other Summit County municipalities/governments will be spent on affordable housing related capital projects. Needs assessments are currently being conducted to assist the Town on how best to spend these funds. Affordable housing is becoming a major issue within the Town and County. In turn the lack of affordable housing is having an effect on hiring and retaining employees. The sales tax and impact fee will sunset in 2016.

**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 increases 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 fact, 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:** The Town has an economic development advisory committee who is reviewing the Town's economic structure and mixture. The purpose of the committee is to make economic related recommendations to Council. The recommendations should be long-term in nature which will hopefully encourage stability in revenues as well as make the Town a place that people want to conduct business and buy their goods.

## 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, 2006. 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 2006 was the eleventh 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 2007-2008 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 L. Braun, CPA, National & Colorado CGFO  
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, 2006

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.



*Oliver S. Cox*

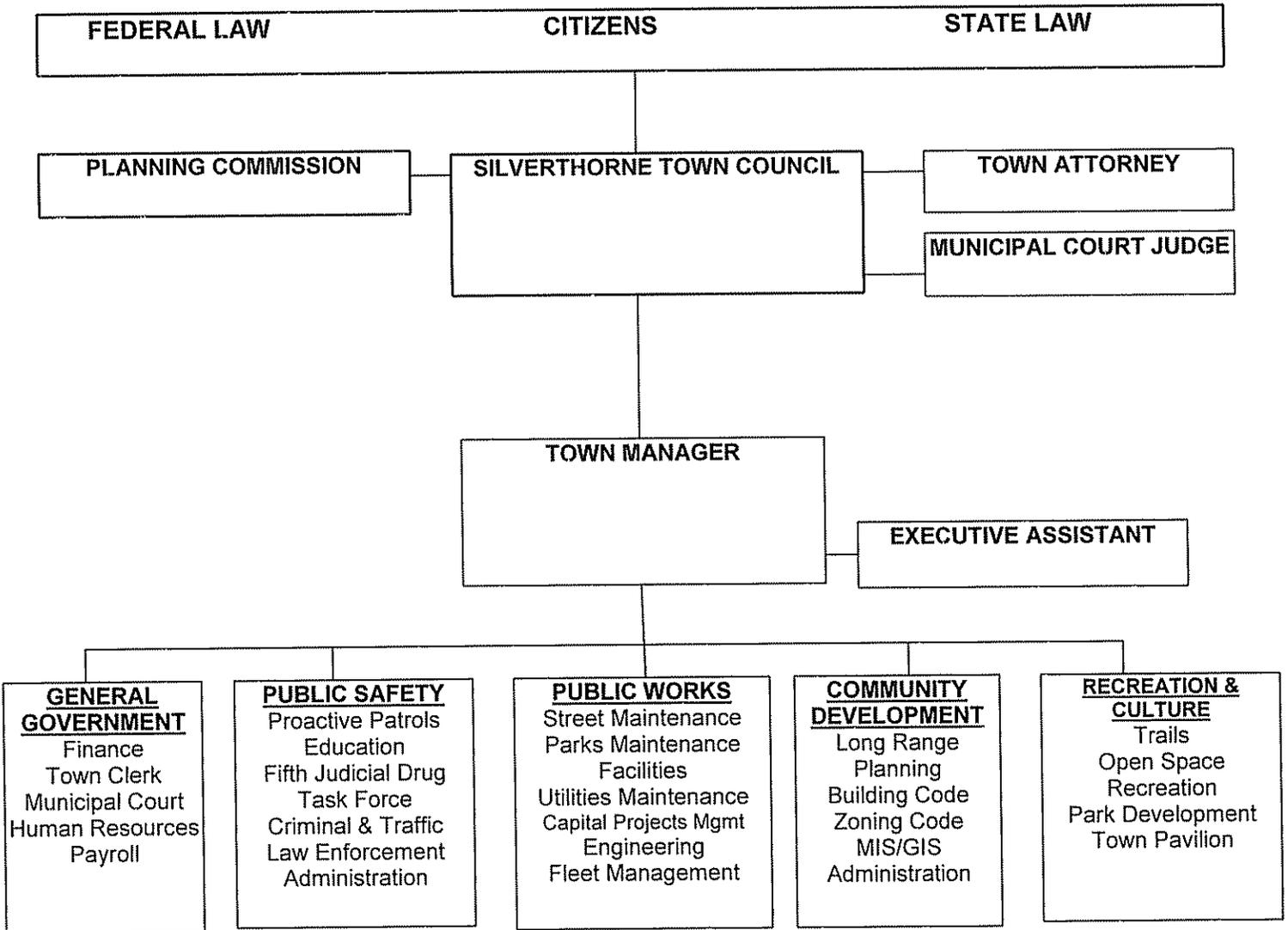
President

*Jeffrey R. Emer*

Executive Director



## TOWN OF SILVERTHORNE, CO ORGANIZATIONAL CHART





TOWN OF SILVERTHORNE, COLORADO  
LIST OF ELECTED AND ADMINISTRATIVE OFFICIALS  
December 31, 2007

**Elected Officials**

Mayor	Dave Koop
Mayor Pro-tem	Peggy Long
Council Members	Vince Lanuza
	Kevin McDonald
	Stuart Richardson
	Rosanne Shaw
	Steve Swanson

**Administrative Officials**

Town Manager	Kevin Batchelder
Attorney	Gerald Dahl
Town Clerk	Michele Karlin
Administration & Finance Director	Donna Braun
Police Chief	Mark Hanschmidt
Public Works Director	Bill Linfield
Community Development Director	Mark Leidal
Recreation & Culture Director	Tammy Jamieson

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

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, Colorado (the Town), as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements of the Town as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic 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, the budgetary comparison schedules and the aggregate remaining fund information of the Town of Silverthorne, Colorado, as of December 31, 2007, and the results of its operations and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 13 through 22 and budget and actual schedules on pages 57 through 58 are not required parts of the basic financial statements, but are supplemental information required by the Governmental Accounting Standards Board. We applied limited procedures, consisting principally of inquiries of management, regarding measurement and presentation of the required supplementary information. We did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Silverthorne's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis as supplementary information and are not a required part of the basic financial statements. The accompanying Local Highway Finance Report is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Silverthorne, Colorado. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

*Johnson, Holscher & Company, P.C.*

Centennial, Colorado  
March 20, 2008

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**TOWN OF SILVERTHORNE, COLORADO**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**December 31, 2007**

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, 2007. 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 2007 by \$68,267,704 (*net assets*). Of this amount, \$23,116,729 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations or unforeseen expenses.
- As of the close of fiscal year 2007, the Town of Silverthorne's governmental funds reported a combined ending fund balance of \$12,436,650 an increase of \$1,884,642 compared to fiscal year 2006. \$11,490,410 of the total is considered unreserved.
- At the end of fiscal year 2007, unreserved fund balance for the general fund was \$8,111,460 or 96% of the total general fund expenditures.
- General fund 2007 revenues increased by \$774,248 or 8.9% as compared to 2006. Governmental funds sales tax revenues increased by \$845,448 as compared to 2006 results.
- In November of 2006, Summit County voters approved a .125% sales tax and an impact fee on new construction for the purpose of developing and building affordable housing. The sales tax is remitted back to the municipality based on where the sale occurred. The Impact fee is collected and retained in the area where the building is permitted. Based on this approval the Town established the Housing 5A Special Revenue Fund in 2007. For fiscal year 2007, the 5A Housing Fund had revenues of \$504,633.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

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

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

Both of the government-wide financial statements distinguish functions of the Town of Silverthorne that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other

functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town of Silverthorne include: general government, public safety (police), public works, community development, recreation & culture 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 fund and capital fund. Both are considered to be major funds. The other four 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 fund. A budgetary comparison statement has been provided for the general fund 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 fund. *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 long-term compensated absences. Because this service predominantly benefits 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 internal services fund is 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 only maintains one fiduciary fund, 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** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-53 of this report.

**Required Supplementary & Other Information** – The required 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 57-73.

### FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

**Net Assets** – As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Silverthorne, governmental activities assets exceeded liabilities by \$43 million at the close of fiscal year 2007.

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

	<b>TOWN OF SILVERTHORNE'S NET ASSETS</b>					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and Other Assets	\$ 14,395,912	\$ 13,113,112	\$ 11,682,328	\$ 12,091,914	\$ 26,078,240	\$ 25,205,026
Capital Assets	35,120,184	31,889,261	13,834,516	10,988,647	48,954,700	42,877,908
Total Assets	49,516,096	45,002,373	25,516,844	23,080,561	75,032,940	68,082,934
Long-Term Debt Outstanding	4,935,233	5,292,829	-	-	4,935,233	5,292,829
Other Liabilities	1,564,521	2,187,149	265,482	105,977	1,830,003	2,293,126
Total Liabilities	6,499,754	7,479,978	265,482	105,977	6,765,236	7,585,955
<b>Net Assets:</b>						
Invested in Capital Assets.						
Net of Related Debt	30,551,010	26,936,791	13,834,516	10,988,647	44,385,526	37,925,438
Restricted	765,449	743,056	-	-	765,449	743,056
Unrestricted	11,699,883	9,842,548	11,416,846	11,985,937	23,116,729	21,828,485
Total Net Assets	\$ 43,016,342	\$ 37,522,395	\$ 25,251,362	\$ 22,974,584	\$ 68,267,704	\$ 60,496,979

By far the largest portion of the Town of Silverthorne's net assets, 65%, reflects its investment in capital assets (e.g. land, buildings, infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town of Silverthorne uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Silverthorne's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.

The \$26,078,240 of Total Primary Government current and other assets includes \$16,821,707 in cash, cash equivalents and investments. This reflects the strong cash balances that the Town of Silverthorne has maintained in 2007, even with approximately \$4.8 million in capital projects. The \$4,935,233 in long-

term debt outstanding contains \$3,995,000 in outstanding revenue bonds that are dependent on sales tax revenues in order to pay the bonds.

At the end of 2007, the Town of Silverthorne is able to report a positive balance of net assets for the government as a whole, as well as for its separate Governmental and Business-type Activities. The net assets - unrestricted for the governmental activities equals 114% of total expenses in the statement of activities for governmental activities for 2007.

During 2007, the Town of Silverthorne's net assets increased by \$7,770,725. The increase from the Governmental Activities can be attributed mostly from ongoing revenues out-pacing ongoing expenses (not including transfer) by \$5,144,136. The remaining \$2,276,778 increase in net assets is from Business Activities which can be attributed to capital contributions (tap fees and contributed infrastructure) and an increase in the sewer funds' investment in the Joint Sewer Authority.

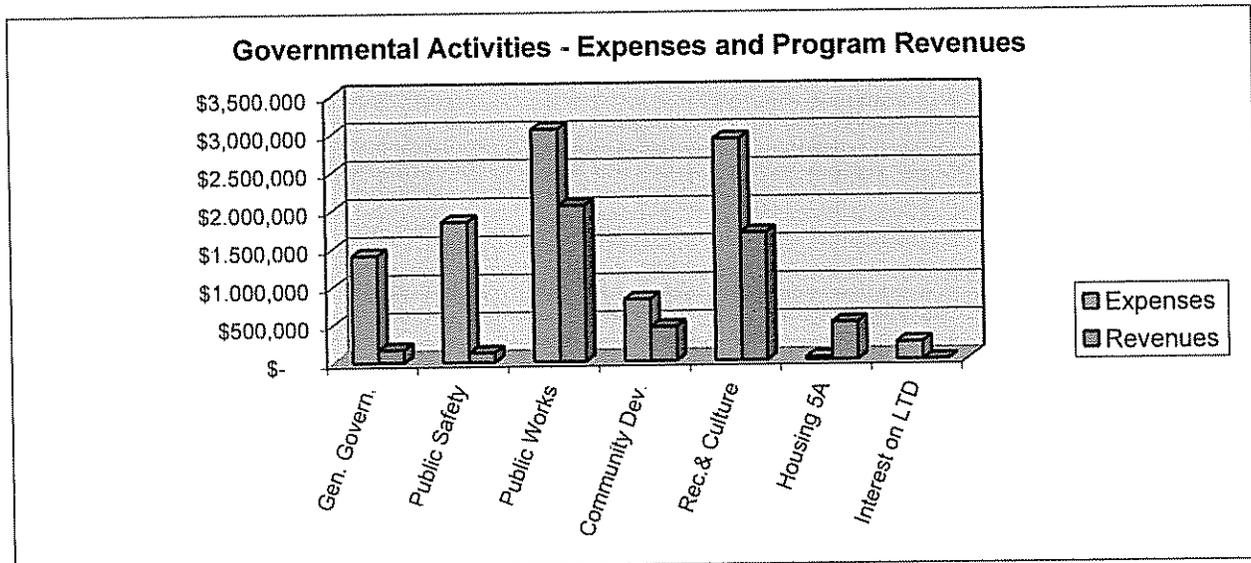
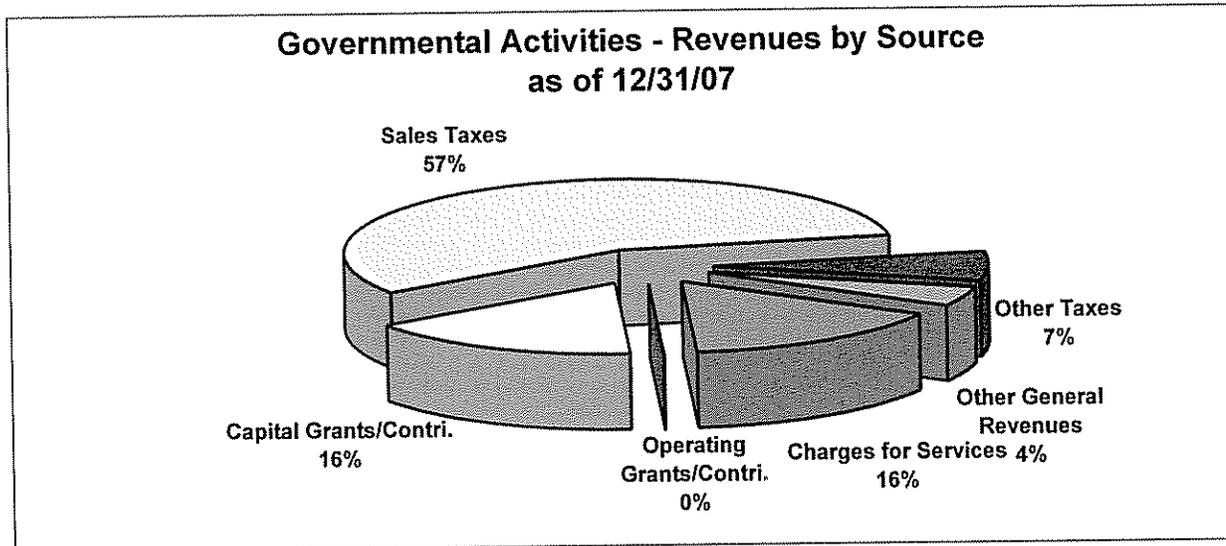
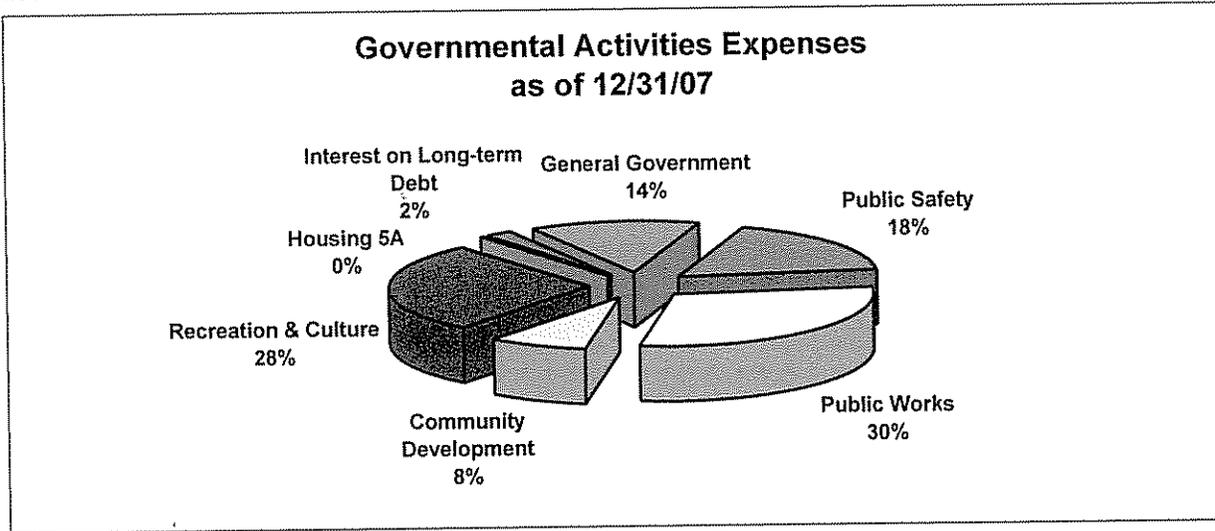
**Changes in Net Assets** – Governmental activities increased the Town of Silverthorne's net assets by \$5,493,947 reflecting 71% of the growth to total net assets. This increase shows that the Town had experienced a growing economy during the fiscal year which is in line with the state and national economy.

### TOWN OF SILVERTHORNE'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Program Revenues:						
Charges for Services	\$ 2,443,851	\$ 2,250,778	\$ 1,824,007	\$ 1,880,718	\$ 4,267,858	\$ 4,131,496
Operating Grants & Contributions	7,773	57,324	-	-	7,773	57,324
Capital Grants & Contributions	2,517,121	1,788,089	2,265,718	616,320	4,782,839	2,404,409
General Revenues:						
Sales Taxes	8,744,604	7,899,156	-	-	8,744,604	7,899,156
Other Taxes	1,054,201	1,072,823	-	-	1,054,201	1,072,823
Other General Revenues	673,850	491,913	673,793	603,620	1,347,643	1,095,533
Total Revenues	<u>15,441,400</u>	<u>13,560,083</u>	<u>4,763,518</u>	<u>3,100,658</u>	<u>20,204,918</u>	<u>16,660,741</u>
Program Expenses:						
General Government	1,405,667	1,328,306	-	-	1,405,667	1,328,306
Public Safety	1,841,689	1,886,232	-	-	1,841,689	1,886,232
Public Works	3,053,768	2,942,747	-	-	3,053,768	2,942,747
Community Development	814,718	738,851	-	-	814,718	738,851
Recreation & Culture	2,912,284	2,682,592	-	-	2,912,284	2,682,592
Affordable Housing 5A	39,713	-	-	-	39,713	-
Interest on Long-term Debt	229,425	240,015	-	-	229,425	240,015
Water	-	-	1,101,207	942,428	1,101,207	942,428
Sewer	-	-	1,035,722	1,022,839	1,035,722	1,022,839
Total Expenses	<u>10,297,264</u>	<u>9,818,743</u>	<u>2,136,929</u>	<u>1,965,267</u>	<u>12,434,193</u>	<u>11,784,010</u>
Excess Before Transfers	5,144,136	3,741,340	2,626,589	1,135,391	7,770,725	4,876,731
Transfers	349,811	331,102	(349,811)	(331,102)	-	-
Change in Net Assets	5,493,947	4,072,442	2,276,778	804,289	7,770,725	4,876,731
Net Assets – Beginning of Year	37,522,395	33,449,953	22,974,584	22,170,295	60,496,979	55,620,248
Net Assets – End of Year	<u>\$ 43,016,342</u>	<u>\$ 37,522,395</u>	<u>\$ 25,251,362</u>	<u>\$ 22,974,584</u>	<u>\$ 68,267,704</u>	<u>\$ 60,496,979</u>

**Governmental Activities**

Governmental activities increased the Town of Silverthorne's net assets by \$5,493,947. The following are illustrative summaries of Governmental Activities revenues and expenses:



**Governmental Activities Analysis:**

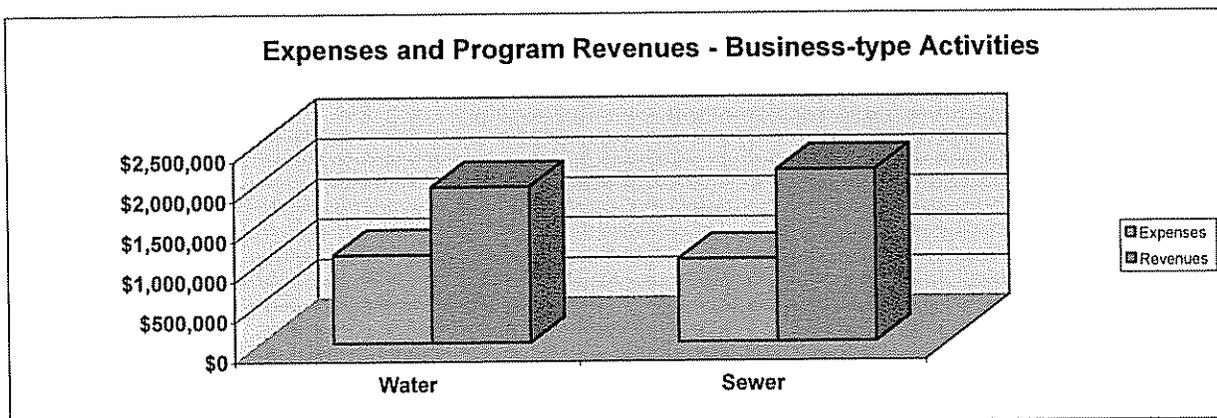
- Sales taxes increased by 10.7% (\$845,448) in 2007. Beyond the economy growing in general, there were several other reasons for the sales tax revenue growth. First, Phase III of the Outlet stores completed their renovation and Phase I began a renovation in the fall of 2007. Both Phases added several new stores. Fiscal year 2007 reflects a full or partial year of sales tax activities, post renovations, for these Phases of the Outlets. The Outlets overall showed a \$235,587 increase from 2006 and make up 34% of the Town's total sales tax base. Additionally the building and consumer retail industry saw a sales tax revenue increase of \$166,912 and \$204,327 respectively from 2006.
- Building related permits increased by \$40,000 from 2006. The majority of building permits in 2007 were residential. While building still continues in the Eagles Nest/Three Peaks area, a new residential development, Angler Mountain, was approved in 2007 and several permits were issued as home construction begins at Angler Mountain. Silverthorne continues to be a choice area for new homes and is one of the few mountain communities in Summit County that still has residential land available for building.
- Fiscal year 2007 saw interest rates increase which is reflected in the \$127,841 increase over 2006 investment income results.
- Capital Grants & Contributions include several grants/donations the Town received during 2007 including \$594,782 from GOCO (Great Outdoors Colorado) and South Maryland Creek Ranch for the purchase of open space and the construction of a portion of north trail system. Others grants included infrastructure from developers in the amount of \$1.6 million.
- Governmental expenses increase by \$478,521 or 4.9% from 2006. The majority of this increase is due to salary and benefits increases from 2006. An increase in costs to address pine beetle kill on trees on town properties and to assist citizens with their tree removal were added in 2007.

**Business-type Activities**

Net assets in Business-type Activities increased by \$2,276,778. Business type activities include water and sewer service. The majority of the increase is due to capital contributions by developers and sales of utility taps.

The water fund saw minor rate increases in 2007 to address increased costs of services and to continue maintenance and repairs on older lines. Charges for services make up approximately 77% of program revenues with system development fees and capital contributions making up the other 23%. The increase in capital contributions reflects the continued building growth in the Town. It should be noted that water users' fees revenues stayed flat from 2006 revenues due to water conservation and moving to a tiered consumption rate structure.

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.

**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. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the Town completed the year, its governmental funds reported a combined fund balance of \$12,436,650. Of that balance, \$11,490,410 constitutes unreserved fund balance which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for items such as 1) an encumbrance of \$145,000 for committed projects, 2) inventories and prepaid expenditures of \$35,791, 3) a state constitution mandated emergency reserve of \$252,473, 4) debt service reserved in the amount of \$512,976, per bond ordinance.

The general fund is the chief operating fund of the Town of Silverthorne. At the end of the current fiscal year, unreserved fund balance of the general fund was \$8,111,460 while the total fund balance increased from 2006 to \$8,410,724. 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. Unreserved fund balance represents 96% of total 2007 general fund expenditures, while total fund balance represents 100% of that same amount.

The fund balance of the Town of Silverthorne's general fund increased by \$1,087,755 during the current fiscal year. Key factors for 2007 are as follows:

- Revenues were 9% (\$774,248) higher for 2007 compared to 2006. The increases in revenue include material increases in sales tax revenues which made up \$524,220 of the increase. The growth in sales tax revenues is due to the renovation of the Outlet stores as well as an overall increase in retail businesses.
- The Town planned on fiscal year 2007 expenditures to grow. The general fund had added the equivalent of four full-time positions during late 2006 which in turn made 2007 the first full year for expenditures. Additionally, the Town gave a 2% cost of living increase and up to a 3.5% merit increases to employees. The Town also expended funds to deal with the ever growing pine beetle and noxious weed issues. Overall, 2007 expenditures increased by \$746,458 (10%) from 2006.
- In order to assist with infrastructure (Town Center Bridge and Ptarmigan road improvements), the general fund transferred \$300,000 to the sales tax capital fund.

The capital improvement fund has a total fund balance of \$1,738,784. Approximately \$626,976 is reserved for the payment of debt service and encumbrances. The net decrease in fund balance during the current year was \$19,299. The Town expended \$2,581,088 on capital projects and asset management. Major street/bridge expenditures continue to be a priority for the Town with \$980,577 being spent on reconstruction projects. Debt service is paid from this fund with \$667,084 expended in 2007. Like the general fund, the major revenue source for the capital improvement fund is sales tax revenues.

Special revenue funds have a total fund balance of \$2,287,142. None of the fund balance is considered reserved, but is designated for expenditures based on past election questions. The special revenue fund balance increased by \$816,186 in 2007. The newest revenue source in 2007 is \$504,633 from the Housing 5A sales tax and collected impact fees to assist with the development of affordable housing options in Silverthorne.

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

Unrestricted net assets of the Water and Sewer funds at the end of the year amounted to \$11,416,846. The total growth in net assets for all proprietary funds was \$2,276,778. 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 2006.
- Midyear adjustments for unanticipated projects and increases/decreases due to the economy and service levels.

Differences between the original budget and the final amended budget were material compared to past years. Sales tax, development excise tax, housing 5A sales tax, 5A impact fees and building related revenues were amended to account for increases due to additional sales tax related businesses and the increase in building related activity. However, even with these adjustments, actual expenditures for the general fund were \$396,442 below final budget amounts and resources available for appropriation were \$272,334 above the final budgeted amount.

The statement of budget to actual for the General Fund can be found on page 57.

## **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, 2007 amounts to \$48,954,700 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, parks & recreation, equipment, roads, bridges, trails and utility system infrastructure. The total net increase in the Town of Silverthorne's investment in capital assets for the current fiscal year was \$6,076,792.

Major capital assets events during the 2007 fiscal year included the following:

- The construction of section 2 of the trail system by the Ponds subdivision at a cost of \$500,000
- The contribution of \$3,224,296 in streets, bridges and water/sewer infrastructure from developers for: Angler Mountain filing 1, Talon Circle in Eagles Nest and Adams Ave 9<sup>th</sup> to Annie Road.
- Construction of intersection and sidewalk in the Ptarmigan Subdivision at a cost of \$510,866.
- The construction of the Blue River Pedestrain bridge at the Town Center at a cost of \$566,543.
- The reconstruction of Stephens Way and related water line replacement at a cost of \$539,000.
- The construction of the base zone tank on Current Way at a cost of \$869,000.
- The Bighorn well and pumphouse construction at a cost of \$656,000.
- The replacement of heavy equipment and vehicles for \$373,030.
- Asset management projects through out the Town at a cost of \$486,000.
- Addition of capital assets out-paced the annual depreciation, hence the overall increase to capital assets.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Land/Projects in Progress	\$ 6,283,281	\$ 6,273,359	\$ 7,347	\$ 3,871	\$ 6,290,628	\$ 6,277,230
Buildings	9,808,755	9,818,768	-	-	9,808,755	9,818,768
Vehicles	1,839,396	1,810,936	-	-	1,839,396	1,810,936
Parks & Recreation	1,497,278	1,518,300	-	-	1,497,278	1,518,300
Equipment & Furniture	259,984	250,291	139,531	154,788	399,515	405,079
Infrastructure	14,097,675	10,814,551	-	-	14,097,675	10,814,551
Other Improvements	1,333,815	1,403,056	97,726	66,350	1,431,541	1,469,406
Water/Sewer Infrastructure	-	-	12,878,192	10,051,918	12,878,192	10,051,918
Water Rights	-	-	711,720	711,720	711,720	711,720
Total	<u>\$35,120,184</u>	<u>\$31,889,261</u>	<u>\$13,834,516</u>	<u>\$10,988,647</u>	<u>\$48,954,700</u>	<u>\$42,877,908</u>

Note G of the financial statements on page 45 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 funds had total bonded debt outstanding of \$3,995,000 all backed by the full faith and credit of the Town but secured by 60% of the Town's 2% sales tax revenues. The Town of Silverthorne's total long-term debt decreased by \$382,003. The notes payable increased by \$237,326 in government funds for vehicles and heavy equipment purchases.

Note J of the financial statements on page 48 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 63% of government fund revenues and are an important source for providing funds for the general operations/maintenance and capital for the Town of Silverthorne.
- The Outlet Stores will complete the remodel of the Phase I buildings. Several new stores in Phase I will help add to the selection of stores overall. The redevelopment of Phase I in 2008 will continue to add to the Town's revenues as many of the new stores added in 2007 were not opened until late 2007. Additionally, the Outlets has purchased the preexisting Denny's building and intends to create three restaurants which will be opened in 2008. The remodel reinforces the desire of the Outlets to revitalize and help draw business to the Silverthorne area.
- The national, state and local economies are projected to continue to have minimal if any growth throughout 2008. Silverthorne has elected to be conservative with sales tax revenue projections for 2008 by estimating sale tax revenues to be flat from 2007. Existing businesses are estimated to decrease by 3% on average compared to 2007 results and a 5% increase from 2007 for the Outlet store sales tax category due to the additional stores being added in late 2007 and 2008. The Outlet stores make up 34% of the Town's total sales tax revenue.
- The Town added several full-time positions in 2008, as they were still recovering from the elimination of full-time positions that took place over prior years, 2002 – 2004, due to the Town's dependence on sales tax revenues and unstable economic issues and the fact that additional service areas have been added over the last year. The 2008 expenditure budget remains conservative with minimal wage increases and health insurance rates. Higher energy/gas prices have also been addressed in the 2008 budget. Additional funding has been included to address noxious weeds and pine beetle issues.
- The Town has put a stronger emphasis on asset management by developing a ten year plan and adding over a \$1 million to the 2008 budget for projects.

- Another section of the north trail system will be constructed in 2008 at a cost of \$530,000 and staff continues to design and engineer the next section that will be constructed in 2009.
- The Town is anxious to develop affordable housing goals for the approximately \$5 million in Housing 5A Funds that the Town will receive through 2016 when the Housing 5A sales tax and impact fees will expire. Several viable projects are currently being reviewed.
- The water fund will complete the \$2 million well projects including the construction of the pumphouse at Bighorn and a base zone tank at Eagles Nest filing #5.

The Town of Silverthorne continues to be in a strong financial position. General fund reserves are at levels 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 2008 fiscal year.

### **REQUESTS FOR INFORMATION**

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

**TOWN OF SILVERTHORNE, COLORADO**

**STATEMENT OF NET ASSETS**

December 31, 2007

	Primary Governmental		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 9,080,427	\$ 4,113,298	\$ 13,193,725
Investments	2,484,320	1,143,662	3,627,982
Accounts Receivable	964,198	465,838	1,430,036
Due from Other Governments	966,066	-	966,066
Inventory	13,629	27,314	40,943
Deposits and Prepaids	25,023	813	25,836
Deferred Charges	32,586	-	32,586
Restricted Cash & Cash Equivalents	829,663	-	829,663
Investment in Joint Sewer Authority	-	5,931,403	5,931,403
Capital Assets:			
Non-depreciable Assets	6,283,281	719,067	7,002,348
Depreciable Assets, Net	28,836,903	13,115,449	41,952,352
<b>TOTAL ASSETS</b>	49,516,096	25,516,844	75,032,940
<b>LIABILITIES</b>			
Accounts Payable	468,319	220,456	688,775
Accrued Liabilities	1,054,339	10,396	1,064,735
Unearned Revenues	41,863	-	41,863
Noncurrent Liabilities:			
Due Within One Year	987,140	34,630	1,021,770
Due in More Than One Year	3,948,093	-	3,948,093
<b>TOTAL LIABILITIES</b>	6,499,754	265,482	6,765,236
<b>NET ASSETS</b>			
Invested in Capital Assets			
Net of Related Debt	30,551,010	13,834,516	44,385,526
Restricted for:			
Emergency	252,473	-	252,473
Debt Service	512,976	-	512,976
Unrestricted	11,699,883	11,416,846	23,116,729
<b>TOTAL NET ASSETS</b>	\$ 43,016,342	\$ 25,251,362	\$ 68,267,704

The accompanying notes are an integral part of the financial statements

TOWN OF SILVERTHORNE, COLORADO

**STATEMENT OF ACTIVITIES**

Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General Government	\$ 1,405,667	\$ 169,744	\$ -	\$ -
Public Safety	1,841,689	115,227	7,773	4,000
Public Works	3,053,768	71,279	-	1,978,662
Community Development	814,718	449,551	-	-
Recreation & Culture	2,912,284	1,638,050	-	39,302
Affordable Housing 5A	39,713	-	-	495,157
Interest on Long-Term Debt	229,425	-	-	-
Total Governmental Activities	<u>10,297,264</u>	<u>2,443,851</u>	<u>7,773</u>	<u>2,517,121</u>
Business-Type Activities				
Water	1,101,207	850,636	-	1,095,927
Sewer	1,035,722	973,371	-	1,169,791
Total Business-Type Activities	<u>2,136,929</u>	<u>1,824,007</u>	<u>-</u>	<u>2,265,718</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 12,434,193</u>	<u>\$ 4,267,858</u>	<u>\$ 7,773</u>	<u>\$ 4,782,839</u>
<b>GENERAL REVENUES</b>				
Taxes:				
Sales Taxes for General Purpose				
Sales Taxes for Capital & Debt				
Lodging Tax				
Franchise Taxes				
Development Excise Tax				
Highway Users Tax				
Other Taxes				
Investment Income				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets - Beginning of Year				
Net Assets - End of Year				

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

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

<u>Governmental Activities</u>	<u>Business-Type Activites</u>	<u>Total</u>
\$ (1,235,923)	\$ -	\$ (1,235,923)
(1,714,689)	-	(1,714,689)
(1,003,827)	-	(1,003,827)
(365,167)	-	(365,167)
(1,234,932)	-	(1,234,932)
455,444	-	455,444
(229,425)	-	(229,425)
<u>(5,328,519)</u>	<u>-</u>	<u>(5,328,519)</u>
-	845,356	845,356
-	<u>1,107,440</u>	<u>1,107,440</u>
-	<u>1,952,796</u>	<u>1,952,796</u>
<u>(5,328,519)</u>	<u>1,952,796</u>	<u>(3,375,723)</u>
6,029,697	-	6,029,697
2,714,907	-	2,714,907
135,088	-	135,088
204,669	-	204,669
381,781	-	381,781
185,077	-	185,077
147,586	-	147,586
571,350	324,704	896,054
102,500	349,089	451,589
349,811	(349,811)	-
<u>10,822,466</u>	<u>323,982</u>	<u>11,146,448</u>
5,493,947	2,276,778	7,770,725
<u>37,522,395</u>	<u>22,974,584</u>	<u>60,496,979</u>
<u>\$ 43,016,342</u>	<u>\$ 25,251,362</u>	<u>\$ 68,267,704</u>

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

**TOWN OF SILVERTHORNE, COLORADO**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2007**

	<u>General</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 6,410,352	\$ 842,434	\$ 1,827,641	\$ 9,080,427
Investments	1,762,822	213,445	508,053	2,484,320
Accounts Receivable	625,557	313,898	24,743	964,198
Due from Other Governments	915,798	-	50,268	966,066
Inventory	13,629	-	-	13,629
Deposits & Prepays	22,162	2,861	-	25,023
Restricted Cash & Cash Equivalents	<u>291,365</u>	<u>538,298</u>	<u>-</u>	<u>829,663</u>
 Total Assets	 <u>\$ 10,041,685</u>	 <u>\$ 1,910,936</u>	 <u>\$ 2,410,705</u>	 <u>\$ 14,363,326</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	295,450	115,817	57,052	468,319
Due to Other Funds	362,155	-	-	362,155
Accrued Liabilities	931,493	56,335	66,511	1,054,339
Unearned Revenues	<u>41,863</u>	<u>-</u>	<u>-</u>	<u>41,863</u>
 Total Liabilities	 <u>1,630,961</u>	 <u>172,152</u>	 <u>123,563</u>	 <u>1,926,676</u>
<b>FUND BALANCES</b>				
Reserved For:				
Encumbrances	11,000	114,000	20,000	145,000
Inventory & Prepays	35,791	-	-	35,791
Emergencies	252,473	-	-	252,473
Debt Service	-	512,976	-	512,976
Unreserved, reported in:				
General Fund	8,111,460	-	-	8,111,460
Capital Improvement Fund	-	1,111,808	-	1,111,808
Special Revenue Funds	<u>-</u>	<u>-</u>	<u>2,267,142</u>	<u>2,267,142</u>
 Total Fund Balances	 <u>8,410,724</u>	 <u>1,738,784</u>	 <u>2,287,142</u>	 <u>12,436,650</u>
 Total Liabilities and Fund Balances	 <u>\$ 10,041,685</u>	 <u>\$ 1,910,936</u>	 <u>\$ 2,410,705</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	35,120,184
Other long-term assets are not available to pay for current-period expenditures and , therefore. are deferred in the funds	32,586
Long-term liabilities including bonds payable, accrued interest and capital leases are not due and payable in the current period and therefore are not reported in the funds	<u>(4,573,078)</u>
Net Assets of Governmental Activities	<u>\$ 43,016,342</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SILVERTHORNE, COLORADO**

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

Year Ended December 31, 2007

	<u>Governmental Funds</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	
<b>REVENUES</b>				
Taxes	\$ 6,567,029	\$ 2,714,907	\$ 516,869	\$ 9,798,805
Intergovernmental	-	-	292,353	292,353
Licenses and Permits	486,642	-	-	486,642
Charges for Services	1,895,858	-	-	1,895,858
Fines and Forfeitures	99,555	-	-	99,555
Interest	383,528	88,365	99,458	571,351
Grants	7,773	4,000	594,782	606,555
Miscellaneous	13,349	41,638	-	54,987
Total Revenues	<u>9,453,734</u>	<u>2,848,910</u>	<u>1,503,462</u>	<u>13,806,106</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,316,409	-	-	1,316,409
Public Safety	1,808,163	-	-	1,808,163
Public Works	2,057,478	-	-	2,057,478
Community Development	756,543	-	-	756,543
Recreation and Culture	2,477,197	-	19,668	2,496,865
Affordable Housing 5A	-	-	39,713	39,713
Capital Outlay	-	2,581,088	627,895	3,208,983
Debt Service:				
Principal	-	620,620	-	620,620
Interest and Fiscal Charges	-	228,132	-	228,132
Total Expenditures	<u>8,415,790</u>	<u>3,429,840</u>	<u>687,276</u>	<u>12,532,906</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>1,037,944</u>	<u>(580,930)</u>	<u>816,186</u>	<u>1,273,200</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Leases	-	237,326	-	237,326
Sales of General Capital Assets	-	24,305	-	24,305
Transfer In	349,811	300,000	-	649,811
Transfer Out	(300,000)	-	-	(300,000)
Total Other Financing Sources (Uses)	<u>49,811</u>	<u>561,631</u>	<u>-</u>	<u>611,442</u>
Net Change in Fund Balances	1,087,755	(19,299)	816,186	1,884,642
Fund Balance, Beginning of Year	<u>7,322,969</u>	<u>1,758,083</u>	<u>1,470,956</u>	<u>10,552,008</u>
Fund Balance, End of Year	<u>\$ 8,410,724</u>	<u>\$ 1,738,784</u>	<u>\$ 2,287,142</u>	<u>\$ 12,436,650</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 FUND TYPES  
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2007

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,884,642
Amounts reported for Governmental Activities in the Statement of Activities (page 24) are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeded capital outlays in the current period.	1,625,970
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net assets.	1,604,953
Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term debt liabilities in the Statement of Net Assets. Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. These include capital lease proceeds, bond & capital payments.	383,294
Some Governmental Fund expenditures reflect payments related to prior periods (i.e. claims & judgments, accrued interest and amortizations). Such amounts should not be included in the Statement of Activities.	(4,912)
Changes in net assets of governmental activities (page 25)	<u>\$ 5,493,947</u>

The accompanying notes are an integral part to the financial statements

TOWN OF SILVERTHORNE, COLORADO

**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
 December 31, 2007

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	<u>Activities - Internal Service Fund</u>
<b>ASSETS</b>				
Current Assets:				
Cash & Cash Equivalents	\$ 2,101,773	\$ 2,011,525	\$ 4,113,298	\$ -
Investments	584,741	558,921	1,143,662	-
Accounts Receivable	197,189	268,649	465,838	-
Inventory	25,272	2,042	27,314	-
Deposits & Prepaids	813	-	813	-
Due from Other Funds	-	-	-	362,155
Investment in Joint Sewer Authority	-	5,931,403	5,931,403	-
Total Current Assets	<u>2,909,788</u>	<u>8,772,540</u>	<u>11,682,328</u>	<u>362,155</u>
Noncurrent Assets:				
Capital Assets:				
Non-depreciable Assets	719,067	-	719,067	-
Depreciable Assets, Net	8,814,918	4,300,531	13,115,449	-
Total Noncurrent Assets	<u>9,533,985</u>	<u>4,300,531</u>	<u>13,834,516</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>12,443,773</u>	<u>13,073,071</u>	<u>25,516,844</u>	<u>362,155</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	219,411	1,045	220,456	-
Accrued Liabilities	10,396	-	10,396	-
Compensated Absences	34,630	-	34,630	-
<b>TOTAL LIABILITIES</b>	<u>264,437</u>	<u>1,045</u>	<u>265,482</u>	<u>-</u>
<b>NET ASSETS</b>				
Invested in Capital Assets	9,533,985	4,300,531	13,834,516	-
Unrestricted	<u>2,645,351</u>	<u>8,771,495</u>	<u>11,416,846</u>	<u>362,155</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 12,179,336</u>	<u>\$ 13,072,026</u>	<u>\$ 25,251,362</u>	<u>\$ 362,155</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SILVERTHORNE, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS - PROPRIETARY FUNDS**

Year Ended December 31, 2007

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>	
<b>OPERATING REVENUES</b>				
Users Fees	\$ 845,195	\$ 967,905	\$ 1,813,100	\$ -
Charges for Services	5,441	5,466	10,907	-
Other Services	-	-	-	455,984
Total Operating Revenues	<u>850,636</u>	<u>973,371</u>	<u>1,824,007</u>	<u>455,984</u>
<b>OPERATING EXPENSES</b>				
Operations	372,964	84,650	457,614	-
Maintenance	143,317	3,037	146,354	-
Contractual Services	159,389	739,638	899,027	-
Leave Time Used	-	-	-	431,577
Depreciation and Amortization	<u>423,188</u>	<u>208,397</u>	<u>631,585</u>	<u>-</u>
Total Operating Expenses	<u>1,098,858</u>	<u>1,035,722</u>	<u>2,134,580</u>	<u>431,577</u>
Net Operating Income	<u>(248,222)</u>	<u>(62,351)</u>	<u>(310,573)</u>	<u>24,407</u>
<b>NON-OPERATING REVENUES/EXPENSES</b>				
Interest Revenue	193,797	130,907	324,704	-
Loss of Disposal of Capital Assets	(2,349)	-	(2,349)	-
Equity Income in Joint Sewer Authority Investment	<u>-</u>	<u>349,089</u>	<u>349,089</u>	<u>-</u>
Total Non-operating Revenues	<u>191,448</u>	<u>479,996</u>	<u>671,444</u>	<u>-</u>
Income Before Transfers and Contributions	(56,774)	417,645	360,871	24,407
Transfer out to General Fund	(204,599)	(145,212)	(349,811)	-
Capital Contributions	<u>1,095,927</u>	<u>1,169,791</u>	<u>2,265,718</u>	<u>-</u>
Changes in Net Assets	834,554	1,442,224	2,276,778	24,407
<b>NET ASSETS, Beginning of Year</b>	<u>11,344,782</u>	<u>11,629,802</u>	<u>22,974,584</u>	<u>337,748</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 12,179,336</u>	<u>\$ 13,072,026</u>	<u>\$ 25,251,362</u>	<u>362,155</u>

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, 2007

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	
<b>Cash Flows From Operating Activities</b>				
Cash Received From Customers/Users	\$ 854,275	\$ 979,456	\$ 1,833,731	\$ 431,577
Cash Paid to Suppliers	(246,220)	(774,349)	(1,020,569)	-
Cash Paid to Employees	(272,603)	(67,370)	(339,973)	(431,577)
Net Cash Provided By Operating Activities	<u>335,452</u>	<u>137,737</u>	<u>473,189</u>	<u>-</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfer from/(to) General Fund	(204,599)	(145,213)	(349,812)	-
Net Cash Used in Noncapital Financing Activities	<u>(204,599)</u>	<u>(145,213)</u>	<u>(349,812)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(1,868,368)	(13,125)	(1,881,493)	-
Sewer Opportunity Fees	-	49,488	49,488	-
Tap Fees	319,560	298,360	617,920	-
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(1,548,808)</u>	<u>334,723</u>	<u>(1,214,085)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>				
Proceeds from Sales and Maturities of Investments	3,676,362	1,981,703	5,658,065	-
Purchase of Investments	(465,038)	(444,725)	(909,763)	-
Interest Received on Investments	193,797	130,907	324,704	-
Net Cash Provided (Used) by Investing Activities	<u>3,405,121</u>	<u>1,667,885</u>	<u>5,073,006</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,987,166	1,995,132	3,982,298	-
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>114,607</u>	<u>16,393</u>	<u>131,000</u>	<u>-</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,101,773</u>	<u>\$ 2,011,525</u>	<u>\$ 4,113,298</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (248,222)	\$ (62,351)	\$ (310,573)	\$ 24,407
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	423,188	208,397	631,585	-
Changes to Assets & Liabilities:				
Accounts Receivable	3,638	(7,039)	(3,401)	-
Inventory	(3,072)	(230)	(3,302)	-
Deposits and Prepaids	(626)	-	(626)	-
Due from Other Funds	-	-	-	(24,407)
Accounts Payable	158,745	(1,040)	157,705	-
Accrued Liabilities	1,016	-	1,016	-
Compensated Absences	785	-	785	-
Total Adjustments	<u>583,674</u>	<u>200,088</u>	<u>783,762</u>	<u>(24,407)</u>
Net Cash Provided By Operating Activities	<u>\$ 335,452</u>	<u>\$ 137,737</u>	<u>\$ 473,189</u>	<u>\$ -</u>
<b>Non-cash Investing, Capital and Financing Activities</b>				
Contributed Lines from Developers	\$ 776,367	\$ 821,943	\$ 1,598,310	\$ -
Increase in Fair Value of Investments	564	539	1,103	-

The accompanying notes are an integral part of the financial statements

TOWN OF SILVERTHORNE, COLORADO

STATEMENT OF ASSETS & LIABILITIES - AGENCY FUND

December 31, 2007

	<u>Joint Sewer Authority</u>
<b>ASSETS</b>	
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 3,351,109
Investments	<u>931,871</u>
Total Current Assets	<u>\$ 4,282,980</u>
<b>LIABILITIES</b>	
LIABILITIES	
Funds Held in Trust for Others	\$ <u>4,282,980</u>
Total Liabilities	<u>\$ 4,282,980</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**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. For the year ended December 31, 2007, the Town adopted the following provision of GASB:

**GASB Statement No. 48** – *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or collateralized borrowings. The Town does not have any sales and pledges of receivables and future revenues and intra-entity transfers of assets and future revenues for fiscal year 2007.

The following is a summary of the more significant policies:

**1. Financial Reporting Entity**

In accordance with Governmental Accounting Standards Board releases, the Town has considered the possibility of inclusion of other entities in its 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.

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**2. Government-wide & Fund Financial Statements**

The government-wide financial statements (e.g., the statement of net assets and the statement of activities and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental, proprietary and fiduciary funds, and are included in the basic financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Franchise fees, 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 30 days after year end. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Town reports the following major funds:

**Governmental Funds**

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

In 2007 the Town had the following Governmental Funds:

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

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

Special Revenue Funds:

*Lottery 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, recreation and open space.

*Lodging Tax Fund* – This fund is used to account for the 2% tax on lodging sales. Funds are to be split and expended 85% to parks, trails & open space capital/15% for marketing.

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

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

**Proprietary Funds**

In 2007 the Town had the following 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.

Internal Service Fund:

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

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Proprietary Funds (continued)***

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

Internal Service Funds account for services provided to other departments, funds or agencies of the Town, on a cost reimbursement basis.

***Fiduciary Funds***

In 2007 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.

Agency and Trust Funds generally are used to account for assets that the government holds on behalf of others as their agent. These funds are custodial in nature and do not have spending or financial flow measurement focus. Agency funds are not included in the government wide financial statements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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.

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2007

**NOTE B – ASSETS, LIABILITIES & NET ASSETS OR EQUITY**

**1. Cash & Investments**

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

Town Investment Policies and Colorado State statutes authorize the Town to invest in U.S. government securities, U.S. government mortgage-backed securities, repurchase agreements, bonds and other obligations of states and their subdivisions, corporate bonds and other authorized investments. In the disclosure of custodial credit risk (Note E - Investments), U.S. Agency Securities includes mortgage-backed securities and agency bonds and notes.

Investments are stated at fair market value. Earnings on investments are recognized when earned and include realized and unrealized gains on investments. All investments are in compliance with state statutes governing investments.

**2. Receivables & Payables**

Interfund receivables and payables arise from goods provided or services rendered. These transactions are recorded by all funds affected in the period in which the transactions are executed.

**3. Property Taxes**

In April of 1994 the Town had a ballot question that included the phrase "...and reduce the Town of Silverthorne ad valorem property tax to zero." The voters of Silverthorne approved this reduction in property taxes when the ballot question was approved, and therefore, the Town no longer collects property taxes. Property tax revenues currently are not recognized.

**4. Inventory & Prepaid Items**

Inventories are merchandise inventories intended for sale to the public. Inventories are valued at cost using the first in/first out (FIFO) method. The cost of governmental fund-type inventories is recorded as expenditures when consumed rather than when purchased.

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

**5. Restricted Cash & Investments**

Restricted cash and cash equivalents of \$291,365 are reported in the General Fund. These funds represent escrowed monies held from developers pending satisfactory completion of various construction projects within the Town. The Sales Tax CIP Fund has \$538,298 in restricted cash held in the reserved bond account as required per the 1998 Excise Tax Revenue bond agreement.

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

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

6. Capital Assets

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

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

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

Estimated useful lives for asset types are as follows:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	15-40
Equipment and vehicles	5-15
Infrastructure	7-50
Parks and recreation	5-25
Reservoir, plants and lines	15-60

7. Compensated Absences

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

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

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

In the government-wide statements, compensated absences are accounted for as a noncurrent liability. The following summarizes the changes in the Town's Compensated Absences activity for the year ended December 31, 2007:

	<u>Balance</u> <u>12/31/06</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>12/31/07</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities	\$ 337,748	\$455,984	\$ 431,577	\$ 362,155	\$ 362,155
Business type Activities	33,845	34,150	33,365	34,630	\$ 34,630

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2007

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

8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

9. Reservations of Fund Equity

In the fund financial statements, governmental funds report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose

10. Statement of Cash Flows

For purposes of the statement of cash flows, the Town considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

NOTE C – RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets*. The principal element of that difference is the capital assets of \$49,787,672 less depreciation of \$14,667,488 for a net adjustment of \$35,120,184 which are not reported in the funds. Another element of that reconciliation explains that "long-term liabilities, including bonds payable, accrued interest and capital leases that are not due and payable in the current period and therefore are not reported in the funds." The details of the \$4,540,492 difference are as follows:

Bonds & Capital Lease Payable	\$ 4,569,174
Less: Deferred charge on bonds (to be amortized as interest expense)	(32,586)
Issuance discount (to be amortized as interest expense)	(39,466)
Add: Accrued interest	<u>43,370</u>
Net Adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 4,540,492</u>

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2007

**NOTE C – RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS  
(CONTINUED)**

**2. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Governmental-Wide Statement of Activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,625,970 difference are as follows:

Capital Outlay	\$ 2,959,272
Depreciation Expenses	<u>(1,333,302)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,625,970</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets is to decrease net assets.” The details of this \$1,604,953 difference are as follows:

Net cost of the Capital Asset sold	\$ (21,033)
Contribution of Capital Assets	<u>1,625,986</u>
Net adjustments to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,604,953</u>

Another element of that reconciliation states that “Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term debt liabilities in the Statement of Net Assets. Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.” The details of this \$383,294 difference are as follows:

Capital Lease Financing	\$ (237,326)
Principal Repayments:	
Revenue Bonds	300,000
Capital Leases	<u>320,620</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 383,294</u>

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE C – RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS  
(CONTINUED)**

Another element of that reconciliation states that "Some Governmental Fund expenditures reflect payments related to prior periods. Such amounts should not be included in the Statement of Activities." The detail of this \$(4,912) difference is as follows:

Accrued Interest	\$ 3,094
Amortization of Deferred Charges, Issuance Costs and Discounts	<u>( 8,006)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ ( 4,912)</u>

**NOTE D - BUDGETS & BUDGETARY ACCOUNTING & CONTROL**

Budgets for the governmental 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 bond principal payments and exclude depreciation and equity gain/loss in joint ventures. Council legally adopts all governmental, proprietary and fiduciary fund budgets. All annual appropriations lapse at the end of the fiscal year.

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

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

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

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE D - BUDGETS & BUDGETARY ACCOUNTING & CONTROL (CONTINUED)

Throughout 2007, the Town Council revised the Budget through Ordinance #2007-6 and #2007-20 by adjusting revenue budgets and appropriations in most budgeted funds. Original and revised budgets are as follows.

Funds	Original Budget Appropriation	Budget As Amended	Budgeted Expenditures	Actual Expenditures	Variance Favorable (Unfavorable)
General Fund	\$ 8,849,318	\$ 9,521,235	\$ 9,112,232	\$ 8,715,791	\$ 396,441
Sales Tax Capital Improvement Fund	2,595,867	3,089,867	3,579,148	3,429,840	149,308
Lodging Tax Fund	636,000	551,000	429,030	356,593	72,437
Conservation Trust Fund	40,400	40,400	40,400	39,372	1,028
Development Excise Tax Fund	263,869	487,869	269,500	251,598	17,902
Housing 5A Fund	-	462,895	44,270	39,713	4,557
Water Fund	1,190,985	1,355,985	3,197,035	2,748,637	448,398
Sewer Fund	1,219,386	1,364,386	1,076,033	985,663	90,370
Joint Sewer Authority	2,065,407	2,115,407	2,043,073	1,636,879	406,194
<b>Total</b>	<b>\$16,861,232</b>	<b>\$18,989,044</b>	<b>\$19,790,721</b>	<b>\$18,204,086</b>	<b>\$ 1,586,635</b>

The following explains the difference of GAAP to budget for proprietary funds:

Proprietary Funds	Water Fund	Sewer Fund
2007 GAAP Operating Expenses	\$ 1,098,858	\$1,035,722
Plus: Capital Outlay	1,868,368	13,125
Transfer Out to General Fund	204,599	145,213
Less: Depreciation Expense	(423,188)	(208,397)
2007 Non-GAAP Operating Expenses	<u>\$2,748,637</u>	<u>\$ 985,663</u>

NOTE E - 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 the aggregate uninsured deposits.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools, and are the co-agents for release of the collateralized assets.

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE E –DEPOSITS AND 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, 2007, and reported at fair value, are shown below.

<u>Type</u>	<u>Weighted Average Maturity (Years)</u>	<u>S &amp; P Rate</u>	<u>Fair Value</u>
<b>Deposits:</b>			
Demand Deposits			\$ 411,628
Government Pools			13,609,110
Cash on Hand			<u>2,650</u>
			<u>\$14,023,388</u>
<b>Investments:</b>			
Certificate of Deposit	.077	A-1+	\$ 440,897
Fed. Natl. Mtg Assn.	.345	AAA	794,894
Fed. Home Loan Bank	.674	AAA	<u>2,392,191</u>
			<u>\$ 3,627,982</u>
Portfolio weighted average to maturity	.529		
<b>Total Deposits and Investments</b>			<u>\$17,651,370</u>
<b>Reconciliation to Statement of Net Assets</b>			
Current:			
Cash and Cash Equivalents			\$13,193,725
Restricted Cash and Cash Equivalents			829,663
Investments			<u>3,627,982</u>
			<u>\$17,651,370</u>

*Custodial Credit Risk* – Deposits in financial institutions, reported as cash, cash equivalents, and investments had a balance of \$17,651,370 as of December 31, 2007, which was fully insured by depository insurance or secured with collateral held by the Town of Silverthorne's agent in its name. All investments, evidenced by individual securities, are registered in the name of Town of Silverthorne.

*Investment Interest Rate Risk* – 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.

*Investment Credit Risk* – 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, its agencies and instrumentalities to which the full faith and credit of the US government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged;
- 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, government pools and money market funds regulated by the securities and Exchange Commission (SEC).

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE E –DEPOSITS & INVESTMENTS (Continued)**

Concentration of Investment Credit Risk – The Town places limits on the amount it may invest in any one issuer. The Town 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.

At December 31, 2007, the Town had invested a carrying amount of \$13,609,110 in the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established by state statute for local government entities to pool surplus assets. The trusts are similar to money market funds, with each share valued at \$1.00. Designated custodial banks provided safekeeping depository services, and substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investment as owned by COLOTRUST. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. These investments are not categorized since the underlying securities cannot be determined.

**NOTE F – RECEIVABLES & DUE FROM OTHER GOVERNMENTS**

Receivables and Due from Other Governments as of year-end 2007 for the Town's individual major funds and non-major funds in the aggregate are as follows.

	General Fund	Capital Improvement Fund	Lodging Tax Fund	Develop. Excise Tax Fund	Housing 5A Fund	Water Fund	Sewer Fund
Receivables/Due from Governments:							
Interest	\$ 24,432	\$ 2,849	\$ 655	\$ 4,924	\$ 1,200	\$ 7,803	\$ 7,458
Taxes	1,148,903	311,049	17,964	-	-	-	-
Grants/Contributions	3,804	-	-	-	50,268	-	-
Accounts	92,378	-	-	-	-	189,386	261,191
Employees/COBRA	271,838	-	-	-	-	-	-
Total Receivables & Due From Other Governments	<u>\$ 1,541,355</u>	<u>\$ 313,898</u>	<u>\$ 18,619</u>	<u>\$ 4,924</u>	<u>\$ 51,468</u>	<u>\$197,189</u>	<u>\$268,649</u>

The Town does not have an allowance for uncollectible accounts as past history has not proven the need for an allowance.

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE G – CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended December 31, 2007:

	Balance January 1, 2007	Additions	Disposals	Balance December 31, 2007
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 6,273,359	\$ 9,922	\$ -	\$ 6,283,281
Capital assets, being depreciated:				
Buildings	13,789,054	363,483	-	14,152,537
Vehicles	2,634,783	226,244	(89,327)	2,771,700
Parks & Recreation	2,929,593	71,760	(12,778)	2,988,575
Equipment & Furniture	643,692	72,170	(69,098)	646,764
Infrastructure	17,372,843	3,821,679	-	21,194,522
Other Improvements	1,730,293	20,000	-	1,750,293
Total capital assets being depreciated	<u>39,100,258</u>	<u>4,575,336</u>	<u>(171,203)</u>	<u>43,504,391</u>
Less accumulated depreciation:				
Buildings	(3,970,286)	(373,496)	-	(4,343,782)
Vehicles	(823,847)	(179,855)	71,398	(932,304)
Parks & Recreation	(1,411,293)	( 92,782)	12,778	(1,491,297)
Equipment & Furniture	(393,401)	( 59,373)	65,994	(386,780)
Infrastructure	(6,558,292)	(538,555)	-	(7,096,847)
Other Improvements	(327,237)	(89,241)	-	(416,478)
Total accumulated depreciation	<u>(13,484,356)</u>	<u>(1,333,302)</u>	<u>150,170</u>	<u>(14,667,488)</u>
Total capital assets, being depreciated, net	<u>25,615,902</u>	<u>3,242,034</u>	<u>(21,033)</u>	<u>28,836,903</u>
Governmental activities capital assets, net	<u>\$ 31,889,261</u>	<u>\$ 3,251,956</u>	<u>\$ ( 21,033)</u>	<u>\$ 35,120,184</u>
<b>Business - Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 3,871	\$ -	\$ -	\$ 3,871
Projects in Progress	-	3,476	-	3,476
Water Rights	711,720	-	-	711,720
Total capital assets, not being depreciated	<u>715,591</u>	<u>3,476</u>	<u>-</u>	<u>719,067</u>
Capital assets, being depreciated:				
Water Tanks	1,259,145	869,034	-	2,128,179
Lines	11,559,634	1,913,014	-	13,472,648
Wells	1,956,128	651,348	-	2,607,476
Machinery & Equipment	335,349	6,996	(7,578)	334,767
Other Improvements	69,047	35,935	-	104,982
Total capital assets, being depreciated	<u>15,179,303</u>	<u>3,476,327</u>	<u>(7,578)</u>	<u>18,648,052</u>
Less accumulated depreciation:				
Water Tanks	(533,951)	( 42,301)	-	(576,252)
Lines	(3,318,054)	(466,905)	-	(3,784,959)
Wells	(870,984)	( 97,916)	-	(968,900)
Machinery & Equipment	(180,561)	( 19,904)	5,229	(195,236)
Other Improvements	(2,697)	( 4,559)	-	(7,256)
Total accumulated depreciation	<u>(4,906,247)</u>	<u>(631,585)</u>	<u>5,229</u>	<u>(5,532,603)</u>
Total capital assets, being depreciated, net	<u>10,273,056</u>	<u>2,844,742</u>	<u>(2,349)</u>	<u>13,115,449</u>
Business-type activities capital assets, net	<u>\$ 10,988,647</u>	<u>\$ 2,848,218</u>	<u>\$ (2,349)</u>	<u>\$ 13,834,516</u>

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE G – CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions as follows:

Governmental Activities:

General Government	\$ 40,736
Public Safety	33,526
Public Works	889,021
Community Development	28,891
Recreation & Culture	<u>341,128</u>

Total Governmental Activities Depreciation Expenses \$1,333,302

Business-Type Activities:

Water Fund	\$ 423,188
Sewer Fund	<u>208,397</u>

Total Business-Type Activities Depreciation Expenses \$ 631,585

**NOTE H - INVESTMENT IN SILVERTHORNE/DILLON JOINT SEWER AUTHORITY**

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

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

The Town records its investments in the Authority, and its share of operating costs in the sewer fund. The investment is accounted for under the equity method in accordance with generally accepted government accounting standards. The Town had an investment in the Authority at December 31, 2007, the date of the most recent audited financial statements, of \$5,931,403 which represents a 57.74% share in the joint venture. At December 31, 2007, the Town was responsible for 41.74% of the Authority's operating expenses.

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE H - INVESTMENT IN SILVERTHORNE/DILLON JOINT SEWER AUTHORITY (CONTINUED)**

The following is a summary of the Authority's financial information for the years ended December 31, based on audited financial statements:

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Total Assets	<u>\$ 10,518,440</u>	<u>\$ 10,076,018</u>
Total Liabilities	\$ 245,835	\$ 408,000
Total Net Assets	<u>10,272,605</u>	<u>9,668,018</u>
Total Liabilities & Net Assets	<u>\$ 10,518,440</u>	<u>\$ 10,076,018</u>
Total Operating Revenue	\$ 1,971,618	\$ 1,936,004
Total Operating Expenditures	(1,581,897)	(1,529,402)
Non-Operating Income	<u>214,866</u>	<u>163,445</u>
Net Income	<u>\$ 604,587</u>	<u>\$ 570,047</u>

Based on the 2007 audited results, the Town's equity in the income of the Authority was \$349,089.

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

**NOTE I - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The interfund balances as of December 31, 2007, are as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Compensated Absences Internal Service	\$362,155

Transfers In/Out to Other Funds consists of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 349,811	\$ 300,000
Capital Improvement Fund	300,000	-
Water Fund	-	204,599
Sewer Fund	<u>-</u>	<u>145,212</u>
Total	<u>\$ 649,811</u>	<u>\$ 649,811</u>

In the general fund financial statements, total "transfers in" of \$349,811 are less than total "transfers out" of \$300,000 because of the 15%/10% of water/sewer revenues that are transferred to the general fund to cover services and general goodwill provided to the water/sewer funds. The transfer of \$300,000 to the Capital Improvement Fund was done in order to assist in the construction of the Town Center pedestrian bridge, a one time expenditure.

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE J - LONG-TERM DEBT**  
**Governmental Activities:**

The following summarizes the changes in the Town's long-term liability activity for the year ended December 31, 2007:

	Balance <u>12/31/06</u>	Additions	Retirement	Balance <u>12/31/07</u>	Due Within <u>One Year</u>
1998 Excise Tax Revenue Bonds	\$ 4,295,000	\$ -	\$ 300,000	\$ 3,995,000	\$ 325,000
Accrued Interest	46,464	43,370	46,464	43,370	43,370
Bond Discounts	(43,851)	-	(4,385)	(39,466)	(4,385)
Capital Leases	<u>657,468</u>	<u>237,326</u>	<u>320,620</u>	<u>574,174</u>	<u>260,999</u>
Total	<u>\$ 4,955,081</u>	<u>\$280,696</u>	<u>\$ 662,699</u>	<u>\$ 4,573,078</u>	<u>\$ 624,984</u>

**1. Capital Lease Obligations**

In 2007, the Town entered into two leases; one a three year lease agreement financing for a water carrying truck, a Ford pick-up truck for Public Works, a Dodge van for the recreation center and copier machine for the recreation center. The second lease is a five year lease for a large snow blower.

In 2006, the Town entered into two leases; one a three year lease agreement financing for three Chevy Impala Public Safety patrol vehicles and two Chevy pick-up trucks for Public Works and Public Safety. The second lease is a five year lease for a backhoe and a plow truck.

In 2005, the Town entered into a three year lease agreement financing for three Chevy Tahoe Public Safety patrol vehicles and two Ford pick-up trucks with plow equipment for Public Works.

In 2004, the Town entered into a four year lease agreement financing for a plow truck, sidewalk tractor and street sweeper for the Public Works Department and two copiers for the Town Hall.

In 2003, the Town entered into a five year lease for a plow truck.

In 2002, the Town entered into two leases; one a five year lease for a front loader and the other a three year lease for three Chevy Blazers patrol vehicles.

These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments.

The assets acquired through capital leases as of 12/31/07 are as follows:

<u>Leased Capital Assets</u>	<u>Amount</u>
2002 CAT Front Loader	\$ 160,708
2003 International Plow Truck	158,676
2004 2 - Savin Copiers	29,215
2004 Johnston Sweeper/Trackless Tractor	190,555
2004 International Plow Truck	129,904
2005 3 - Chevy Tahoes	99,951
2005 2 - Ford Trucks	90,049
2006 3 - Chevy Impalas	66,565
2006 2 - Chevy Trucks	49,279
2006 CAT Backhoe & International Plow	269,128
2007 Snow Blower	142,450
2007 Copier	11,441
2007 2 - Trucks & Dodge Caravan	<u>83,435</u>
Total	<u>\$ 1,481,356</u>

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE J - LONG-TERM DEBT (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2007 were:

<u>Year Ending December 31,</u>	<u>Minimum Lease Payment</u>	<u>Interest</u>	<u>Present Value of Minimum Lease Payments</u>
2008	280,347	19,349	260,998
2009	146,391	11,158	135,233
2010	108,775	6,039	102,736
2011	61,797	2,154	59,643
2012	<u>15,879</u>	<u>315</u>	<u>15,564</u>
Total	<u>\$ 613,189</u>	<u>\$ 39,015</u>	<u>\$ 574,174</u>

2. Bonds

Revenue Bond Debt

In 1998, the Town issued \$6.3 million in Excise Tax Revenue Bonds, Series 1998. The proceeds from the bonds provided funds to build the Town Center Pavilion project and related public improvements along Blue River Parkway.

Issue	:	<b>1998 Excise Tax Revenue Bonds</b>
Type	:	Revenue Bond
Primary source	:	Sales tax revenue dedicated to Capital
Purpose	:	To Construct Town Center Pavilion & Public Improvements to Blue River Parkway
Issue Date	:	1998
<b>Call Date</b>	:	<b>April, 2008</b>
Final Payment	:	April, 2018
Original Amount	:	\$6,300,000
12/07 Balance	:	\$3,995,000
Annual Requirements	:	\$204,428 - \$512,976
Interest Rate Range	:	3.85% - 5.05%

<u>PAYMENT</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>RATE</u>	<u>TOTAL</u>
2008	325,000	187,976	4.45%	\$ 512,976
2009	330,000	172,990	4.70%	502,990
2010	345,000	157,127	4.70%	502,127
2011	365,000	140,443	4.70%	505,443
2012	380,000	122,745	4.80%	502,745
2013 - 2017	<u>2,250,000</u>	<u>295,678</u>	4.80% - 5.05%	<u>2,545,678</u>
Total	<u>\$ 3,995,000</u>	<u>\$1,076,959</u>		<u>\$5,071,959</u>

TOWN OF SILVERTHORNE, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE K - PENSION PLANS**

**ICMA Deferred Compensation Plan**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full time, ¾ time and elected/appointed Town officials, permits them to defer up to the lesser of 25% or \$15,500 of their salary until future years. The Town is not required to provide a matching contribution for full time employees however the Town matches ¾ time and elected/appointed official's contributions. The deferred compensation is not available until termination, retirement, death, or unforeseeable emergency. The plan is administered by ICMA.

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

All full-time employees, except elected/appointed officials and temporary employees 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 has the authority to make changes to the plan as to contributions and vesting rights as long as the changes are within the laws as set by the Federal Government.

The covered payroll for the plan was \$4,290,867. The Town's total payroll for the same period was \$4,363,749. Total contributions by the Town for the year ended December 31, 2007 were \$450,541. Total contributions by the employees for the year ended December 31, 2007 were \$321,815.

**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, 2007, the Town had \$1,164 in seizure funds, which the police department is using for rewards for information leading to solving police cases. Expenditures of the funds are subject to the same internal controls and audit procedures as all other Town expenditures.

**NOTE M - RISK MANAGEMENT**

**Colorado Intergovernmental Risk Sharing Agency (CIRSA)**

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

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

It is the intent of CIRSA to create an entity in perpetuity, which will administer and use funds contributed by members to defend and indemnify, in accordance with the Bylaws, any member of

**TOWN OF SILVERTHORNE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

**NOTE M - RISK MANAGEMENT (CONTINUED)**

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 of each incident in 2007 was \$5,000; there is no change in coverage from past years. Maximum coverage is as follows:

	<u>Per Claim</u>	<u>Per Occurrence</u>
Property	\$ 500,000	\$ 500,000
Liability	1,000,000	1,000,000
Crime	150,000	150,000
Police Professionals	1,000,000	1,000,000
Errors and Omissions	1,000,000	1,000,000
Workers Compensation	400,000	400,000

Colorado statute provides municipalities with immunity from liability in excess of \$600,000 per occurrence. Additional coverage of up to \$5 million is provided for certain federal claims not subject to the Colorado Immunity Act. In addition, the Town carries excess coverage of \$501 million for Property, \$500,000 for crime and \$2 million for excess workers compensation coverage. Silverthorne's Town Council approves Silverthorne's continued membership in CIRSA via their annual review of the Town's budget for the various departments and funds.

The Board of Directors, who is elected by the membership for two-year terms, governs CIRSA. All actions of the membership require a 2/3 majority vote of all members present at a meeting. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have ability to significantly affect the operations of the unit.

Below is a summary of financial condition of CIRSA as of December 31, 2007, the date of the most recent audited financial statements:

Assets	\$ <u>66,291,264</u>
Liabilities	\$ 32,691,419
Total Net Assets	<u>33,599,845</u>
Total Liabilities & Net Assets	\$ <u>66,291,264</u>
Revenues	\$ 26,490,950
Expenses	<u>( 20,125,102)</u>
Excess of Expenses over Revenues	<u>\$ 6,365,848</u>

The Town of Silverthorne's respective share of CIRSA's members' fund balances was \$361,123 at December 31, 2007. All settlements to date have been well under the maximum coverage allowed.

**Group Insurance - Health, Dental & Short Term Disability**

In January of 2001, the Town changed insurance plans for health, dental and short-term disability for employees and their dependents. Under the new program, the Town provides health insurance coverage for each employee up to \$45,000 and aggregate losses for all employees up to \$1,000,000. The Town purchases commercial insurance for claims in excess of coverage provided by the Town and for all other risk of loss.

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE M - RISK MANAGEMENT (CONTINUED)**

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 \$1,500 cap per person per year. The short-term disability insurance covers a maximum of 12 weeks of 60% of weekly salary with a maximum of \$750 per week.

All Town departments participate in the group insurance and make payments to the General Fund liability accounts based on prior claims experience in amounts needed to pay current year claims and to establish a reserve for catastrophic losses. The claims liability account had a balance of \$376,971 as of December 31, 2007. This balance does not include possible claims that a liability has been incurred at the date of the financial statements or the amount of the loss that can be reasonably estimated.

The following summarizes the self-funded insurance liability account for the year ending December 31, 2007:

	<u>2007</u>
Self-Funded Insurance Liability, as of 12/31/06	\$ 425,633
Premiums Paid	625,793
Claim Payments	<u>(674,455)</u>
Self-Funded Insurance Liability, as of 12/31/07	<u>\$ 376,971</u>

**NOTE N – CONTINGENT LIABILITIES**

The Town has no active lawsuits as of the end of 2007.

**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 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 this covers is January 1, 1994 to December 31, 2013.

TOWN OF SILVERTHORNE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE O - TAXPAYER BILL OF RIGHTS & THE AMENDMENT ONE ELECTION QUESTION  
(CONTINUED)**

The ballot question specifically identified dollar amounts in 1994 and future years. In addition, this question has a specific life, which is the same as the existing Sales Tax Bonds. This question was considered the most challenging to be approved by the voters because it provided the highest level of compliance to Amendment One, as well as providing the most freedom for the Town over the next 19 years.

For 2007, The Town was required to reserve 3% of its fiscal year spending as "emergency reserves." The TABOR emergency reserve of \$252,473 has been recorded as reserved net assets in the General Fund and Governmental Fund.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF SILVERTHORNE, COLORADO**

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 6,056,277	\$ 6,456,277	\$ 6,567,029	\$ 110,752
Licenses and Permits	307,038	442,705	486,642	43,937
Charges for Services	1,751,890	1,826,890	1,895,858	68,968
Fines and Forfeitures	93,000	93,000	99,555	6,555
Interest	261,528	346,528	383,528	37,000
Grants	70,000	7,000	7,773	773
Miscellaneous	9,000	9,000	13,349	4,349
	<u>8,548,733</u>	<u>9,181,400</u>	<u>9,453,734</u>	<u>272,334</u>
Total Revenues				
<b>EXPENDITURES</b>				
Current				
General Government	1,418,180	1,398,910	1,316,409	82,501
Public Safety	1,980,339	1,917,339	1,808,163	109,176
Public Works	2,089,584	2,166,084	2,057,478	108,606
Community Development	740,451	755,451	756,543	(1,092)
Culture and Recreation	2,555,448	2,574,448	2,477,197	97,251
	<u>8,784,002</u>	<u>8,812,232</u>	<u>8,415,790</u>	<u>396,442</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(235,269)</u>	<u>369,168</u>	<u>1,037,944</u>	<u>668,776</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	300,585	339,835	349,811	9,976
Transfer Out	<u>(100,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>200,585</u>	<u>39,835</u>	<u>49,811</u>	<u>9,976</u>
Net Change in Fund Balances	(34,684)	409,003	1,087,755	678,752
Fund Balance, Beginning of Year	<u>7,322,969</u>	<u>7,322,969</u>	<u>7,322,969</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 7,288,285</u>	<u>\$ 7,731,972</u>	<u>\$ 8,410,724</u>	<u>\$ 678,752</u>

See the accompanying Independent Auditors' Report

**TOWN OF SILVERTHORNE, COLORADO**

**CAPITAL IMPROVEMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 2,478,413	\$ 2,638,413	\$ 2,714,907	\$ 76,494
Interest	58,547	88,547	88,365	(182)
Grants/Donations	-	4,000	4,000	-
Miscellaneous	36,407	36,407	41,638	5,231
<b>Total Revenues</b>	<u>2,573,367</u>	<u>2,767,367</u>	<u>2,848,910</u>	<u>81,543</u>
<b>EXPENDITURES</b>				
Capital Outlay	2,171,396	2,730,396	2,581,088	149,308
Debt Services:				
Principal	620,620	620,620	620,620	-
Interest and Fiscal Charges	228,132	228,132	228,132	-
<b>Total Expenditures</b>	<u>3,020,148</u>	<u>3,579,148</u>	<u>3,429,840</u>	<u>149,308</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(446,781)</u>	<u>(811,781)</u>	<u>(580,930)</u>	<u>230,851</u>
<b>OTHER FINANCING SOURCES</b>				
Capital Leases	237,326	237,326	237,326	-
Sales of General Capital Assets	22,500	22,500	24,305	1,805
Transfer From General Fund	-	300,000	300,000	-
<b>Total Other Financing Sources</b>	<u>259,826</u>	<u>559,826</u>	<u>561,631</u>	<u>1,805</u>
Net Change in Fund Balance	(186,955)	(251,955)	(19,299)	232,656
<b>Fund Balance, Beginning of Year</b>	<u>1,758,083</u>	<u>1,758,083</u>	<u>1,758,083</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,571,128</u>	<u>\$ 1,506,128</u>	<u>\$ 1,738,784</u>	<u>\$ 232,656</u>

See the accompanying Independent Auditors' Report

**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

## NON-MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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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 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 \$2 per square foot charged on new residential construction. Funds are to be used for growth related operations and capital expenditures.

Housing 5A Fund – This fund is used is used to account for the .125% sales tax that is assessed by the Summit Housing Authority and distributed back to the Town of Silverthorne for sales that took place in Silverthorne. Funds are to be used to pay for the annual Authority fees and housing related expenses. Additionally an impact fee is assessed on new building projects. This Fund is scheduled to sunset the end of fiscal year 2016.

TOWN OF SILVERTHORNE, COLORADO

**COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS**

December 31, 2007

	Special Revenue Funds				Total Other Governmental Funds
	Conservation Trust Fund	Lodging Tax Fund	Develop. Ex. Tax Fund	Housing 5A Fund	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ 176,651	\$ 1,327,471	\$ 323,519	\$ 1,827,641
Investments	-	49,106	369,014	89,933	508,053
Accounts Receivable	-	18,619	4,924	1,200	24,743
Due From other Governments	-	-	-	50,268	50,268
Total Assets	\$ -	\$ 244,376	\$ 1,701,409	\$ 464,920	\$ 2,410,705
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ 9,402	\$ 47,650	\$ -	\$ 57,052
Accrued Liability	-	66,511	-	-	66,511
Total Liabilities	-	75,913	47,650	-	123,563
<b>FUND BALANCES</b>					
Fund Balance:					
Reserved For:					
Encumbrances	-	20,000	-	-	20,000
Unreserved	-	148,463	1,653,759	464,920	2,267,142
Total Fund Balance	-	168,463	1,653,759	464,920	2,287,142
Total Liabilities and Fund Balances	\$ -	\$ 244,376	\$ 1,701,409	\$ 464,920	\$ 2,410,705

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - OTHER GOVERNMENTAL FUNDS**

Year Ended December 31, 2007

	Special Revenue Funds				Total Other Governmental Funds
	Conservation Trust Fund	Lodging Tax Fund	Develop. Ex. Tax Fund	Housing 5A Fund	
<b>REVENUES</b>					
Taxes	\$ -	\$ 135,088	\$ 381,781	\$ -	\$ 516,869
Intergovernmental	39,302	-	-	253,051	292,353
Grants/Miscellaneous	70	352,606	-	242,106	594,782
Interest	-	-	89,982	9,476	99,458
<b>Total Revenues</b>	<u>39,372</u>	<u>487,694</u>	<u>471,763</u>	<u>504,633</u>	<u>1,503,462</u>
<b>EXPENDITURES</b>					
Capital Outlay	39,372	336,925	251,598	-	627,895
Professional Services	-	-	-	39,713	39,713
Recreation & Culture - Marketing	-	19,668	-	-	19,668
<b>Total Expenditures</b>	<u>39,372</u>	<u>356,593</u>	<u>251,598</u>	<u>39,713</u>	<u>687,276</u>
Excess of Revenues Over Expenditures	-	131,101	220,165	464,920	816,186
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>37,362</u>	<u>1,433,594</u>	<u>-</u>	<u>1,470,956</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ 168,463</u>	<u>\$ 1,653,759</u>	<u>\$ 464,920</u>	<u>\$ 2,287,142</u>

See the accompanying Independent Auditors' Report

**TOWN OF SILVERTHORNE, COLORADO**  
**CONSERVATION TRUST SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

Year Ended December 31, 2007

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Intergovernmental	\$ 40,400	\$ 39,302	\$ (1,098)
Grants/Miscellaneous	-	70	70
Total Revenues	<u>40,400</u>	<u>39,372</u>	<u>(1,028)</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>40,400</u>	<u>39,372</u>	<u>1,028</u>
Total Expenditures	<u>40,400</u>	<u>39,372</u>	<u>1,028</u>
Excess of Revenues Over Expenditures	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.

**TOWN OF SILVERTHORNE, COLORADO**  
**LODGING TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

Year Ended December 31, 2007

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Taxes	\$ 124,000	\$ 135,088	\$ 11,088
Grants/Misc	424,700	352,606	(72,094)
Interest	<u>2,300</u>	<u>-</u>	<u>(2,300)</u>
Total Revenues	<u>551,000</u>	<u>487,694</u>	<u>(63,306)</u>
<b>EXPENDITURES</b>			
Capital Outlay	410,600	336,925	73,675
Recreation & Culture - Marketing	<u>18,430</u>	<u>19,668</u>	<u>(1,238)</u>
Total Expenditures	<u>429,030</u>	<u>356,593</u>	<u>72,437</u>
Excess of Revenues Over Expenditures	121,970	131,101	9,131
Fund Balance, Beginning of Year	<u>37,362</u>	<u>37,362</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 159,332</u>	<u>\$ 168,463</u>	<u>\$ 9,131</u>

See the accompanying Independent Auditors' Report

**TOWN OF SILVERTHORNE, COLORADO**  
**DEVELOPMENT EXCISE TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

Year Ended December 31, 2007

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 410,000	\$ 381,781	\$ (28,219)
Interest	77,869	89,982	12,113
Total Revenues	<u>487,869</u>	<u>471,763</u>	<u>(16,106)</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>269,500</u>	<u>251,598</u>	<u>17,902</u>
Total Expenditures	<u>269,500</u>	<u>251,598</u>	<u>17,902</u>
Excess of Revenues Over Expenditures	218,369	220,165	1,796
Fund Balance, Beginning of Year	<u>1,433,594</u>	<u>1,433,594</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,651,963</u>	<u>\$ 1,653,759</u>	<u>\$ 1,796</u>

See the accompanying Independent Auditors' Report

**TOWN OF SILVERTHORNE, COLORADO**  
**HOUSING 5A SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

Year Ended December 31, 2007

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Intergovernmental	\$ 268,625	\$ 253,051	\$ (15,574)
Grants/Miscellaneous	189,270	242,106	52,836
Interest	5,000	9,476	4,476
<b>Total Revenues</b>	<u>462,895</u>	<u>504,633</u>	<u>41,738</u>
<b>EXPENDITURES</b>			
Professional Services	44,270	39,713	4,557
<b>Total Expenditures</b>	<u>44,270</u>	<u>39,713</u>	<u>4,557</u>
Excess of Revenues Over Expenditures	418,625	464,920	46,295
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 418,625</u>	<u>\$ 464,920</u>	<u>\$ 46,295</u>

See the accompanying Independent Auditors' Report.

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### **Internal Service Fund**

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Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

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Compensated Absences Fund – This fund is used for accumulating the long term (over 12 months) compensated absences that are a liability for the Town's governmental funds. It's assumed these absences won't be used within a year of the statement date.

### **Agency Fund**

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Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

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Joint Sewer Authority - This fund is used to account for the management of funds for the Silverthorne/Dillon Joint Sewer Authority which was formed to construct and operate a sewage treatment facility for five local Towns and Districts including the Town of Silverthorne.

TOWN OF SILVERTHORNE, COLORADO

**COMPENSATED ABSENCES INTERNAL SERVICE FUND**  
**STATEMENT OF NET ASSETS**

December 31, 2007

	<u>Compensated Absences</u>
<b>ASSETS</b>	
Current Assets:	
Due from other Funds	\$ <u>362,155</u>
<b>TOTAL ASSETS</b>	<u>362,155</u>
<b>LIABILITIES</b>	
Current Liabilities:	-
Noncurrent Liabilities:	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>
<b>NET ASSETS</b>	
Invested in Capital Assets	
Unrestricted	<u>362,155</u>
<b>TOTAL NET ASSETS</b>	<u>\$ <u>362,155</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS - COMPENSATED ABSENCES INTERNAL SERVICE FUND

Year Ended December 31, 2007

	<u>Compensated Absences</u>
<b>REVENUES</b>	
Charges for Leave Time Earned	\$ <u>455,984</u>
Total Revenues	<u>455,984</u>
<b>EXPENDITURES</b>	
Leave Time Used	<u>431,577</u>
Total Expenditures	<u>431,577</u>
Excess of Revenues Over Expenditures	<u>24,407</u>
<b>NET ASSETS, Beginning of Year</b>	<u>337,748</u>
<b>NET ASSETS, End of Year</b>	\$ <u><u>362,155</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTHORNE, COLORADO

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND

Year Ended December 31, 2007

	<u>Balance</u> <u>January 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2007</u>
<b>Joint Sewer Authority</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 84,808	\$ 5,806,795	\$ 2,540,494	\$ 3,351,109
Investments	<u>3,809,911</u>	<u>741,450</u>	<u>3,619,490</u>	<u>931,871</u>
Total Assets	<u>\$ 3,894,719</u>	<u>\$ 6,548,245</u>	<u>\$ 6,159,984</u>	<u>\$ 4,282,980</u>
<b>LIABILITIES</b>				
Funds Held for Others	<u>\$ 3,894,719</u>	<u>\$ 6,548,245</u>	<u>\$ 6,159,984</u>	<u>\$ 4,282,980</u>
Total Liabilities	<u>\$ 3,894,719</u>	<u>\$ 6,548,245</u>	<u>\$ 6,159,984</u>	<u>\$ 4,282,980</u>

See the accompanying Independent Auditors' Report

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Silverthorne
	YEAR ENDING : December 2007

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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	961,497
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,001,588
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	59,222
2. General fund appropriations		b. Snow and ice removal	216,216
3. Other local imposts (from page 2)	3,404,529	c. Other	
4. Miscellaneous local receipts (from page 2)	94,778	d. Total (a. through c.)	275,438
5. Transfers from toll facilities		4. General administration & miscellaneous	250,172
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	542,449
a. Bonds - Original Issues		6. Total (1 through 5)	3,031,144
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	126,534
7. Total (1 through 6)	3,499,307	b. Redemption	188,202
<b>B. Private Contributions</b>		c. Total (a. + b.)	314,736
<b>C. Receipts from State government</b> (from page 2)	212,458	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	25,965
<b>E. Total receipts (A.7 + B + C + D)</b>	3,711,765	b. Redemption	339,920
		c. Total (a. + b.)	365,885
		3. Total (1.c + 2.c)	680,621
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	3,711,765

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	2,693,067		188,202	2,504,865
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	657,468	225,885	339,920	543,433

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	3,711,765	3,711,765		0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2007

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	66,373
1. Sales Taxes	3,337,772	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	24,305
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	66,757	g. Other Misc. Receipts	4,100
6. Total (1. through 5.)	3,404,529	h. Other	
c. Total (a. + b.)	3,404,529	i. Total (a. through h.)	94,778
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	185,077	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	27,381	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	27,381	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	212,458	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			0
(1). New Facilities			0
(2). Capacity Improvements		926,744	926,744
(3). System Preservation		34,753	34,753
(4). System Enhancement & Operation			
(5). Total Construction (1) + (2) + (3) + (4)	0	961,497	961,497
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	961,497	961,497
			(Carry forward to page 1)

Notes and Comments:

**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

<b>Contents</b>	<b>Schedules</b>	<b>Pages</b>
<b>Financial Trends</b> 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	76-83
<b>Revenue Capacity</b> These tables contain information that may assist the reader in assessing the viability of the Town's most significant "own-source" revenues.	9-14	84-89
<b>Debt Capacity</b> 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	90-93
<b>Demographic and Economic Information</b> 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	94-96
<b>Operating Information</b> 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	97-98

**Source:**

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year. The Town implemented GASB Statement No. 34 in calendar year 2002, therefore tables presenting government-wide financial data include only the years 2002-present.

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

Source	2002 (1)	2003	2004	2005 (2)	2006	2007
<b>Governmental Activities</b>						
Invested in Capital Assets, Net of Related Debt	\$11,035,900	\$13,034,885	\$13,249,443	\$23,871,148	\$21,157,048	\$30,551,010
Restricted	1,353,661	1,332,329	1,314,910	916,688	743,056	765,449
Unrestricted	<u>8,219,322</u>	<u>8,841,141</u>	<u>9,683,670</u>	<u>8,662,117</u>	<u>15,622,291</u>	<u>11,699,883</u>
<b>Subtotal Governmental Activities Net Assets</b>	<u>20,608,883</u>	<u>23,208,355</u>	<u>24,248,023</u>	<u>33,449,953</u>	<u>37,522,395</u>	<u>43,016,342</u>
<b>Business-type Activities</b>						
Invested in Capital Assets (3)	17,077,694	17,166,955	17,290,192	11,047,259	10,988,647	13,834,516
Restricted	-	-	-	-	-	-
Unrestricted	<u>8,776,225</u>	<u>9,752,788</u>	<u>10,100,696</u>	<u>11,123,035</u>	<u>11,985,937</u>	<u>11,416,846</u>
<b>Subtotal Business-type Activities</b>	25,853,919	26,919,743	27,390,888	22,170,294	22,974,584	25,251,362
<b>Total Primary Government Net Assets</b>	<u>\$46,462,802</u>	<u>\$50,128,098</u>	<u>\$51,638,911</u>	<u>\$55,620,247</u>	<u>\$60,496,979</u>	<u>\$68,267,704</u>

(1) The year of GASB 34 implementation.

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

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

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

Source	2002 (1)	2003	2004	2005	2006	2007
<b>Expenses:</b>						
General Government	1,180,289	1,200,089	\$1,195,066	\$1,220,157	\$1,328,306	\$1,405,667
Public Safety	1,775,598	1,748,117	1,640,205	1,728,498	1,886,232	1,841,689
Public Works	3,175,612	2,516,778	2,738,467	2,822,074	2,942,747	3,053,768
Community Development	707,406	640,302	616,439	665,785	738,851	814,718
Recreation & Culture	1,779,417	1,778,049	1,868,467	2,523,010	2,682,592	2,912,284
Affordable Housing 5A	-	-	-	-	-	39,713
Interest on Long-Term Debt	535,342	504,432	478,517	337,529	240,015	229,425
<b>Total Expenses</b>	<u>9,153,664</u>	<u>8,387,767</u>	<u>8,537,161</u>	<u>9,297,053</u>	<u>9,818,743</u>	<u>10,297,264</u>
<b>Program Revenues:</b>						
Charges for Services						
General Government	108,623	120,212	131,621	146,421	153,354	169,744
Public Safety	86,534	83,482	82,054	136,320	104,384	115,227
Public Works	63,568	68,303	66,124	68,547	72,733	71,279
Community Development	303,409	254,986	298,747	504,012	404,569	449,551
Recreation & Culture	1,068,380	1,088,756	1,118,114	1,402,465	1,515,738	1,638,050
Affordable Housing 5A	-	-	-	-	-	-
Operating Grants & Contributions	340,791	272,519	266,923	310,299	57,324	7,773
Capital Grants & Contributions	247,490	2,028,174	249,270	663,921	1,788,089	2,517,121
<b>Total Program Revenues</b>	<u>2,218,795</u>	<u>3,916,432</u>	<u>2,212,853</u>	<u>3,231,985</u>	<u>4,096,191</u>	<u>4,968,745</u>
<b>Net (Expense)/Revenue</b>	<u>(6,934,869)</u>	<u>(4,471,335)</u>	<u>(6,324,308)</u>	<u>(6,065,068)</u>	<u>(5,722,552)</u>	<u>(5,328,519)</u>
<b>General Revenues &amp; Transfers:</b>						
Taxes:						
Sales Taxes for General Purpose	4,291,469	4,375,938	4,487,364	4,901,082	5,505,476	6,029,697
Sales Taxes for Capital & Debt	1,700,238	1,840,677	1,897,958	2,118,292	2,393,680	2,714,907
Lodging Tax	110,470	103,026	95,664	101,817	122,571	135,088
Franchise Taxes	139,364	171,634	174,999	193,884	211,959	204,669
Development Excise Tax	263,709	276,026	350,785	615,538	402,059	381,781
Other Taxes	53,247	47,767	61,669	47,131	336,234	332,663
Investment Income	171,895	122,159	153,795	219,867	443,509	571,350
Miscellaneous	47,814	44,377	47,702	100,580	48,404	102,500
Gains on Sales of Capital Assets	33,078	-	-	-	-	-
Transfers	266,784	89,203	94,040	6,968,807	331,102	349,811
<b>Total General Revenues &amp; Transfers</b>	<u>7,078,068</u>	<u>7,070,807</u>	<u>7,363,976</u>	<u>15,266,998</u>	<u>9,794,994</u>	<u>10,822,466</u>
<b>Changes in Net Assets</b>	<u>\$ 143,199</u>	<u>\$2,599,472</u>	<u>\$1,039,668</u>	<u>\$9,201,930</u>	<u>\$4,072,442</u>	<u>\$5,493,947</u>

(1) The year of GASB 34 implementation.

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

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

Source	2002 (1)	2003	2004	2005	2006	2007
<b>Expenses:</b>						
Water	\$ 723,630	\$ 761,421	\$ 810,246	\$ 1,068,559	\$ 942,428	\$1,101,207
Sewer	800,928	844,120	905,982	968,266	1,022,839	1,035,722
Pavilion	442,086	471,428	466,800	-	-	-
<b>Total Expenses</b>	<u>1,966,644</u>	<u>2,076,969</u>	<u>2,183,028</u>	<u>2,036,825</u>	<u>1,965,267</u>	<u>2,136,929</u>
<b>Program Revenues:</b>						
Charges for Services						
Water	840,015	814,082	809,921	844,505	853,448	850,636
Sewer	874,561	928,516	964,372	996,302	1,027,270	973,371
Pavilion	124,881	148,137	166,618	-	-	-
Capital Grants & Contributions	1,789,125	1,063,961	446,731	1,487,220	616,320	2,265,718
<b>Total Program Revenues</b>	<u>3,628,582</u>	<u>2,954,696</u>	<u>2,387,642</u>	<u>3,328,027</u>	<u>2,497,038</u>	<u>4,089,725</u>
<b>Net (Expense)/Revenue</b>	1,661,938	877,727	204,614	1,291,202	531,771	531,771
<b>General Revenues &amp; Transfers:</b>						
Investment Income	68,920	53,061	80,957	125,072	274,474	324,704
Miscellaneous	234,073	224,239	279,614	331,940	329,146	349,089
Transfers (2)	(266,784)	(89,203)	(94,040)	(6,968,807)	(331,102)	(349,811)
<b>Total General Revenues &amp; Transfers</b>	<u>36,209</u>	<u>188,097</u>	<u>266,531</u>	<u>(6,511,795)</u>	<u>272,518</u>	<u>323,982</u>
<b>Changes in Net Assets</b>	<u>\$1,698,147</u>	<u>\$1,065,824</u>	<u>\$ 471,145</u>	<u>\$(5,220,593)</u>	<u>\$ 804,289</u>	<u>\$2,276,778</u>

(1) The year of GASB 34 implementation.

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

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

Source	2002 (1)	2003	2004	2005	2006	2007
<b>Operating Revenues:</b>						
Users Fees	\$1,791,405	\$1,845,201	\$1,892,280	\$1,812,234	\$1,846,356	\$1,813,100
Charges for Services	48,052	45,534	48,631	28,573	34,362	10,907
<b>Total Operating Revenues</b>	<b>1,839,457</b>	<b>1,890,735</b>	<b>1,940,911</b>	<b>1,840,807</b>	<b>1,880,718</b>	<b>1,824,007</b>
<b>Operating Expenses:</b>						
Operations	469,744	514,040	555,568	370,789	423,211	457,614
Maintenance	252,014	238,277	229,429	261,193	160,378	146,354
Contractual Services	665,812	699,623	745,615	854,473	813,238	899,027
Depreciation and Amortization	579,074	625,029	652,416	550,370	568,440	631,585
<b>Total Operating Expenses</b>	<b>1,966,644</b>	<b>2,076,969</b>	<b>2,183,028</b>	<b>2,036,825</b>	<b>1,965,267</b>	<b>2,134,580</b>
Operating Income/(Loss)	(127,187)	(186,234)	(242,117)	(196,018)	(84,549)	(310,573)
<b>Non-Operating Revenues/Expenses:</b>						
Interest Revenue	68,920	53,061	80,957	125,072	274,474	324,704
Loss on Disposal of Capital Assets	-	-	-	-	-	(2,349)
Equity Income on Joint Sewer Authority Investment	234,073	224,239	279,614	331,940	329,146	349,089
<b>Total Non-Operating Revenues</b>	<b>302,993</b>	<b>277,300</b>	<b>360,571</b>	<b>457,012</b>	<b>603,620</b>	<b>671,444</b>
Income Before Transfers & Capital Contributions	175,806	91,066	118,454	260,994	519,071	360,871
Transfer out to General Fund (2)	(266,784)	(89,203)	(94,040)	(6,968,807)	(331,102)	(349,811)
Capital Contributions	1,789,125	1,063,961	446,731	1,487,220	616,320	2,265,718
<b>Changes in Net Assets</b>	<b>\$1,698,147</b>	<b>\$1,065,824</b>	<b>\$471,145</b>	<b>(\$5,220,593)</b>	<b>\$804,289</b>	<b>\$2,276,778</b>

(1) The year of GASB 34 implementation.

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

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

Source	2002 (1)	2003	2004	2005	2006	2007
<b>Expenses:</b>						
Governmental Activities	\$9,153,664	\$8,387,767	\$8,537,161	\$ 9,297,053	\$9,818,743	\$10,297,264
Business-type Activities	<u>1,966,644</u>	<u>2,076,969</u>	<u>2,183,028</u>	<u>2,036,825</u>	<u>1,965,267</u>	<u>2,136,929</u>
<b>Total Expenses</b>	<u>11,120,308</u>	<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>
<b>Program Revenues:</b>						
Governmental Activities	2,329,265	4,019,458	2,308,518	3,231,985	4,096,191	4,968,745
Business-type Activities	<u>3,628,582</u>	<u>2,954,696</u>	<u>2,387,642</u>	<u>3,328,027</u>	<u>2,497,038</u>	<u>4,089,725</u>
<b>Total Program Revenues</b>	<u>5,957,847</u>	<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>
<b>Net (Expense)/Revenue</b>	(5,162,461)	(3,490,582)	(6,024,029)	(4,773,866)	(5,190,781)	(3,375,723)
<b>General Revenues &amp; Transfers:</b>						
Governmental Activities	6,967,598	6,967,781	7,268,311	15,266,998	9,794,994	10,822,466
Business-type Activities (2)	<u>36,209</u>	<u>188,097</u>	<u>266,531</u>	<u>(6,511,795)</u>	<u>272,518</u>	<u>323,982</u>
<b>Total General Revenues &amp; Transfers</b>	<u>7,003,807</u>	<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>
<b>Changes in Net Assets</b>	<u>\$1,841,346</u>	<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>

(1) The year of GASB 34 implementation.

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

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

Source	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Fund</b>										
Reserved	\$ 409,771	\$ 350,297	\$ 3,286,977	\$ 3,440,854	\$ 359,789	\$ 298,474	\$ 288,056	\$ 422,507	\$ 262,404	\$ 299,264
Unreserved	5,820,383	7,192,601	4,124,815	3,883,441	5,990,004	6,363,437	6,817,651	5,724,207	7,060,565	8,111,460
<b>Subtotal General Fund</b>	<b>6,230,154</b>	<b>7,542,898</b>	<b>7,411,792</b>	<b>7,324,295</b>	<b>6,349,793</b>	<b>6,661,911</b>	<b>7,105,707</b>	<b>6,146,714</b>	<b>7,322,969</b>	<b>8,410,724</b>
<b>General Fund Percentage Change</b>	<b>15.8%</b>	<b>21.0%</b>	<b>-1.7%</b>	<b>-1.1%</b>	<b>-13.3%</b>	<b>4.9%</b>	<b>6.6%</b>	<b>-13.4%</b>	<b>19.1%</b>	<b>14.9%</b>
<b>All Other Governmental Funds</b>										
Reserved	5,607,275	4,227,291	2,393,882	2,076,248	1,046,000	1,046,000	1,067,857	632,777	800,976	646,976
Unreserved	1,001,468	892,342	1,000,173	262,895	1,421,790	1,613,664	1,522,995	861,092	972,607	1,111,808
Capital Improvement Fund	-	25,059	55,214	71,854	84,956	-	13,573	-	-	-
Conservation Trust Fund	-	95,205	131,062	230,809	330,617	234,534	349,185	376,503	28,862	168,463
Lodging Tax Fund	-	-	206,801	360,959	280,567	561,670	886,867	1,522,971	1,426,594	1,426,594
Excise Tax Fund	-	-	-	-	-	-	-	-	-	-
<b>Subtotal All Other Governmental Funds</b>	<b>6,608,743</b>	<b>5,239,897</b>	<b>3,787,132</b>	<b>3,002,765</b>	<b>3,163,930</b>	<b>3,455,868</b>	<b>3,840,477</b>	<b>3,393,343</b>	<b>3,229,039</b>	<b>3,229,039</b>
<b>Total Governmental Funds</b>										
Reserved	6,017,046	4,577,588	5,680,859	5,517,102	1,405,789	1,344,474	1,355,913	1,055,284	1,063,380	1,063,380
Unreserved	6,821,851	8,205,207	5,518,065	4,809,958	8,107,934	8,773,305	9,590,271	8,484,773	9,488,628	9,488,628
<b>Total Governmental Funds</b>	<b>\$ 12,838,897</b>	<b>\$ 12,782,795</b>	<b>\$ 11,198,924</b>	<b>\$ 10,327,060</b>	<b>\$ 9,513,723</b>	<b>\$ 10,117,779</b>	<b>\$10,946,184</b>	<b>\$9,540,057</b>	<b>\$10,552,008</b>	<b>\$10,552,008</b>
<b>All Governmental Funds Percentage Change</b>	<b>88.6%</b>	<b>-0.4%</b>	<b>-12.3%</b>	<b>-7.7%</b>	<b>-7.8%</b>	<b>6.3%</b>	<b>8.1%</b>	<b>-12.8%</b>	<b>10.6%</b>	<b>10.6%</b>

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

Source	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Total Revenues</b>	\$ 8,358,310	\$ 9,196,947	\$ 9,887,281	\$ 9,961,011	\$ 8,996,999	\$ 9,799,401	\$ 9,398,596	\$ 11,239,910	\$ 13,457,434	\$ 13,806,106
<b>Total Expenditures</b>	8,896,583	9,516,813	11,981,267	11,547,288	10,255,371	9,544,303	9,068,450	13,457,071	13,239,399	12,532,906
<b>Excess (Deficiency of Revenues Over (Under) Expenditures</b>	(538,273)	(319,866)	(2,093,986)	(1,586,277)	(1,258,372)	255,098	330,146	(2,217,161)	218,035	1,273,200
<b>Other Financing Sources (Uses)</b>										
Proceeds from Bonds	6,161,570	-	-	-	-	-	-	-	-	-
Capital Leases	206,400	-	231,261	740,505	506,543	182,738	353,719	193,325	384,972	237,326
Sales of General Capital Assets	-	-	45,000	161,950	49,078	77,017	50,500	36,803	77,842	24,305
Claims and Judgment	-	-	-	-	(377,371)	-	-	64,880	-	-
Fund Closure of Pavilion Fund to General Fund	-	-	-	-	-	-	-	148,708	-	-
Transfer In	5,951,500	306,025	1,512,766	874,149	1,112,500	286,703	418,040	2,567,318	496,102	649,811
Transfer Out	(5,750,599)	(42,261)	(1,278,912)	(1,062,191)	(845,715)	(197,500)	(324,000)	(2,200,000)	(165,000)	(300,000)
<b>Total Other Financing Sources</b>	6,568,871	263,764	510,115	714,413	445,035	348,958	498,259	811,034	793,916	611,442
<b>Net Change in Fund Balances</b>	\$ 6,030,598	\$ (56,102)	\$ (1,583,871)	\$ (871,864)	\$ (813,337)	\$ 604,056	\$ 828,405	\$ (1,406,127)	\$ 1,011,951	\$ 1,884,642

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

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	\$ 1,025,337	\$ 1,060,202	\$ 1,189,923	\$ 1,128,179	\$ 1,091,066	\$ 1,129,510	\$ 1,122,206	\$ 1,143,685	\$ 1,244,030	\$ 1,316,409
Public Safety	1,215,515	1,383,355	1,612,194	1,586,392	1,688,083	1,724,376	1,612,507	1,691,899	1,737,911	1,808,163
Public Works	1,000,719	1,103,404	1,658,143	1,872,713	1,811,206	1,615,325	1,583,648	1,711,576	1,775,885	2,057,478
Community Development	981,954	824,757	543,833	542,224	559,451	503,334	493,107	553,298	638,500	756,543
Recreation and Culture	1,449,613	1,417,169	1,413,081	1,550,113	1,595,141	1,561,493	1,643,871	2,154,316	2,284,185	2,496,865
Affordable Housing 5A	-	-	-	-	-	-	-	-	-	39,713
<b>Total Current</b>	<b>5,673,138</b>	<b>5,788,887</b>	<b>6,417,174</b>	<b>6,679,621</b>	<b>6,744,947</b>	<b>6,534,038</b>	<b>6,455,339</b>	<b>7,254,774</b>	<b>7,680,511</b>	<b>8,475,171</b>
<b>% Change from Prior Year</b>	<b>2.2%</b>	<b>2.0%</b>	<b>10.9%</b>	<b>4.1%</b>	<b>1.0%</b>	<b>-3.1%</b>	<b>-1.2%</b>	<b>12.4%</b>	<b>5.9%</b>	<b>10.3%</b>
<b>Capital Outlay</b>	<b>395,914</b>	<b>713,575</b>	<b>3,553,484</b>	<b>2,306,453</b>	<b>1,205,846</b>	<b>2,470,303</b>	<b>788,766</b>	<b>8,095,380</b>	<b>4,180,353</b>	<b>4,585,258</b>
<b>% Change from Prior Year</b>	<b>-56.1%</b>	<b>44.5%</b>	<b>79.9%</b>	<b>-54.1%</b>	<b>-91.3%</b>	<b>51.2%</b>	<b>-213.2%</b>	<b>90.3%</b>	<b>-93.7%</b>	<b>8.8%</b>
<b>Debt Service</b>										
Principal	225,000	465,000	740,858	866,069	968,811	819,279	931,947	4,383,029	560,744	620,620
Interest and Fiscal Charges	503,033	571,760	572,297	568,716	538,004	507,945	482,301	355,168	238,482	228,132
<b>Total Debt Service</b>	<b>728,033</b>	<b>1,036,760</b>	<b>1,313,155</b>	<b>1,434,785</b>	<b>1,506,815</b>	<b>1,327,224</b>	<b>1,414,248</b>	<b>4,738,197</b>	<b>799,226</b>	<b>848,752</b>
<b>% Change from Prior Year</b>	<b>37.4%</b>	<b>42.4%</b>	<b>26.7%</b>	<b>9.3%</b>	<b>5.0%</b>	<b>-11.9%</b>	<b>6.6%</b>	<b>235.0%</b>	<b>-83.1%</b>	<b>6.2%</b>
<b>Total Expenditures</b>	<b>\$ 6,797,085</b>	<b>\$ 7,539,222</b>	<b>\$ 11,283,813</b>	<b>\$ 10,420,859</b>	<b>\$ 9,457,608</b>	<b>\$ 10,331,565</b>	<b>\$ 8,658,353</b>	<b>\$ 20,088,351</b>	<b>\$ 12,660,090</b>	<b>\$ 13,909,181</b>
<b>% Change from Prior Year</b>	<b>1.4%</b>	<b>9.8%</b>	<b>33.2%</b>	<b>-8.3%</b>	<b>-10.2%</b>	<b>8.5%</b>	<b>-19.3%</b>	<b>56.9%</b>	<b>-58.7%</b>	<b>9.0%</b>
<b>Debt Service as a Percentage of Noncapital Expenditures (1)</b>	<b>12.8%</b>	<b>17.9%</b>	<b>20.5%</b>	<b>21.5%</b>	<b>22.3%</b>	<b>20.3%</b>	<b>21.9%</b>	<b>65.3%</b>	<b>10.4%</b>	<b>10.0%</b>

(1) Debt service amount includes fiscal charges.



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

Source	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues:</b>										
Taxes	\$ 5,912,587	\$ 6,088,461	\$ 6,974,677	\$ 7,337,754	\$ 6,829,294	\$ 7,073,515	\$ 7,333,121	\$ 8,241,007	\$ 8,971,978	\$ 9,798,805
Intergovernmental	27,005	24,811	94,540	142,973	71,286	32,999	32,603	33,990	42,012	292,353
Licenses and Permits	415,392	547,369	396,872	393,676	325,972	305,737	354,805	551,889	442,241	486,642
Charges for Services	1,125,226	1,306,873	1,277,110	1,337,595	1,337,395	1,369,517	1,390,657	1,609,322	1,716,864	1,895,858
Fines and Forfeitures	114,325	126,487	89,434	81,536	85,604	84,407	78,080	129,063	98,018	99,555
Interest	659,503	630,908	761,714	390,497	171,895	122,160	153,795	219,868	443,509	571,351
Grants						687,585	39,062	438,880	1,700,752	606,555
Miscellaneous	104,272	472,038	292,934	276,980	175,553	123,481	16,473	15,891	42,060	54,987
<b>Total Revenues</b>	<b>\$ 8,358,310</b>	<b>\$ 9,196,947</b>	<b>\$ 9,887,261</b>	<b>\$ 9,961,011</b>	<b>\$ 8,996,999</b>	<b>\$ 9,799,401</b>	<b>\$ 9,398,596</b>	<b>\$ 11,239,910</b>	<b>\$ 13,457,434</b>	<b>\$ 13,806,106</b>
<b>Expenditures:</b>										
General Government	1,025,337	1,060,202	1,189,923	1,128,179	1,091,066	1,129,510	1,122,206	1,143,685	1,244,030	1,316,409
Public Safety	1,215,515	1,383,355	1,612,194	1,586,392	1,688,083	1,724,376	1,612,507	1,691,899	1,737,911	1,808,163
Public Works	1,000,719	1,103,404	1,658,143	1,872,713	1,811,206	1,615,325	1,583,648	1,711,576	1,775,885	2,057,478
Community Development	981,954	824,757	543,833	542,224	559,451	503,334	493,107	553,298	638,500	756,543
Recreation and Culture	1,449,613	1,417,169	1,413,081	1,550,113	1,595,141	1,561,493	1,643,871	2,154,316	2,284,185	2,496,865
Affordable Housing 5A										39,713
Capital Outlay	2,492,412	2,691,166	4,250,938	3,432,882	2,003,609	1,683,041	1,198,863	1,464,100	4,759,662	3,208,983
Debt Service:										
Principal	225,000	465,000	740,858	866,069	968,811	819,279	931,947	4,383,029	560,744	620,620
Interest and Fiscal Charges	503,033	571,760	572,297	568,716	538,004	507,945	482,301	355,168	238,482	228,132
<b>Total Expenditures</b>	<b>8,893,583</b>	<b>9,516,813</b>	<b>11,981,267</b>	<b>11,547,288</b>	<b>10,255,371</b>	<b>9,544,303</b>	<b>9,068,450</b>	<b>13,457,071</b>	<b>13,239,399</b>	<b>12,532,906</b>
<b>Excess (Deficiency of Revenues Over (Under) Expenditures</b>	<b>(535,273)</b>	<b>(319,866)</b>	<b>(2,093,986)</b>	<b>(1,586,277)</b>	<b>(1,258,372)</b>	<b>255,098</b>	<b>330,146</b>	<b>(2,217,161)</b>	<b>218,035</b>	<b>1,273,200</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds from Bonds	6,161,570	-	231,261	740,505	506,543	182,738	353,719	193,325	384,972	237,326
Capital Leases	206,400	-	45,000	161,950	49,078	77,017	50,500	36,803	77,842	24,305
Sales of General Capital Assets	-	-	-	-	(377,371)	-	-	64,880	-	-
Claims and Judgment	-	-	-	-	-	-	-	-	-	-
Fund Closure of Pavilion Fund to General Fund	-	-	-	-	-	-	-	148,708	-	-
Transfer In	5,951,500	306,025	1,512,766	874,149	1,112,500	286,703	418,040	2,567,318	496,102	649,811
Transfer Out	(5,750,599)	(42,261)	(1,278,912)	(1,062,191)	(845,715)	(197,500)	(324,000)	(2,200,000)	(165,000)	(300,000)
<b>Total Other Financing Sources (Uses)</b>	<b>6,568,871</b>	<b>263,764</b>	<b>510,115</b>	<b>714,413</b>	<b>445,035</b>	<b>348,958</b>	<b>498,259</b>	<b>811,034</b>	<b>793,916</b>	<b>611,442</b>
<b>Net Change in Fund Balances</b>	<b>\$ 6,033,598</b>	<b>\$ (56,102)</b>	<b>\$ (1,583,871)</b>	<b>\$ (871,864)</b>	<b>\$ (813,337)</b>	<b>\$ 604,056</b>	<b>\$ 828,405</b>	<b>\$ (1,406,127)</b>	<b>\$ 1,011,951</b>	<b>\$ 1,884,642</b>

Town of Silverthorne, Colorado  
 General Governmental Tax Revenues by Source  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

Revenue Source	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Sales Tax	\$5,573,772	\$5,629,846	\$6,210,823	\$6,362,660	\$5,991,707	\$6,216,615	\$6,385,322	\$ 7,019,374	\$7,899,156	\$8,744,604
Lodging Tax	-	98,369	98,976	103,888	110,470	103,026	95,664	101,817	122,571	135,088
Dev. Excise Tax	-	-	273,468	417,484	263,710	276,026	350,785	615,538	402,059	381,781
Property Tax	-	-	-	-	-	-	-	-	-	-
Franchise Tax	105,544	109,854	116,354	144,505	139,363	171,634	174,999	193,884	211,959	204,669
Highway User Tax	105,368	127,805	150,187	167,444	181,994	169,826	173,450	166,990	191,059	185,077
Cigarette Tax	62,226	58,790	56,922	54,903	52,977	47,035	61,052	47,131	50,984	51,194
Road & Bridge Tax	42,247	41,557	43,206	61,802	64,585	60,994	66,032	67,990	64,848	66,757
Miscellaneous Tax	23,430	22,240	24,741	25,068	24,490	28,359	25,816	28,283	29,342	29,635
<b>Total Revenues</b>	<u>\$5,912,587</u>	<u>\$6,088,461</u>	<u>\$6,974,677</u>	<u>\$7,337,754</u>	<u>\$6,829,294</u>	<u>\$7,073,515</u>	<u>\$7,333,120</u>	<u>\$ 8,241,007</u>	<u>\$8,971,978</u>	<u>\$9,798,805</u>
% change from prior year	<u>-7.3%</u>	<u>3.0%</u>	<u>14.6%</u>	<u>5.2%</u>	<u>-6.9%</u>	<u>3.6%</u>	<u>3.7%</u>	<u>12.4%</u>	<u>8.9%</u>	<u>9.2%</u>

Source: Town of Silverthorne Sales Tax Reports

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

	2002	2003	2004	2005	2006	2007
<b>Summit County Government:</b>						
General Fund	5.420	5.347	5.416	5.311	5.250	4.625
Road & Bridge Fund	1.120	1.127	1.141	1.082	1.079	0.943
Social Services Fund	0.263	0.221	0.163	0.154	0.189	0.211
Library Fund	0.689	0.797	0.772	0.732	0.761	0.646
Capital Expenditures	2.085	2.156	2.148	2.251	2.035	2.360
Legacy Fund	0.000	0.000	0.000	0.000	0.196	0.288
Open Space	2.128	2.140	2.128	2.018	2.001	1.630
Public Lands	0.376	0.378	0.376	0.356	0.353	0.288
Early Childhood Care & Learning	0.000	0.000	0.000	0.500	0.500	0.500
<b>Total</b>	<b>12.081</b>	<b>12.166</b>	<b>12.144</b>	<b>12.404</b>	<b>12.364</b>	<b>11.491</b>
<b>Summit School District RE-1:</b>						
General Fund	13.916	14.447	14.027	13.387	13.377	13.271
Bond Redemption Fund	4.701	4.720	6.032	5.740	5.691	4.663
Special Building & Technology Fund	7.620	7.620	3.352	3.370	3.370	3.671
Transportation Fund	0.317	0.429	0.421	0.413	0.410	0.485
<b>Total</b>	<b>26.554</b>	<b>27.216</b>	<b>23.832</b>	<b>22.910</b>	<b>22.848</b>	<b>22.090</b>
<b>Junior College:</b>						
Colorado Mountain College	3.997	3.997	3.997	3.997	3.997	3.997
<b>Special Districts:</b>						
Colorado River Water Conservation District	0.255	0.255	0.252	0.230	0.221	0.191
Eagles Nest Metropolitan District (2)	17.000	17.000	17.000	17.000	17.000	15.030
Lake Dillon Fire Protection District	8.280	8.345	8.345	8.289	8.311	8.275
Middle Park Water Conservancy District	0.078	0.078	0.078	0.075	0.075	0.062
Silverthorne Fire Protection District (Bond only)	0.100	0.000	0.000	0.000	0.000	0.000
<b>Total</b>	<b>25.713</b>	<b>25.678</b>	<b>25.675</b>	<b>25.594</b>	<b>25.607</b>	<b>23.558</b>
<b>Total Mill Levies</b>	<b>68.345</b>	<b>69.057</b>	<b>65.648</b>	<b>64.905</b>	<b>64.816</b>	<b>61.136</b>

(1) The Town does not have a property tax.

(2) 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

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007(1)
<b>Water Rates:</b>										
Monthly	12.57	\$ 12.57	\$ 12.57	\$ 12.95	\$ 13.34	\$ 13.34	\$ 13.34	\$ 13.34	\$ 13.74	\$ 15.00
Per 1,000 Gallons	1.72	1.77	1.82	1.88	1.94	1.98	1.98	1.98	1.98	1.00
Tap Fee	3,600	3,800	4,000	4,200	4,400	4,600	4,800	5,000	5,200	5,400
<b>Sewer Rates:</b>										
Monthly	\$ 26.74	\$ 26.74	\$ 26.74	\$ 27.54	\$ 28.37	\$ 29.22	\$ 30.10	\$ 30.10	\$ 30.10	\$ 27.83
Tap Fee	3,600	3,800	4,000	4,200	4,400	4,600	4,800	5,000	5,200	5,400

88

(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.

Source: Town of Silverthorne Water Department

Town of Silverthorne, Colorado  
Taxable Sales by Category  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Retail Category	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Auto	\$ 481,851	\$ 541,265	\$ 612,953	\$ 667,235	\$ 655,787	\$ 632,762	\$ 602,400	\$ 578,537	\$ 590,555	\$ 630,615
Building	492,921	658,000	1,053,769	1,066,967	935,279	935,205	968,499	1,045,206	1,235,386	1,402,298
Consumer	337,821	493,353	675,063	749,150	715,283	1,300,262	1,371,738	1,453,477	1,531,309	1,739,658
Outlet Stores	2,421,196	2,352,772	2,256,001	2,212,571	2,032,253	1,740,770	1,847,703	2,288,733	2,736,923	2,968,227
Food/Liquor	1,363,023	1,058,708	1,064,754	1,111,445	1,102,391	1,051,711	1,075,406	1,094,804	1,182,601	1,276,947
Lodging	177,660	214,052	221,822	216,564	226,126	211,614	197,016	216,182	244,383	266,450
Services	299,299	193,841	326,376	338,728	324,587	344,291	322,560	342,465	377,998	460,410
Total	<u>\$ 5,573,771</u>	<u>\$ 5,511,991</u>	<u>\$ 6,210,738</u>	<u>\$ 6,362,660</u>	<u>\$ 5,991,706</u>	<u>\$ 6,216,615</u>	<u>\$ 6,385,322</u>	<u>\$ 7,019,404</u>	<u>\$ 7,899,155</u>	<u>\$ 8,744,605</u>

68

Percentage of Total

Auto	8.64%	9.82%	9.87%	10.49%	10.94%	10.18%	9.43%	8.24%	7.48%	7.21%
Building	8.84%	11.94%	16.97%	16.77%	15.61%	15.04%	15.17%	14.89%	15.64%	16.04%
Consumer	6.06%	8.95%	10.87%	11.77%	11.94%	20.92%	21.48%	20.71%	19.39%	19.89%
Outlet Stores	43.44%	42.68%	36.32%	34.77%	33.92%	28.00%	28.94%	32.61%	34.65%	33.94%
Food/Liquor	24.45%	19.21%	17.14%	17.47%	18.40%	16.92%	16.84%	15.60%	14.97%	14.60%
Lodging	3.19%	3.88%	3.57%	3.40%	3.77%	3.40%	3.09%	3.08%	3.09%	3.05%
Services	5.37%	3.52%	5.26%	5.32%	5.42%	5.54%	5.05%	4.88%	4.79%	5.27%
Total	<u>100.00%</u>									

Source: Town of Silverthorne Sales Tax Reports

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Assessed valuations:</b>										
Assessed value	<u>\$ 61,494,910</u>	<u>\$ 74,333,380</u>	<u>\$ 82,769,900</u>	<u>\$ 109,860,860</u>	<u>\$ 113,033,030</u>	<u>\$ 117,965,730</u>	<u>\$ 119,326,850</u>	<u>\$ 120,357,050</u>	<u>\$ 123,742,000</u>	<u>\$ 154,922,390</u>
Legal debt margin:										
Debt limitation - 3 percent of assessed value (1)	1,844,847	2,230,001	2,483,097	3,295,826	3,390,991	3,538,972	3,579,806	3,610,712	3,712,260	4,647,672
Debt applicable to limitation:										
Total bonded debt	11,695,000	11,230,000	10,755,000	10,250,000	9,720,000	9,160,000	8,580,000	4,585,000	4,295,000	3,995,000
Less: Special assessment bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	(11,695,000)	(11,230,000)	(10,755,000)	(10,250,000)	(9,720,000)	(9,160,000)	(8,580,000)	(4,585,000)	(4,295,000)	(3,995,000)
Debt exempt by law from legal debt margin (Water Bonds)	-	-	-	-	-	-	-	-	-	-
	<u>(11,695,000)</u>	<u>(11,230,000)</u>	<u>(10,755,000)</u>	<u>(10,250,000)</u>	<u>(9,720,000)</u>	<u>(9,160,000)</u>	<u>(8,580,000)</u>	<u>(4,585,000)</u>	<u>(4,295,000)</u>	<u>(4,295,000)</u>
Total debt applicable to limitation	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 1,844,847</u>	<u>\$ 2,230,001</u>	<u>\$ 2,483,097</u>	<u>\$ 3,295,826</u>	<u>\$ 3,390,991</u>	<u>\$ 3,538,972</u>	<u>\$ 3,579,806</u>	<u>\$ 3,610,712</u>	<u>\$ 3,712,260</u>	<u>\$ 4,647,672</u>

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

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

	2002	2003	2004	2005	2006	2007
Gross Revenues (1)	\$ 2,013,365	\$ 2,019,166	\$ 2,113,626	\$ 1,965,879	\$ 2,155,192	\$ 2,148,711
Operating Expenses (2)	1,080,323	1,111,344	1,194,644	1,486,455	1,396,826	1,502,995
Net Revenue Available for Debt Service	933,042	907,822	918,982	479,424	758,366	645,716
Debt Service Requirement (3)						
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.  
 (3) Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the water fund.

91

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

	2002	2003	2004	2005	2006	2007
Gross Revenues (1)	\$ 10,665,120	\$ 10,345,859	\$ 10,220,855	\$ 14,250,944	\$ 14,416,350	\$ 14,717,548
Operating Expenses (2)	11,478,458	9,741,803	9,392,450	15,657,071	13,404,399	12,832,906
Net Revenue Available for Debt Service	(813,338)	604,056	828,405	(1,406,127)	1,011,951	1,884,642
Debt Service Requirement						
Principal	530,000	560,000	580,000	610,000	290,000	300,000
Interest	500,248	474,455	448,755	421,389	214,570	201,808
Total	1,030,248	1,034,455	1,028,755	1,031,389	504,570	501,808
Coverage	(0.79)	0.58	0.81	(1.36)	2.01	3.76

(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  
 Ratio of Net General Obligation Bonded Debt  
 To Assessed Value and Net General Obligation Bonded Debt Per Capita  
 Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Population (1)	3,098	3,305	3,319	3,540	3,625	3,709	3,759	3,858	3,908	4,026
Assessed Value	\$ 61,494,910	\$ 74,333,380	\$ 82,769,900	\$ 109,860,860	\$ 113,033,030	\$ 117,965,730	\$ 119,326,850	\$ 120,357,050	\$ 123,742,000	\$ 154,922,390
Gross Bonded Debt (2)	-	-	-	-	-	-	-	-	-	-
Less Debt Service Fund (3)	-	-	-	-	-	-	-	-	-	-
Debt Payable from Enterprise Funds (4)	-	-	-	-	-	-	-	-	-	-
Net Bonded Debt	-	-	-	-	-	-	-	-	-	-
Ratio of Net Bonded Debt to Assessed Value	-	-	-	-	-	-	-	-	-	-
Net Bonded Debt per Capita	-	-	-	-	-	-	-	-	-	-
Capital Leases	\$ 382,744	\$ 400,148	\$ 365,547	\$ 744,983	\$ 812,714	\$ 736,173	\$ 737,945	\$ 543,241	\$ 657,468	\$ 574,174
Ratio of Capital Leases to Assessed Value	0.62%	0.54%	0.44%	0.68%	0.72%	0.62%	0.62%	0.45%	0.53%	0.37%
Net Capital Leases per Capita	\$ 124	\$ 121	\$ 110	\$ 210	\$ 224	\$ 198	\$ 196	\$ 141	\$ 168	\$ 143

26

(1) Annual government censuses and Summit County/Community Development department.  
 (2) Amount does not include special assessment bonds and revenue bonds.  
 (3) Amount available for repayment of governmental fund general obligation bonds.  
 (4) These amounts include the general obligation bonds that are being repaid from the Water Fund.

Town of Silverthorne, Colorado  
 Computation of Overlapping Bonded Debt  
 General Obligation Bonds  
 December 31, 2007

Overlapping Entity	2007 Value	Outstanding General Obligation Debt	Net Outstanding General Obligation Debt Chargeable to Properties within the Town	
			Percent	Amount
Eagle's Nest Metropolitan District	\$ 51,118,800	\$ 7,795,000	100%	\$ 7,795,000
Summit County School District RE-1	1,557,428,290	66,675,000	10	6,667,500
			Total	<u>\$ 14,462,500</u>

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

Town of Silverthorne, Colorado  
Miscellaneous Statistics  
December 31, 2007

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Date of Incorporation	1967
Form of Government	Council/Manager
Number of Employees:	
Full Time	77
Part Time	70
Area in Square Miles	3.81
Elevation in Feet	8,730
Climatological Information:	
Average Annual Snowfall in Inches	139
Average Annual Precipitation in Inches	16.1
Average High/Low Temperature in July	74/36
Average High/Low Temperature in January	31/-1
Average Annual Humidity	60% - 65%
Highest/Lowest Temperature Recorded	89/-45
Number of:	
Traffic Lights	8
Recreation Centers	1
Parks	4
Park/Open Space Acreage	72.18
Swimming Pools	4
Skateboard Parks	1
Volleyball Courts	4
Tennis Courts	4
Trails (miles)	5.65
Nordic Trails (miles/kilometers)	4.78/7.7
Outdoor Ice Rink	1
Wastewater Treatment Plants	1
Facilities and Services not Included in the Town Government:	
Education:	
Number of Elementary schools	1
Number of Elementary School Instructors	29
Number of Secondary Schools	0
Fire Protection - Lake Dillon Fire District	
Number of Stations	6
Number of Fire Personnel and Officers	64

\* Statistics provide by Town of Silverthorne, Silverthorne Elementary & Lake Dillon Fire

Town of Silverthorne, Colorado  
Demographics Statistics  
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Silverthorne Population (1)	3,098	3,305	3,319	3,540	3,625	3,709	3,759	3,858	3,947	4,026
County Population (1)	19,209	20,309	23,548	26,355	26,798	27,114	27,743	27,507	27,782	28,296
Personal Income (3) (4) (5)	678,949	738,790	819,422	824,791	814,724	815,205	889,901	956,937	1,055,139	1,117,392
Per Capita Income (3) (4) (5)	31,285	32,025	34,617	33,510	33,443	32,621	35,594	36,796	38,047	42,635
Median Family Income (1) (3) (4) (5)	57,400	64,118	67,093	67,556	66,780	67,473	70,720	78,400	80,752	84,741
Silverthorne School Enrollment (2)	253	270	275	238	212	225	280	275	307	315
Unemployment Rate (1) (3) (4)	2.7%	2.2%	2.0%	2.7%	4.3%	4.7%	3.3%	4.1%	3.2%	2.7%

(1) Annual government censuses and Summit County/Community Development department.

(2) RE-1 School District

(3) Statistics available for Summit County only.

(4) Colorado Department of Local Affairs

(5) 2007 is an estimate based on historical data.

Town of Silverthorne, Colorado  
Principal Employers  
Current Year

Employer	Employees (1)	Rank	Percentage (2) of Total County Employment
Outlets at Silverthorne	360	1	1.87%
Colorado Mountain Express	250	2	1.30%
Town of Silverthorne	167	3	0.87%
Neils Lunceford	140	4	0.73%
Target Stores	135	5	0.70%
United Parcel Service	76	6	0.39%
Bighorn Materials, Inc	70	7	0.36%
Raven Golf Club @ 3 Peaks	65	8	0.34%
Old Chicago Restaurant	50	9	0.26%
Xcel Energy	47	10	0.24%
Vista Auto Group	42	11	0.22%
Hudson Auto Source	42	12	0.22%
Wendy's	38	13	0.20%
Village Inn Restaurant	35	14	0.18%
Summit Ford, Inc	26	15	0.13%

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

(2) Based on County employment number of 19,286.

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Administrative Services:</b>										
Council Meetings	22	22	22	23	22	22	22	22	22	23
Newsletters	n/a	n/a	n/a	3	3	12	4	6	6	6
Business Licenses	717	771	780	866	864	915	934	890	1,007	1,005
Elections	2	1	1	1	2	1	1	-	1	-
<b>Public Safety:</b>										
Physical Arrests	548	563	457	403	366	375	278	334	290	347
Parking Violations	169	102	137	171	65	75	74	110	100	114
Traffic Violations	548	888	731	429	590	779	740	1,031	1,112	1,265
Calls for Service	n/a	16,586	17,274	17,456	16,416	16,922	14,481	16,263	7,933	15,205
<b>Public Works:</b>										
Miles of Streets	18.08	19.08	19.08	24.05	25.49	25.49	25.49	26.08	26.08	26.08
Miles of Sidewalks	n/a	n/a	n/a	11	14	14	14	14	14	14.5
Culverts	n/a	n/a	n/a	440	440	440	440	440	446	450
Street/Sidewalk Miles per EE	n/a	n/a	n/a	2.54	2.96	3.33	3.33	3.64	3.43	3.54
<b>Community Development (1):</b>										
Building Permits Issued	151	202	179	102	112	82	90	125	87	151
CO's Issued	n/a	n/a	109	70	25	64	44	42	61	38
Computers	n/a	n/a	n/a	71	74	88	90	90	93	105
Users	n/a	n/a	n/a	94	94	95	95	97	100	120
Applications	n/a	n/a	n/a	19	22	23	23	24	25	25
<b>Recreation &amp; Culture:</b>										
Annual Visitors	167,724	175,670	184,127	197,458	206,020	201,179	201,817	201,003	211,744	242,010
Daily Admissions	n/a	n/a	n/a	38,763	37,619	38,049	38,500	33,500	35,640	35,700
Park/Open Space Acreage	40.71	70.65	70.65	70.65	70.65	70.65	70.65	70.65	72.18	72.18
Free Fitness Classes	n/a	n/a	n/a	1,676	1,658	1,708	1,600	1,678	1,565	1,538
Pavilion Wedding Rentals	n/a	n/a	n/a	n/a	n/a	24	25	30	36	50
Pavilion Non-Wedding Rentals	n/a	n/a	n/a	n/a	n/a	56	67	75	38	74
<b>Water &amp; Sewer:</b>										
Water EQR's	2156.69	2280.93	2438.32	2528.47	2591.01	2652.92	2682.65	2767.41	2818.22	2980.35
Service Connections	1,120	1,176	1,253	1,278	1,278	1,354	1,394	1,439	1,518	1,518
Miles of Water Mains	30	40	40	49.45	49.45	49.45	51	54	55	55
Average Daily Consumption in Gallons	525,000	540,000	590,000	660,000	640,000	620,000	690,000	720,000	700,000	760,000
Sewer EQR's	2158.82	2274.06	2430.45	2520.60	2583.14	2647.41	2696.04	2767.94	2809.35	2971.48
Service Connections	1,104	1,141	1,218	1,257	1,257	1,335	1,371	1,416	1,475	1,517
Miles of Sewers	16	20	20	27.25	27.25	27.25	36	38	38	38

(1) Includes Management Information Systems

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

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

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Elected/Appointed	8	8	8	8	8	8	8	8	8	8
<b>Total Elected/Appointed</b>	<b>8</b>									
Administrative Services	9	8	8	8	9	8	8	8	9	9
Public Safety	22	22	23	23	23	21	20	21	21	21
Public Works	12.5	13	18	21	21	20	19	19	20	20
Water and Sewer	1.5	2	2	3	4	4	4	4	4	4
Community Development	10	9	8	8	8	8	7	8	8	8
Recreation and Culture (1)	14	14	16	17	18	18	16	17	19	19
Pavilion	-	-	-	2	2	3	3	3	3	3
<b>Total Full-Time Employees</b>	<b>69</b>	<b>68</b>	<b>75</b>	<b>83</b>	<b>85</b>	<b>82</b>	<b>77</b>	<b>80</b>	<b>84</b>	<b>84</b>

(1) Includes three 3/4 time employees.

Source: Town of Silverthorne Biennial Financial Plan