

TOWN OF SILVERTON, COLORADO

FINANCIAL STATEMENTS

Year Ended December 31, 2015



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TOWN OF SILVERTON, COLORADO

TABLE OF CONTENTS

Year Ended December 31, 2015

| | <u>PAGE</u> |
|--|--------------------|
| FINANCIAL SECTION | |
| Independent Auditor's Report | 1 - 2 |
| Basic Financial Statements | |
| Government-Wide Financial Statements | |
| Statement of Net Position | 3 |
| Statement of Activities | 4 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 5 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 6 |
| Statement of Net Position - Enterprise Funds | 7 |
| Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Funds | 8 |
| Statement of Cash Flows - Enterprise Funds | 9 |
| Notes to Basic Financial Statements | 10 - 29 |
| Required Supplementary Information | |
| Budgetary Comparison Schedule | |
| General Fund | 30 - 32 |
| Notes to Required Supplementary Information | 32 |
| Other Supplementary Information – | |
| Combining and Individual Fund Statements and Schedules | |
| Combining Schedules | |
| Combining Balance Sheet – Non-Major Governmental Funds | 33 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds | 34 |
| Budgetary Comparison Schedules | |
| Conservation Trust Fund | 35 |
| Molas Lake Fund | 36 |
| Cemetery Fund | 37 |
| Water Fund | 38 |
| Sewer Fund | 39 |
| Refuse Fund | 40 |
| COMPLIANCE SECTION | |
| STATE COMPLIANCE | |
| Local Highway Finance Report | 41 - 42 |

FINANCIAL SECTION

HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

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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, 2015, 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.

Opinion

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, 2015, 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 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund on pages 30 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 33 through 42 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 29, 2016

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Basic Financial Statements

TOWN OF SILVERTON, COLORADO

STATEMENT OF NET POSITION

December 31, 2015

| | <u>GOVERNMENTAL ACTIVITIES</u> | <u>BUSINESS- TYPE ACTIVITIES</u> | <u>TOTAL</u> |
|--------------------------------------|---|---|----------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and Equivalents | \$ 612,336 | \$ 399,925 | \$ 1,012,261 |
| Receivables: | | | |
| Accounts | 80,114 | 181,802 | 261,916 |
| Taxes | 229,603 | - | 229,603 |
| Prepaid Expenses | 993 | - | 993 |
| Inventories | - | 51,994 | 51,994 |
| Total Current Assets | <u>923,046</u> | <u>633,721</u> | <u>1,556,767</u> |
| Capital Assets, Net | <u>3,393,055</u> | <u>923,903</u> | <u>4,316,958</u> |
| Total Assets | <u>4,316,101</u> | <u>1,557,624</u> | <u>5,873,725</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable | 96,076 | - | 96,076 |
| Capital Leases | 10,886 | 9,844 | 20,730 |
| Loans | - | 35,323 | 35,323 |
| TOTAL CURRENT LIABILITIES | <u>106,962</u> | <u>45,167</u> | <u>152,129</u> |
| LONG-TERM LIABILITIES | | | |
| Capital Leases | 75,863 | 74,789 | 150,652 |
| Loans | - | 13,792 | 13,792 |
| Compensated Absences | 43,641 | - | 43,641 |
| TOTAL LONG-TERM LIABILITIES | <u>119,504</u> | <u>88,581</u> | <u>208,085</u> |
| TOTAL LIABILITIES | <u>226,466</u> | <u>133,748</u> | <u>360,214</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Revenue - Property Taxes | <u>229,603</u> | <u>-</u> | <u>229,603</u> |
| Net Position | | | |
| Net investment in Capital Assets | 3,306,306 | 790,155 | 4,096,461 |
| Restricted for Emergencies | 54,100 | - | 54,100 |
| Restricted for Other Purposes | 106,377 | - | 106,377 |
| Unrestricted | <u>393,249</u> | <u>633,721</u> | <u>1,026,970</u> |
| TOTAL NET POSITION | <u>\$ 3,860,032</u> | <u>\$ 1,423,876</u> | <u>\$ 5,283,908</u> |

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

TOWN OF SILVERTON, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

| | PROGRAM REVENUES | | | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION | | TOTAL |
|--------------------------------------|------------------|-------------------------|--|-------------------|--|------------------------------|--------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS | PRIMARY GOVERNMENT | | |
| | | | | | GOVERNMENT ACTIVITIES | BUSINESS - TYPE ACTIVITES | |
| FUNCTIONS/PROGRAMS | | | | | | | |
| Governmental Activities | | | | | | | |
| Current | | | | | | | |
| General Government | \$ 806,802 | \$ 103,484 | \$ - | \$ - | \$ (703,318) | \$ - | \$ (703,318) |
| Public Safety | 286,836 | - | - | - | (286,836) | - | (286,836) |
| Public Works | 637,854 | - | 26,999 | - | (610,855) | - | (610,855) |
| Culture and Recreation | 502,136 | 96,458 | 11,379 | 5,667 | (388,632) | - | (388,632) |
| Interest on Long-term Debt | 5,941 | - | - | - | (5,941) | - | (5,941) |
| TOTAL GOVERNMENTAL ACTIVITIES | 2,239,569 | 199,942 | 38,378 | 5,667 | (1,995,582) | - | (1,995,582) |
| Business-type Activities | | | | | | | |
| Water | 118,039 | 339,172 | - | 15,457 | - | 236,590 | 236,590 |
| Sewer | 127,310 | 240,164 | - | 2,500 | - | 115,354 | 115,354 |
| Refuse | 197,670 | 206,148 | - | - | - | 8,478 | 8,478 |
| TOTAL BUSINESS-TYPE ACTIVITIES | 443,019 | 785,484 | - | 17,957 | - | 360,422 | 360,422 |
| TOTAL PRIMARY GOVERNMENT | \$ 2,682,588 | \$ 985,426 | \$ 38,378 | \$ 23,624 | (1,995,582) | 360,422 | (1,635,160) |
| GENERAL REVENUES | | | | | | | |
| Property Tax - Assessments | | | | | 239,016 | - | 239,016 |
| Sales and Use Tax | | | | | 872,175 | - | 872,175 |
| Franchise Tax | | | | | 37,324 | - | 37,324 |
| License and Permits | | | | | 113,036 | - | 113,036 |
| Other Taxes | | | | | 23,425 | - | 23,425 |
| Interest Income | | | | | 941 | - | 941 |
| Sale of Assets | | | | | 7,920 | 25,080 | 33,000 |
| Fines and Forfeits | | | | | 1,265 | - | 1,265 |
| Miscellaneous | | | | | 128,720 | - | 128,720 |
| Transfers | | | | | 380,012 | (380,012) | - |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | | 1,803,834 | (354,932) | 1,448,902 |
| CHANGES IN NET POSITION | | | | | (191,748) | 5,490 | (186,258) |
| NET POSITION - Beginning | | | | | 4,051,780 | 1,418,386 | 5,470,166 |
| NET POSITION - Ending | | | | | \$ 3,860,032 | \$ 1,423,876 | \$ 5,283,908 |

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

TOWN OF SILVERTON, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2015

| | GENERAL | OTHER GOVERNMENTAL FUNDS | TOTALS |
|---|-------------------|---|---------------------|
| ASSETS | | | |
| Cash and Equivalents | \$ 505,955 | \$ 106,381 | \$ 612,336 |
| Receivables: | | | |
| Accounts | 80,114 | - | 80,114 |
| Taxes | 229,603 | - | 229,603 |
| Prepaid Expenses | 993 | - | 993 |
| TOTAL ASSETS | \$ 816,665 | \$ 106,381 | \$ 923,046 |
| LIABILITIES | | | |
| Accounts Payable | 96,072 | \$ - | \$ 96,072 |
| TOTAL LIABILITIES | 96,072 | - | 96,072 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenue - Property Taxes | 229,603 | - | 229,603 |
| FUND BALANCE | | | |
| Nonspendable: | | | |
| Prepaid Expenses | 993 | - | 993 |
| Restricted for: | | | |
| Emergencies | 54,100 | - | 54,100 |
| Assigned to: | | | |
| Conservation Trust | - | 12,205 | 12,205 |
| Molas Lake | - | 71,210 | 71,210 |
| Cemetary | - | 22,962 | 22,962 |
| Debt Service | - | - | - |
| Capital Reserve | - | - | - |
| Unassigned | 435,897 | - | 435,897 |
| TOTAL FUND BALANCE | 490,990 | 106,377 | 597,367 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | \$ 816,665 | \$ 106,377 | \$ 923,042 |
| FUND BALANCE GOVERNMENTAL FUNDS | | | \$ 597,367 |
| 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 | | | 7,924,687 |
| Accumulated Depreciation | | | (4,531,632) |
| Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds: | | | |
| Capital Leases Payable | | | (86,749) |
| Compensated Absences | | | (43,641) |
| TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES | | | \$ 3,860,032 |

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, 2015**

| | GENERAL | OTHER GOVERNMENTAL FUNDS | TOTALS |
|--|-------------------|--------------------------------|-------------------|
| REVENUES | | | |
| Taxes | \$ 1,171,940 | \$ - | \$ 1,171,940 |
| Licenses and Permits | 113,036 | - | 113,036 |
| Intergovernmental Revenue | 53,866 | 6,023 | 59,889 |
| Administrative Fee | 406,811 | - | 406,811 |
| Fines and Forfeits | 1,265 | - | 1,265 |
| Charges for Services | 42,615 | 96,458 | 139,073 |
| Investment Income | 918 | 23 | 941 |
| Donations | 4,070 | 1,286 | 5,356 |
| Rents and Leases | 60,869 | - | 60,869 |
| Miscellaneous | 50,831 | - | 50,831 |
| TOTAL REVENUES | 1,906,221 | 103,790 | 2,010,011 |
| EXPENDITURES | | | |
| General Government | 712,044 | - | 712,044 |
| Public Safety | 283,768 | - | 283,768 |
| Public Works | 485,595 | - | 485,595 |
| Culture and Recreation | 309,342 | 74,291 | 383,633 |
| Debt Service | 10,654 | - | 10,654 |
| Interest | 1,214 | - | 1,214 |
| TOTAL EXPENDITURES | 1,802,617 | 74,291 | 1,876,908 |
| REVENUE IN EXCESS (DEFICIENCY) OF EXPENDITURES | 103,604 | 29,499 | 133,103 |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from Capital Leases | 31,810 | - | 31,810 |
| REVENUE AND OTHER SOURCES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USES | 135,414 | 29,499 | 164,913 |
| FUND BALANCE - Beginning | 355,576 | 76,878 | 432,454 |
| FUND BALANCE - Ending | <u>\$ 490,990</u> | <u>\$ 106,377</u> | <u>\$ 597,367</u> |

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

Net Change in Fund Balances - Total Governmental Funds \$ 164,913

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 | 39,730 |
| Capitalized Assets - Disposed | (97,777) |
| Gain on sale of capital assets | 7,920 |
| Depreciation Expense, net | (280,064) |

Issuance of long-term debt principal is a revenue in the governmental funds, but the receipt increases long-term liabilities in the statement of net position

| | |
|------------------------|----------|
| Capital Lease Proceeds | (31,810) |
|------------------------|----------|

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 | 5,927 |
|--------------------|-------|

Earned but unpaid accumulated leave balances are not reported in the funds

| | |
|--|-------|
| Change in Accrued Compensated Absences | (587) |
|--|-------|

| | |
|--|---------------------|
| Change in Net Position - Governmental Activities | <u>\$ (191,748)</u> |
|--|---------------------|

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

TOWN OF SILVERTON, COLORADO

**STATEMENT OF NET POSITION -
 PROPRIETARY FUNDS
 December 31, 2015**

| | <u>WATER FUND</u> | <u>SEWER FUND</u> | <u>REFUSE FUND</u> | <u>TOTALS</u> |
|----------------------------------|-----------------------|-----------------------|------------------------|---------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and Equivalents | \$ 267,873 | \$ 151,270 | \$ (19,218) | \$ 399,925 |
| Receivables: | | | | |
| Accounts | 68,501 | 57,231 | 56,070 | 181,802 |
| Inventories | 47,773 | 4,221 | - | 51,994 |
| Total Current Assets | <u>384,147</u> | <u>212,722</u> | <u>36,852</u> | <u>633,721</u> |
| CAPITAL ASSETS | | | | |
| Land | - | 670 | - | 670 |
| Building, Plant and System | 1,473,840 | 1,062,172 | - | 2,536,012 |
| Equipment and Vehicles | 118,994 | 121,019 | 17,638 | 257,651 |
| TOTAL | 1,592,834 | 1,183,861 | 17,638 | 2,794,333 |
| Less Accumulated Depreciation | <u>(1,201,868)</u> | <u>(658,600)</u> | <u>(9,962)</u> | <u>(1,870,430)</u> |
| NET CAPITAL ASSETS | 390,966 | 525,261 | 7,676 | 923,903 |
| TOTAL ASSETS | <u>\$ 775,113</u> | <u>\$ 737,983</u> | <u>\$ 44,528</u> | <u>\$ 1,557,624</u> |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Capital Leases | \$ 3,794 | \$ 3,794 | \$ 2,256 | \$ 9,844 |
| Loans | 29,472 | 5,851 | - | 35,323 |
| TOTAL CURRENT LIABILITIES | <u>33,266</u> | <u>9,645</u> | <u>2,256</u> | <u>45,167</u> |
| LONG-TERM LIABILITIES | | | | |
| Capital Leases | 37,330 | 37,330 | 129 | 74,789 |
| Loans | 13,792 | - | - | 13,792 |
| TOTAL LONG-TERM LIABILITIES | <u>51,122</u> | <u>37,330</u> | <u>129</u> | <u>88,581</u> |
| TOTAL LIABILITIES | <u>\$ 84,388</u> | <u>\$ 46,975</u> | <u>\$ 2,385</u> | <u>\$ 133,748</u> |
| NET POSITION | | | | |
| Net investment in Capital Assets | \$ 306,578 | \$ 478,286 | \$ 5,291 | \$ 790,155 |
| Unrestricted | 384,147 | 212,722 | 36,852 | 633,721 |
| TOTAL NET POSITION | <u>\$ 690,725</u> | <u>\$ 691,008</u> | <u>\$ 42,143</u> | <u>\$ 1,423,876</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, 2015**

| | <u>WATER FUND</u> | <u>SEWER FUND</u> | <u>REFUSE FUND</u> | <u>TOTALS 2015</u> |
|--------------------------------------|-----------------------|-----------------------|------------------------|------------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 306,163 | \$ 239,264 | \$ 206,148 | \$ 751,575 |
| Other operating | 33,009 | 900 | - | 33,909 |
| | <u>339,172</u> | <u>240,164</u> | <u>206,148</u> | <u>785,484</u> |
| TOTAL OPERATING REVENUES | | | | |
| OPERATING EXPENSES | | | | |
| Administrative | 194,122 | 164,059 | 21,831 | 380,012 |
| Operation and maintenance | 67,901 | 94,565 | 2,842 | 165,308 |
| Contracted Services | - | - | 193,488 | 193,488 |
| Depreciation | 46,208 | 32,317 | 1,096 | 79,621 |
| | <u>308,231</u> | <u>290,941</u> | <u>219,257</u> | <u>818,429</u> |
| TOTAL OPERATING EXPENSES | | | | |
| NET INCOME (LOSS) FROM OPERATIONS | <u>30,941</u> | <u>(50,777)</u> | <u>(13,109)</u> | <u>(32,945)</u> |
| OTHER INCOME (EXPENSES) | | | | |
| Interest Expense | <u>(3,930)</u> | <u>(428)</u> | <u>(244)</u> | <u>(4,602)</u> |
| TOTAL OTHER INCOME (EXPENSES) | <u>(3,930)</u> | <u>(428)</u> | <u>(244)</u> | <u>(4,602)</u> |
| INCOME (LOSS) BEFORE OTHER RESOURCES | 27,011 | (51,205) | (13,353) | (37,547) |
| Gain on disposal of assets | 12,540 | 12,540 | - | 25,080 |
| Capital contributions | <u>15,457</u> | <u>2,500</u> | <u>-</u> | <u>17,957</u> |
| CHANGE IN NET POSITION | 55,008 | (36,165) | (13,353) | 5,490 |
| NET POSITION - Beginning | <u>635,717</u> | <u>727,173</u> | <u>55,496</u> | <u>1,418,386</u> |
| NET POSITION - Ending | <u>\$ 690,725</u> | <u>\$ 691,008</u> | <u>\$ 42,143</u> | <u>\$ 1,423,876</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, 2015**

| | <u>WATER FUND</u> | <u>SEWER FUND</u> | <u>REFUSE FUND</u> | <u>TOTALS 2015</u> |
|---|-----------------------|-----------------------|------------------------|------------------------|
| Cash Flows From Operating Activities: | | | | |
| Cash Received from Customers | \$ 342,601 | \$ 238,606 | \$ 203,413 | \$ 784,620 |
| Cash Paid to Suppliers for Goods and Services | (69,155) | (95,021) | (196,330) | (360,506) |
| Cash Paid to Employees for Services and Administration | (194,122) | (164,059) | (21,831) | (380,012) |
| Net Cash Provided (Used) by Operating Activities | <u>79,324</u> | <u>(20,474)</u> | <u>(14,748)</u> | <u>44,102</u> |
| Cash Flows From Noncapital Financing Activities: | | | | |
| Tap Fees | 15,457 | 2,500 | - | 17,957 |
| Cash Flows From Capital and Related Financing Activities: | | | | |
| Principal Payments | (35,257) | (6,512) | (2,256) | (44,025) |
| Interest Paid on Bonds, Leases, and Notes | (3,930) | (428) | (244) | (4,602) |
| Net (Acquisition) Disposition of Capital Assets | 30,774 | 34,366 | - | 65,140 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(8,413)</u> | <u>27,426</u> | <u>(2,500)</u> | <u>16,513</u> |
| Cash Flows From Investing Activities: | | | | |
| Capital asset additions/removals, net | (36,605) | (34,369) | - | (70,974) |
| Net Increase (Decrease) in Cash | 49,763 | (24,917) | (17,248) | 7,598 |
| CASH AND INVESTMENTS, Beginning | <u>218,110</u> | <u>176,187</u> | <u>(1,970)</u> | <u>392,327</u> |
| CASH AND INVESTMENTS, Ending | <u>\$ 267,873</u> | <u>\$ 151,270</u> | <u>\$ (19,218)</u> | <u>\$ 399,925</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating Income (Loss) | <u>\$ 30,941</u> | <u>\$ (50,777)</u> | <u>\$ (13,109)</u> | <u>\$ (32,945)</u> |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation Expense | 46,208 | 32,317 | 1,096 | 79,621 |
| Changes in Assets and Liabilities: | | | | |
| (Increase) Decrease in Accounts Receivable | 3,429 | (1,558) | (2,735) | (864) |
| (Increase) Decrease in Inventories | (1,254) | (456) | - | (1,710) |
| Total Adjustments | <u>48,383</u> | <u>30,303</u> | <u>(1,639)</u> | <u>77,047</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 79,324</u> | <u>\$ (20,474)</u> | <u>\$ (14,748)</u> | <u>\$ 44,102</u> |

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

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2015

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.

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 Town exercises no control over the Authority. The Authority is not a component unit of the Town.

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.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

The government-wide financial statement (i.e., the statement of net position and the statement of activities) reports information on all of the activities of the Town. 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).

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.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Financial Statements (Continued)

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.
- 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.

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, 2015

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, 2015

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/Deferred Inflows of Resources

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 property taxes are also deferred and recognized as an inflow of resources in the period that the amounts become available. The taxes are titled "Unavailable Revenue – Property Taxes" in a separate section of the government-wide statement of net position and in the governmental funds balance sheet under "Deferred Inflows of Resources".

J. Inventories

Inventories are stated at cost, which approximates market, using the first-in/first-out (FIFO) method. A physical inventory is performed 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, 2015

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, 2015, accrued Compensated Absences was reported at \$43,641 on the Government-wide statements.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2015

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, 2015.

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.

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

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances (Continued)

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 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).

P. Interfund Transactions

Transfers are used to 1) move unrestricted resources from one fund to another and 2) move unrestricted revenue collected in various funds to the General Fund to finance overhead expenditures recorded in the General Fund. All transfers are made in accordance with budgetary authorizations.

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.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2015

NOTE 2: BUDGETARY REQUIREMENTS (Continued)

- 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.
- 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.

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, 2015

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. The PDPA specifies eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (“FDIC”) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value equal to at least 102 percent of the 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.

The Town is governed by the deposit and investment limitations of state law. The deposits and investments held at December 31, 2015, and reported at fair value, are as follows:

| <u>Type</u> | <u>Rating</u> | <u>Carrying Value</u> |
|---------------------------------------|---------------|---------------------------------|
| Deposits: | | |
| Checking/Operating Accounts | | \$ 828,224 |
| Savings/Operating Accounts | | 13,517 |
| Cash on hand | | 618 |
| | | <hr/> 842,359 |
| Investments: | | |
| COLOTRUST | AAAm by S & P | 171,212 |
| Total deposits and investments | | <hr/> \$ 1,013,571 <hr/> |

A. Custodial Credit Risk

Deposits in financial institutions, reported as cash, cash equivalents, and investments, had a bank balance of \$1,004,519 at December 31, 2015. 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, 2015, the Town had no interest rate risk.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2015

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, 2015, 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, 2015, the Town had \$171,212 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, 2015

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 activities accounts receivable consist of the following at December 31, 2015:

| | | |
|-------------------|----|---------------|
| Other governments | \$ | 71,479 |
| Taxpayers | | 8,249 |
| Customers | | 386 |
| | \$ | <u>80,114</u> |

TOWN OF SILVERTON
NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2015

NOTE 7: CAPITAL ASSETS

Capital assets are comprised of the following:

| | Balance <u>1/1/2015</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>12/31/2015</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 | 7,276,798 | - | - | 7,276,798 |
| Furniture and Fixtures | 112,330 | - | - | 112,330 |
| Vehicles | 61,460 | - | - | 61,460 |
| Machinery and Equipment | <u>285,928</u> | <u>39,730</u> | <u>97,777</u> | <u>227,881</u> |
| Total capital assets being depreciated | <u>7,736,516</u> | <u>39,730</u> | <u>97,777</u> | <u>7,678,469</u> |
| Less accumulated depreciation: | | | | |
| Buildings and Improvements | 4,014,467 | 262,940 | - | 4,277,407 |
| Furniture and Fixtures | 112,330 | - | - | 112,330 |
| Vehicles | 61,460 | - | - | 61,460 |
| Machinery and Equipment | <u>161,088</u> | <u>17,124</u> | <u>97,777</u> | <u>80,435</u> |
| Total accumulated depreciation | <u>4,349,345</u> | <u>280,064</u> | <u>97,777</u> | <u>4,531,632</u> |
| Capital assets being depreciated, net | <u>3,387,171</u> | <u>(240,334)</u> | <u>-</u> | <u>3,146,837</u> |
| Total Governmental Activities Capital Assets | <u>\$ 3,633,389</u> | <u>\$ (240,334)</u> | <u>\$ -</u> | <u>\$ 3,393,055</u> |

Total governmental assets capitalized under capital leases at December 31, 2015 included above is \$227,575 with accumulated amortization of \$34,893.

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 | <u>322,791</u> | <u>110,257</u> | <u>175,397</u> | <u>257,651</u> |
| Total capital assets being depreciated | <u>2,858,803</u> | <u>110,257</u> | <u>175,397</u> | <u>2,793,663</u> |
| Less accumulated depreciation: | | | | |
| Improvements | 1,703,738 | 66,482 | - | 1,770,220 |
| Machinery and Equipment | <u>262,468</u> | <u>13,139</u> | <u>175,397</u> | <u>100,210</u> |
| Total accumulated depreciation | <u>1,966,206</u> | <u>79,621</u> | <u>175,397</u> | <u>1,870,430</u> |
| Capital assets being depreciated, net | <u>892,597</u> | <u>30,636</u> | <u>-</u> | <u>923,233</u> |
| Total Business-Type Activities Capital Assets | <u>\$ 893,267</u> | <u>\$ 30,636</u> | <u>\$ -</u> | <u>\$ 923,903</u> |

Total business-type assets capitalized under capital leases at December 31, 2015 included above is \$156,710 with accumulated amortization of \$28,886.

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, 2015

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 | \$ 94,049 |
| Public Safety | 3,068 |
| Public Works | 70,322 |
| Culture and Recreation | 112,503 |
| Cemetery | 122 |
| | <u>\$ 280,064</u> |

Business-Type Activities

| | |
|--------|------------------|
| Water | \$ 46,208 |
| Sewer | 32,317 |
| Refuse | 1,096 |
| | <u>\$ 79,621</u> |

NOTE 7: LONG-TERM LIABILITIES

Following is a summary of changes in long-term debt for the year ended December 31, 2015:

| | <u>Beginning</u> <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending</u> <u>Balance</u> | <u>Current</u> <u>Portion</u> |
|--------------------------------|------------------------------------|------------------|------------------|---------------------------------|----------------------------------|
| Governmental Activities | | | | | |
| Lease - Excavator | \$ 844 | \$ - | \$ 410 | \$ 434 | \$ 434 |
| Lease - Tractor | 60,022 | - | 5,517 | 54,505 | 6,061 |
| Lease - Backhoe | - | 31,810 | - | 31,810 | 4,392 |
| Compensated Absences | 44,228 | 31,464 | 32,051 | 43,641 | - |
| | <u>\$ 105,094</u> | <u>\$ 63,274</u> | <u>\$ 32,354</u> | <u>\$ 130,390</u> | <u>\$ 10,886</u> |

Total interest paid during 2015 for governmental activities was \$1,214.

Business-type Activities

| | | | | | |
|--------------------------------|------------------|------------------|------------------|-------------------|------------------|
| Loan EIF #4178A - Water System | \$ 35,813 | \$ - | \$ 11,318 | \$ 24,495 | \$ 11,884 |
| Loan EIF #5602 - Water Meters | 25,221 | - | 12,303 | 12,918 | 12,918 |
| Loan EIF #5890 - Water Lines | 17,137 | - | 5,436 | 11,701 | 5,708 |
| Lease - Backhoe | - | 74,222 | - | 74,222 | 10,247 |
| Lease - Excavator | 20,159 | - | 9,845 | 10,314 | 10,409 |
| | <u>\$ 98,330</u> | <u>\$ 74,222</u> | <u>\$ 38,902</u> | <u>\$ 133,650</u> | <u>\$ 51,166</u> |

Total interest paid during 2015 for business activities was \$5,058.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2015

NOTE 7: LONG-TERM LIABILITIES (Continued)

Capital Lease - Governmental : \$64,045, 2014, 4-wheel drive Cab Tractor for snow removal, with monthly payments of \$952.31 until 2018, then a buyout amount (lease purchase option) of \$34,474.

The annual requirements to amortize this lease as of December 31, 2015 are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------|------------------|------------------|
| 2016 | \$ 6,061 | \$ 5,367 | \$ 11,428 |
| 2017 | 6,657 | 4,770 | 11,428 |
| 2018 | 7,313 | 4,115 | 11,428 |
| 2019 | 34,474 | 26,568 | 61,041 |
| | <u>\$ 54,505</u> | <u>\$ 40,820</u> | <u>\$ 95,325</u> |

Notes Payable - Enterprise :

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, 2015 are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------|-----------------|------------------|
| 2016 | \$ 11,884 | \$ 1,219 | \$ 13,103 |
| 2017 | 12,611 | 619 | 13,230 |
| | <u>\$ 24,495</u> | <u>\$ 1,838</u> | <u>\$ 26,333</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, 2015 are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------|-----------------|------------------|
| 2016 | \$ 12,918 | \$ 646 | \$ 13,564 |
| | <u>\$ 12,918</u> | <u>\$ 646</u> | <u>\$ 13,564</u> |

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2015

NOTE 7: LONG-TERM LIABILITIES (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, 2015 are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------|-----------------|------------------|
| 2016 | \$ 5,708 | \$ 585 | \$ 6,293 |
| 2017 | 5,993 | 300 | 6,293 |
| | <u>\$ 11,701</u> | <u>\$ 885</u> | <u>\$ 12,586</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, 2015 are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------|-----------------|------------------|
| 2016 | \$ 10,843 | \$ 626 | \$ 11,469 |
| | <u>\$ 10,843</u> | <u>\$ 626</u> | <u>\$ 11,469</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> |

\$106,032, Backhoe/loader Capital lease/purchase dated 3/3/2016, due in annual payments of \$18,032 including interest at 3.2%, through 2020.

The annual requirements to amortize this lease as of December 31, 2015 are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|-------------------|------------------|-------------------|
| 2016 | \$ 14,639 | \$ 3,393 | \$ 18,032 |
| 2017 | 15,107 | 2,925 | 18,032 |
| 2018 | 15,591 | 2,441 | 18,032 |
| 2019 | 16,090 | 1,942 | 18,032 |
| 2020 | 44,605 | 1,427 | 46,032 |
| | <u>\$ 106,032</u> | <u>\$ 12,128</u> | <u>\$ 118,160</u> |

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2015

NOTE 7: LONG-TERM LIABILITIES (Continued)

Operating Leases

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

Motor Grader lease: 12/20/12 to 1/24/18, annual rental of \$21,564.

Wheel Loader lease: 12/10/12 to 1/10/18, annual rental of \$7,400.

Wheel Loader lease: 12/10/12 to 1/10/18, annual rental of \$8,510.

Copier lease: 4/17/13 to 4/17/17, annual rental of \$3,744.

NOTE 8: INTERFUND TRANSACTIONS

Following is a summary of transfers from and to other funds at December 31, 2015:

| <u>Fund</u> | <u>In</u> | <u>Out</u> |
|-------------|-------------------|-------------------|
| General | \$ 406,811 | \$ - |
| Molas | - | 26,799 |
| Water | - | 194,122 |
| Sewer | - | 164,059 |
| Refuse | - | 21,831 |
| Total | <u>\$ 406,811</u> | <u>\$ 406,811</u> |

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 2015 was \$568,126. The Town's contributions were calculated using the base salary of \$310,624. Both the Town and the covered employees made the required contributions amounting to \$9,318 from the employees and the Town for a total of \$18,637.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2015

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).

NOTE 10: PUBLIC ENTITY RISK POOLS (Continued)

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, 2015, 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.

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.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2015

NOTE 12: INTERGOVERNMENTAL AGREEMENTS (Continued)

San Juan County (Continued)

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 | | 50% |
| Code Enforcement | X | | 50% |
| 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 1A, the Town entered into an intergovernmental agreement with San Juan County to share the cost of fire protection services. The Town's contribution to the Silverton-San Juan Fire and Rescue Authority in 2015 was \$36,760.

The Town makes contributions to the statewide benefit plan entitled Silverton San Juan Volunteer Fire Department Pension Fund, administered by 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. The Town makes contributions based upon Town established benefits and funding requirements in accordance with upon an actuarial study obtained by FPPA. Plan members do not make contributions.

TOWN OF SILVERTON

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2015

NOTE 12: INTERGOVERNMENTAL AGREEMENTS (Continued)

Silverton-San Juan Fire and Rescue Authority (Continued)

The Town's net contributions to the statewide benefit plan entitled Silverton San Juan Volunteer Fire Department Pension Fund – for the years ended December 31, 2015, was \$9,520. Additional contributions are received from the State of Colorado and San Juan County.

NOTE 13: RELATED PARTY TRANSACTIONS

Two of the Town's elected Trustees are involved in local businesses that conduct financial transactions with the Town. Amounts paid to these businesses in 2015 include approximately \$3,285 for supplies and services.

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 \$60,100 which is the approximate required reserve at December 31, 2015.

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, 2015, expenditures of the General Fund, the Sewer Fund, and the Refuse Fund exceeded appropriations by \$6,029, \$42,290, and \$17,830 respectively. These overages may be a violation of state statutes.

Required Supplementary Information

TOWN OF SILVERTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2015

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) |
|--|----------------------------|-------------------------|------------------|---|
| REVENUES | | | | |
| TAXES | | | | |
| Property | \$ 240,592 | \$ 240,592 | \$ 239,016 | \$ (1,576) |
| Specific Ownership | 16,696 | 16,696 | 21,356 | 4,660 |
| General Sales | 727,100 | 727,100 | 828,048 | 100,948 |
| Cigarette | 2,136 | 2,136 | 2,069 | (67) |
| Franchise | 28,000 | 28,000 | 37,324 | 9,324 |
| Severance | 35,000 | 35,000 | 35,724 | 724 |
| Other taxes | 12,000 | 12,000 | 7,741 | (4,259) |
| Penalties, Interest and Delinquent Taxes | 3,200 | 3,200 | 662 | (2,538) |
| Total Taxes | <u>1,064,724</u> | <u>1,064,724</u> | <u>1,171,940</u> | <u>107,216</u> |
| LICENSES AND PERMITS | | | | |
| Liquor Licenses | 3,912 | 3,912 | 6,486 | 2,574 |
| Professional and Business Licenses | 22,000 | 22,000 | 31,065 | 9,065 |
| Lodging Fee | 41,000 | 41,000 | 45,681 | 4,681 |
| Building Permits | 20,000 | 20,000 | 27,542 | 7,542 |
| Other Permits | 407 | 407 | 2,262 | 1,855 |
| Total Licenses and Permits | <u>87,319</u> | <u>87,319</u> | <u>113,036</u> | <u>25,717</u> |
| INTERGOVERNMENTAL | | | | |
| Additional Motor Vehicle Registration | 4,800 | 4,800 | 5,253 | 453 |
| Road and Bridge | 4,070 | 4,070 | 3,932 | (138) |
| Highway Users | 34,358 | 34,358 | 36,405 | 2,047 |
| Grants | 10,000 | 10,000 | 5,667 | (4,333) |
| Mineral Lease | 3,500 | 3,500 | 2,609 | (891) |
| Total Intergovernmental | <u>56,728</u> | <u>56,728</u> | <u>53,866</u> | <u>(2,862)</u> |
| FINE AND FORFEITS | <u>6,500</u> | <u>6,500</u> | <u>1,265</u> | <u>(5,235)</u> |
| OTHER REVENUES | | | | |
| Earnings on Investments | 750 | 750 | 918 | 168 |
| Administrative Fee | 441,842 | 441,842 | 406,811 | (35,031) |
| Contributions and Donations | - | - | 4,070 | 4,070 |
| Insurance reimbursements | - | - | - | - |
| Other Miscellaneous | 15,020 | 15,020 | 50,831 | 35,811 |
| Charges for Services | 30,100 | 30,100 | 42,615 | 12,515 |
| Rents and Leases | 53,765 | 53,765 | 60,869 | 7,104 |
| Total Other Revenues | <u>541,477</u> | <u>541,477</u> | <u>566,114</u> | <u>24,637</u> |
| TOTAL REVENUES | <u>1,756,748</u> | <u>1,756,748</u> | <u>1,906,221</u> | <u>149,473</u> |

(Continued)

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2015

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) |
|-------------------------------------|----------------------------|-------------------------|------------------|---|
| EXPENDITURES | | | | |
| General Government | | | | |
| Town Board | 43,176 | 43,176 | 44,603 | (1,427) |
| Municipal Court | 8,822 | 8,822 | 7,007 | 1,815 |
| Town Administrator | 93,228 | 93,228 | 113,213 | (19,985) |
| Partner Organizations | 5,500 | 5,500 | 4,309 | 1,191 |
| Town Clerk/Treasurer | 110,084 | 170,350 | 164,668 | 5,682 |
| Elections | 3,000 | 3,000 | 4,724 | (1,724) |
| Financial Administration | 8,548 | 8,548 | 9,766 | (1,218) |
| Legal Services | 20,000 | 20,000 | 33,418 | (13,418) |
| Code Enforcement | - | - | - | - |
| Planning Director | 66,624 | 66,624 | 71,417 | (4,793) |
| General Government Operations | 97,820 | 97,820 | 136,793 | (38,973) |
| Chamber of Commerce | - | - | - | - |
| Visitor's Center Operations | 64,606 | 64,606 | 58,684 | 5,922 |
| Town Hall Operations | 39,666 | 39,666 | 37,482 | 2,184 |
| Building Inspector | 23,528 | 23,528 | 22,754 | 774 |
| Grants | 8,750 | 8,750 | 3,206 | 5,544 |
| Total General Government | 593,352 | 653,618 | 712,044 | (58,426) |
| Public Safety | | | | |
| Law Enforcement | 222,280 | 222,280 | 219,780 | 2,500 |
| Fire Protection | 45,760 | 45,760 | 45,760 | - |
| Clinic | 13,970 | 13,970 | 8,708 | 5,262 |
| Fireman's Pension Contribution | 12,920 | 12,920 | 9,520 | 3,400 |
| Total Public Safety | 294,930 | 294,930 | 283,768 | 11,162 |
| Public Works | | | | |
| Public Works Personnel | 295,290 | 295,290 | 284,325 | 10,965 |
| Street Maintenance | 144,702 | 144,702 | 163,369 | (18,667) |
| Lease Payments | 37,474 | 37,474 | 37,901 | (427) |
| Total Public Works | 477,466 | 477,466 | 485,595 | (8,129) |
| Culture and Recreation | | | | |
| Recreation | 180,047 | 180,047 | 146,210 | 33,837 |
| Park Administration | 18,820 | 18,820 | 21,437 | (2,617) |
| Kendall Mountain Park | 40,757 | 40,757 | 46,303 | (5,546) |
| Library | 95,744 | 101,244 | 95,392 | 5,852 |
| Total Culture and Recreation | 335,368 | 340,868 | 309,342 | 31,526 |
| Debt Service | | | | |
| Principal | 22,895 | 22,895 | 10,654 | 12,241 |
| Interest | 6,811 | 6,811 | 1,214 | 5,597 |
| Total Debt Service | 29,706 | 29,706 | 11,868 | 17,838 |
| TOTAL EXPENDITURES | 1,730,822 | 1,796,588 | 1,802,617 | (6,029) |

(Continued)

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2015

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) |
|--|----------------------------|-------------------------|---------------|---|
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ 25,926 | \$ (39,840) | \$ 103,604 | \$ 143,444 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | - | - | - | - |
| Proceeds from Capital Leases | - | - | 31,810 | 31,810 |
| Total Other Financing Sources (Uses) | - | - | 31,810 | 31,810 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses) | 25,926 | (39,840) | 135,414 | 175,254 |
| FUND BALANCE - Beginning | 355,576 | 355,576 | 355,576 | - |
| FUND BALANCE - Ending | \$ 381,502 | \$ 315,736 | \$ 490,990 | \$ 175,254 |

**Notes to Required Supplementary Information
Year Ended December 31, 2015**

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, 2015

| | <u>CONSERVATION TRUST FUND</u> | <u>MOLAS LAKE FUND</u> | <u>CEMETARY FUND</u> | <u>TOTALS 2015</u> |
|------------------------------------|--|--------------------------------|--------------------------|------------------------|
| ASSETS | | | | |
| Cash and Equivalents | \$ 12,207 | \$ 71,212 | \$ 22,962 | \$ 106,381 |
| TOTAL ASSETS | <u>\$ 12,207</u> | <u>\$ 71,212</u> | <u>\$ 22,962</u> | <u>\$ 106,381</u> |
| LIABILITIES | | | | |
| TOTAL LIABILITIES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE | | | | |
| Reserved for: | | | | |
| Other | <u>12,205</u> | <u>71,210</u> | <u>22,962</u> | <u>106,377</u> |
| TOTAL FUND BALANCE | <u>12,205</u> | <u>71,210</u> | <u>22,962</u> | <u>106,377</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 12,207</u> | <u>\$ 71,212</u> | <u>\$ 22,962</u> | <u>\$ 106,377</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, 2015

| | CONSERVATION TRUST FUND | MOLAS LAKE FUND | CEMETERY FUND | TOTALS 2012 |
|---|--|--------------------------------|--------------------------|------------------------|
| REVENUES | | | | |
| Intergovernmental Revenue | \$ 6,023 | \$ - | \$ - | \$ 6,023 |
| Charges for Services | - | 95,208 | 1,250 | 96,458 |
| Investment Income | 23 | - | - | 23 |
| Donations | - | - | 1,286 | 1,286 |
| TOTAL REVENUES | 6,046 | 95,208 | 2,536 | 103,790 |
| EXPENDITURES | | | | |
| Culture and Recreation | 1 | 74,290 | - | 74,291 |
| TOTAL EXPENDITURES | 1 | 74,290 | - | 74,291 |
| REVENUE IN EXCESS (DEFICIENCY) OF EXPENDITURES | 6,045 | 20,918 | 2,536 | 29,499 |
| FUND BALANCE - Beginning | 6,160 | 50,292 | 20,426 | 76,878 |
| FUND BALANCE - Ending | <u>\$ 12,205</u> | <u>\$ 71,210</u> | <u>\$ 22,962</u> | <u>\$ 106,377</u> |

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
Year Ended December 31, 2015

| | ORIGINAL AND FINAL BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) |
|---|--|------------------|---|
| REVENUES | | | |
| Intergovernmental Revenue | \$ 5,000 | \$ 6,023 | \$ 1,023 |
| Investment Income | 60 | 23 | (37) |
| TOTAL REVENUES | 5,060 | 6,046 | 986 |
| EXPENDITURES | | | |
| Culture and Recreation | - | 1 | (1) |
| REVENUE IN EXCESS (DEFICIENCY) OF EXPENDITURES | 5,060 | 6,045 | 985 |
| FUND BALANCE - Beginning | 27,423 | 6,160 | (21,263) |
| FUND BALANCE - Ending | \$ 32,483 | \$ 12,205 | \$ (20,278) |

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

MOLAS LAKE FUND

Year Ended December 31, 2015

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE POSITIVE (NEGATIVE)</u> |
|---|-----------------------------------|--------------------------------|-------------------------|--|
| REVENUES | | | | |
| Charges for Services | \$ 64,898 | \$ 64,898 | \$ 95,208 | \$ 30,310 |
| TOTAL REVENUES | <u>64,898</u> | <u>64,898</u> | <u>95,208</u> | <u>30,310</u> |
| EXPENDITURES | | | | |
| Culture and Recreation | 54,819 | 74,819 | 74,290 | 529 |
| TOTAL EXPENDITURES | <u>54,819</u> | <u>74,819</u> | <u>74,290</u> | <u>529</u> |
| REVENUE IN EXCESS (DEFICIENCY) OF EXPENDITURES | 10,079 | (9,921) | 20,918 | 30,839 |
| FUND BALANCE - Beginning | <u>50,292</u> | <u>50,292</u> | <u>50,292</u> | <u>-</u> |
| FUND BALANCE - Ending | <u><u>\$ 60,371</u></u> | <u><u>\$ 40,371</u></u> | <u><u>\$ 71,210</u></u> | <u><u>\$ 30,839</u></u> |

See the accompanying Independent Auditors' Report.

TOWN OF SILVERTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

CEMETERY FUND

Year Ended December 31, 2015

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE POSITIVE (NEGATIVE)</u> |
|--|-----------------------------------|--------------------------------|-------------------------|--|
| REVENUES | | | | |
| Charges for Services | \$ 500 | \$ 500 | \$ 1,250 | \$ 750 |
| Donations | - | - | 1,286 | 1,286 |
| | <u>500</u> | <u>500</u> | <u>2,536</u> | <u>2,036</u> |
| TOTAL REVENUES | | | | |
| EXPENDITURES | | | | |
| General Government | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | 500 | 500 | 2,536 | 2,036 |
| REVENUE IN EXCESS OF EXPENDITURES | | | | |
| FUND BALANCE - Beginning | <u>15,741</u> | <u>20,426</u> | <u>20,426</u> | <u>-</u> |
| FUND BALANCE - Ending | <u><u>\$ 16,241</u></u> | <u><u>\$ 20,926</u></u> | <u><u>\$ 22,962</u></u> | <u><u>\$ 2,036</u></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, 2015

| | ORIGINAL AND FINAL BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) |
|---|---------------------------------|--------------------|------------------------------------|
| REVENUES | | | |
| Charges for services | \$ 295,000 | \$ 306,163 | \$ 11,163 |
| Tap fees | 6,300 | 15,457 | 9,157 |
| Infrastructure upgrade | 242,151 | 33,009 | (209,142) |
| TOTAL REVENUES | 543,451 | 354,629 | (188,822) |
| EXPENDITURES | | | |
| Administrative | 194,122 | 194,122 | - |
| Utilities | 7,600 | 4,553 | 3,047 |
| Operations and maintenance | 63,364 | 59,092 | 4,272 |
| Debt service principal | 25,086 | 35,257 | (10,171) |
| Interest | 4,728 | 3,930 | 798 |
| Capital outlay | 350,000 | 64,862 | 285,138 |
| TOTAL EXPENDITURES | 644,900 | 361,816 | 283,084 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS | (101,449) | (7,187) | 94,262 |
| GAAP BASIS ADJUSTMENTS: | | | |
| Depreciation | | (46,208) | |
| Capital outlay | | 60,606 | |
| Gain on disposal of assets | | 12,540 | |
| Principal paid | | 35,257 | |
| TOTAL GAAP BASIS ADJUSTMENTS | | 62,195 | |
| NET INCOME - GAAP BASIS | | 55,008 | |
| NET POSITION - Beginning | | <u>635,717</u> | |
| NET POSITION - Ending | | <u>\$ 690,725</u> | |

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, 2015

| | <u>ORIGINAL & FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE POSITIVE (NEGATIVE)</u> |
|--|---|--------------------------|--|
| REVENUES | | | |
| Charges for services | \$ 250,000 | \$ 239,264 | \$ (10,736) |
| Tap fees | 3,152 | 2,500 | (652) |
| Other revenues | 2,774 | 900 | (1,874) |
| TOTAL REVENUES | <u>255,926</u> | <u>242,664</u> | <u>(13,262)</u> |
| EXPENSES | | | |
| Salaries and benefits | - | - | - |
| Administrative | 164,059 | 164,059 | - |
| Utilities | 35,668 | 38,917 | (3,249) |
| Operations and maintenance | 47,511 | 55,648 | (8,137) |
| Debt service principal | 2,589 | 6,512 | (3,923) |
| Interest | 558 | 428 | 130 |
| Capital outlay | 10,000 | 37,111 | (27,111) |
| TOTAL EXPENSES | <u>260,385</u> | <u>302,675</u> | <u>(42,290)</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENSES - BUDGET BASIS | <u>(4,459)</u> | <u>(60,011)</u> | <u>(55,552)</u> |
| GAAP BASIS ADJUSTMENTS: | | | |
| Depreciation | | (32,317) | |
| Capital outlay | | 37,111 | |
| Gain on disposal of assets | | 12,540 | |
| Principal paid | | 6,512 | |
| TOTAL GAAP BASIS ADJUSTMENTS: | | <u>23,846</u> | |
| NET INCOME - GAAP BASIS | | (36,165) | |
| NET POSITION - Beginning | | <u>727,173</u> | |
| NET POSITION - Ending | | <u>\$ 691,008</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, 2015

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) |
|--|----------------------------|-------------------------|------------------|---|
| REVENUES | | | | |
| Charges for services | \$ 185,000 | \$ 185,000 | \$ 206,148 | \$ 21,148 |
| TOTAL REVENUES | <u>185,000</u> | <u>185,000</u> | <u>206,148</u> | <u>21,148</u> |
| EXPENDITURES | | | | |
| Administrative | 41,831 | 41,831 | 21,831 | 20,000 |
| Operations and maintenance | 1,000 | 1,000 | 2,842 | (1,842) |
| Contracted services | 150,000 | 160,000 | 193,488 | (33,488) |
| Debt service principal | - | - | 2,256 | (2,256) |
| Interest | - | - | 244 | (244) |
| TOTAL EXPENDITURES | <u>192,831</u> | <u>202,831</u> | <u>220,661</u> | <u>(17,830)</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET AND GAAP BASIS | <u>\$ (7,831)</u> | <u>\$ (17,831)</u> | (14,513) | <u>\$ 3,318</u> |
| GAAP BASIS ADJUSTMENTS | | | | |
| Depreciation | | | (1,096) | |
| Principal paid | | | 2,256 | |
| TOTAL GAAP BASIS ADJUSTMENTS | | | <u>1,160</u> | |
| NET INCOME - GAAP BASIS | | | (13,353) | |
| NET POSITION - Beginning | | | <u>55,496</u> | |
| NET POSITION - Ending | | | <u>\$ 42,143</u> | |

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 |
| | | YEAR ENDING : December 2015 |
| This Information From The Records Of (example - City of _ or County of Town of Silverton) | Prepared By: Phone: | Michelle Hamilton 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) | 31,810 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 126,487 |
| b. Motor Vehicle (from Item I.B.5.) | | 3. Road and street services: | |
| c. Total (a.+b.) | | a. Traffic control operations | 5,071 |
| 2. General fund appropriations | 123,729 | b. Snow and ice removal | 42,649 |
| 3. Other local imposts (from page 2) | 0 | c. Other | |
| 4. Miscellaneous local receipts (from page 2) | 0 | d. Total (a. through c.) | 47,720 |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | 16,467 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | |
| a. Bonds - Original Issues | | 6. Total (1 through 5) | 222,484 |
| 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) | 123,729 | b. Redemption | |
| B. Private Contributions | | c. Total (a. + b.) | 0 |
| C. Receipts from State government (from page 2) | 41,658 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 0 | a. Interest | |
| E. Total receipts (A.7 + B + C + D) | 165,387 | 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) | |
| | | | 222,484 |

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 |
|----------------------|-------------------|------------------------|-------------------|-------------------|
| | 165,387 | 222,484 | | (57,097) |

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2015

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

| Town of Silverton | 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 | 0 | g. Other Misc. Receipts | |
| 6. Total (1. through 5.) | 0 | h. Other | |
| c. Total (a. + b.) | 0 | 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 | 36,405 | 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 | 5,253 | d. Federal Transit Admin | |
| d. Other (Specify) - DOLA Grant | | e. U.S. Corps of Engineers | |
| e. Other (Specify) | 0 | f. Other Federal | |
| f. Total (a. through e.) | 5,253 | g. Total (a. through f.) | 0 |
| 4. Total (1. + 2. + 3.f) | 41,658 | 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 | | | 0 |
| (4). System Enhancement & Operation | | 31,810 | 31,810 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 31,810 | 31,810 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0 | 31,810 | 31,810 |
| | | | (Carry forward to page 1) |

Notes and Comments: