



Silverthorne/Dillon Joint Authority

**P.O. Box 1309/26452 N. Hwy. 9
Silverthorne Colorado 80498**

SILVERTHORNE/DILLON JOINT SEWER AUTHORITY SILVERTHORNE, COLORADO

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

Silverthorne/Dillon Joint Sewer Authority

Silverthorne, Colorado

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**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Silverthorne/Dillon Joint Sewer Authority
Silverthorne, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Silverthorne/Dillon Joint Sewer Authority, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Silverthorne/Dillon Joint Sewer Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Silverthorne/Dillon Joint Sewer District, as of December 31, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Silverthorne/Dillon Joint Sewer Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Silverthorne/Dillon Joint Sewer Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Silverthorne/Dillon Joint Sewer Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Silverthorne/Dillon Joint Sewer Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Silverthorne/Dillon Joint Sewer Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included with the financial statements. The other information comprises the budgetary comparison schedule but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Hick & Company, PC

Englewood, Colorado
July 27, 2023



Silverthorne/Dillon Joint Sewer Authority

Management's Discussion & Analysis

December 31, 2022

As management of the Silverthorne/Dillon Joint Sewer Authority (JSA), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the JSA for the fiscal year ended December 31, 2022.

FINANCIAL HIGHLIGHTS

- The assets of the JSA exceeded its liabilities at the close of fiscal year 2022 by \$16,412,819 (*net position*). Of this amount, \$10,106,118 (*unrestricted*) may be used to meet ongoing obligations or unforeseen expenses.
- The following changes, as compared to 2021, occurred during 2022: EQR's (Equivalent Residential Units), increased by 353.17 units, user fees increased by \$141,276 (7.1%) from prior year and operating expenses increased \$108,863 (4.0%).
- Participant asset management plan fees increased \$40,968 (4.5%) from prior year and interest revenue increased \$54,102 (2,105.7%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the JSA's basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves:

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

The ***statement of revenues, expenses and changes in net position*** presents information showing how the JSA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods.

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 10-16 of this report.

Net Position - As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the JSA, assets exceeded liabilities by \$16.41 million at the close of fiscal year 2022.

Silverthorne/Dillon Joint Sewer Authority

Management's Discussion & Analysis

December 31, 2022

Net position of the JSA at December 31, 2022 was:

	NET POSITION	
	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 10,367,418	\$ 9,266,826
Capital Assets	<u>6,306,701</u>	<u>6,907,237</u>
Total Assets	<u>16,674,119</u>	<u>16,174,063</u>
Liabilities	<u>261,300</u>	<u>133,837</u>
Net Position:		
Net Investment in Capital		
Assets	6,306,701	6,907,237
Unrestricted	<u>10,106,118</u>	<u>9,132,989</u>
Total Net Position	<u>\$ 16,412,819</u>	<u>\$ 16,040,226</u>

Of the JSA's net position, 38% is investments in capital assets (e.g. treatment plant, lines, machinery, etc.), less any related accumulated depreciation. The net investment in capital assets is net of any debt outstanding on the capital assets. It should be noted that the JSA has no debt, long term or current, on any capital assets. The JSA uses these capital assets to provide services to participants; consequently, these assets are not available for future spending. Unrestricted net position may be used to meet the JSA's ongoing obligations to participants and creditors.

Of the \$10,367,418 current and other assets, \$10,347,540 is cash and investments. This reflects the strong cash balances that the JSA has maintained in 2022.

Silverthorne/Dillon Joint Sewer Authority

Management's Discussion & Analysis

December 31, 2022

Changes in Net Position - The JSA's net position increased by \$372,593 in 2022.

	CHANGES IN NET POSITION	
	<u>2022</u>	<u>2021</u>
Operating Revenues:		
User Fees	\$ 2,134,842	\$ 1,993,566
Miscellaneous & Grants	<u>100,052</u>	<u>87,138</u>
Total Revenues	<u>2,234,894</u>	<u>2,080,704</u>
Operating Expenses:		
Salaries & Benefits	721,257	683,800
Administrative Fees	194,077	181,233
Professional Fees	27,228	13,869
Supplies & Services	848,127	789,381
Depreciation	<u>1,068,102</u>	<u>1,081,645</u>
Total Expenses	<u>2,858,791</u>	<u>2,749,928</u>
Nonoperating Revenues:		
Participant Asset Management Fees	945,072	904,104
Interest Revenue	<u>51,418</u>	<u>(2,684)</u>
Total Nonoperating Revenues:	<u>996,490</u>	<u>901,420</u>
Increase in Net Position	<u>\$ 372,593</u>	<u>\$ 232,196</u>

Operating Revenues Analysis:

- User fees increased from \$48.21/EQR/quarter in 2021 to \$49.65/EQR/quarter in 2022.
- AMP fees increased from \$19.95/EQR/quarter in 2021 to \$20.85/EQR/quarter in 2022.
- Connected EQR's increased from 9,507.32 in the fourth quarter of 2021 to 9,860.49 in the fourth quarter of 2022.
- Operating revenues increased in 2022 due to increased EQR's.

Operating Expenses Analysis:

- Supplies & Services increased due to increase in costs for utilities, sludge disposal fees and chemical supplies.
- Salaries & Benefits increased due to market adjustments resulting from compensation studies.

BUDGETARY HIGHLIGHTS

Actual expenditures were \$1,428,237 below final budget amounts and resources available for appropriation were \$155,324 more than the final budgeted amount. Therefore, net changes in fund balance produced \$1,583,561 more than the final budget anticipated.

Silverthorne/Dillon Joint Sewer Authority

Management's Discussion & Analysis

December 31, 2022

CAPITAL ASSETS

The JSA's investment in capital assets as of December 31, 2022 amounts to \$6,306,701 (net of accumulated depreciation). This investment in capital assets includes treatment plant, lines, office furniture and equipment, vehicles, machinery and equipment, other improvements, projects in progress and land. The total net decrease in the JSA's investment in capital assets for the current fiscal year was \$600,536 due to the addition of capital assets of \$467,566 less net depreciation of \$1,068,102.

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

- \$382k in machinery and equipment for centrifuges, pumps, and an air handler unit.
- \$85k in projects in progress for Master Plan and EQR Study.

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

	CAPITAL ASSETS AT YEAR- END	
	(net of depreciation)	
	<u>2022</u>	<u>2021</u>
Land	\$ 57,957	\$ 57,957
Projects in Progress	106,136	21,071
Treatment Plant	2,525,172	2,897,780
Lines	478,002	517,363
Vehicles	40,916	53,147
Machinery & Equipment	2,904,510	3,147,434
Other Improvements	<u>194,008</u>	<u>212,485</u>
Total	<u>\$ 6,306,701</u>	<u>\$ 6,907,237</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Participant's user fees increase 6.0%/EQR/quarter in 2023.
- Participant's capital (AMP) fees will increase 5.0%/EQR/quarter.
- Approximately \$1,365,000 in AMP funds are requested to be budgeted for availability.
 - \$870,000 for maintenance plant
 - \$405,000 for other fixed assets
 - \$70,000 for interceptor lines
 - \$20,000 for vehicles and highway equipment

The JSA is in a strong financial position. The JSA is under the management of the Town of Silverthorne, and as such, 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.

All these factors were considered in preparing the JSA's budget for the 2023 fiscal year.

Silverthorne/Dillon Joint Sewer Authority

Management's Discussion & Analysis

December 31, 2022

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the JSA's finances for all those with an interest in the JSA'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.

Financial Statements

Silverthorne/Dillon Joint Sewer Authority
Silverthorne, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2022

	<u>Business-type Activities</u>
Assets	
Current Assets	
Cash and Investments	\$ 10,347,540
Accounts Receivable	18,652
Prepaid Expenses	<u>1,226</u>
Total Current Assets	<u>10,367,418</u>
Capital Assets	
Non-Depreciable Assets	164,093
Depreciable Assets, Net	<u>6,142,608</u>
	<u>6,306,701</u>
Total Assets	<u>16,674,119</u>
 Liabilities	
Current Liabilities	
Accounts Payable	188,485
Accrued Liabilities	10,847
Claims Payable	1,491
Compensated Absences	<u>56,243</u>
Total Current Liabilities	<u>257,066</u>
Noncurrent Liabilities	
Compensated Absences	<u>4,234</u>
Total Liabilities	<u>261,300</u>
 Net Position	
Net Investment in Capital Assets	6,306,701
Unrestricted	<u>10,106,118</u>
Total Net Position	<u>\$ 16,412,819</u>

Silverthorne/Dillon Joint Sewer Authority
Silverthorne, Colorado
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
December 31, 2022

	<u>Business-type Activities</u>
Operating Revenues	
User Fees	\$ 2,134,842
Miscellaneous	<u>100,052</u>
Total Operating Revenues	<u>2,234,894</u>
Operating Expenses	
Salaries & Benefits	721,257
Administrative Fees	194,077
Professional Fees	27,228
Supplies & Services	848,127
Depreciation	<u>1,068,102</u>
Total Operating Expenses	<u>2,858,791</u>
Net Operating Loss	(623,897)
Nonoperating Revenues	
Net Depreciation on Investments	<u>51,418</u>
Net Loss Before Capital Contributions	(572,479)
Capital Contributions	
Participant Asset Management Plan Fees	<u>945,072</u>
Change in Net Position	372,593
Net Position, Beginning of Year	<u>16,040,226</u>
Net Position, End of Year	<u>\$ 16,412,819</u>

Silverthorne/Dillon Joint Sewer Authority
Silverthorne, Colorado
Statement of Cash Flows
December 31, 2022

	<u>Business-type Activities</u>
Cash Flows from Operating Activities	
Cash Received from Users	\$ 2,235,455
Cash Paid to Suppliers	(943,797)
Cash Paid to Employees	<u>(711,618)</u>
Net Cash Provided By Operating Activities	<u>580,040</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(467,566)
Participant Asset Management Plan Fees	<u>945,072</u>
Net Cash Provided By (Used for) Capital and Related Financing Activities	<u>477,506</u>
Cash flows from Investing Activities	
Interest Received on Investments	<u>51,418</u>
Net Cash Used In Investing Activities	<u>51,418</u>
Net Increase in Cash and Cash Equivalents	1,108,964
Cash and Cash Equivalents, <i>Beginning of Year</i>	<u>9,238,576</u>
Cash and Cash Equivalents, <i>End of Year</i>	<u>\$ 10,347,540</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Net Operating Loss	\$ (623,897)
Adjustments to Reconcile Net Operating (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	1,068,102
Changes in Assets and Liabilities	
Accounts Receivable	561
Prepaid Expenses	7,811
Accounts Payable	114,127
Accrued Liabilities	2,206
Claims Payable	1,491
Compensated Absences	<u>9,639</u>
Net Cash Provided By Operating Activities	<u>\$ 580,040</u>

See Notes to the Financial Statements.

Silverthorne/Dillon Joint Sewer Authority

Silverthorne, Colorado
Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies

The accompanying financial statements of Silverthorne/Dillon Joint Sewer Authority (the JSA) have been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant policies:

Financial Reporting Entity

The JSA is a joint venture, which provides wastewater treatment facilities for the central basin of Summit County, Colorado. The joint venture participants are the Towns of Silverthorne and Dillon. The JSA has participation contracts with Dillon Valley Metropolitan District, Buffalo Mountain Metropolitan District, and the Mesa Cortina Metropolitan District. The JSA is accountable to the entities mentioned here. It has no authority over or significant influences upon those entities, nor is it financially dependent upon any one of the entities.

The Silverthorne Town Council and Dillon Town Council govern the JSA. The Town of Silverthorne retains all responsibilities for the JSA operating and construction funds. The JSA follows the financial policies of the Town of Silverthorne.

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

Based on the above definition, the JSA is not considered a component unit of any other entity. In addition, no other entities are included as component units in the JSA's financial statements.

Basis of Accounting

The JSA is accounted for as an Enterprise Fund (Proprietary Fund type). Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where fees are charged to external users for goods or services.

Silverthorne/Dillon Joint Sewer Authority

Silverthorne, Colorado
Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating revenues and expenses. 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 nonoperating revenues and expenses.

The accrual basis of accounting and the economic resources measurement focus are used, whereby revenues are recognized when earned and expenses are recognized when liabilities are incurred regardless of the timing of related cash flows.

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

Cash & Investments

The JSA pools available funds with the Town of Silverthorne's pooled investments and considers all pooled cash and investments as cash equivalents.

Earnings on pooled investments are recognized when earned and include realized and unrealized gains on investments.

Accounts Receivable and Prepaid Expenses

Accounts receivable are rendered from services and recorded in the period in which the transactions are earned. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital Assets and Depreciation

Capital assets are reported at historical cost, except for donations which are stated at the acquisition value at the time received. The JSA policy is to capitalize all assets with a cost of \$5,000 or more and an estimated useful life in excess of one year.

Silverthorne/Dillon Joint Sewer Authority

Silverthorne, Colorado
Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Capital assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense. Estimated useful lives for asset types are as follows:

	<u>Assets</u>	<u>Years</u>
Treatment Plant		10-40
Machinery & Equipment		5-25
Vehicles		5-10
Lines		10-100
Furniture & Equipment		3-25
Other Improvements		5-25

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. The JSA personnel policies state that “an employee may not have a balance of more than 560 hours of accrued personal leave time”. 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 one half for each hour worked over 40 hours. The JSA 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.”

Net Position

In the JSA financial statements, restricted net position is reported when amounts are legally restricted by outside parties for use for a specific purpose.

Subsequent Events

We have evaluated subsequent events through July 27, 2023, the date the financial statements were available to be issued.

Silverthorne/Dillon Joint Sewer Authority

Silverthorne, Colorado
Notes to Financial Statements
December 31, 2022

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

The budget for the JSA is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that the budgeted expenditures also include capital outlay and exclude depreciation. The Silverthorne Town Council legally adopts JSA budgets. All annual appropriations lapse at the end of the fiscal year.

During the year, the Silverthorne Town Council meets with the JSA to approve policy, identify goals and performance measures. The JSA prepares an annual budget to implement policy and accomplish the goals identified. Each year the Financial Policies are presented to the Silverthorne Town Council in August, the Capital Budget in September, and the Operating Budget in October. The Silverthorne Town Council holds two public hearings prior to the Silverthorne Town Council's adoption of the Budget Resolution scheduled to be completed on or before the first regular Council meeting in November of each year.

Note 3: Deposits and Investments

The JSA is required to comply with State statutes for Investments. The JSA follows the Town of Silverthorne's formal investment policy. The investment choices are within the limitations of state laws and include:

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

The JSA had no investments at December 31, 2022.

Silverthorne/Dillon Joint Sewer Authority

Silverthorne, Colorado
Notes to Financial Statements
December 31, 2022

Note 4: Capital Assets

Capital assets as of December 31, 2022 consists of the following:

	Balance 12/31/21	Additions	Deletions	Balance 12/31/22
Capital Assets, not being depreciated:				
Land	\$ 57,957	\$ -	\$ -	\$ 57,957
Projects in Progress	21,071	85,065	-	106,136
Total Capital Assets, not being depreciated	<u>79,028</u>	<u>85,065</u>	<u>-</u>	<u>164,093</u>
Capital Assets, being depreciated:				
Treatment Plant	16,505,926	-	-	16,505,926
Lines	1,507,895	-	-	1,507,895
Furniture and Equipment	84,363	-	-	84,363
Vehicles	146,362	-	-	146,362
Machinery and Equipment	7,044,355	382,501	-	7,426,856
Other Improvements	369,538	-	-	369,538
Total Capital Assets, being depreciated	<u>25,658,439</u>	<u>382,501</u>	<u>-</u>	<u>26,040,940</u>
Less Accumulated Depreciation:				
Treatment Plant	(13,608,146)	(372,608)	-	(13,980,754)
Lines	(990,532)	(39,361)	-	(1,029,893)
Furniture and Equipment	(84,363)	-	-	(84,363)
Vehicles	(93,215)	(12,231)	-	(105,446)
Machinery and Equipment	(3,896,921)	(625,425)	-	(4,522,346)
Other Improvements	(157,053)	(18,477)	-	(175,530)
Total Accumulated Depreciation	<u>(18,830,230)</u>	<u>(1,068,102)</u>	<u>-</u>	<u>(19,898,332)</u>
Total Capital Assets, being depreciated, net	<u>6,828,209</u>	<u>(685,601)</u>	<u>-</u>	<u>6,142,608</u>
Total Capital Assets, net	<u>\$ 6,907,237</u>	<u>\$ (600,536)</u>	<u>\$ -</u>	<u>\$ 6,306,701</u>

Silverthorne/Dillon Joint Sewer Authority

Silverthorne, Colorado
Notes to Financial Statements
December 31, 2022

Note 5: Noncurrent Liabilities

Following is a summary of changes in compensated absences for the year ended December 31, 2022:

	Balance 12/31/21	Additions	Deletions	Balance 12/31/22	Due Within One Year
Compensated Absences	\$ 50,838	\$ 72,349	\$ (62,710)	\$ 60,477	\$ 56,243

Note 6: Participation

The JSA facility will process four million gallons per day (4 MGD) of wastewater.

The percentage of ownership in the current facility, which is based on *capital investment & equity*, is as follows:

Town of Silverthorne	67.17 %
Town of Dillon	13.10 %
Dillon Valley Metro District	2.71 %
Buffalo Mountain Metro District	15.88 %
Mesa Cortina Metro District	0.82 %
JSA - De-watering Facility	0.32 %

The percentage of ownership in the current facility, which is based on *reserved capacity*, is as follows:

Town of Silverthorne	46.11 %
Town of Dillon	21.08 %
Dillon Valley Metro District	10.38 %
Buffalo Mountain Metro District	20.04 %
Mesa Cortina Metro District	2.39 %

The participants are charged for their proportional share of the operating costs based on the number of EQR's (equivalent residential units) that they have connected to the system. As of December 31, 2022, that participation was as follows:

	EQR's	%
Town of Silverthorne	4,388.90	44.5
Town of Dillon	1,963.60	19.9
Dillon Valley Metro District	1,044.86	10.6
Buffalo Mountain Metro District	2,213.83	22.5
Mesa Cortina Metro District	249.30	2.5
	9,860.49	100.0

Silverthorne/Dillon Joint Sewer Authority

Silverthorne, Colorado
Notes to Financial Statements
December 31, 2022

Note 7: Pension Plan

Mission Square Retirement Plan and Trust (A 401 Qualified Plan)

All full-time employees participate in a Section 401(A) defined contribution money purchase retirement plan. The plan, administered by Mission Square Retirement, requires the JSA to contribute monthly an amount equal to 10.5% of each employee's salary. Each participant is required to contribute 7.5% of earnings for the plan year as a condition of participation in the plan. All amounts contributed are vested immediately.

Contribution requirements of the JSA and the employee are established and may be amended by the managing agency, the Town of Silverthorne. Total contributions by the JSA and the employees for the year ended December 31, 2022 were \$54,646 and \$39,033, respectively.

Note 8: Participant Asset Management Plan

Due to the age of the facility, the participants determined there was a need to accumulate funds to make necessary improvements and replacements to existing capital assets. JSA members are assessed a capital fee based on the number of EQR's of reserve capacity each member has. Capital fees may cover new assets or maintenance on an existing asset. The following is a summary of the capital replacement reserve:

Capital Replacement Reserve Balance, December 31, 2021	\$ 4,905,947
Participant Asset Management Plan Fees	945,072
Interest Income and Miscellaneous Income	151,469
Capital Replacement Outlays	<u>(467,560)</u>
Capital Replacement Reserve Balance, December 31, 2022	<u>\$ 5,534,928</u>

Note 9: Risk Management

The JSA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters.

Prior to January 1, 2022, the JSA participated in the Town's self-funded medical insurance plan administered by a third-party administrator. Run out claims for medical benefits were completed in 2022. The Town has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage.

Silverthorne/Dillon Joint Sewer Authority

Silverthorne, Colorado
Notes to Financial Statements
December 31, 2022

Note 9: Risk Management (Continued)

The JSA is a member of the Colorado Special Districts Property and Liability Pool (CSD), a member-owned public entity pool created to provide insurance for property, liability, and workers compensation coverage for special districts.

The purposes of CSD are to provide members the broadest coverage forms, helping members maintain a culture of training, assisting members with Best Practices and customizing unique coverage for special districts.

The deductible varies from none to \$1,000, based on the type of loss. The JSA had no property/liability claims in 2022. CSD is a separate legal entity and the JSA does not approve budgets, nor does it have the ability to significantly affect the operations of the CSD.

Note 10: Taxpayer Bill of Rights

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 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 JSA is considered to be an "enterprise" and, therefore, is excluded from the provisions of the Amendment.

Supplementary Information

Silverthorne/Dillon Joint Sewer Authority
Silverthorne, Colorado
 Budgetary Comparison Schedule
 Proprietary Funds
 December 31, 2022

	Original	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues				
User Fees	\$ 2,073,964	\$ 2,073,964	2,134,842	\$ 60,878
Participant Asset Management Plan Fees	944,205	944,205	945,072	867
Miscellaneous	44,999	44,999	100,052	55,053
Net Appreciation in Investments	12,892	12,892	51,418	38,526
	<u>3,076,060</u>	<u>3,076,060</u>	<u>3,231,384</u>	<u>155,324</u>
Expenses				
Salaries & Benefits	784,058	784,058	721,257	62,801
Administrative Fees	188,542	188,542	194,077	(5,535)
Professional Fees	64,002	64,002	27,228	36,774
Supplies & Services	899,894	899,894	848,127	51,767
Capital Outlay	1,749,996	1,749,996	467,566	1,282,430
	<u>3,686,492</u>	<u>3,686,492</u>	<u>2,258,255</u>	<u>1,428,237</u>
Change in Net Position, Budgetary Basis	<u>\$ (610,432)</u>	<u>\$ (610,432)</u>	973,129	<u>\$ 1,583,561</u>
Adjustments to GAAP Basis:				
Capital Outlay			467,566	
Depreciation			<u>(1,068,102)</u>	
Total Adjustments to GAAP Basis			<u>(600,536)</u>	
Change in Net Position, GAAP Basis			<u>\$ 372,593</u>	