

Town of Silverton, Colorado

Financial Statements
with Independent Auditor's Report

December 31, 2021



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

Town of Silverton, Colorado

Table of Contents

December 31, 2021

Independent Auditor's Report	1
---	---

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position	4
Statement of Activities	5

Governmental Funds

Balance Sheet	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balance	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	9

Proprietary Fund

Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows.....	12

<i>Notes to Financial Statements</i>	13
--	----

Required Supplementary Information

Budgetary Comparison Schedules

General Fund.....	29
-------------------	----

<i>Notes to Required Supplementary Information</i>	32
--	----

Supplementary Information

Nonmajor Governmental Funds

Combining Balance Sheet	33
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	34

Budgetary Comparison Schedules

Conservation Trust Fund	35
Molas Lake Park Fund.....	36
Cemetery Fund	37
Water Fund	38
Sewer Fund	39
Refuse Fund	40

Compliance Section

State Compliance

Local Highway Finance Report.....	41
-----------------------------------	----



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

Independent Auditor's Report

Honorable Mayor and Members of the Board of Trustees
Town of Silverton
Silverton, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Silverton (The Town), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of December 31, 2021, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Office Locations:

Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:

750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Other Information

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 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.

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

Hick & Company, PC

Englewood, Colorado
September 29, 2022



Basic Financial Statements

Town of Silverton, Colorado
Statement of Net Position
December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 2,174,013	\$ 260,670	\$ 2,434,683
Property Taxes Receivable	308,745	-	308,745
Accounts Receivable	166,388	178,722	345,110
Inventory	-	91,496	91,496
Capital Assets, <i>Not being depreciated</i>	249,896	670	250,566
<i>Being depreciated, net</i>	2,594,282	1,616,948	4,211,230
Total Assets	5,493,324	2,148,506	7,641,830
Liabilities			
Accounts Payable	63,119	33,745	96,864
Accrued Salaries and Benefits	853	-	853
Noncurrent Liabilities			
Due Within One Year	107,881	11,080	118,961
Due in More Than One Year	549,172	223,401	772,573
Total Liabilities	721,025	268,226	989,251
Deferred Inflows of Resources			
Deferred Property Taxes	308,745	-	308,745
Net Position			
Net Investment in Capital Assets	2,206,839	1,612,302	3,819,141
Restricted for:			
Emergencies	74,300	-	74,300
Other Purposes	293,727	-	293,727
Committed for Future Outlays	56,500	-	56,500
Unrestricted, unreserved	1,832,188	267,978	2,100,166
Total Net Position	\$ 4,463,554	\$ 1,880,280	\$ 6,343,834

Town of Silverton, Colorado
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	2021
Primary Government							
Governmental Activities							
General Government	\$ 844,126	\$ 96,757	\$ -	\$ -	\$ (747,369)	\$ -	\$ (747,369)
Public Safety	403,080	-	-	-	(403,080)	-	(403,080)
Public Works	652,830	-	1,261	-	(651,569)	-	(651,569)
Culture and Recreation	643,007	236,917	8,016	338,207	(59,867)	-	(59,867)
Special Events	97,308	-	-	-	(97,308)	-	(97,308)
Total Governmental Activities	<u>2,640,351</u>	<u>333,674</u>	<u>9,277</u>	<u>338,207</u>	<u>(1,959,193)</u>	<u>-</u>	<u>(1,959,193)</u>
Business-Type Activities							
Water	448,716	477,751	-	27,133	-	56,168	56,168
Sewer	356,696	360,159	-	83,322	-	86,785	86,785
Refuse	283,949	231,056	-	-	-	(52,893)	(52,893)
Total Business-Type Activities	<u>1,089,361</u>	<u>1,068,966</u>	<u>-</u>	<u>110,455</u>	<u>-</u>	<u>90,060</u>	<u>90,060</u>
Total Primary Government	<u>\$ 3,729,712</u>	<u>\$ 1,402,640</u>	<u>\$ 9,277</u>	<u>\$ 448,662</u>	<u>\$ (1,959,193)</u>	<u>\$ 90,060</u>	<u>\$ (1,869,133)</u>
General Revenues							
Sales and Use Taxes					1,629,519	-	1,629,519
Property Taxes					256,110	-	256,110
Franchise Taxes					34,751	-	34,751
License and Permits					198,254	-	198,254
Other Taxes					47,780	-	47,780
Fines and Forfeitures					14,005	-	14,005
Investment Income					943	-	943
Miscellaneous					600,349	-	600,349
Transfers					-	-	-
Total General Revenues and Transfers					<u>2,781,711</u>	<u>-</u>	<u>2,781,711</u>
Change in Net Position					<u>822,518</u>	<u>90,060</u>	<u>912,578</u>
Net Position, Beginning of year							
As Previously Stated					3,605,288	2,197,995	5,803,283
Restatement					<u>35,748</u>	<u>(407,775)</u>	<u>(372,027)</u>
As Restated					<u>3,641,036</u>	<u>1,790,220</u>	<u>5,431,256</u>
Net Position, End of year					<u>\$ 4,463,554</u>	<u>\$ 1,880,280</u>	<u>\$ 6,343,834</u>

See Notes to the Financial Statements.

Town of Silverton, Colorado
 Balance Sheet
 Governmental Funds
 December 31, 2021

	General	Other Governmental Funds	Total
Assets			
Cash and Investments	\$ 1,846,686	\$ 327,327	\$ 2,174,013
Property Taxes Receivable	308,745	-	308,745
Accounts Receivable	166,388	-	166,388
 Total Assets	 \$ 2,321,819	 \$ 327,327	 \$ 2,649,146
Liabilities			
Accounts Payable	\$ 59,519	\$ 3,600	\$ 63,119
Accrued Salaries and Benefits	853	-	853
 Total Liabilities	 60,372	 3,600	 63,972
Deferred Inflows of Resources			
Property Taxes	308,745	-	308,745
Fund Balance			
Restricted for			
Emergencies	74,300	-	74,300
Other Purposes	-	293,727	293,727
Committed for Future Capital Outlays	26,500	30,000	56,500
Assigned			
Unrestricted, Unassigned	1,851,902	-	1,851,902
 Total Fund Balance	 1,952,702	 323,727	 2,276,429
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 \$ 2,321,819	 \$ 327,327	 \$ 2,649,146

Town of Silverton, Colorado
Reconciliation of Balance Sheet of the Governmental Funds
to the Statement of Net Position
December 31, 2021

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

Total Fund Balance of Governmental Funds	\$ 2,276,429
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	2,844,178
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Capital leases payable	(637,339)
Accrued interest payable	-
Accrued compensated absences	<u>(19,714)</u>
Total Net Position of Governmental Activities	<u>\$ 4,463,554</u>

Town of Silverton, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2021

	General	Other Governmental Funds	Total
Revenues			
Taxes	\$ 1,968,160	\$ -	\$ 1,968,160
Licenses and Permits	198,254	-	198,254
Intergovernmental	385,351	8,016	393,367
Administrative Fees	511,195	-	511,195
Fines and Forfeitures	14,005	-	14,005
Charges for Services	8,761	236,556	245,317
Investment Income	912	31	943
Donations	1,261	-	1,261
Rents and Leases	88,357	-	88,357
Miscellaneous	42,010	-	42,010
Total Revenues	<u>3,218,266</u>	<u>244,603</u>	<u>3,462,869</u>
Expenditures			
Current			
General Government	752,863	-	752,863
Public Safety	400,012	-	400,012
Public Works	678,795	-	678,795
Culture and Recreation	387,921	160,940	548,861
Special Events	97,308	-	97,308
Total Expenditures	<u>2,316,899</u>	<u>160,940</u>	<u>2,477,839</u>
Excess Revenues Over Net Change in Fund Balance	901,367	83,663	985,030
Fund Balance, Beginning of year	<u>1,051,335</u>	<u>240,064</u>	<u>1,291,399</u>
Fund Balance, End of year	<u>\$ 1,952,702</u>	<u>\$ 323,727</u>	<u>\$ 2,276,429</u>

Town of Silverton, Colorado
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2021

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

Net Change in Fund Balance of Governmental Funds	\$	985,030
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>		
Capital Outlays		10,177
Depreciation Expense		(279,821)
<p>Repayments of long-term liabilities are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.</p>		
Principal payments on capital leases		111,081
Change in accrued compensated absences		<u>(3,949)</u>
Change in Net Position of Governmental Activities	\$	<u><u>822,518</u></u>

Town of Silverton, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2021

	Water Fund	Sewer Fund	Refuse Fund	Total
Assets				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 237,149	\$ 94,079	\$ (70,558)	\$ 260,670
Restricted Cash and Equivalents	-	-	-	-
Accounts Receivable	58,849	61,121	58,752	178,722
Inventory	83,997	7,499	-	91,496
Total Current Assets	<u>379,995</u>	<u>162,699</u>	<u>(11,806)</u>	<u>530,888</u>
<i>Noncurrent Assets</i>				
Capital Assets, <i>Not being depreciated</i>	-	670	-	670
Capital Assets, <i>Net of accumulated depreciation</i>	1,153,334	462,514	1,100	1,616,948
Total Noncurrent Assets	<u>1,153,334</u>	<u>463,184</u>	<u>1,100</u>	<u>1,617,618</u>
Total Assets	<u>1,533,329</u>	<u>625,883</u>	<u>(10,706)</u>	<u>2,148,506</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	6,766	11,729	15,250	33,745
Accrued Liabilities	-	-	-	-
Accrued Compensated Absences, Current portion	-	-	-	-
Leases Payable, Current Portion	2,592	-	-	2,592
Note Payable, Current Portion	8,488	-	-	8,488
Total Current Liabilities	<u>17,846</u>	<u>11,729</u>	<u>15,250</u>	<u>44,825</u>
<i>Noncurrent Liabilities</i>				
Accrued Compensated Absences	-	-	-	-
Leases payable	2,724	-	-	2,724
Note Payable	220,677	-	-	220,677
Total Noncurrent Liabilities	<u>223,401</u>	<u>-</u>	<u>-</u>	<u>223,401</u>
Total Liabilities	<u>241,247</u>	<u>11,729</u>	<u>15,250</u>	<u>268,226</u>
Net Position				
Net Investment in Capital Assets	1,153,334	463,184	1,100	1,617,618
Restricted	-	-	-	-
Unrestricted	138,748	150,970	(27,056)	262,662
Total Net Position	<u>\$ 1,292,082</u>	<u>\$ 614,154</u>	<u>\$ (25,956)</u>	<u>\$ 1,880,280</u>

See Notes to the Financial Statements.

Town of Silverton, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Water Fund	Sewer Fund	Refuse Fund	Total
Operating Revenues				
Charges for Services	\$ 296,390	\$ 287,591	\$ 222,640	\$ 806,621
Miscellaneous	627	-	8,416	9,043
Total Operating Revenues	<u>297,017</u>	<u>287,591</u>	<u>231,056</u>	<u>815,664</u>
Operating Expenses				
Administrative and General	283,166	187,666	-	470,832
Utilities	9,578	45,968	-	55,546
Operations and Maintenance	99,336	78,189	25,242	202,767
Contracted Services	-	-	257,611	257,611
Depreciation	56,242	44,873	1,096	102,211
Total Operating Expenses	<u>448,322</u>	<u>356,696</u>	<u>283,949</u>	<u>1,088,967</u>
Net Operating Income	<u>(151,305)</u>	<u>(69,105)</u>	<u>(52,893)</u>	<u>(273,303)</u>
Non-Operating Revenues (Expenses)				
Interest Expense	(394)	-	-	(394)
Net Income (Loss) Before Contributed Capital	<u>(151,699)</u>	<u>(69,105)</u>	<u>(52,893)</u>	<u>(273,697)</u>
Contributed Capital and Transfers				
Capital Grants	27,133	83,322	-	110,455
Capital Contributions	180,734	72,568	-	253,302
Total Capital Contributions and Transfers	<u>207,867</u>	<u>155,890</u>	<u>-</u>	<u>363,757</u>
Change in Net Position	<u>56,168</u>	<u>86,785</u>	<u>(52,893)</u>	<u>90,060</u>
Net Position, Beginning of year				
As Previously Stated	1,643,689	527,369	26,937	2,197,995
Restatement	(407,775)	-	-	(407,775)
As Restated	<u>1,235,914</u>	<u>527,369</u>	<u>26,937</u>	<u>1,790,220</u>
Net Position, End of year	<u>\$ 1,292,082</u>	<u>\$ 614,154</u>	<u>\$ (25,956)</u>	<u>\$ 1,880,280</u>

Town of Silverton, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Water Fund	Sewer Fund	Refuse Fund	Total
Cash Flows From Operating Activities				
Cash Received from Customers	\$ 318,728	\$ 288,362	\$ 218,313	\$ 825,403
Cash Received from Others	627	-	8,416	9,043
Cash Paid to Suppliers	(324,187)	(119,581)	(249,223)	(692,991)
Cash Paid to Employees	(274,624)	(181,647)	(18,380)	(474,651)
Net Cash Provided by Operating Activities	<u>(279,456)</u>	<u>(12,866)</u>	<u>(40,874)</u>	<u>(333,196)</u>
Cash Flows From Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(5,702)	(134,055)	-	(139,757)
Grants Received	27,133	83,322	-	110,455
Tap Fees	180,734	72,568	-	253,302
Debt Principal Payments	(10,957)	-	-	(10,957)
Debt Interest Payments	(394)	-	-	(394)
Net Cash Used by Capital and Related Financing Activities	<u>190,814</u>	<u>21,835</u>	<u>-</u>	<u>212,649</u>
Cash Flows From Investing Activities				
Interest received	-	-	-	-
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	<u>(88,642)</u>	<u>8,969</u>	<u>(40,874)</u>	<u>(120,547)</u>
Cash and Cash Equivalents, Beginning of year				
As Previously Stated	532,752	85,110	(29,684)	588,178
Restatement	(206,961)	-	-	(206,961)
As Restated	<u>325,791</u>	<u>85,110</u>	<u>(29,684)</u>	<u>381,217</u>
Cash and Cash Equivalents, End of year	<u>\$ 237,149</u>	<u>\$ 94,079</u>	<u>\$ (70,558)</u>	<u>\$ 260,670</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:				
Net Operating Income	\$ (151,305)	\$ (69,105)	\$ (52,893)	\$ (273,303)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities				
Depreciation Expense	56,242	44,873	1,096	102,211
Changes in Assets and Liabilities Related to Operations				
Accounts Receivable	22,338	771	(4,327)	18,782
Inventories	(12,682)	(1,134)	-	(13,816)
Accounts Payable	(194,049)	11,729	15,250	(167,070)
Accrued Expenses	-	-	-	-
Accrued Compensated Absences	-	-	-	-
Net Cash Provided by Operating Activities	<u>\$ (279,456)</u>	<u>\$ (12,866)</u>	<u>\$ (40,874)</u>	<u>\$ (333,196)</u>

See Notes to the Financial Statements.

Town of Silverton, Colorado

Notes to Financial Statements

December 31, 2021

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.

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 governmental 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.

Reporting Entity

In accordance with governmental accounting standards, the Town has considered the possibility of inclusion of additional entities in its basic financial statements.

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

Based on the application of these criteria, the Town does not include additional organizations in its reporting entity.

On January 1, 2012, the Silverton – San Juan Fire Authority (The Authority) was created in accordance with Colorado State Statutes. Through December 31, 2011, San Juan County paid for fire expenditures, with the Town reimbursing the County for 50% of those costs. Beginning in 2012, both the County and the Town make quarterly payments to the Authority based upon the annual budget approved by the Authority. The Town exercises no control over the Authority, and thus the Authority is no a component unit of the Town.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary 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 and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Town of Silverton, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

The statement of net position reports all financial, capital and debt resources of the Town. The difference between assets, liabilities and deferred inflows of the Town is net position.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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.

Town of Silverton, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

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.

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

In the fund financial statements, the Town reports the following major governmental funds:

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

The Town also reports the following major proprietary fund:

The *Water Fund* accounts for the financial activities associated with the provision of water services.

The *Sewer Fund* accounts for the financial activities associated with the sanitation services.

The *Refuse Fund* accounts for the financial activities associated with providing trash and refuse services.

The Town reports the following non-major governmental funds:

The *Conservation Trust Fund* accounts for the 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 campgrounds and dam.

The *Cemetery Fund* accounts for maintenance costs of the community cemetery.

Cash and Investments

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

Town of Silverton, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives:

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

Compensated Absences

These compensated absences are recognized as current salary costs when earned in the proprietary fund types and when due in the governmental fund types. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Town of Silverton, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

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

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the Town has classified the fund balance in the Conservation Trust Fund as restricted because their use is restricted by State Statute.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town's committed resources are presented in the governmental fund balance sheet as of December 31, 2021.

Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

Town of Silverton, Colorado

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third-party limitations on their use.

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the Town on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Subsequent Events

The Town has evaluated subsequent events through September 29, 2022, the date the financial statements were available to be issued.

Note 2: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, the Town staff submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally enacted through passage of an ordinance.
- The Town Administration 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 Town Council.

Town of Silverton, Colorado

Notes to Financial Statements

December 31, 2021

Note 2: Stewardship, Compliance and Accountability (Continued)

Budgets and Budgetary Accounting (Continued)

- Budgets are legally adopted for all funds of the Town. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparison presented for the Enterprise Fund is presented on a non-GAAP budgetary basis. Capital outlay and debt payments are budgeted as expenditures and depreciation is not budgeted.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Town Council. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

For the year ended December 31, 2021, the General Fund, Water Fund and Refuse Fund expenditures exceeded the budgeted amounts. These may be violations of State statutes.

Note 3: Cash and Investments

A summary of deposits and investments as of December 31, 2021 follows:

Petty Cash	\$	500
Cash Deposits		1,951,753
Investments		482,430
Total	\$	<u>2,434,683</u>

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 regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors' accounts up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group.

The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2021, the Town had deposits with financial institutions with a carrying amount of \$1,958,568. The bank balances with the financial institutions totaling \$1,958,568 of which \$500,000 were covered by the FDIC and \$1,458,568 were collateralized with securities held by the financial institution's agent but not in the Town's name.

Town of Silverton, Colorado

Notes to Financial Statements

December 31, 2021

Note 3: Cash and Investments (Continued)

Investments

The Town does not have a formal investment policy; however, the Town follows state statutes regarding investments. The Town generally limits its concentration risk of investments to Local Government Investment Pools, obligations of the United States and certain U.S. government agency securities, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Town is not subject to concentration of risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. Such actions are generally associated with a debt service reserve or sinking fund requirements.

State statutes specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following.

- Obligations of the United States & certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The Town invested in the Colorado Local Government Liquid Asset Trust (ColoTrust) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, ColoTrust PRIME and ColoTrust PLUS+. The balance in the Trust at December 31, 2021 was \$482,430.

Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. ColoTrust PLUS+ may also invest in certain obligations of U.S. government agencies, highest rates commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. ColoTrust is rated AAAM by Standard & Poor's. ColoTrust records its investments at fair value and the Town records its investment in ColoTrust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. The Town does not have a policy for managing credit risk or interest rate risk.

Town of Silverton, Colorado
Notes to Financial Statements
December 31, 2021

Note 4: Interfund Transfers

Interfund transfers for the year ended December 31, 2021, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Library Fund	\$ 116,000
General Fund	Conservation Trust Fund	-
Community Development Fund	General Fund	-
Total		<u>\$ -</u>

During the year ended December 31, 2021, the Water Fund transferred amounts to the General Fund for administrative costs and fees.

Note 5: Capital Assets

Capital assets activity for the year ended December 31, 2021 is summarized below:

Governmental Activities	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 246,218	\$ -	\$ -	\$ 246,218
Construction in Progress	-	3,678	-	3,678
Total Capital Assets, Not Being Depreciated	<u>246,218</u>	<u>3,678</u>	<u>-</u>	<u>249,896</u>
<i>Capital Assets, Being Depreciated</i>				
Buildings and Improvements	7,418,718	6,500	-	7,425,218
Furniture and Equipment	112,330	-	-	112,330
Vehicles	102,760	-	-	102,760
Machinery and Equipment	1,054,345	-	-	1,054,345
Total Capital Assets, Being Depreciated	<u>\$ 8,688,153</u>	<u>\$ 6,500</u>	<u>\$ -</u>	<u>\$ 8,694,653</u>
<i>Less Accumulated Depreciation</i>				
Buildings and Improvements	\$ (5,420,567)	\$ (208,225)	\$ -	\$ (5,628,792)
Furniture and Equipment	(112,330)	-	-	(112,330)
Vehicles	(60,370)	(9,350)	-	(69,720)
Machinery and Equipment	(227,283)	(62,246)	-	(289,529)
Total Accumulated Depreciation	<u>(5,820,550)</u>	<u>(279,821)</u>	<u>-</u>	<u>(6,100,371)</u>
Total Capital Assets, Being Depreciated, net	<u>2,867,603</u>	<u>(273,321)</u>	<u>-</u>	<u>2,594,282</u>
Governmental Activities Capital Assets, net	<u>\$ 3,113,821</u>	<u>\$ (269,643)</u>	<u>\$ -</u>	<u>\$ 2,844,178</u>

Town of Silverton, Colorado
Notes to Financial Statements
December 31, 2021

Note 5: Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental Activities	
General Government	\$ 93,814
Public Safety	3,068
Public Works	85,116
Culture and Recreation	97,701
Cemetery	<u>122</u>
Total	<u>\$ 279,821</u>

Capital assets Business-Type activity for the year ended December 31, 2021 is summarized below:

	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Business-Type Activities				
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 670	\$ -	\$ -	\$ 670
Construction in Progress	<u>54,328</u>	<u>-</u>	<u>(54,328)</u>	<u>-</u>
Total Capital Assets, <i>Not Being Depreciated</i>	<u>54,998</u>	<u>-</u>	<u>(54,328)</u>	<u>670</u>
<i>Capital Assets, Being Depreciated</i>				
Distribution and Collection	3,115,952	85,108	-	3,201,060
Machinery and Equipment	386,016	108,977	-	494,993
Buildings	<u>222,775</u>	<u>-</u>	<u>-</u>	<u>222,775</u>
Total Capital Assets, <i>Being Depreciated</i>	<u>3,724,743</u>	<u>194,085</u>	<u>-</u>	<u>3,918,828</u>
Total Capital Assets	<u>3,779,741</u>	<u>194,085</u>	<u>(54,328)</u>	<u>3,919,498</u>
Less: Accumulated depreciation				
Distribution and Collection	(2,001,640)	(58,768)	-	(2,060,408)
Machinery and Equipment	(187,611)	(36,017)	-	(223,628)
Buildings	<u>(10,418)</u>	<u>(7,426)</u>	<u>-</u>	<u>(17,844)</u>
Business-Type Activities Capital Assets, <i>net</i>	<u>\$ 1,580,072</u>	<u>\$ 91,874</u>	<u>\$ (54,328)</u>	<u>\$ 1,617,618</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Business-type Activities	
Water	\$ 56,242
Sewer	44,873
Refuse	<u>1,096</u>
Total	<u>\$ 102,211</u>

Town of Silverton, Colorado
Notes to Financial Statements
December 31, 2021

Note 6: Long-Term Debt

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2021.

Governmental Activities	(Restated) Balance 12/31/20	Additions	Deletions	Balance 12/31/21	Due Within One Year
Capital leases					
Snow Groomer	\$ 14,624	\$ -	\$ (7,203)	\$ 7,421	\$ 7,421
Chevy Tahoe	8,907	-	(6,640)	2,267	2,267
Chevy Silverado	19,029	-	(6,051)	12,978	6,339
PB Snow Groomer	52,178	-	(10,019)	42,159	10,314
Kubota Tractor	21,102	-	(11,497)	9,605	9,605
Cat Motor Grader	290,803	-	(26,683)	264,120	27,550
Cat Wheel Loader #1	171,816	-	(20,536)	151,280	21,204
Cat Wheel Loader #2	169,961	-	(22,452)	147,509	23,181
	<u>748,420</u>	<u>-</u>	<u>(111,081)</u>	<u>637,339</u>	<u>107,881</u>
Compensated Absences	15,765	3,949	-	19,714	-
Total	<u>\$ 764,185</u>	<u>\$ 3,949</u>	<u>\$ (111,081)</u>	<u>\$ 657,053</u>	<u>\$ 107,881</u>

Accrued Compensated Absences are being paid from resources generated by the General Fund.

Capital Leases

The Town has entered into several capital lease agreements to purchase vehicles and equipment which will be paid from revenues of the General Fund. These leases require interest to be paid ranging from 3.0% to 3.5%. These leases mature in 2022.

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2021:

Year Ended December 31,	Principal	Interest	Total
2022	\$ 107,881	\$ 20,130	\$ 128,011
2023	91,530	16,935	108,465
2024	87,616	14,014	101,630
2025	139,644	8,741	148,385
2026	210,668	4,826	215,494
Total	<u>\$ 637,339</u>	<u>\$ 64,646</u>	<u>\$ 701,985</u>

Town of Silverton, Colorado

Notes to Financial Statements

December 31, 2021

Note 6: Long-Term Debt (Continued)

Business-Type Activities (Continued)

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2021.

Business-Type Activities	Balance 12/31/20	Additions	Deletions	Balance 12/31/21	Due Within One Year
Capital leases					
Water Dispenser	\$ 7,785	\$ -	\$ (2,469)	\$ 5,316	\$ 2,592
CWRPDA Loan	237,652	-	(8,487)	229,165	8,488
Compensated Absences	-	-	-	-	-
Total	\$ 245,437	\$ -	\$ (10,956)	\$ 234,481	\$ 11,080

Capital Lease

The Town entered into a capital lease for a Water Dispenser which will be paid out of the Water Fund. The lease requires interest at 5.0% and matures in 2023.

Following is a schedule of the future minimum lease payments required under the outstanding capital lease agreement:

Year Ended December 31,	Principal	Interest	Total
2022	\$ 2,592	\$ 266	\$ 2,858
2023	2,724	136	2,860
Total	\$ 5,316	\$ 402	\$ 5,718

Note Payable

The Town obtained a loan from the Colorado Water and Power Development Authority (CWRPDA) Drinking Water Revolving Fund – Disadvantaged Communities on May 21, 2018. The loan agreement requires 60 semi-annual installments of \$5,305 paid by the Water Fund. On January 22, 2019, CWRPDA forgave \$62,770 of the principal outstanding, leaving an outstanding loan principal of \$251,082 as of January 22, 2019.

Town of Silverton, Colorado
Notes to Financial Statements
December 31, 2021

Note 6: Long-Term Debt (Continued)

Business-Type Activities (Continued)

The annual requirements to service this loan as of December 31, 2021 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 8,488	\$ -	\$ 8,488
2023	8,488	-	8,488
2024	8,488	-	8,488
2025	8,488	-	8,488
2026	8,488	-	8,488
2027-2031	42,438	-	42,438
2032-2036	42,438	-	42,438
2037-2041	42,438	-	42,438
2042-2046	42,438	-	42,438
2047-2048	16,973	-	16,973
	<hr/>	<hr/>	<hr/>
Total	\$ <u>229,165</u>	\$ <u>-</u>	\$ <u>229,165</u>

Note 7: Retirement Commitments

Deferred Compensation Plan

The Town offers its employees a deferred compensation plan through an agent multiemployer public retirement system, the Colorado County Officials and Employees Retirement Association, which is a defined contribution plan. The plan is available to all Town employees and requires that employees contribute 3% of their annual compensation. The Town matches employee contributions up to 3% of eligible salary and this contribution is fully vested after 10 years of service. During the year ended December 31, 2021, the Town contributions were \$10,666 equal to the required contribution.

Note 8: Public Entity Risk Pool

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 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages 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.

Town of Silverton, Colorado

Notes to Financial Statements

December 31, 2021

Note 8: Public Entity Risk Pool (Continued)

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 coverages 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 entity.

Note 9: Commitments and Contingencies

Litigation

The Town is not involved in any pending and threatened litigation as of December 31, 2021.

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. In November 1996, voters within the Town approved the collection, retention, and expenditure of the all revenues generated by the Town in 1996 and subsequent years through 2019, notwithstanding the provisions of the Amendment. No such election took place during 2020 to continue this provision, but revenues for 2020 remained in compliance with TABOR limitations.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2021, the emergency reserve of \$190,600 was recorded in the General Fund.

Note 10: 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, Colorado

Notes to Financial Statements

December 31, 2021

Note 10: 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

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 2021 was \$_____.

The Town makes contributions to the Statewide defined benefit plan entitled Silverton San Juan Volunteer Fire Department Pension Fund, administered by the Fire and Police Protection Association of Colorado (FPPA). FPPA administers the plan and manages the benefits under the plan which is a cost-sharing, multiple-employer defined benefit pension plan. The statewide defined benefit plan provides benefits for members. The Town makes contributions based upon Town established benefits and funding requirements in accordance with an actuarial study obtained by FPPA. Plan members do not make contributions. The Town's net contributions to the FPPA plan for 2021 was \$0. Additional contributions are received from the State of Colorado and San Juan County.

Town of Silverton, Colorado

Notes to Financial Statements

December 31, 2021

Note 11: Restatement

The December 31, 2020 financial statements have been restated for errors in the reporting of several items. These items included the over-reporting of cash and the under-reporting of accounts payable in the water fund; and the miss-reporting of capital leases in the Governmental Activities as operating leases. The effect on beginning fund balance and net position is as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Government-Wide Net Position</u>	<u>Governmental Fund Balance</u>	<u>Government-Wide Adjustments</u>	<u>Water Fund Balance</u>
Balance as of				
December 31, 2020	\$ 3,605,288	\$ 1,291,399	\$ 2,197,995	\$ 1,643,689
Restricted Cash and Investments	\$ -		(206,961)	(206,961)
Capital Assets	760,638		-	-
Liabilities				
Accounts Payable	-	-	(200,814)	(200,814)
Capital Leases	(724,890)			-
December 31, 2021	<u>\$ 3,641,036</u>	<u>\$ 1,291,399</u>	<u>\$ 1,790,220</u>	<u>\$ 1,235,914</u>

Required Supplementary Information

Town of Silverton, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes			
Property Taxes	\$ 257,169	\$ 256,110	\$ (1,059)
Specific Ownership Taxes	19,500	27,296	7,796
General Sales Taxes	1,070,562	1,628,305	557,743
Franchise Taxes	17,500	34,751	17,251
Lodging Taxes	-	-	-
Severance	52,000	1,214	(50,786)
Other Taxes	12,657	18,901	6,244
Penalties, Interest and Delinquent Taxes	120	1,583	1,463
Total Taxes	<u>1,429,508</u>	<u>1,968,160</u>	<u>538,652</u>
Licenses and Permits			
Liquor Licenses	3,925	6,800	2,875
Professional and Business Licenses	17,485	23,629	6,144
Lodging and Vacation Rental Fees	67,903	102,430	34,527
Building Permits	26,619	64,945	38,326
Other Permits	590	450	(140)
Total Licenses and Permits	<u>116,522</u>	<u>198,254</u>	<u>81,732</u>
Intergovernmental			
Additional Motor Vehicle Registration	4,829	2,309	(2,520)
Road and Bridge	4,890	4,352	(538)
Highway Users	30,082	40,483	10,401
Grant	56,835	338,207	281,372
Total Intergovernmental	<u>96,636</u>	<u>385,351</u>	<u>288,715</u>
Fine and Forfeits	<u>10,775</u>	<u>14,005</u>	<u>3,230</u>
Other Revenues			
Earnings on Investments	600	912	312
Administrative Fees	511,195	511,195	-
Contributions and Donations	-	1,261	1,261
Other Miscellaneous	17,168	42,010	24,842
Charges for Service	-	8,761	8,761
Rents and Leases	47,500	88,357	40,857
Total Other Revenue	<u>576,463</u>	<u>652,496</u>	<u>76,033</u>
Total Revenues	<u>2,229,904</u>	<u>3,218,266</u>	<u>988,362</u>

(Continued)

Town of Silverton, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Current			
General Government			
Town Board	\$ 34,629	\$ 40,502	\$ 5,873
Municipal Court	11,580	8,457	(3,123)
Town Administrator	110,623	127,865	17,242
Partner Organizations	20,960	26,587	5,627
Town Clerk / Treasurer	123,941	136,676	12,735
Elections	-	3,757	3,757
Financial Administration	13,700	10,772	(2,928)
Legal Services	36,000	57,760	21,760
Planning Director	102,150	85,878	(16,272)
General Government Operations	132,121	140,247	8,126
Visitor's Center Operations	64,816	63,584	(1,232)
Town Hall	28,486	44,061	15,575
Grants	-	6,717	6,717
Total General Government	<u>679,006</u>	<u>752,863</u>	<u>73,857</u>
Public Safety			
Law Enforcement	234,787	279,869	45,082
Fire Protection	37,572	37,572	-
Carriage House	10,161	15,198	5,037
Building Inspector	68,350	67,373	(977)
Total Public Safety	<u>350,870</u>	<u>400,012</u>	<u>49,142</u>
Public Works			
Public Works Personnel	388,174	361,483	(26,691)
Street Maintenance	171,669	188,658	16,989
Lease Payments	125,784	128,654	2,870
Total Public Works	<u>685,627</u>	<u>678,795</u>	<u>(6,832)</u>
Culture and Recreation			
Recreation	148,731	165,928	17,197
Park Administration	54,000	38,800	(15,200)
Kendall Mountain Park	106,010	67,018	(38,992)
Library	130,486	116,175	(14,311)
Total Culture and Recreation	<u>439,227</u>	<u>387,921</u>	<u>(51,306)</u>
Special Events			
Personnel	79,734	75,537	(4,197)
Other Operating	39,700	21,771	(17,929)
Event Expense	3,500	-	(3,500)
Total Special Events	<u>122,934</u>	<u>97,308</u>	<u>(25,626)</u>
Total Expenditures	<u>2,277,664</u>	<u>2,316,899</u>	<u>39,235</u>

(Continued)

See Accompanying Independent Auditor's Report.

Town of Silverton, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2021
 (Continued)

	Original and Final Budget	Actual	Variance Positive (Negative)
Excess Revenues Over (Under) Expenditures	\$ (47,760)	\$ 901,367	\$ 949,127
Other Financing Sources (Uses)			
Transfers In	116,000	116,000	-
Transfers Out	(116,000)	(116,000)	-
Net Change in Fund Balance	(47,760)	901,367	949,127
Fund Balance, Beginning of year	948,675	1,051,335	102,660
Fund Balance, End of year	\$ 900,915	\$ 1,952,702	\$ 1,051,787

Town of Silverton, Colorado
Notes to Required Supplementary Information
December 31, 2021

Note 1: Stewardship, Compliance, and Accountability

Budgets

Budgets are legally adopted for all funds of the Town. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures.

The Town follows these procedures to establish the budgetary information reflected in the financial statements:

- Management submits to the Town Board a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Management 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 Town Board.
- All appropriations lapse at year end.

Supplementary Information

Town of Silverton, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	Conservation Trust Fund	Molas Lake Park Fund	Cemetery Fund	Total
Assets				
Cash and Investments	\$ 55,055	\$ 228,393	\$ 43,879	\$ 327,327
Total Assets	<u>\$ 55,055</u>	<u>\$ 228,393</u>	<u>\$ 43,879</u>	<u>\$ 327,327</u>
Liabilities				
Accounts Payable	-	3,600	-	3,600
Total Liabilities	<u>-</u>	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Fund Balance				
Restricted	55,055	194,793	43,879	293,727
Committed for Future Capital Outlay	-	30,000	-	30,000
Total Fund Balance	<u>55,055</u>	<u>224,793</u>	<u>43,879</u>	<u>323,727</u>
Total Liabilities and Fund Balance	<u>\$ 55,055</u>	<u>\$ 228,393</u>	<u>\$ 43,879</u>	<u>\$ 327,327</u>

Town of Silverton, Colorado
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Governmental Funds

	Conservation Trust Fund	Molas Lake Park Fund	Cemetery Fund	Total
Revenues				
Intergovernmental	\$ 8,016	\$ -	\$ -	\$ 8,016
Charges for Services	-	228,156	8,400	236,556
Investment Income	31	-	-	31
	<u>8,047</u>	<u>228,156</u>	<u>8,400</u>	<u>244,603</u>
Total Revenues				
Expenditures				
Culture and Recreation	-	160,940	-	160,940
	<u>-</u>	<u>160,940</u>	<u>-</u>	<u>160,940</u>
Total Expenditures				
Net Change in Fund Balance	8,047	67,216	8,400	83,663
Fund Balance, Beginning of year	<u>47,008</u>	<u>157,577</u>	<u>35,479</u>	<u>240,064</u>
Fund Balance, End of year	<u>\$ 55,055</u>	<u>\$ 224,793</u>	<u>\$ 43,879</u>	<u>\$ 323,727</u>

Town of Silverton, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental Revenue	\$ 6,000	\$ 8,016	\$ 2,016
Investment Income	-	31	31
	<u>6,000</u>	<u>8,047</u>	<u>2,047</u>
Total Revenues			
	<u>6,000</u>	<u>8,047</u>	<u>2,047</u>
Net Change in Fund Balance	6,000	8,047	2,047
Fund Balance, Beginning of year	<u>46,645</u>	<u>47,008</u>	<u>363</u>
Fund Balance, End of year	<u>\$ 52,645</u>	<u>\$ 55,055</u>	<u>\$ 2,410</u>

Town of Silverton, Colorado
 Budgetary Comparison Schedule
 Molas Lake Park Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	\$ 169,978	\$ 169,978	\$ 228,156	\$ 58,178
Total Revenues	<u>169,978</u>	<u>169,978</u>	<u>228,156</u>	<u>58,178</u>
Expenditures				
Culture and Recreation	<u>131,842</u>	<u>186,842</u>	<u>160,940</u>	<u>25,902</u>
Total Expenditures	<u>131,842</u>	<u>186,842</u>	<u>160,940</u>	<u>25,902</u>
Net Change in Fund Balance	38,136	(16,864)	67,216	84,080
Fund Balance, Beginning of year	<u>164,779</u>	<u>164,779</u>	<u>157,577</u>	<u>(7,202)</u>
Fund Balance, End of year	<u>\$ 202,915</u>	<u>\$ 147,915</u>	<u>\$ 224,793</u>	<u>\$ 76,878</u>

Town of Silverton, Colorado
 Budgetary Comparison Schedule
 Cemetery Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for Services	\$ 1,000	\$ 8,400	\$ 7,400
Donations	-	-	-
	<u>1,000</u>	<u>8,400</u>	<u>7,400</u>
Total Revenues	<u>1,000</u>	<u>8,400</u>	<u>7,400</u>
Expenditures			
General Government	<u>1,000</u>	-	<u>1,000</u>
	<u>1,000</u>	-	<u>1,000</u>
Total Expenditures	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Net Change in Fund Balance	-	8,400	8,400
Fund Balance, Beginning of year	<u>34,011</u>	<u>35,479</u>	<u>1,468</u>
Fund Balance, End of year	<u>\$ 34,011</u>	<u>\$ 43,879</u>	<u>\$ 9,868</u>

Town of Silverton, Colorado
 Budgetary Comparison Schedule
 Water Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges For Services	\$ 279,000	\$ 279,000	\$ 242,806	\$ (36,194)
Tap Fees	12,608	12,608	53,584	40,976
Grant Revenue	-	-	27,133	27,133
Other Revenue	-	-	627	627
Total Revenue	291,608	291,608	324,150	32,542
Expenses				
Administration and General	282,607	239,722	283,166	(43,444)
Utilities	9,666	9,666	9,578	88
Operations and Maintenance	82,224	82,224	99,336	(17,112)
Capital Outlay	-	-	5,702	(5,702)
Total Expenses	374,497	331,612	397,782	(66,170)
Net Operating Income	(82,889)	(40,004)	(73,632)	(33,628)
Nonoperating Revenues (Expenses)				
Debt Service				
Principal Payments	(11,347)	(11,347)	(10,957)	(390)
Interest Payments	-	-	(394)	(394)
Total Nonoperating Revenues (Expenses)	(11,347)	(11,347)	(11,351)	(784)
Net Income (Loss) Before Contributed Capital	(94,236)	(51,351)	(84,983)	(34,412)
Contributed Capital				
Infrastructure Upgrade	112,604	112,604	180,734	68,130
Change in Net Position, Budgetary Basis	\$ 18,368	\$ 61,253	\$ 95,751	\$ 33,718
Reconciliation to GAAP Basis				
Capital Outlay			5,702	
Debt Service Principal			10,957	
Depreciation			(56,242)	
Change in Net Position, GAAP Basis			\$ 56,168	

Town of Silverton, Colorado
 Budgetary Comparison Schedule
 Sewer Fund
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges For Services	\$ 230,198	\$ 230,855	\$ 657
Tap Fees	12,608	56,736	44,128
Grant Revenue	2,000,000	83,322	(1,916,678)
Total Revenue	2,242,806	370,913	(1,871,893)
Expenses			
Administration and General	188,426	187,666	760
Utilities	30,684	45,968	(15,284)
Operations and Maintenance	46,127	78,189	(32,062)
Capital Outlay	2,000,000	134,055	1,865,945
Total Expenses	2,265,237	445,878	1,819,359
Net Operating Income	(22,431)	(74,965)	(52,534)
Nonoperating Revenues (Expenses)			
Debt Service			
Principal Payments	(27,657)	-	(27,657)
Total Nonoperating Revenues (Expenses)	(27,657)	-	(27,657)
Net Income (Loss) Before Contributed Capital	(50,088)	(74,965)	(24,877)
Contributed Capital			
Infrastructure Upgrade	24,078	72,568	48,490
Change in Net Position, Budgetary Basis	\$ (26,010)	\$ (2,397)	\$ 23,613
Reconciliation to GAAP Basis			
Capital Outlay		134,055	
Depreciation		(44,873)	
Change in Net Position, GAAP Basis		\$ 86,785	

Town of Silverton, Colorado
 Budgetary Comparison Schedule
 Refuse Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges For Services	\$ 201,406	\$ 201,406	\$ 222,640	\$ 21,234
Other Revenue	9,000	9,000	8,416	(584)
Total Revenue	210,406	210,406	231,056	20,650
Expenses				
Operations and Maintenance	19,156	19,156	25,242	(6,086)
Contracted Services	187,625	215,705	257,611	(41,906)
Capital Outlay	-	-	-	-
Total Expenses	206,781	234,861	282,853	(47,992)
<i>Budgetary Basis</i>	\$ 3,625	\$ (24,455)	\$ (51,797)	\$ 68,642
Reconciliation to GAAP Basis				
Depreciation			(1,096)	
Change in Net Position, GAAP Basis			\$ (52,893)	

Compliance Section

State Compliance

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

LOCAL HIGHWAY FINANCE REPORT

City or County:
Silverton
YEAR ENDING :
December 2021

This Information From The Records Of (example - City of _ or County of) Prepared By: Matt Green
Phone: 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)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	187,311
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,347
2. General fund appropriations	182,109	b. Snow and ice removal	54,223
3. Other local imposts (from page 2)	27,296	c. Other	
4. Miscellaneous local receipts (from page 2)	4,352	d. Total (a. through c.)	55,570
5. Transfers from toll facilities		4. General administration & miscellaneous	13,668
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	256,549
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)	213,757	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	42,792	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	256,549	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)	256,549

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
	256,549	256,549		0

Notes and Comments: