

TOWN OF SILVERTON, COLORADO

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2012

TOWN OF SILVERTON, COLORADO

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INTRODUCTORY SECTION

TOWN OF SILVERTON, COLORADO

ROSTER OF TOWN OFFICIALS

December 31, 2012

Town Officials

Jason Wells - Town Administrator
Anita Steck - Deputy Clerk
Brian Carlson - Town Clerk – Treasurer
Robert Nevins - Planning Director
Gilbert Archuleta - Public Works Director

Elected Officials

Christine Tookey - Mayor
Tracy Boeyink - Mayor Pro-Tem
Cassandra Papp - Trustee
John Schertz - Trustee
Pat Swonger - Trustee
David Zanoni - Trustee
Karla Safranski - Trustee

Municipal Court

Lyndon Skinner - Judge

FINANCIAL SECTION

HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants

3082 Evergreen Parkway, Suite 2
Evergreen, CO 80439

(303) 981-7059

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Board of Trustees
Town of Silverton
Silverton, 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 Silverton, Colorado as of and for the year ended December 31, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other-Matters

Management has elected to omit the management's discussion and analysis. The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund on pages 34 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The combining fund statements and budgetary comparison schedules and Local Finance Highway Report listed in the table of contents as other supplementary information and compliance section on pages 37 through 47 are presented for purposes of additional analysis and are not a required part of the financial statements. The combining fund statements and budgetary comparison schedules and Local Finance Highway Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hamblin and Associates

Evergreen, CO
June 22, 2012

Basic Financial Statements

TOWN OF SILVERTON, COLORADO

STATEMENT OF NET POSITION

December 31, 2012

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and Equivalents	\$ 501,968	\$ 326,134	\$ 828,102
Receivables:			
Accounts	168,767	179,623	348,390
Taxes	263,372	-	263,372
Prepaid Expenses	3,908	-	3,908
Inventories	-	49,957	49,957
Total Current Assets	<u>938,015</u>	<u>555,714</u>	<u>1,493,729</u>
Capital Assets, Net	<u>3,832,087</u>	<u>1,040,825</u>	<u>4,872,912</u>
Total Assets	<u>4,770,102</u>	<u>1,596,539</u>	<u>6,366,641</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	78,883	-	78,883
Performance Bond Payable	-	1,500	1,500
Accrued Payroll and Related Liabilities	4,128	-	4,128
Deferred Revenue	771	-	771
Bonds	-	12,000	12,000
Capital Leases	14,282	8,804	23,086
Loans	-	26,357	26,357
TOTAL CURRENT LIABILITIES	<u>98,064</u>	<u>48,661</u>	<u>146,725</u>
LONG-TERM LIABILITIES			
Bonds	-	9,000	9,000
Capital Leases	121,295	29,565	150,860
Loans	-	105,843	105,843
Compensated Absences	63,034	-	63,034
TOTAL LONG-TERM LIABILITIES	<u>184,329</u>	<u>144,408</u>	<u>328,737</u>
TOTAL LIABILITIES	<u>282,393</u>	<u>193,069</u>	<u>475,462</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	<u>263,372</u>	-	<u>263,372</u>
Net Position			
Net investment in Capital Assets	3,696,510	849,256	4,545,766
Restricted for Debt	5,975	-	5,975
Restricted for Capital Projects	197,008	-	197,008
Restricted for Emergencies	49,079	-	49,079
Restricted for Other Purposes	56,775	-	56,775
Unrestricted	218,990	554,214	773,204
TOTAL NET POSITION	<u>\$ 4,224,337</u>	<u>\$ 1,403,470</u>	<u>\$ 5,627,807</u>

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

TOWN OF SILVERTON, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2012

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
Governmental Activities				
Current				
General Government	\$ 653,170	\$ 49,698	\$ -	\$ -
Public Safety	243,316	-	-	-
Public Works	711,115	-	58,216	-
Culture and Recreation	298,791	48,868	10,976	-
Interest on Long-term Debt	9,001	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	1,915,393	98,566	69,192	-
Business-type Activities				
Water	109,565	298,359	-	12,338
Sewer	120,637	239,134	-	-
Refuse	174,964	197,718	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	405,166	735,211	-	12,338
TOTAL PRIMARY GOVERNMENT	\$ 2,320,559	\$ 833,777	\$ 69,192	\$ 12,338
GENERAL REVENUES				
Property Tax - Assessments				
Sales and Use Tax				
Franchise Tax				
License and Permits				
Other Taxes				
Interest Income				
Fines and Forfeits				
Miscellaneous				
Transfers				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGES IN NET POSITION				
NET POSITION - Beginning, as previously reported				
Prior period adjustment				
NET POSITION - Beginning, as restated				
NET POSITION - Ending				

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

**NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION**

PRIMARY GOVERNMENT		
GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ (603,472)	\$ -	\$ (603,472)
(243,316)	-	(243,316)
(652,899)	-	(652,899)
(238,947)	-	(238,947)
(9,001)	-	(9,001)
<u>(1,747,635)</u>	<u>-</u>	<u>(1,747,635)</u>
-	201,132	201,132
-	118,497	118,497
-	22,754	22,754
<u>-</u>	<u>342,383</u>	<u>342,383</u>
<u>(1,747,635)</u>	<u>342,383</u>	<u>(1,405,252)</u>
269,400	-	269,400
729,663	-	729,663
29,609	-	29,609
87,523	-	87,523
19,776	-	19,776
912	-	912
4,466	-	4,466
36,032	-	36,032
286,789	(286,789)	-
<u>1,464,170</u>	<u>(286,789)</u>	<u>1,177,381</u>
(283,465)	55,594	(227,871)
4,507,802	1,313,611	5,821,413
-	34,265	34,265
<u>4,507,802</u>	<u>1,347,876</u>	<u>5,855,678</u>
<u>\$ 4,224,337</u>	<u>\$ 1,403,470</u>	<u>\$ 5,627,807</u>

TOWN OF SILVERTON, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2012

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
ASSETS			
Cash and Equivalents	\$ 438,447	\$ 63,521	\$ 501,968
Receivables:			
Accounts	168,767	-	168,767
Taxes	263,372	-	263,372
Prepaid Expenses	3,908	-	3,908
TOTAL ASSETS	<u>\$ 874,494</u>	<u>\$ 63,521</u>	<u>\$ 938,015</u>
LIABILITIES			
Accounts Payable	78,883	\$ -	\$ 78,883
Accrued Payroll and Related Liabilities	4,128	-	4,128
Deferred Revenue	-	771	771
TOTAL LIABILITIES	<u>83,011</u>	<u>771</u>	<u>83,782</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	263,372	-	263,372
FUND BALANCE			
Nonspendable:			
Prepaid Expenses	3,908	-	3,908
Restricted for:			
Emergencies	49,079	-	49,079
Assigned to:			
Conservation Trust	-	20,571	20,571
Molas Lake	-	16,878	16,878
Cemetery	-	19,326	19,326
Debt Service	-	5,975	5,975
Capital Reserve	197,008	-	197,008
Unassigned	278,116	-	278,116
TOTAL FUND BALANCE	<u>528,111</u>	<u>62,750</u>	<u>590,861</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
	<u>\$ 874,494</u>	<u>\$ 63,521</u>	<u>\$ 938,015</u>
FUND BALANCE GOVERNMENTAL FUNDS			\$ 590,861
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:			
Capital Assets			7,668,192
Accumulated Depreciation			(3,836,105)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:			
Capital Leases Payable			(135,577)
Compensated Absences			(63,034)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES			<u>\$ 4,224,337</u>

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

TOWN OF SILVERTON, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY -
GOVERNMENTAL FUNDS
Year Ended December 31, 2012**

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTALS
REVENUES			
Taxes	\$ 1,048,448	\$ -	\$ 1,048,448
Licenses and Permits	87,523	-	87,523
Intergovernmental Revenue	58,216	6,476	64,692
Administrative Fee	287,873	-	287,873
Fines and Forfeits	4,466	-	4,466
Charges for Services	25,113	48,868	73,981
Investment Income	865	47	912
Donations	3,000	1,500	4,500
Rents and Leases	24,585	-	24,585
Insurance reimbursements	22,992	-	22,992
Miscellaneous	13,040	-	13,040
TOTAL REVENUES	1,576,121	56,891	1,633,012
EXPENDITURES			
General Government	554,141	-	554,141
Public Safety	240,248	-	240,248
Public Works	657,527	-	657,527
Culture and Recreation	162,102	35,962	198,064
Debt Service	12,158	11,000	23,158
Interest	9,798	550	10,348
TOTAL EXPENDITURES	1,635,974	47,512	1,683,486
REVENUE IN EXCESS (DEFICIENCY) OF EXPENDITURES	(59,853)	9,379	(50,474)
FUND BALANCE - Beginning	587,964	53,371	641,335
FUND BALANCE - Ending	<u>\$ 528,111</u>	<u>\$ 62,750</u>	<u>\$ 590,861</u>

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds \$ (50,474)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures.

However, for governmental activities those costs are shown in the statement of net position and allocated over the useful lives as annual depreciation expense.

Capitalized Assets - Purchased	8,000
Capitalized Assets - Disposed	(113,773)
Depreciation Expense, net	(162,075)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.

Principal payments	24,505
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Earned but unpaid accumulated leave balances are not reported in the funds:

Change in Accrued Compensated Absences	10,352
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Change in Net Position - Governmental Activities	<u>\$ (283,465)</u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF SILVERTON, COLORADO

STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2012

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>REFUSE FUND</u>	<u>TOTALS 2012</u>
ASSETS				
CURRENT ASSETS				
Cash and Equivalents	\$ 110,353	\$ 160,166	\$ 55,615	\$ 326,134
Receivables:				
Accounts	68,569	58,794	52,260	179,623
Inventories	46,748	3,209	-	49,957
Total Current Assets	<u>225,670</u>	<u>222,169</u>	<u>107,875</u>	<u>555,714</u>
CAPITAL ASSETS				
Land	-	670	-	670
Building, Plant and System	1,473,840	1,062,172	-	2,536,012
Equipment and Vehicles	149,768	155,385	17,638	322,791
TOTAL	<u>1,623,608</u>	<u>1,218,227</u>	<u>17,638</u>	<u>2,859,473</u>
Less Accumulated Depreciation	<u>(1,161,342)</u>	<u>(650,632)</u>	<u>(6,674)</u>	<u>(1,818,648)</u>
NET CAPITAL ASSETS	<u>462,266</u>	<u>567,595</u>	<u>10,964</u>	<u>1,040,825</u>
TOTAL ASSETS	<u>\$ 687,936</u>	<u>\$ 789,764</u>	<u>\$ 118,839</u>	<u>\$ 1,596,539</u>
LIABILITIES				
CURRENT LIABILITIES				
Customer Deposits	\$ 1,500	\$ -	\$ -	\$ 1,500
Bonds	12,000	-	-	12,000
Capital Leases	3,393	3,393	2,018	8,804
Loans	23,891	2,466	-	26,357
TOTAL CURRENT LIABILITIES	<u>40,784</u>	<u>5,859</u>	<u>2,018</u>	<u>48,661</u>
LONG-TERM LIABILITIES				
Bonds	9,000	-	-	9,000
Capital Leases	11,395	11,395	6,775	29,565
Loans	94,686	11,157	-	105,843
TOTAL LONG-TERM LIABILITIES	<u>115,081</u>	<u>22,552</u>	<u>6,775</u>	<u>144,408</u>
TOTAL LIABILITIES	<u>\$ 155,865</u>	<u>\$ 28,411</u>	<u>\$ 8,793</u>	<u>\$ 193,069</u>
NET POSITION				
Net investment in Capital Assets	\$ 307,901	\$ 539,184	\$ 2,171	\$ 849,256
Unrestricted	224,170	222,169	107,875	554,214
TOTAL NET POSITION	<u>\$ 532,071</u>	<u>\$ 761,353</u>	<u>\$ 110,046</u>	<u>\$ 1,403,470</u>

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

TOWN OF SILVERTON, COLORADO

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

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>REFUSE FUND</u>	<u>TOTALS 2012</u>
OPERATING REVENUES				
Charges for services	\$ 298,359	\$ 239,134	\$ 197,718	\$ 735,211
TOTAL OPERATING REVENUES	<u>298,359</u>	<u>239,134</u>	<u>197,718</u>	<u>735,211</u>
OPERATING EXPENSES				
Administrative	130,843	130,843	25,103	286,789
Operation and maintenance	58,006	90,004	19,575	167,585
Contracted Services	-	-	154,181	154,181
Depreciation	42,849	29,834	1,096	73,779
TOTAL OPERATING EXPENSES	<u>231,698</u>	<u>250,681</u>	<u>199,955</u>	<u>682,334</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>66,661</u>	<u>(11,547)</u>	<u>(2,237)</u>	<u>52,877</u>
OTHER INCOME (EXPENSES)				
Interest Expense	<u>(8,710)</u>	<u>(799)</u>	<u>(112)</u>	<u>(9,621)</u>
TOTAL OTHER INCOME (EXPENSES)	<u>(8,710)</u>	<u>(799)</u>	<u>(112)</u>	<u>(9,621)</u>
CHANGES IN NET POSITION	70,289	(12,346)	(2,349)	55,594
NET POSITION - Beginning, as previously reported	427,517	773,699	112,395	1,313,611
Prior period adjustment	<u>34,265</u>	<u>-</u>	<u>-</u>	<u>34,265</u>
NET POSITION - Beginning, as restated	<u>461,782</u>	<u>773,699</u>	<u>112,395</u>	<u>1,347,876</u>
NET POSITION - Ending	<u>\$ 532,071</u>	<u>\$ 761,353</u>	<u>\$ 110,046</u>	<u>\$ 1,403,470</u>

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

TOWN OF SILVERTON, COLORADO

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**
Increase (Decrease) in Cash and Cash Equivalents
Year Ended December 31, 2012

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>REFUSE FUND</u>	<u>TOTALS 2011</u>
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 288,697	\$ 246,825	\$ 196,692	\$ 732,214
Cash Paid to Suppliers for Goods and Services	(61,438)	(91,472)	(173,756)	(326,666)
Cash Paid to Employees for Services and Administration	(130,843)	(130,843)	(25,103)	(286,789)
Net Cash Provided (Used) by Operating Activities	<u>96,416</u>	<u>24,510</u>	<u>(2,167)</u>	<u>118,759</u>
Cash Flows From Capital and Related Financing Activities:				
Principal Payments	(38,769)	(6,364)	(2,388)	(47,521)
Interest Paid on Bonds, Leases, and Notes	(8,710)	(799)	(112)	(9,621)
Net (Acquisition) Disposition of Capital Assets	-	(21,545)	-	(21,545)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(47,479)</u>	<u>(28,708)</u>	<u>(2,500)</u>	<u>(78,687)</u>
Net Increase (Decrease) in Cash	61,275	(4,198)	(4,667)	52,410
CASH AND INVESTMENTS, Beginning	<u>49,078</u>	<u>164,364</u>	<u>60,282</u>	<u>273,724</u>
CASH AND INVESTMENTS, Ending	<u>\$ 110,353</u>	<u>\$ 160,166</u>	<u>\$ 55,615</u>	<u>\$ 326,134</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	<u>\$ 66,661</u>	<u>\$ (11,547)</u>	<u>\$ (2,237)</u>	<u>\$ 52,877</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	42,849	29,834	1,096	73,779
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(9,662)	7,691	(1,026)	(2,997)
(Increase) Decrease in Inventories	(3,432)	(1,468)	-	(4,900)
Total Adjustments	<u>29,755</u>	<u>36,057</u>	<u>70</u>	<u>65,882</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 96,416</u>	<u>\$ 24,510</u>	<u>\$ (2,167)</u>	<u>\$ 118,759</u>

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

TOWN OF SILVERTON, COLORADO

STATEMENT OF FIDUCIARY NET POSITION -

FIDUCIARY FUND

December 31, 2012

ASSETS

Investments

\$ -

NET POSITION

Held in trust for pension benefits

\$ -

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

TOWN OF SILVERTON, COLORADO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUND
Year Ended December 31, 2012

NET POSITION - Beginning	188,589
Transfer to Silverton-San Juan Fire and Rescue Authority	(188,589)
NET POSITION - Ending	<u>\$ -</u>

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

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Silverton, Colorado (the Town) was organized under Colorado State Statutes in 1876. The Town operates under the direction of an elected Board of Trustees and Mayor, and provides for public safety (law enforcement and fire), highways and streets, water and sanitation, culture and recreation, public improvements, planning and zoning, and general administrative services. In addition, the Town has negotiated agreements with San Juan County for providing law enforcement in the Town and for providing refuse removal and other services to the County (see Note 12).

The financial statements of the Town of Silverton, Colorado have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Town's accounting policies are described below.

A. Definition of the Reporting Entity

The Town operates under the direction of an elected Board of Trustees and Mayor, which is responsible for setting policy, appointing administrative personnel, and adopting an annual budget in accordance with state statutes.

The Town has examined its relationship with potential component units based on the criteria of GASB No. 14. Based on that examination, the Town has determined that it has no component units. The financial statements of the reporting entity include only those of the Town. No other entities were identified as falling within the oversight responsibility based upon the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

B. Fund Accounting

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's police protection, public works, culture and recreation, library, cemetery and general administration are classified as governmental activities. The Town's utilities of water, sewer, and refuse service are classified as business-type activities.

The government-wide financial statement (i.e., the statement of net position and the statement of changes in net position) reports information on all of the activities of the Town but not the fiduciary fund. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities (which normally are supported by taxes, charges for services and intergovernmental revenues) are reported separately from business-type activities (which rely to a significant extent on user charges for support).

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

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 those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

C. Fund Financial Statements

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

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

The Town reports the following major governmental funds:

- The General Fund - This fund is established to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

The Town reports the following major business-type activity funds:

- The Water Fund accounts for the Town's water distribution system.
- The Sewer Fund accounts for the Town's sewer and sanitation services.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Financial Statements (Continued)

- The Refuse Fund accounts for user charges and contract payments for providing trash and refuse handling services to the citizens of the Town.

The Town reports the following non-major governmental funds:

- The Conservation Trust Fund accounts for revenues from the State's Conservation Trust Fund to be spent for maintenance and services of Town parks and recreation areas.
- The Molas Lake Park Fund accounts for operations, maintenance and construction of Molas Lake campground and dam.
- The Cemetery Fund accounts for maintenance costs of the community cemetery.
- The Debt Service Fund accounts for proceeds of property tax to retire General Obligation debt.

The Town reports the following fiduciary fund:

- The Pension Trust Fund accounts for the assets held in trust for the payment of firemen's pensions. The fund is administered by Firemen's Policy and Pension of Association of Colorado (FPPA).

On January 1, 2012, the Silverton-San Juan Fire Authority was created in accordance with Colorado State Statutes. Through 12/31/11, San Juan County directly paid for fire expenditures; the Town reimbursed the County for 50% of those costs. Beginning in 2012, both the County and Town made quarterly payments to the newly created authority based on the annual budget approved by the Authority. The firefighter's pension fund, reported as a fiduciary fund by the Town at December 31, 2011, was transferred to the newly created authority in 2012. Further, capital assets, including vehicles, owned by the Town were transferred to the Authority in 2012.

D. Measurement Focus and 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 enterprise fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collected 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 60 days of the end of the current fiscal period.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Taxes, grants, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Cash and Cash Equivalents

For the purposes of the statement of cash flows of the enterprise funds, cash and cash equivalents consist of operating and restricted cash and highly liquid securities with an initial maturity of three months or less.

F. Investments

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which is equal to fair value.

G. Receivables

All receivables are reported at their gross value. Because the Town can and has imposed a lien on property for uncollected utility charges, no allowance for uncollectible accounts receivable is provided. Receivables in governmental funds consist of amounts collected in cash shortly after December 31.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America required management to make: (1) estimates and assumptions that affect the reported amounts of assets and liabilities and (2) disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Property Taxes

Property taxes for the current year are levied and attached as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is also recorded as deferred revenue in the governmental funds.

J. Inventories

Inventories are stated at cost, which approximates market, using the first-in/first-out (FIFO) method. A physical inventory is done at year-end and the inventory is adjusted accordingly.

K. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets with an initial cost of \$5,000 or more and an estimated useful life of one or more years. All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Building and Improvements	10 – 50 years
Infrastructure	15 – 25 years
Water and Sewer Systems	40 – 50 years
Furniture and Equipment	5 – 15 years
Vehicles	7 – 10 years

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets (Continued)

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets since their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities. Prior to GASB 34, governments were not required to report general infrastructure assets.

L. Long-Term Liabilities

In the government-wide financial statements, and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise fund type statement of net position.

The long-term compensated absences are serviced from revenues of the General Fund from future appropriations.

M. Accrued Liabilities for Compensated Absences

Vested or accumulated PTO ("paid time off") leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated PTO leave that are not expected to be liquidated with expendable available financial resources are shown as long-term debt on the Government-wide Statement of Net Position. Vested or accumulated PTO leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to the employees. As of December 31, 2012, accrued Compensated Absences was recorded at \$62,183 on the Government-wide statements.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Position

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets. Net position is reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

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

O. Fund Balances

In the governmental fund financial statements, the following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders or other debt holders, contributors, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority through an ordinance or resolution. Committed fund balance can also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint. The Town reported no such amounts at December 31, 2012.

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority. The Capital Reserve amount reported is also described in the Town's annual budget document.

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The Town considers all unassigned fund

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances (Continued)

balances to be “reserves” for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (See Note 14 - TABOR).

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable, are legally segregated for a specific purpose, or are restricted by grant agreements. Designations of fund balance represent tentative management plans that are subject to change.

P. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year-end, outstanding balances between funds are reported as “due to/from other funds”. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

NOTE 2: BUDGETARY REQUIREMENTS

The Town Board of Trustees follows the procedures listed below in establishing the budgetary data reflected in the financial statements.

- 1) On or before the first Monday in November of each year, the Town Administrator shall submit to the Board of Trustees a proposed budget for the next ensuing budget year with an explanatory message. The proposed budget provides a complete financial plan for the Town and includes the items shown below.
 - a) Proposed expenditures for each office, department, and agency for the ensuing fiscal year.
 - b) Debt service requirements for the ensuing fiscal year.
 - c) An estimate of the amount of anticipated income from all sources other than taxes on property during the ensuing fiscal year, including estimated cash surplus at the end of the current year.
 - d) A general budget summary.
- 2) The budget shall be in sufficient detail to show each fund’s estimated revenues by source and estimated expenditures. The budget shall be so arranged as to show comparative figures for receipts and expenditures for the last completed fiscal year, estimates for the current year, and the Town Administrator’s recommendations for the ensuing year.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 2: BUDGETARY REQUIREMENTS (Continued)

- 3) A public hearing is conducted to obtain taxpayer comments.
- 4) No later than the last day of December, the budget is legally adopted and appropriations are enacted by ordinance.
- 5) The Town Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- 6) The level on which expenditures may not legally exceed appropriations is the legally adopted annual operating budget for each fund in total.
- 7) The Board of Trustees may legally amend the budget by ordinance once it has been approved. Budgeted amounts are shown as adopted by the Board of Trustees, including all amendments.

NOTE 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes reconciliation between fund balances (total governmental funds and net position) and governmental activities, as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net change in fund balances and changes in net position of governmental activities, as reported in the government-wide statement of activities. The enterprise fund statement of net position and statement of revenues, expenses, and changes in net position also includes reconciliation to the government-wide statement of net position and activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the government fund statements during the consolidation of governmental activities.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 4: CASH, DEPOSITS AND INVESTMENTS

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.

The Town is governed by the deposit and investment limitations of state law. The deposits and investments held at December 31, 2012, and reported at fair value, are as follows:

<u>Type</u>	<u>Rating</u>	<u>Carrying Value</u>
Deposits:		
Checking/Operating Accounts		\$ 621,341
Savings/Operating Accounts		35,460
Cash on hand		<u>200</u>
		657,001
Investments:		
COLOTRUST	AAAm by S & P	<u>171,101</u>
Total deposits and investments		<u>\$ 828,102</u>

A. Custodial Credit Risk

Deposits in financial institutions, reported as cash, cash equivalents, and investments, had a bank balance of \$639,987 at December 31, 2012. The amount exceeding FDIC coverage is covered under the PDPA as described above.

B. 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 from increasing interest rates. At December 31, 2012, the Town had no interest rate risk.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 4: CASH, DEPOSITS AND INVESTMENTS (Continued)

C. Investment Credit Risk

The Town has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. 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;
2. Certificates of deposit or savings accounts that is either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions;
3. With certain limitations, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations;
4. County, municipal, or school district tax supported: debt obligations; bond or revenue anticipation notes; money; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district;
5. Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association; and
6. Money market funds regulated by the Securities and Exchange Commission (SEC) in which investments consist of the investments mentioned in 1, 2, 3, and 4.

D. Concentration of Investment Credit Risk

The Town places no limit on the amount it may invest in any one issuer. At December 31, 2012, the Town had no concentration of credit risk.

The Town invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; 3) yield. The Town has invested in the Colorado Government Liquid Asset Trust ("COLOTRUST"). The trusts are investment vehicles established for local government entities in Colorado to pool surplus funds. The trusts operate similarly to a money market fund and each share is equal in value to \$1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The pool is rated AAA by Standards and Poor's rating agency. A designated custodial bank provides safekeeping and depository services to the trusts in connection with their direct investment and withdrawal function. Substantially all securities owned by the trust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the trust. At December 31, 2012, the Town had \$171,101 invested in the trust.

Investments in local government pools are not categorized as required by GASB No. 3 because they are not evidenced by securities that exist in physical or book entry form.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 5: PROPERTY TAXES

Property taxes are collected on behalf of the Town by San Juan County and then remitted to the Town. The property tax is levied and certified in December of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year.

Secured property taxes are: (1) due in two equal installments on February 28 and June 15 and (2) delinquent after February 28 and June 15, respectively. The entire balance can be paid by April 30 without penalty. Property taxes levied are recorded as deferred inflows of resources in the year levied, since they are not due until the following year. Property tax revenue is recognized when it is collected by San Juan County.

NOTE 6: RECEIVABLES

Governmental accounts receivable consist of the following categories at December 31, 2012:

Other governments	\$	154,874
Taxpayers		8,577
Vendors		1,886
Customers		3,430
	\$	<u>168,767</u>

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 7: CAPITAL ASSETS

Capital assets are comprised of the following:

	Balance <u>1/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2012</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 246,218	\$ -	\$ -	\$ 246,218
Total Land	<u>246,218</u>	<u>-</u>	<u>-</u>	<u>246,218</u>
Capital assets being depreciated:				
Buildings and Improvements	7,086,451	-	-	7,086,451
Furniture and Fixtures	112,330	-	-	112,330
Vehicles	175,233	-	113,773	61,460
Machinery and Equipment	153,733	8,000	-	161,733
Total capital assets being depreciated	<u>7,527,747</u>	<u>8,000</u>	<u>113,773</u>	<u>7,421,974</u>
Less accumulated depreciation:				
Buildings and Improvements	3,256,709	267,458	-	3,524,168
Furniture and Fixtures	112,330	-	-	112,330
Vehicles	175,233	-	113,773	61,460
Machinery and Equipment	129,757	8,390	-	138,147
Total accumulated depreciation	<u>3,674,029</u>	<u>275,848</u>	<u>113,773</u>	<u>3,836,105</u>
Capital assets being depreciated, net	<u>3,853,718</u>	<u>(267,848)</u>	<u>-</u>	<u>3,585,869</u>
Total Governmental Activities Capital Assets	<u>\$ 4,099,936</u>	<u>\$ (267,848)</u>	<u>\$ -</u>	<u>\$ 3,832,087</u>
Total governmental assets capitalized under capital leases at December 31, 2012 included above is \$273,213 with accumulated amortization of \$134,801.				
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 670	\$ -	\$ -	\$ 670
Total Land	<u>670</u>	<u>-</u>	<u>-</u>	<u>670</u>
Capital assets being depreciated:				
Distribution and Collection	2,536,012	-	-	2,536,012
Machinery and Equipment	301,246	21,545	-	322,791
Total capital assets being depreciated	<u>2,837,258</u>	<u>21,545</u>	<u>-</u>	<u>2,858,803</u>
Less accumulated depreciation:				
Improvements	1,503,632	66,702	-	1,570,334
Machinery and Equipment	241,237	7,077	-	248,314
Total accumulated depreciation	<u>1,744,869</u>	<u>73,779</u>	<u>-</u>	<u>1,818,648</u>
Capital assets being depreciated, net	<u>1,092,389</u>	<u>(52,234)</u>	<u>-</u>	<u>1,040,155</u>
Total Business-Type Activities Capital Assets	<u>\$ 1,093,059</u>	<u>\$ (52,234)</u>	<u>\$ -</u>	<u>\$ 1,040,825</u>

Total business-type assets capitalized under capital leases at December 31, 2012 included above is \$57,408 with accumulated amortization of \$9,568.

The Town was granted water storage rights during 2011 for 113 acre feet for the Big Molas Lake reservoir. The rights granted were a result of multiple year legal and engineering costs as well as staff effort and thus are not assigned a capitalized cost in the above table.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 6: CAPITAL ASSETS (Continued)

Depreciation expense was charged to programs of the Town as follows and includes depreciation on assets acquired under capital leases.

Governmental Activities

General Government	\$ 109,259
Public Safety	3,068
Public Works	61,588
Culture and Recreation	101,424
Library	387
Cemetery	122
	<u>\$ 275,848</u>

Business-Type Activities

Water	\$ 42,849
Sewer	29,834
Refuse	1,096
	<u>\$ 73,779</u>

NOTE 7: LONG-TERM LIABILITIES

Following is a summary of changes in long-term debt for the year ended December 31, 2012:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>	Current <u>Portion</u>
Governmental Activities					
General Obligation Bonds Series 1982	\$ 11,000	\$ -	\$ 11,000	\$ -	\$ -
Lease - Community Center	147,049	-	13,071	133,978	13,915
Lease - Excavator	2,033	-	434	1,599	367
Compensated Absences	73,386	37,440	47,792	63,034	-
	<u>\$ 233,468</u>	<u>\$ 37,440</u>	<u>\$ 72,297</u>	<u>\$ 198,611</u>	<u>\$ 14,282</u>

Total interest paid during 2012 for governmental activities was \$10,348.

Business Activities

General Obligation Bonds Series 1974	\$ 33,000	\$ -	\$ 12,000	\$ 21,000	\$ 12,000
Loan EIF #4178A - Water System	66,636	-	9,777	56,859	10,266
Loan EIF #5602 - Water Meters	58,725	-	10,628	48,097	11,159
Loan EIF #5890 - Water Lines	31,941	-	4,696	27,245	4,931
Lease - Excavator	48,804	-	10,436	38,368	8,804
	<u>\$ 239,106</u>	<u>\$ -</u>	<u>\$ 47,537</u>	<u>\$ 191,569</u>	<u>\$ 47,160</u>

Total interest paid during 2012 for business activities was \$9,621.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 7: LONG-TERM LIABILITIES (Continued)

General Obligation Bonds - Governmental \$236,000, General Obligation Bonds Series 1992, due in annual installments of \$5,000 through 1991, increasing to \$6,000 through 1995, increasing to \$7,000 through 1998, increasing to \$8,000 through 2000, then increasing by \$1,000 increments every two years until 2012. Interest is at 5%.

The bonds were paid off in 2012.

Capital Lease - Governmental \$213,213, Kendall Mountain Community Center Lease Purchase, dated September 2007, due in quarterly installments of \$5,373 through 2022 including interest at 6%

The annual requirements to amortize this lease as of December 31, 2012 are as follows:

Community Center and Ski Lift Lease (Kendall Mountain)			
2013	\$ 13,915	\$ 7,577	\$ 21,492
2014	14,752	6,740	21,492
2015	15,639	5,853	21,492
2016	16,579	4,913	21,492
2017	17,576	3,916	21,492
2018-2020	55,517	8,959	64,476
	\$ 133,978	\$ 37,958	\$ 171,936

General Obligation Bonds - Enterprise \$225,000, General Obligation Bonds Series 1974, due in annual installments of \$4,000 through 1992, increasing to \$5,000 through 1996, increasing to \$6,000 through 2000, then increasing by \$1,000 increments periodically until 2014. Interest is at 5%, paid by the Water Fund.

The annual requirements to amortize the Enterprise General Obligation Bonds as of December 31, 2012 are as follows:

Enterprise General Obligation Bonds Series 1974			
Year	Principal	Interest	Total
2013	\$ 12,000	\$ 1,050	\$ 13,050
2014	9,000	450	9,450
	\$ 21,000	\$ 1,500	\$ 22,500

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 7: LONG-TERM LIABILITIES (Continued)

Notes Payable - Enterprise :

Enterprise - \$100,000, August 1991, State Sewer Plant Capital Improvement Loan, 20 annual installments of \$8,024 including interest at 5%, paid by the Sewer Fund. The notes were fully paid off during 2012.

Enterprise - \$136,000, September 2002, State Water System Loan, 15 annual installments of \$13,103 including interest at 5%, paid By the Water Fund.

The annual requirements to amortize this note as of December 31, 2012 are as follows:

Note Payable - State of Colorado 2002 EIF # 4178A Water System

2013	\$ 10,266	\$ 2,837	\$ 13,103
2014	10,780	2,323	13,103
2015	11,318	1,785	13,103
2016	11,884	1,219	13,103
2017	12,611	619	13,230
	<u>\$ 56,859</u>	<u>\$ 8,783</u>	<u>\$ 65,642</u>

Enterprise - \$107,421, January 2007, State Water System Capital Improvement Loan, 10 annual installments of \$13,564 including interest at 5%, paid by the Water Fund.

The annual requirements to amortize this note as of December 31, 2012 are as follows:

Note Payable - State of Colorado 2007 EIF# 5602 Water Meters

Year	Principal	Interest	Total
2013	\$ 11,159	\$ 2,405	\$ 13,564
2014	11,717	1,847	13,564
2015	12,303	1,261	13,564
2016	12,918	646	13,564
	<u>\$ 48,097</u>	<u>\$ 6,159</u>	<u>\$ 54,256</u>

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 7: LONG-TERM LIABILITIES (Continued)

Notes Payable - Enterprise (Continued)

Enterprise - \$49,000, September 2007, State Water System Capital Improvement Loan, 10 annual installments of \$6,293 including interest at 5%, paid half by the Water Fund and half by the Sewer Fund.

The annual requirements to amortize this note as of December 31, 2012 are as follows:

Note Payable - State of Colorado 2007 EIF# 5890 Water Lines

Year	Principal	Interest	Total
2013	\$ 4,931	\$ 1,362	\$ 6,293
2015	5,436	857	6,293
2016	5,708	585	6,293
2017	5,993	300	6,293
	<u>\$ 27,245</u>	<u>\$ 4,220</u>	<u>\$ 31,465</u>

Capital Lease Payable – Governmental and Enterprise :

\$59,800, Excavator lease/purchase dated August 2012, due in annual payments of \$11,469 through 2016 including interest at 4.165%.

The annual requirements to amortize this lease as of December 31, 2012 are as follows:

Capital Lease - Excavator

Year	Principal	Interest	Total
2013	\$ 9,171	\$ 2,298	\$ 11,469
2014	9,698	1,771	11,469
2015	10,255	1,214	11,469
2016	10,843	626	11,469
	<u>\$ 39,967</u>	<u>\$ 5,909</u>	<u>\$ 45,876</u>

The annual lease payments are allocated across funds as follows:

Water Fund	\$ 4,250
Sewer Fund	\$ 4,250
Refuse Fund	\$ 2,500
General Fund	\$ 469
	<u>\$ 11,469</u>

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 7: LONG-TERM LIABILITIES (Continued)

Operating Leases

The Town has entered into annually cancelable operating leases for heavy equipment and office machinery:

Motor Grader lease: 1/24/07 to 1/24/13, annual rental of \$21,491.

Wheel Loader lease: 1/15/06 to 1/15/13, annual rental of \$14,315.

Copier lease: 4/17/09 to 4/17/13, annual rental of \$4,032.

The first two leases and related equipment shown above were replaced by the following in early 2013:

Motor Grader lease: 1/28/13 to 1/28/17, annual rental of \$21,564.

Two Small Wheel Loaders lease: 1/28/13 to 1/28/17, annual rentals of \$7,400 and \$8,510 respectively.

NOTE 8: INTERFUND TRANSACTIONS

Following is a summary of transfers from and to other funds at December 31, 2012:

Fund	Transfers for Administrative Fee	
	In	Out
General	\$ 287,873	\$ -
Molas	-	\$ 1,084
Water	-	130,843
Sewer	-	130,843
Refuse	-	25,103
Total	<u>\$ 287,873</u>	<u>\$ 287,873</u>

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 9: RETIREMENT COMMITMENTS

A. Defined Contribution Plan

The Town provides pension benefits for all of its full-time employees through an agent multiemployer public retirement system, the Colorado County Officials and Employees Retirement Association, a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The Town has established that employees contribute 3% and the Town contributes a matching 3% of the employee's base salary each month. The Town's contributions for, and interest forfeited by, employees who leave employment before ten years of service are used to reduce the Town's current period contribution requirement. The Town's total payroll in 2012 was \$677,963. The Town's contributions were calculated using the base salary of \$332,134. Both the Town and the covered employees made the required contributions amounting to \$9,964 from the employees and the Town for a total of \$19,928.

B. Defined Benefit Plan

The Town of Silverton provided benefits for eleven retired volunteer firemen from the Firemen's Pension Trust Fund. Benefits amounted to \$90 per quarter per retired fireman. In 2001, the Town transferred the assets of the Plan to the Fire and Police Pension Association of Colorado (FPPA). FPPA administers the plan and manages the plan's benefits under the plan which is a cost-sharing, multiple-employer defined benefit pension plan. The statewide defined benefit plan provides retirement benefits for members. Members with 20 or more years of service (vesting begins after 15 years of service) who attain age 50 are eligible for monthly benefits. A survivor's lump sum funeral benefit is provided for beneficiaries if the member is killed in the line of duty. Title 31, Article 30 of the Colorado Revised Statutes (CR5), as amended, assigns the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available financial report that includes financial statements and required supplementary information for the statewide defined benefit plan. The report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado, 80111, or by calling FPPA at (303) 770-3772 in the Denver metro area or 1-800-332-3772 from outside the metro area.

The financial statements of the volunteer plan are prepared using the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

The Town makes contributions based upon Town established benefits and funding requirements based upon an actuarial study. Plan members do not make contributions.

The Town's net contributions to the statewide benefit plan entitled Silverton San Juan Volunteer Fire Department Pension Fund – (Volunteer Firefighters) for the years ended December 31, 2012, 2011, and 2010 were \$6,800 annually. Additional contributions are received from the State of Colorado and San Juan County.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 10: PUBLIC ENTITY RISK POOLS

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-1 1 5.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverage and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA.

NOTE 11: COMPLIANCE AND CONTINGENCIES

Claims and Judgments The Town participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. As of December 31, 2012, grant expenditures have not been audited, but the Town believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Town.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 12: INTERGOVERNMENTAL AGREEMENTS

San Juan County

The Town shares various municipal services with San Juan County. The Town and County approve annual agreements to reimburse costs (less any funding received from grants or contracts) paid by the opposite entity. The actual agreements are included in the Town's annual budget document. The Town makes monthly payments to the County for 1/12 of the budgeted costs; actual final audited costs are calculated in the ensuing year, with an additional amount either paid to or received from the County. See Note 16 for changes to the fire protection portion starting in 2012. The following table summarizes these transactions:

<u>Service</u>	<u>Direct Cost Paid by Town of Silverton</u>	<u>Direct Cost Paid by San Juan County</u>	<u>% Split</u>
Ambulance		X	50%
Fire Protection		X	50%
Fire Truck/Ambulance Insurance for vehicles titled by each entity	X	X	50%
Land Use Planning	X		50%
Building Inspector	X		49%/51%
Code Enforcement	X		49%/51%
Carriage House Operations, Maintenance, Insurance	X		50%
Transfer Station	X		50%
Law Enforcement (Sheriff)		X	50%

Silverton-San Juan Fire and Rescue Authority

As described in Note 1C, the Town entered into an intergovernmental agreement with San Juan County for 2012 to share the cost of fire protection services. The Town's contribution to the Silverton-San Juan Fire and Rescue Authority in 2012 was \$24,960.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2012

NOTE 13: RELATED PARTY TRANSACTIONS

Three of the Town's elected Trustees are involved in local businesses that conduct financial transactions with the Town. Amounts paid to these businesses in 2012 include approximately \$7,122 for supplies including \$1,406 recorded as accounts payable; \$1,350 for plumbing supplies and maintenance; and \$28,043 including \$310 recorded as accounts payable for campground host services and furnace tending. Recorded revenue includes approximately \$1,787 for cable television franchise fees including \$346 recorded as accounts receivable. Utility receivables at December 31, 2012 approximated \$2,000 due from elected officials and key employees.

NOTE 14: TAX, SPENDING, REVENUE AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which added a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations, which apply to the State of Colorado and all local governments.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$49,079 which is the approximate required reserve at December 31, 2012.

TABOR requires that revenue received in excess of the "revenue limit" is to be refunded unless the voters approve the retention of such excess revenue. In November 1995, the voters of Silverton, Colorado, approved a ballot measure deleting all revenue collection limitations imposed by state law.

The Towns' management believes that it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance.

NOTE 15: COMPLIANCE WITH STATE STATUTES

At December 31, 2012, expenditures of the Molas Lake Fund and the Refuse Fund exceeded budgeted expenditures by \$304 and \$2,676 respectively. These overbudgets may be a violation of state statutes.

NOTE 16: PRIOR PERIOD ADJUSTMENT

Net position in the Water Fund was increased \$34,265 in 2012 to adjust for meters, valve boxes, and fittings not previously inventoried. Approximately half of this amount resulted from items that had been replaced by the supplier under warranty.

Required Supplementary Information

TOWN OF SILVERTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2012

	2012		
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
TAXES			
Property	\$ 275,050	\$ 269,400	\$ (5,650)
Specific Ownership	15,000	17,609	2,609
General Sales	658,654	685,855	27,201
Cigarette	2,100	2,167	67
Franchise	25,000	29,609	4,609
Severance	34,100	41,085	6,985
Penalties, Interest and Delinquent Taxes	4,500	2,723	(1,777)
Total Taxes	<u>1,014,404</u>	<u>1,048,448</u>	<u>34,044</u>
LICENSES AND PERMITS			
Liquor Licenses	4,000	4,079	79
Professional and Business Licenses	21,300	22,047	747
Lodging Fee	35,000	41,106	6,106
Building Permits	12,300	19,871	7,571
Other Permits	450	420	(30)
Total Licenses and Permits	<u>73,050</u>	<u>87,523</u>	<u>14,473</u>
INTERGOVERNMENTAL			
Additional Motor Vehicle Registration	4,400	4,654	254
Road and Bridge	22,000	17,220	(4,780)
Highway Users	37,000	35,882	(1,118)
Grants	60,000	-	(60,000)
Mineral Lease	-	460	460
Total Intergovernmental	<u>123,400</u>	<u>58,216</u>	<u>(65,184)</u>
FINE AND FORFEITS	<u>5,500</u>	<u>4,466</u>	<u>(1,034)</u>
OTHER REVENUES			
Earnings on Investments	600	865	265
Administrative Fee	301,803	287,873	(13,930)
Contributions and Donations	3,000	3,000	-
Insurance reimbursements	-	22,992	22,992
Other Miscellaneous	10,420	13,040	2,620
Charges for Services	30,000	25,113	(4,887)
Rents and Leases	32,965	24,585	(8,380)
Total Other Revenues	<u>378,788</u>	<u>377,468</u>	<u>(1,320)</u>
TOTAL REVENUES	<u>1,595,142</u>	<u>1,576,121</u>	<u>(19,021)</u>

(Continued)

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2012

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
EXPENDITURES			
General Government			
Town Board	31,871	33,578	\$ (1,707)
Municipal Court	7,190	7,017	173
Town Administrator	84,707	88,618	(3,911)
Partner Organizations	8,061	8,061	-
Town Clerk/Treasurer	115,872	115,038	834
Elections	1,300	2,224	(924)
Financial Administration	4,492	4,372	120
Legal Services	15,000	8,625	6,375
Planning Director	62,971	86,741	(23,770)
General Government Operations	70,921	63,949	6,972
Visitor's Center Operations	131,136	51,771	79,365
Town Hall Operations	46,144	37,155	8,989
Building Inspector	43,578	46,992	(3,414)
Total General Government	<u>623,243</u>	<u>554,141</u>	<u>69,102</u>
Public Safety			
Law Enforcement	188,000	188,000	-
Fire Protection	37,360	24,960	12,400
Clinic	21,890	14,368	7,522
Fireman's Pension Contribution	6,120	12,920	(6,800)
Total Public Safety	<u>253,370</u>	<u>240,248</u>	<u>13,122</u>
Public Works			
Public Works Personnel	395,099	407,470	(12,371)
Street Maintenance	202,030	214,250	(12,220)
Lease Payments	35,806	35,807	(1)
Total Public Works	<u>632,935</u>	<u>657,527</u>	<u>(24,592)</u>
Culture and Recreation			
Recreation	10,100	4,546	5,554
Park Administration	99,030	30,841	68,189
Kendall Mountain Park	50,997	37,708	13,289
Library	87,378	89,007	(1,629)
Total Culture and Recreation	<u>247,505</u>	<u>162,102</u>	<u>85,403</u>
Debt Service			
Principal	11,729	12,158	(429)
Interest	9,763	9,798	(35)
Total Debt Service	<u>21,492</u>	<u>21,956</u>	<u>(464)</u>
TOTAL EXPENDITURES	<u>1,778,545</u>	<u>1,635,974</u>	<u>142,571</u>

(Continued)

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2012

	2012		VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (183,403)	\$ (59,853)	\$ 123,550
Other Financing Sources (Uses)			
Transfers In	15,000	-	(15,000)
Total Other Financing Sources (Uses)	15,000	-	(15,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	(168,403)	(59,853)	108,550
FUND BALANCE - Beginning	483,770	587,964	104,194
FUND BALANCE - Ending	<u>\$ 315,367</u>	<u>\$ 528,111</u>	<u>\$ 212,744</u>

Notes to Required Supplementary Information

Year Ended December 31, 2012

Budgetary Information

The budget is prepared in accordance with accounting principles generally accepted in the United States of America by the Town's administration and finance staff and approved by the Board of Trustees following a public hearing.

Any change in the total to a fund's budget requires approval of the Board of Trustees. All unexpended annual appropriations lapse at year-end.

See the accompanying Independent Auditors' Report.

Other Supplementary Information

TOWN OF SILVERTON, COLORADO

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2012

	<u>CONSERVATION TRUST FUND</u>	<u>MOLAS LAKE FUND</u>	<u>CEMETARY FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTALS 2012</u>
ASSETS					
Cash and Equivalents	\$ 20,571	\$ 17,649	\$ 19,326	\$ 5,975	\$ 63,521
TOTAL ASSETS	<u>\$ 20,571</u>	<u>\$ 17,649</u>	<u>\$ 19,326</u>	<u>\$ 5,975</u>	<u>\$ 63,521</u>
LIABILITIES					
Deferred Revenue	\$ -	771	\$ -	\$ -	\$ 771
TOTAL LIABILITIES	<u>-</u>	<u>771</u>	<u>-</u>	<u>-</u>	<u>771</u>
FUND BALANCE					
Reserved for:					
Other	20,571	16,878	19,326	5,975	62,750
TOTAL FUND BALANCE	<u>20,571</u>	<u>16,878</u>	<u>19,326</u>	<u>5,975</u>	<u>62,750</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 20,571</u>	<u>\$ 17,649</u>	<u>\$ 19,326</u>	<u>\$ 5,975</u>	<u>\$ 63,521</u>

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

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

Year Ended December 31, 2012

	CONSERVATION TRUST FUND	MOLAS LAKE FUND	CEMETERY FUND	DEBT SERVICE FUND	TOTALS 2012
REVENUES					
Intergovernmental Revenue	\$ 6,476	\$ -	\$ -	\$ -	\$ 6,476
Charges for Services	-	48,868	-	-	48,868
Investment Income	47	-	-	-	47
Donations	-	-	1,500	-	1,500
TOTAL REVENUES	<u>6,523</u>	<u>48,868</u>	<u>1,500</u>	<u>-</u>	<u>56,891</u>
EXPENDITURES					
Culture and Recreation	-	35,962	-	-	35,962
Debt Service	-	-	-	11,000	11,000
Interest	-	-	-	550	550
TOTAL EXPENDITURES	<u>-</u>	<u>35,962</u>	<u>-</u>	<u>11,550</u>	<u>47,512</u>
REVENUE IN EXCESS (DEFICIENCY) OF EXPENDITURES	6,523	12,906	1,500	(11,550)	9,379
FUND BALANCE - Beginning	<u>14,048</u>	<u>3,972</u>	<u>17,826</u>	<u>17,525</u>	<u>53,371</u>
FUND BALANCE - Ending	<u>\$ 20,571</u>	<u>\$ 16,878</u>	<u>\$ 19,326</u>	<u>\$ 5,975</u>	<u>\$ 62,750</u>

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

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

	2012		
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Intergovernmental Revenue	\$ 4,800	\$ 6,476	\$ 1,676
Investment Income	60	47	(13)
TOTAL REVENUES	<u>4,860</u>	<u>6,523</u>	<u>1,663</u>
EXPENDITURES			
Culture and Recreation	<u>15,000</u>	<u>-</u>	<u>15,000</u>
TOTAL EXPENDITURES	<u>15,000</u>	<u>-</u>	<u>15,000</u>
REVENUE IN EXCESS (DEFICIENCY) OF EXPENDITURES	(10,140)	6,523	16,663
FUND BALANCE - Beginning	<u>14,188</u>	<u>14,048</u>	<u>(140)</u>
FUND BALANCE - Ending	<u>\$ 4,048</u>	<u>\$ 20,571</u>	<u>\$ 16,523</u>

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

MOLAS LAKE FUND

Year Ended December 31, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 38,000	\$ 48,867	\$ 48,868	\$ 1
TOTAL REVENUES	<u>38,000</u>	<u>48,867</u>	<u>48,868</u>	<u>1</u>
EXPENDITURES				
Culture and Recreation	<u>34,100</u>	<u>35,658</u>	<u>35,962</u>	<u>(304)</u>
TOTAL EXPENDITURES	<u>34,100</u>	<u>35,658</u>	<u>35,962</u>	<u>(304)</u>
REVENUE IN EXCESS (DEFICIENCY) OF EXPENDITURES	3,900	13,209	12,906	(303)
FUND BALANCE - Beginning	<u>6,213</u>	<u>3,972</u>	<u>3,972</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ 10,113</u>	<u>\$ 17,181</u>	<u>\$ 16,878</u>	<u>\$ (303)</u>

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

CEMETERY FUND

Year Ended December 31, 2012

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Charges for Services	\$ 500	\$ -	\$ (500)
Donations	-	1,500	1,500
	500	1,500	1,000
TOTAL REVENUES	500	1,500	1,000
EXPENDITURES			
	-	-	-
TOTAL EXPENDITURES	-	-	-
REVENUE IN EXCESS (DEFICIENCY) OF EXPENDITURES	500	1,500	1,000
FUND BALANCE - Beginning	17,825	17,826	1
FUND BALANCE - Ending	\$ 18,325	\$ 19,326	\$ 1,001

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

Year Ended December 31, 2012

	2012		VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL AND FINAL BUDGET	ACTUAL	
REVENUES			
Taxes	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-
EXPENDITURES			
Debt Service	3,000	11,000	(8,000)
Interest	8,550	550	8,000
TOTAL EXPENDITURES	11,550	11,550	-
REVENUE IN EXCESS (DEFICIENCY) OF EXPENDITURES	(11,550)	(11,550)	-
FUND BALANCE - Beginning	17,592	17,525	(67)
FUND BALANCE - Ending	<u>\$ 6,042</u>	<u>\$ 5,975</u>	<u>\$ (67)</u>

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATER FUND
Year Ended December 31, 2012

	2012			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Charges for services	\$ 295,000	\$ 295,000	\$ 298,359	\$ 3,359
Tap fees	3,152	3,152	12,338	9,186
Infrastructure upgrade	4,651	4,651	-	(4,651)
TOTAL REVENUES	302,803	302,803	310,697	7,894
EXPENDITURES				
Administrative	138,250	138,250	130,843	7,407
Utilities	7,600	7,600	5,789	1,811
Operations and maintenance	57,225	63,311	52,217	11,094
Debt service principal	32,669	32,669	38,769	(6,100)
Interest	10,343	10,343	8,710	1,633
Capital outlay	8,560	8,560	-	8,560
TOTAL EXPENDITURES	254,647	260,733	236,328	24,405
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	48,156	42,070	74,369	32,299
GAAP BASIS ADJUSTMENTS:				
Depreciation			(42,849)	
Principal paid			38,769	
TOTAL GAAP BASIS ADJUSTMENTS			(4,080)	
NET INCOME - GAAP BASIS			70,289	
NET POSITION - Beginning, as previously reported			427,517	
Prior period adjustment			34,265	
NET POSITION - Beginning, as restated			461,782	
NET POSITION - Ending			\$ 532,071	

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
SEWER FUND

Year Ended December 31, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for services	\$ 257,376	\$ 257,376	\$ 239,134	\$ (18,242)
Tap fees	3,152	3,152	-	(3,152)
Other revenues	<u>2,774</u>	<u>2,774</u>	<u>-</u>	<u>(2,774)</u>
TOTAL REVENUES	<u>263,302</u>	<u>263,302</u>	<u>239,134</u>	<u>(24,168)</u>
EXPENDITURES				
Administrative	136,830	155,690	130,843	24,847
Utilities	35,668	35,668	34,548	1,120
Operations and maintenance	55,426	55,426	55,456	(30)
Debt service principal	2,348	2,348	6,364	(4,016)
Interest	798	798	799	(1)
Capital outlay	<u>24,250</u>	<u>24,250</u>	<u>21,545</u>	<u>2,705</u>
TOTAL EXPENDITURES	<u>255,320</u>	<u>274,180</u>	<u>249,555</u>	<u>24,625</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	<u>7,982</u>	<u>(10,878)</u>	<u>(10,421)</u>	<u>457</u>
GAAP BASIS ADJUSTMENTS:				
Depreciation			<u>(29,834)</u>	
TOTAL GAAP BASIS ADJUSTMENTS:			<u>(1,925)</u>	
NET INCOME - GAAP BASIS			(12,346)	
NET POSITION - Beginning			<u>773,699</u>	
NET POSITION - Ending			<u>\$ 761,353</u>	

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

REFUSE FUND

Year Ended December 31, 2012

	2012			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES				
Charges for services	\$ 198,000	\$ 198,000	\$ 197,718	\$ (282)
TOTAL REVENUES	198,000	198,000	197,718	(282)
EXPENDITURES				
Administrative	25,639	25,639	25,103	536
Operations and maintenance	15,000	15,000	19,575	(4,575)
Contracted services	150,000	150,000	154,181	(4,181)
Debt service principal	-	-	2,388	(2,388)
Interest	-	-	112	(112)
Capital outlay	6,500	8,044	-	8,044
TOTAL EXPENDITURES	197,139	198,683	201,359	(2,676)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET AND GAAP BASIS				
	\$ 861	\$ (683)	(3,641)	\$ (2,958)
GAAP BASIS ADJUSTMENTS				
Depreciation			(1,096)	
Principal paid			2,388	
TOTAL GAAP BASIS ADJUSTMENTS			1,292	
NET INCOME - GAAP BASIS			(2,349)	
NET POSITION - Beginning			112,395	
NET POSITION - Ending			\$ 110,046	

See the accompanying Independent Auditors' Report.

Compliance Section

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Silverton, CO
	YEAR ENDING : December 2012
This Information From The Records Of (example - City of _ or County of	Prepared By: Phone: Brian Carlson, Clerk/Treasurer 970-387-5522

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	131,255
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	71,003
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	214,719	b. Snow and ice removal	52,321
3. Other local imposts (from page 2)	17,609	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	52,321
5. Transfers from toll facilities		4. General administration & miscellaneous	18,528
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	273,107
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	232,328	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	40,779	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	273,107	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	273,107

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		273,107	273,107		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 31, 2010

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	17,609	g. Other Misc. Receipts	
6. Total (1. through 5.)	17,609	h. Other	
c. Total (a. + b.)	17,609	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	36,125	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	4,654	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	4,654	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	40,779	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		131,255	131,255
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	131,255	131,255
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	131,255	131,255
			(Carry forward to page 1)

Notes and Comments:

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