TOWN OF SIMLA, COLORADO

FINANCIAL STATEMENTS

December 31, 2019

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

6140 S. Gun Club Rd, Suite K6-132
Aurora, Colorado 80016
303.835.6815
Fax: 303.997.1056

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 Simla (the "Town") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 Town'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 Town'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 reasonable basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Simla as of December 31, 2019, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison schedule on pages i – vi and on pages 24 - 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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.

Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The accompanying supplementary information on pages 26 – 27, and other information on pages 28 – 29, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The supplementary information and other information have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and other information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
September 16, 2020

TOWN OF SIMLA, COLORADO
Management Discussion and Analysis
Year Ended December 31, 2019

Management of the Town of Simla offers readers of the basic financial statement this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2019. The focus of the information is on the primary government-general fund.

The Town of Simla has adopted the financial reporting model promulgated by the Government Accounting Standards Board (GASB). This is in accordance with the GASB Statement of No. 34, Basic Financial Statement and Management Discussion and Analysis for State and Local Governments.

Financial Highlights
The Town's Governmental Activities assets exceeded it liabilities and deferred inflows of resources at the close of the fiscal year by $429,980 (net position).Of this amount, $92,620 (unrestricted net position) may be used to meet the Town's ongoing obligations.

The Town's Business-type Activities' assets exceeded its liabilities by $ 1,752,999 (net position) at the close of the fiscal year.

As the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $236,454 , a decrease of $33,359 from the prior year.

The restricted cemetery fund consists of $94,600 left to the Town by and estate to maintain family graves and make improvements to the cemetery. At December 31, 2019, the balance of this fund was $102,323

Overview of Financial Statements:
The discussion is intended as an introduction to the Town's basic financial statement. The basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements is other supplementary information.

Government-Wide Financial Statements:
The government-wide financial statement uses an accounting method similar to those used by private sectors companies. The focus of the Statement of Net Position (the Unrestricted Net Position) is designed to report all the Town's current financial resources (short-term spendable resources) with capital assets and long term obligations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Thus, revenue and expenses are reported in this statement for times that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

The government-wide statements are divided into two categories: Governmental and Business Type Activities
Most of the Town's basic services are reported in the governmental activities,which focus on cash flow. The Town's basic services include administrative, public safety, public works, judicial, buildings, cemetery, parks, and recreation. Property tax, sales tax, and intergovernmental taxes finance the majority of these activities.

Business-type activities are funds that reflect private sector type operations. This includes the Water and Sanitation Fund, which include the water, sewer, and trash segments. Fees for services should cover the majority of the cost of these operations including depreciation.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure compliance with finance-related legal activities requirements. All the funds can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental funds focus on the financial position and changes in financial position, not on income determinations using the flow of current financial resources focus and the modified accrual basis of accounting. The modified accrual accounting measures cash and all other financial assets that can be readily converted into cash. Governmental statements focus on near term inflows and outflows of spendable resources as well as the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent to finance the Town's programs. The primary operating fund is General Fund, which accounts for the financial resources of the general government, except for those required to be accounted for in the other funds.

Proprietary funds are used to account for the Town's activities that are similar to business operations in the private sector or where the reporting is on determining net income, financial position, and a significant portion of the funding is through user charges, The Town uses enterprise funds for Water Sewer and Trash operations. The Town has a trash-collection contract with a vendor for collection of the Town residents trash.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements. Other information, in addition to the basic financial statements and accompanying notes, is presented in the form of certain required supplementary information.

Government-wide Financial Analysis:

As noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Simla the assets exceeded liabilities and inflows of resources by approximately $2,182,979. Of the Town's net-position $857,681 is unrestricted and may be used to meet the Town's ongoing financial obligations. These are Net Position that are not restricted by external requirements nor invested in capital assets.

Of the Town's $2,182,979 total net position, $1,191,221 reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to the citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
ASSETS						
Current Assets	$ 332,716	$ 348,058	$ 768,453	$ 714,026	$ 1,101,169	$ 1,062,084
Capital Assets, Net	203,558	221,958	1,066,238	1,119,142	1,269,796	1,341,100
Total Assets	536,274	570,016	1,834,691	1,833,168	2,370,965	2,403,184
LIABILITIES						
Current Liabilities	39,850	28,489	3,392	2,514	43,242	31,003
Long-term Liabilities	10,032	22,703	78,300	84,100	88,332	106,803
Total Liabilities	49,882	51,192	81,692	86,614	131,574	137,806
Deferred Inflows of Resources	56,412	49,756	-	-	56,412	49,756
NET POSITION						
Net Investment-Capital Assets	203,283	209,012	987,938	1,035,042	1,191,221	1,244,054
Restricted	134,077	122,877	-	-	134,077	122,877
Unrestricted	92,620	137,179	765,061	711,512	857,681	848,691
Total Net Position	$ 429,980	$ 469,068	$ 1,752,999	$ 1,746,554	$ 2,182,979	$ 2,215,622

The following reflects the Town's change in Net Position.

	Governmental Activities		Business-type Activities		Total	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
REVENUES						
PROGRAM REVENUES						
Charges for Services	$ 109,015	$ 95,617	$ 337,089	$ 369,488	$ 446,104	$ 465,105
Operating Grants & Contributions	10,984	634	10,984	-	21,968	634
Capital Grants & Contributions	7,377	6,485	21,000	10,500	28,377	16,985
GENERAL REVENUES						
Property Taxes	59,457	56,381	-	-	59,457	56,381
Sales Taxes	75,281	54,009	-	-	75,281	54,009
Other Taxes	75,154	74,112	-	-	75,154	74,112
Investment Income	9,389	8,526	6,234	5,724	15,623	14,250
Miscellaneous	6,857	10,634	-	-	6,857	10,634
Insurance Claim Proceeds	-	-	-	-	-	-
TOTAL REVENUES	353,514	306,398	375,307	385,712	728,821	692,110
EXPENSES						
General Government	52,441	48,863	-	-	52,441	48,863
Judicial	29,277	21,627	-	-	29,277	21,627
Public Safety	184,729	172,222	-	-	184,729	172,222
Public Works	99,986	83,784	-	-	99,986	83,784
Health and Welfare	8,782	7,497	-	-	8,782	7,497
Parks and Recreation	16,807	23,637	-	-	16,807	23,637
Interest on Long-term Debt	580	1,136	-		580	1,136
Water, Sewer and Trash	-	-	357,878	342,630	357,878	342,630
TOTAL EXPENSES	392,602	358,766	357,878	342,630	750,480	701,396
CHANGE IN NET POSITION	(39,088)	(52,368)	6,445	43,082	(32,643)	(9,286)
NET POSITION, Beginning	469,068	521,436	1,746,554	1,703,472	2,215,622	2,224,908
NET POSITION, Ending	$ 429,980	$ 469,068	$ 1,752,999	$ 1,746,554	$ 2,182,979	$ 2,215,622

TOWN OF SIMLA, COLORADO
Management Discussion and Analysis
Year Ended December 31, 2019
(continued)

Governmental Activities for the Town's net position for the year ending December 31, 2019, showed a decrease of $39,088 Business-type activities increased the Town's net position by $ 6,445. Key elements are as follows:

Total Revenues came in under budget for year ended December 31, 2019 mainly due to the fines and forfeitures offset by the increase in, taxes, license and permits, charges for services, Interest, Intergovernmental, insurance claims proceeds and miscellaneous.

The economy continues to have effects on the utility revenue. Property taxes are based on assessed valuations.

Financial Analysis of the Government's Funds
As earlier noted, the Town of Simla uses fund accounting to ensure and demonstrate compliance with finance-related legal requirement.

Governmental funds
The focus of the Town's governmental funds is to provide information on current year revenues, expenditures and balances of spendable resources. Such information is useful in assessing the Town's financial requirements. In particular, unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year.

Revenues for the General Fund increased by $46,240. The major factors were the increases in fines and forfeitures of $29,149 and increases in taxes by $24,081. Expenditures increased by $49,656.

Proprietary Funds
The proprietary funds provide the same type of information found in the government-wide financial statements with more detail. The only proprietary fund is the Water and Sanitation Fund that includes water, sewer, trash segments. Total net position of the Water segment is $1,107,734 the Sewer segment $ $631,063 and the Trash segment $14,202 for a total $1,752,999 .
Total increase in the net position separated for each segment is: Water decrease of ($10,713); Sewer increase of $20,289; and Trash decrease of ($3,131) for a total of $6,445.

Key elements of the water and sanitation fund:

As noted above
Water, Sewer and Trash revenue charges of service decreased by $8,138 compared to 2018.
Water segment expenditures decreased $4,923. Sewer expenditures increased $11,135.
Trash segment expenditures increased $5,992.

General Fund Budgetary Highlights.

Tax revenues are comprised of property taxes, franchise fees, sales tax, and intergovernmental taxes. Seventy-five percent (75%) of sales tax goes to the Police Department with the remaining twenty-five per cent (25%) going to Public Works. Sales Tax actual was $32,281 greater than budget Specific Ownership Tax, Highway Users Tax Fund and Elbert County Road and Bridge Fund came in higher than Budgeted by $10,807. No amendments were made to the 2019 Budget. The actual revenue was lower than budgeted by $30,313 . There was repairs to the police vehicles which attributed to the total actual expenditures exceeding budget by $21,898.

Capital Assets and Debt Administration

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Land	$ 15,946	$ 15,946	$ 7,250	$ 7,250	$ 23,196	$ 23,196
Infrastructure	34,526	34,526	-	-	34,526	34,526
Water & Sewer Systems	-	-	1,727,271	1,727,271	1,727,271	1,727,271
Buildings	124,635	124,635	42,127	42,127	166,762	166,762
Vehicles	92,330	92,330		-	92,330	92,330
Equipment	120,828	110,072	206,878	206,878	327,706	316,950
Parks	118,158	118,158	-	-	118,158	118,158
Less Accumulated Depreciation	(302,865)	(273,709)	(917,288)	(864,384)	(1,220,153)	(1,138,093)
TOTALS	$ 203,558	$ 221,958	$ 1,066,238	$ 1,119,142	$ 1,269,796	$ 1,341,100

Debt

At December 31, 2019, the Town had a total indebtedness of $88,332 which is outlined below:

	Governmental Activities		Business-type Activities		Total	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Capital Leases	$ -	$ 12,946	$ -	$ -	$ -	$ 12,946
Sewer Loan	-	-	78,300	84,100	78,300	84,100
Compensated Absences	10,032	9,757		-	10,032	9,757
TOTALS	$ 10,032	$ 22,703	$ 78,300	$ 84,100	$ 88,332	$ 106,803

In 2015 the Town entered into a lease/purchase agreement for two (2) police vehicles of $62, 330. They made principal and interest payments on that lease of $12,946. The Water and Sanitation Fund made a sewer loan payment of $5,800. (see note 4)

Economic Factors and Next Year's Budget and Rates:

The Board of Trustees has made the following items their priority; maintaining services, planning for future improvements and making sure the Town has adequate fund balance's to cover all costs of operations. The economy is still a factor when budgeting as revenues have stayed flat for the last three to four years. The costs of our water and sewer systems continue to increase as the age of both systems increases to cost of maintaining and replacing infrastructure. The rates for water and sewer went up due to the CPI being 2.731%, trash rates remained the same.

Request for information

The financial report is designed to provide a general overview of the Town's finances for all those interested in the government's finances. Questions concerning the information provided to the report or requests for additional financial information should be addressed to the Town Treasurer, Town of Simla, P. O. Box 237, Simla, Colorado 80835.

BASIC FINANCIAL STATEMENTS

TOWN OF SIMLA, COLORADO

STATEMENT OF NET POSITION
December 31, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	$ 110,958	$ 731,561	$ 842,519
Cash and Investments - Restricted	123,677	-	123,677
Receivables			
Property Taxes	56,412	-	56,412
Other Governments	4,358	-	4,358
Accounts	32,736	36,892	69,628
Prepaid Items	4,575	-	4,575
Capital Assets, Not Depreciated	15,946	7,250	23,196
Capital Assets, Depreciated Net of Accumulated Depreciation	187,612	1,058,988	1,246,600
TOTAL ASSETS	536,274	1,834,691	2,370,965
LIABILITIES			
Accounts Payable	36,458	-	36,458
Accrued Salaries and Benefits	3,392	3,392	6,784
Noncurrent Liabilities			
Due in One Year	10,032	5,800	15,832
Due in More Than One Year	-	72,500	72,500
TOTAL LIABILITIES	49,882	81,692	131,574
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	56,412	-	56,412
NET POSITION			
Net Investment in Capital Assets	203,283	987,938	1,191,221
Restricted for Emergencies	10,400	-	10,400
Restricted for Parks and Recreation	21,354	-	21,354
Restricted for Cemetery Improvements	102,323	-	102,323
Unrestricted, Unreserved	92,620	765,061	857,681
TOTAL NET POSITION	$ 429,980	$ 1,752,999	$ 2,182,979

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

TOWN OF SIMLA, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 52,441	$ 2,568	$ -	$ -
Judicial	29,277	-	-	-
Public Safety	184,729	93,120	10,984	-
Public Works	99,986	5,959	-	-
Health and Welfare	8,782	3,550	-	-
Parks and Recreation	16,807	3,818	-	7,377
Interest on Long-Term Debt	580	-	-	-
Total Governmental Activities	392,602	109,015	10,984	7,377
Business-Type Activities				
Water, Sewer and Trash	357,878	337,089	-	21,000
Total Business-Type Activities	357,878	337,089	-	21,000
Total Primary Government	$ 750,480	$ 446,104	$ 10,984	$ 28,377

GENERAL REVENUES
Property Taxes
Sales Taxes
Franchise Taxes
Other Taxes
Interest
Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
$ (49,873)	$ -	$ (49,873)
(29,277)	-	(29,277)
(80,625)	-	(80,625)
(94,027)	-	(94,027)
(5,232)	-	(5,232)
(5,612)	-	(5,612)
(580)	-	(580)
(265,226)	-	(265,226)
-	211	211
-	211	211
(265,226)	211	(265,015)
59,457	-	59,457
75,281	-	75,281
26,774	-	26,774
48,380	-	48,380
9,389	6,234	15,623
6,857	-	6,857
226,138	6,234	232,372
(39,088)	6,445	(32,643)
469,068	1,746,554	2,215,622
$ 429,980	$ 1,752,999	$ 2,182,979

TOWN OF SIMLA, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

	GENERAL FUND	NONMAJOR GOVERNMENTAL CONSERVATION TRUST FUND	TOTALS
ASSETS			
Cash and Investments	$ 110,958	$ -	$ 110,958
Cash and Investments - Restricted	102,323	21,354	123,677
Property Taxes Receivable	56,412	-	56,412
Due from Other Governments	4,358	-	4,358
Accounts Receivable	32,736	-	32,736
Prepaid Items	4,575	-	4,575
TOTAL ASSETS	311,362	21,354	332,716
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY			
LIABILITIES			
Accounts Payable	36,458	-	36,458
Accrued Salaries and Benefits	3,392	-	3,392
TOTAL LIABILITIES	39,850	-	39,850
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	56,412	-	56,412
FUND EQUITY			
Fund Balance (Deficit)			
Nonspendable	4,575	-	4,575
Restricted for Emergencies	10,400	-	10,400
Restricted for Parks and Recreation	-	21,354	21,354
Restricted for Cemetery Improvements	102,323	-	102,323
Unassigned	97,802	-	97,802
TOTAL FUND EQUITY	215,100	21,354	236,454
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	$ 311,362	$ 21,354	$ 332,716

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances of Governmental Funds	236,454
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	203,558
Long-term liabilities and related items are not due and payable in the current period and are not reported in the funds. This includes accrued compensated absences.	(10,032)
Net position of governmental activities	$ 429,980

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

TOWN OF SIMLA, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2019

	GENERAL FUND	NONMAJOR GOVERNMENTAL CONSERVATION TRUST FUND	TOTALS
REVENUES			
Taxes	$ 161,512	$ -	$ 161,512
Licenses and Permits	8,527	-	8,527
Fines and Forfeitures	103,964	-	103,964
Charges for Services	7,508	-	7,508
Intergovernmental	48,380	7,377	55,757
Interest	9,326	63	9,389
Miscellaneous	6,857	-	6,857
TOTAL REVENUES	346,074	7,440	353,514
EXPENDITURES			
Current			
General Government	50,874	-	50,874
Judicial	29,277	-	29,277
Public Safety	172,176	-	172,176
Public Works	89,560	-	89,560
Health and Welfare	8,782	-	8,782
Parks and Recreation	11,922	-	11,922
Capital Outlay	10,756	-	10,756
Debt Service			
Principal	12,946	-	12,946
Interest	580	-	580
TOTAL EXPENDITURES	386,873	-	386,873
NET CHANGE IN FUND BALANCES	(40,799)	7,440	(33,359)
FUND BALANCES, Beginning	255,899	13,914	269,813
FUND BALANCES, Ending	$ 215,100	$ 21,354	$ 236,454

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

TOWN OF SIMLA, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

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

Net Changes in Fund Balances - Total Governmental Funds	$ (33,359)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense ($29,156) exceeded capital outlay $10,756 in the current period.	(18,400)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This includes payments of capital leases.	12,946
Some expense reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes the change in accrued compensated absences.	(275)
Change in Net Position of Governmental Activities	$ (39,088)

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

TOWN OF SIMLA, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
December 31, 2019

	WATER AND SANITATION FUND
ASSETS	
Current Assets	
Cash and Investments	$ 731,561
Accounts Receivable, Net	36,892
Total Current Assets	768,453
Noncurrent Assets	
Capital Assets, Not Being Depreciated	7,250
Capital Assets, Net of Accumulated Depreciation	1,058,988
Total Noncurrent Assets	1,066,238
TOTAL ASSETS	1,834,691
LIABILITIES	
Current Liabilities	
Accrued Salaries and Benefits	3,392
Loan Payable - Current Portion	5,800
Total Current Liabilities	9,192
Noncurrent Liabilities	
Loan Payable	72,500
Total Noncurrent Liabilities	72,500
TOTAL LIABILITIES	81,692
NET POSITION	
Net Investment in Capital Assets	987,938
Unreserved	765,061
TOTAL NET POSITION	$ 1,752,999

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

TOWN OF SIMLA, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2019

	WATER AND SANITATION FUND
OPERATING REVENUES	
Charges for Services	
Water	$ 125,791
Sewer	134,165
Trash	65,564
Late Fees and Other	11,569
TOTAL OPERATING REVENUES	337,089
OPERATING EXPENSES	
Operations and Maintenance	
Water	132,461
Sewer	104,054
Trash	68,459
Depreciation	52,904
TOTAL OPERATING EXPENSES	357,878
OPERATING INCOME (LOSS)	(20,789)
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	6,234
Tap Fees - Water	10,500
Tap Fees - Sewer	10,500
TOTAL NON-OPERATING REVENUES (EXPENSES)	27,234
NET INCOME	6,445
NET POSITION, Beginning	1,746,554
NET POSITION, Ending	$ 1,752,999

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

TOWN OF SIMLA, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
Year Ended December 31, 2019
Increase (Decrease) in Cash and Cash Equivalents

	WATER, SANITATION AND TRASH FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 337,524
Cash Paid to Suppliers	(183,060)
Cash Paid to Employees	(121,036)
Net Cash Provided by Operating Activities	33,428
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Loan Payments	(5,800)
Tap Fees - Water	10,500
Tap Fees - Sewer	10,500
Net Cash Provided by Capital and Related Financing Activities	15,200
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	6,234
Net Cash Provided by Investing Activities	6,234
Net Increase in Cash and Cash Equivalents	54,862
CASH AND CASH EQUIVALENTS, Beginning	676,699
CASH AND CASH EQUIVALENTS, Ending	$ 731,561
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ (20,789)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities	
Depreciation and Amortization	52,904
Changes in Assets and Liabilities	
Accounts Receivable	435
Accrued Salaries and Benefits	878
Total Adjustments	54,217
Net Cash Provided by Operating Activities	$ 33,428

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Town of Simla (the "Town") is a political subdivision of the State of Colorado and is governed by a Mayor and six-member Board of Trustees elected by the residents. The Town provides public safety, public works and parks and recreation services as well as water, sewer, and trash services.

Reporting Entity

In accordance with governmental accounting standards, the Town has considered the possibility of including additional entities in its 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 the 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 organizations that are fiscally dependent upon it. Based on the application of the criteria, the Town does not include additional organizations in its report entity.

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 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.

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

The statement of activities demonstrates the degree to which the direct expenses and allocated indirect expenses of a given function or segment 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise 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 granting agency 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year, except for expenditure driven grants as defined in the following paragraph.

Taxes, intergovernmental revenue and interest associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Grant and similar revenues are recorded as revenues when all eligibility requirements are met, including any time requirements. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues 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.

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 or capital contributions.

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.

The Town reports the following major governmental fund in the fund financial statements:

General Fund – The General Fund is used to account for the general operations and specific programs of the Town.

The Town reports the following major proprietary funds:

Water and Sanitation Fund – The Water and Sanitation Fund accounts for the financial activities associated with providing water, sewer and trash services to the Town's residents.

In addition, the Town reports the following nonmajor governmental fund:

Conservation Trust Fund – The Conservation Trust Fund is a special revenue fund used to account for lottery revenues used for recreational programs.

Assets, Liabilities, Fund Balance/Net Position

Cash and Investments – For the purposes of reporting in the statement of cash flows, cash equivalents include certificates of deposit and investments with original maturities of three months or less. Investments are reported at fair value. The Town pools cash from several funds for the purpose of increasing interest income. Interest is allocated to individual funds based on the average cash of the funds.

Receivables – Due from other governments and accounts receivable are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Accounts receivable are recorded on the statement of net position, net of allowance for uncollectible accounts.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Assets, Liabilities, Fund Balance/Net Position (Continued)

Capital Assets – Capital assets, which include property, buildings, equipment and all infrastructure owned by the Town, are reported in the applicable government-wide or business-type activities columns of the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $1,500 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 asset lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives.

Infrastructure	40 years
Buildings	14-50 years
Equipment	5-14 years
Vehicles	7 years

General infrastructure assets acquired prior to January 1, 2003 are not being reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2003.

Compensated Absences – Town employees are allowed to accumulate unused paid-time-off and sick leave. Employees with one full year of service receive 56 hours per year, from two to five years of employment, 96 hours and for each year from 6 to 15 years an additional 8 hours each year of service up to a maximum of 176 hours. No carryover of hours is allowed, unless approved. Unused PTO is paid upon termination of employment. Full time or appointed employees accrue eight hours of sick leave per month. Part time employees working at least 20 hours a week, accrue sick leave at a rate proportionate to time worked in relationship to full time employees. Unused sick leave is not paid upon termination of employment.

Long-Term Debt - In the government-wide financial statements, and the proprietary funds 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 statement of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Fund Balance/Net Position (Continued)

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Debt premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In the government-wide and proprietary funds, debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Net Position – In the government-wide and proprietary fund financial statements, net position is restricted when constraints placed on the net position are externally imposed.

- Net Investment in Capital Assets – this classification is intended to report the portion of net position which is associated with non-liquid, capital assets less outstanding debt related to those capital assets.
- Restricted Net Position – this classification includes liquid assets which have third party limitations on their use.
- Unrestricted Net Position – this classification includes assets that do not have any third party limitation on their use.

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 cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually 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.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, the Town Board of Trustees. The constraint may be removed or changed only through formal action of the Town Board of Trustees.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

- Assigned – This classification includes amounts that are constrained by the Town's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Town Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts.

- 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 has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both the restricted and unrestricted fund balances are available the Town uses restricted fund balance first, followed by committed, assigned and unassigned.

Property Taxes

Property taxes are levied by December 15, tax bills are mailed January 1 of the following year, and attach as an enforceable lien on the property. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. Taxes are delinquent if not paid by those dates. Notices of delinquencies are mailed in September, and tax sales are scheduled for November. 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 inflow of resources are reported at December 31.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Town has evaluated events subsequent to the year ended December 31, 2019 through September 16, 2020, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events (Continued)

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures of certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Town is located. It is unknown how long these conditions will last and what the complete financial effect will be to the Town.

Stewardship, Compliance and Accountability

During 1996, the Town closed the landfill. The last day the landfill accepted waste was on January 11, 1997. As a result, the Town estimated and reported cost of post-closure of $54,808. State and federal laws and regulations required the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for a number of years after closure. The Town petitioned the State Department of Public Health and Environment to allow it to no longer monitor the landfill. During 2016, the State Department of Public Health and Environment released the Town of ongoing monitoring of the landfill. As a result, the liability was removed.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2019, follows:

Cash Deposits	$ 353,453
Investments	612,743
Total	$ 966,196

Cash is reported in the financial statements as follows:

Cash and Investments	$ 842,519
Restricted Cash and Investments	123,677
Total	$ 966,196

NOTE 2: CASH AND INVESTMENTS (Continued)

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities 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 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 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, 2019, the Town had bank deposits totaling $355,452 of which $250,000 were insured by FDIC and $105,452 were collateralized with securities held by the financial institution's agent but not in their name.

Investments

The Town has not adopted a formal investment policy; however, the Town follows State statutes regarding investments. The Town generally limits its concentration of investments to Local Government Investment Pools, obligation 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 risk disclosure requirements or subject to investment custodial credit 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 Directors, 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 and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

At December 31, 2019 and 2016, the Town had the following investments:

	Maturity	
Colorado Liquid Asset Trust (COLOTRUST)	Weighted Average under 60 days	$ 612,743

The Town invested in the Colorado 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 share in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as the safekeeping agent 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 AAA by Standard and Poor's. COLOTRUST records its investments at fair value and the Town records its investments 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.

Restricted Cash and Investments

Restricted cash and Investments consists of $102,323 for future cemetery improvements, and $21,354 for future parks and recreation expenditures.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, is summarized below:

	Balances 12/31/2018	Additions	Deletions	Balances 12/31/2019
Governmental Activities:				
Capital Assets, not being depreciated				
Land	$ 15,946	$ -	$ -	$ 15,946
Total Capital Assets, not being depreciated	15,946	-	-	15,946
Capital Assets, being depreciated				
Infrastructure	34,526	-	-	34,526
Buildings	124,635	-	-	124,635
Vehicles	92,330	-	-	92,330
Equipment	110,072	10,756	-	120,828
Parks	118,158	-	-	118,158
Total Capital Assets, being depreciated	479,721	10,756	-	490,477
Less accumulated depreciation				
Infrastructure	(10,159)	(863)	-	(11,022)
Buildings	(52,033)	(2,356)	-	(54,389)
Vehicles	(51,313)	(11,833)	-	(63,146)
Equipment	(89,034)	(9,719)	-	(98,753)
Parks	(71,170)	(4,385)	-	(75,555)
Total accumulated depreciation	(273,709)	(29,156)	-	(302,865)
Total Capital Assets, being depreciated, net	206,012	(18,400)	-	187,612
Governmental Activities Capital Assets, net	$ 221,958	$ (18,400)	$ -	$ 203,558

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

General Government	$ 1,430
Public Safety	12,553
Public Works	10,288
Parks and Recreation	4,885
Total	$ 29,156

NOTE 3: CAPITAL ASSETS (Continued)

	Balances 12/31/2018	Additions	Deletions	Balances 12/31/2019
Business-type Activities:				
Capital Assets, not being depreciated				
Land	$ 7,250	$ -	$ -	$ 7,250
Total Capital Assets, not being depreciated	7,250	-	-	7,250
Capital Assets, being depreciated				
Buildings	42,127	-	-	42,127
Equipment	206,878	-	-	206,878
System	1,727,271	-	-	1,727,271
Total Capital Assets, being depreciated	1,976,276	-	-	1,976,276
Less accumulated depreciation				
Buildings	(24,600)	(1,041)	-	(25,641)
Equipment	(146,021)	(8,103)	-	(154,124)
System	(693,763)	(43,760)	-	(737,523)
Total accumulated depreciation	(864,384)	(52,904)	-	(917,288)
Total Capital Assets, being depreciated, net	1,111,892	(52,904)	-	1,058,988
Business-type Activities Capital Assets, net	$ 1,119,142	$ (52,904)	$ -	$ 1,066,238

NOTE 4: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2019.

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019	Due Within One Year
Govenmental Activities					
Capital Leases	$ 12,946	$ -	$ 12,946	$ -	$ -
Accrued Compensated Absences	9,757	7,589	7,314	10,032	10,032
	$ 22,703	$ 7,589	$ 20,260	$ 10,032	$ 10,032

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

NOTE 4: LONG-TERM DEBT (Continued)

Capital Leases

In 2015 he Town entered into a capital lease agreement to purchase two police vehicles in the amount of $62,068 for a period of 5 years. This lease bears interest at 4.50% per annum. The lease was paid-in-full during the year ended December 31, 2019.

Business-type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2019.

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019	Due Within One Year
Business-type Activities					
2013 Sewer Loan	$ 84,100	$ -	$ 5,800	$ 78,300	$ 5,800

Sewer Loan

During 2013, the Town entered into an interest-free 20 year loan agreement in the amount of $116,000 with the Colorado Water Resources and Power Development Authority for improvements to the Town's sewer system. Principal only payments of $2,900 are due semi-annually on May 1, and November 1 through May 1, 2033.

Following is a summary of the water loan future debt service requirements for the business-type activities for the year ended December 31, 2019.

Year Ended December 31	Principal
2020	$ 5,800
2021	5,800
2022	5,800
2023	5,800
2024	5,800
2025 – 2029	29,000
2030 – 2033	20,300
Total	$ 78,300

NOTE 5: 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.

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 6: PENSION PLANS

In 1994 the Town established a defined contribution SEP plan for eligible employees. The Town contributes 5.5% of eligible employees' compensation each quarter of the year. The Town recognized pension expense of $8,870 for the year ended December 31, 2019.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to the

NOTE 7: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment (Continued)

Town. Revenue in excess of the fiscal spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

In November 1995, voters within the Town approved a ballot proposal to allow the Town to retain excess revenues.

The Town's management believes it is in compliance with the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2019, the emergency reserve of $10,400 was reported as restricted net position and fund balance in the Governmental Activities and General Fund, respectively.

Claims and Judgments

The Town participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2019, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Town.

NOTE 8: SEGMENT INFORMATION

The Water and Sanitation Fund is intended to be self-supporting through charges for services for water, sewer and trash operations. The sewer department has a loan for system improvements made in 2013 which is required to be paid from sewer system revenues. Condensed summary financial information for each department is presented below.

NOTE 8: SEGMENT INFORMATION (Continued)

CONDENSED STATEMENT OF NET POSITION	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Assets			
Current Assets	$ 530,845	$ 228,156	$ 9,452
Capital Assets	578,585	482,903	4,750
TOTAL ASSETS	1,109,430	711,059	14,202
Liabilities			
Current Liabilities	1,696	7,496	-
Noncurrent Liabilities-Sewer Loan	-	72,500	-
TOTAL LIABILITIES	1,696	79,996	-
Net Position			
Net Investment in Capital Assets	578,585	404,603	4,750
Unreserved	529,149	226,460	9,452
TOTAL NET POSITION	$ 1,107,734	$ 631,063	$ 14,202

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Operating Revenues and Expenses			
Operating Revenues	$ 137,360	$ 134,165	$ 65,564
Operating Expenses, net of Depreciation	(132,461)	(104,054)	(68,459)
Depreciation	(29,344)	(23,324)	(236)
Operating Income	(24,445)	6,787	(3,131)
Nonoperating Revenues and Expenses			
Investment Income	3,232	3,002	-
Tap Fees	10,500	10,500	-
Change in Net Position	(10,713)	20,289	(3,131)
Beginning Net Position	1,118,447	610,774	17,333
Ending Net Position	$ 1,107,734	$ 631,063	$ 14,202

CONDENSED STATEMENT OF CASH FLOWS	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Net Cash Provided (Used) by:			
Operating Activities	$ 2,728	$ 28,445	$ (3,766)
Capital and Related Financing Activities	10,500	4,700	-
Investment Activities	3,232	3,002	-
Net Increase (Decrease)	16,460	36,147	(3,766)
Beginning Cash and Cash Equivalents	494,573	176,134	5,992
Ending Cash and Cash Equivalents	$ 511,033	$ 212,281	$ 2,226

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SIMLA, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2019
(With Comparative Actual Totals for the Year Ended December 31, 2018)

	2019			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2018 ACTUAL
REVENUES				
Taxes	$ 136,755	$ 161,512	$ 24,757	$ 137,431
Licenses and Permits	6,625	8,527	1,902	11,330
Fines and Forfeitures	181,100	103,964	(77,136)	74,815
Charges for Services	8,450	7,508	(942)	10,106
Intergovernmental	38,357	48,380	10,023	47,071
Interest	4,100	9,326	5,226	8,447
Miscellaneous	1,000	6,857	5,857	10,634
TOTAL REVENUES	376,387	346,074	(30,313)	299,834
EXPENDITURES				
Current				
General Government	48,839	50,874	(2,035)	45,859
Judicial	25,637	29,277	(3,640)	21,627
Public Safety	174,686	177,176	(2,490)	162,461
Public Works	83,263	95,316	(12,053)	71,047
Health and Welfare	10,963	8,782	2,181	7,497
Parks and Recreation	8,061	11,922	(3,861)	11,700
Capital Outlay	-	-	-	3,500
Debt Service				
Principal	13,526	12,946	580	12,390
Interest	-	580	(580)	1,136
TOTAL EXPENDITURES	364,975	386,873	(21,898)	337,217
NET CHANGE IN FUND BALANCE	11,412	(40,799)	(52,211)	(37,383)
FUND BALANCE, Beginning	288,148	255,899	(32,249)	293,282
FUND BALANCE, Ending	$ 299,560	$ 215,100	$ (84,460)	$ 255,899

See the accompanying Independent Auditor's Report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are legally adopted for all funds of the Town. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and long-term debt principal are budgeted as expenditures and depreciation is not budgeted.

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

- In September, Management submits to the Town Board of Trustees 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 and public comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures must be approved by the Town Board of Trustees.
- All budget appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

Legal Compliance

For the year ended December 31, 2019, the General Fund's actual expenditures exceeded budgeted expenditures by $21,898. This may be a violation of State statute.

SUPPLEMENTARY INFORMATION

TOWN OF SIMLA, COLORADO

CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2019
(With Comparative Actual Totals for the Year Ended December 31, 2018)

	2019			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2018 ACTUAL
REVENUES				
Lottery Revenues	$ 12,427	$ 7,377	$ (5,050)	$ 6,485
Interest	36	63	27	79
TOTAL REVENUES	12,463	7,440	(5,023)	6,564
EXPENDITURES				
Parks and Recreation	2,500	-	2,500	7,051
TOTAL EXPENDITURES	2,500	-	2,500	7,051
NET CHANGE IN FUND BALANCE	9,963	7,440	(2,523)	(487)
FUND BALANCE, Beginning	3,573	13,914	10,341	14,401
FUND BALANCE, Ending	$ 13,536	$ 21,354	$ 7,818	$ 13,914

See the accompanying Independent Auditor's Report.

TOWN OF SIMLA, COLORADO

WATER AND SANITATION
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2019
(With Comparative Actual Totals for the Year Ended December 31, 2018)

	2019			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2018 ACTUAL
REVENUES				
Charges for Services				
Water	$ 131,292	$ 120,588	$ (10,704)	$ 133,917
Sewer	131,292	134,165	2,873	130,338
Trash	70,000	65,564	(4,436)	64,414
Bulk Water	3,500	5,203	1,703	4,989
Late Fees and Other	2,100	11,569	9,469	35,830
Tap Fees - Water	3,500	10,500	7,000	7,000
Tap Fees - Sewer	3,500	10,500	7,000	3,500
Investment Income	-	6,234	6,234	5,724
TOTAL REVENUES	345,184	364,323	19,139	385,712
EXPENDITURES				
Operations and Maintenance				
Water	149,347	132,461	16,886	137,384
Sewer	133,398	104,054	29,344	92,919
Trash	64,632	68,459	(3,827)	62,537
Capital Outlay	20,900	-	20,900	48,000
Debt Service				
Principal	2,605	5,800	(3,195)	5,800
Contingency	50,957	-	50,957	48,000
TOTAL EXPENDITURES	421,839	310,774	111,065	346,640
NET INCOME, Budget Basis	$ (76,655)	53,549	$ 130,204	39,072
GAAP BASIS ADJUSTMENTS				
Capital Outlay		-		48,000
Depreciation		(52,904)		(49,790)
Principal Paid on Long-Term Debt		5,800		5,800
NET INCOME, GAAP Basis		6,445		43,082
NET POSITION, Beginning		1,746,554		1,703,472
NET POSITION, Ending		$ 1,752,999		$ 1,746,554

See the accompanying Independent Auditor's Report.

OTHER INFORMATION

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

Financial Planning 02/01
Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT		
	City or County:	Simla
	YEAR ENDING :	2019
This Information From The Records of:	Prepared By: Phone:	Jackie L. Zion 719-541-2468

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	26,268
4. Miscellaneous local receipts (from page 2)	0
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	26,268
B. Private Contributions	
C. Receipts from State government (from page 2)	34,575
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	60,843

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	32,203
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	
c. Other - lighting	9,985
d. Total (a. through c.)	9,985
4. General administration & miscellaneous	0
5. Highway law enforcement and safety	18,655
6. Total (1 through 5)	60,843
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
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)	60,843

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
	60,843	60,843		0

Notes and Comments:

FORM FHWA-536 (Rev. 1-05) PREVIOUS EDITIONS OBSOLETE (Next Page)

See the accompanying Independent Auditor's Report.

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado YEAR ENDING (mm/yy) 12/31/2019 0

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments	0	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	0
1. Sales Taxes	16,495	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	9,773	g. Other Misc. Receipts	
6. Total (1. through 5.)	26,268	h. Other	
c. Total (a. + b.)	26,268	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	31,905	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	2,670	d. Federal Transit Admin	
d. Other (Specify) - Road & Bridge	0	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	2,670	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	34,575	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			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments:

FORM FHWA-536 (Rev.1-05) PREVIOUS EDITIONS OBSOLETE

See the accompanying Independent Auditor's Report.