

**TOWN OF WESTCLIFFE
WESTCLIFFE, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2019**

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FINANCIAL SECTION

Town of Westcliffe

Management's Discussion and Analysis For the year ended December 31, 2019

GASB 34 requires that this discussion and analysis be written to provide an overview of Westcliffe's financial activities for the fiscal year ended December 31, 2019. The purpose of this MD&A is to provide, in simple terms, an explanation of the effect on the Town's financial position from local economic and business factors, and to explain the reasons for any changes in the Town's financial position.

The Town believes this new presentation will give a better view of the Town's fund statements and provide for better understanding of the financial position of the Town.

ECONOMIC FACTORS AFFECTING THE TOWN IN 2019

Westcliffe is located in the Wet Mountain Valley in south-central Colorado in Custer County, and has a population of 568 (per 2010 Census) and consists of approximately 781 acres or 1.22 square miles.

Westcliffe was incorporated as a statutory town under the laws of the State of Colorado in 1887 and operates under an elected Mayor-Board form of government. The Town Board consists of a Mayor and six trustees, all elected at-large. The Board appoints or hires the Clerk/Treasurer, Town Manager, Town Attorney and Municipal Court Judge.

Westcliffe is not a full-service town. Police protection is provided by the Custer County Sheriff's Department, fire protection by the Wet Mountain Fire Protection District and water and wastewater treatment by Round Mountain Water & Sanitation District. Westcliffe provides their own street and parks maintenance and maintains approximately 10.5 miles of streets and 4 parks.

Factors affecting the Town's economy are the lack of jobs, affordable housing and the lack of entertainment and activities. Because 70% of Westcliffe's revenues are generated from sales tax, tourism greatly affects Westcliffe's budget. Westcliffe is located approximately 50 miles from any city of size and is not what is considered a "destination town".

Development in Westcliffe has picked up, the once inflated costs of available vacant property and higher costs of construction have leveled in our area. The improvement at the national level has also contributed to our economic growth. The board and staff of Round Mountain Water and Sanitation have assured the Town that there is water available to double the current usage so there will be water available for future growth when the economy allows. Infrastructure improvements to our local waste water system may be needed in the near future.

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR imposes tax raising, revenue, spending and debt limitations on local government entities within the State of Colorado. These limitations became effective for the first year beginning after December 31, 1992.

On April 2, 1996, the Town of Westcliffe passed a referendum regarding the revenue and spending limits imposed by Article X, Section 20 of the Colorado Constitution. The referendum allows the Town, without increasing or adding any taxes of any kind, to collect, retain and expend all revenues and other funds collected during 1995 and thereafter. The voters approved this ballot measure by a large margin.

Town of Westcliffe

Management's Discussion and Analysis For the year ended December 31, 2019

In addition to the limitation provisions of TABOR, there is also a requirement that every entity to which TABOR applies must establish an "emergency reserve". Each entity shall reserve 3% or more of its fiscal year spending excluding bond debt service. For the year ended December 31, 2019, the Town has set aside \$28,000 to establish that reserve.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements:

- **Basic Financial Statements.** This section includes government-wide financial statements, fund financial statements and notes to the financial statements. The government-wide financial statements present the financial position and activities of the Town as a whole using accounting methods similar to those used by private-sector companies. The fund financial statements present financial information on specific activities of the Town. Funds are classified as major and non-major funds. The General Fund is considered a major fund. Conservation Trust Fund is a non-major fund and is reported separately from the General Fund. These funds are reported in aggregate in a separate column. The notes to the financial statements provide additional disclosures to the information presented in the financial statements.
- **Required Supplementary Information.** This section includes financial information that is not part of the basic financial statements but is required by accounting principles generally accepted in the United States of America (GAAP). It includes a budgetary comparison schedule for the General Fund.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances. These statements include assets and liabilities of the Town. The financial effect of transactions and events are recognized when they occur (accrual basis of accounting), regardless of when cash is received or paid. There are two government-wide financial statements:

- **Statement of Net Position.** This statement presents information on all of the Town's assets and liabilities, with the difference of the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- **Statement of Activities.** This statement presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements have separate columns for governmental activities and business-type activities. The Town's activities are classified as follows:

- **Government Activities.** Activities reported here include public safety, public works, and general administration. Property taxes, sales tax, federal, state and other local revenues finance these activities.
- **Business-Type Activities.** The Town has no business-style activities at this time.

Town of Westcliffe

Management's Discussion and Analysis For the year ended December 31, 2019

Fund Financial Statements

The fund financial statements present financial information on specific activities of the Town. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes. There are three types of funds: government, proprietary and fiduciary funds, however, at this time the town only has government funds.

- **Government Funds.** These statements cover the same activities that are reported in the governmental activities of the government-wide financial statements. The accounting basis and the measurement focus used in these statements, however, are not the same as the ones used in the government-wide financial statements. The governmental funds statements focus on current year accountability, as well as on the resources available at the end of the fiscal year.

Reconciliation of Government-wide Financial Statements to Fund Financial Statements

The government activities of the government-wide financial statements and the governmental funds of the fund financial statements do not use the same accounting basis. Capital assets and long-term liabilities are not included on the balance sheet of the government funds, but are included on the statement of Net Position. Capital assets are recorded as expenditures when they are purchased in the governmental funds and depreciated over the useful life in the government-wide financial statements. Two schedules will be used to reconcile the government-wide financial statements to the governmental funds of the fund financial statements:

Reconciliation of the balance sheet of the governmental funds to the statement of Net Position.

Reconciliation of the statement of revenues and expenditures and changes in fund balance to the statement of activities.

FINANCIAL OVERVIEW

The Following table show the changes in net position for the year ended December 31, 2019 and 2018

	CONDENSED STATEMENT OF NET POSITION	
	Governmental Activities	
	12/31/2019	12/30/2018
ASSETS		
Current and Other Assets	\$ 1,089,047	\$ 910,495
Capital Assets	3,520,261	3,647,773
Total Assets	4,609,308	4,558,268
LIABILITIES		
Current Liabilities	687	23,500
Noncurrent Liabilities	3,433	113,928
Total Liabilities	4,120	137,428
DEFERRED INFLOWS	59,649	56,460
NET POSITION		
Net Investment in Capital Assets	3,520,261	3,536,467
Restricted	63,415	56,539
Unrestricted	961,863	771,374
Total Net Position	\$ 4,545,539	\$ 4,364,380

Town of Westcliffe

**Management's Discussion and Analysis
For the year ended December 31, 2019**

The following table shows the changes in Net Position for the year ended December 31, 2019 and 2018

CONDENSED STATEMENT OF ACTIVITIES		
Governmental Activities		
	12/31/2019	12/31/2018
PROGRAM REVENUES		
Charges for Services	\$ 185,790	\$ 31,987
Operating Grants	79,215	79,806
Capital Grants	46,459	223,991
Total Program Revenues	311,464	335,784
GENERAL REVENUES		
Property Taxes	56,316	56,543
Specific Ownership Taxes	9,034	8,824
Sales Taxes	519,333	407,434
Franchise Taxes	26,752	25,318
Other Taxes	2,969	2,932
Interest Income	8,294	4,395
Gain (Loss) on Disposal of Capital Assets	(42,754)	-
Other Revenues	4,520	5,004
Total General Revenues	584,464	510,450
Total Revenues	895,928	846,234
PROGRAM EXPENSES		
General Government	317,533	269,207
Public Safety	37,673	34,503
Public Works	302,365	295,524
Culture and Recreation	57,198	44,246
Noncapitalized Capital Outlay	-	14,600
Interest	-	644
Total Program Expenses	714,769	658,724
CHANGE IN NET POSITION		
Net Position, Beginning	4,364,380	4,176,870
NET POSITION, ENDING	\$ 4,545,539	\$ 4,364,380

GOVERNMENTAL ACTIVITIES

The General Fund is the chief operating fund of the Town. The General Fund generates about 60% of its revenues from sales tax. This revenue is used for general governmental purposes. Highway users tax (HUTF) provides about 7% of the general funds revenues and is used strictly on street and alley expenses. Property tax and building permit fees add an additional 13.0% to the Town's general fund revenues, and the remaining revenues are generated from other sources, such as interest and license fees.

Expenditures are divided into two categories: General Fund expenditures and capital improvements.

General Fund expenditures include general operational, administrative expenses of the Town, building and zoning department, animal control expenses, street and alley maintenance (including snow removal), park maintenance and utilities. Capital improvements include things such as purchase of equipment, infrastructure improvements such as paving, curb and gutter, sidewalks and other miscellaneous permanent improvements.

Town of Westcliffe

**Management's Discussion and Analysis
For the year ended December 31, 2019**

OTHER FUND ANALYSIS

Conservation Trust Fund (CTF) is separate from the General Fund revenues and expenditures. It has its own checking account and all funds remain separate.

The Conservation Trust Fund consists of revenues derived from State lottery proceeds and interest income. Westcliffe collects an average of \$5,900 per year in lottery revenues.

The CTF account will only be used for park maintenance and capital improvement projects in park.

CAPITAL ASSETS

At the end of 2019, the Town has \$3,520,261, net of depreciation, invested in a broad range of capital assets, including buildings, equipment, park property, and improvements.

Major additions during 2019 include:

1 .	Purchased 305 ½ Main	<u>\$ 35,000.00</u>
2 .	Installed Roof over Sky lights in Town Hall	<u>6,971.31</u>
3 .	Improvements Streets/Chip seal	<u>26,745.71</u>
4 .	Final payments on 1000 Main Street	<u>105,299.71</u>
5 .	Completed the renovation at 1000 Main	<u>50,588.11</u>
6 .	Built restroom at Summit Park	<u>19,695.02</u>
7 .	Purchase Field and Brush Mower	<u>2,000.00</u>
8 .	Purchase Street Pro-Vacuum	<u>3,178.64</u>
9 .	Purchase Security Camera system for 4 parks	<u>6,000.00</u>
10.	Engineered and Design Plans for the SRTS project	<u>12,944.25</u>
		<u><u>\$217,834.64</u></u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 450,086	\$ -	\$ -	\$ 450,086
Construction in progress	<u>117,652</u>	<u>12,944</u>	<u>117,652</u>	<u>12,944</u>
Total capital assets not being depreciated	<u>567,738</u>	<u>12,944</u>	<u>117,652</u>	<u>463,030</u>
Capital assets being depreciated				
Land improvements	548,167	-	-	548,167
Buildings	336,177	202,634	62,623	476,188
Equipment and vehicles	287,848	12,826	4,859	295,815
Infrastructure	<u>4,062,291</u>	<u>-</u>	<u>-</u>	<u>4,062,291</u>
Total capital assets being depreciated	<u>5,234,483</u>	<u>215,460</u>	<u>67,482</u>	<u>5,382,461</u>
Total capital assets	<u>5,802,221</u>	<u>228,404</u>	<u>185,134</u>	<u>5,845,491</u>
Less: Accumulated depreciation				
Land improvements	(175,600)	(24,368)	-	(199,968)
Buildings	(140,460)	(9,791)	(20,635)	(129,616)
Equipment and vehicles	(224,809)	(10,504)	(4,093)	(231,220)
Infrastructure	<u>(1,613,579)</u>	<u>(150,847)</u>	<u>-</u>	<u>(1,764,426)</u>
Total accumulated depreciation	<u>(2,154,448)</u>	<u>(195,510)</u>	<u>(24,728)</u>	<u>(2,325,230)</u>
Net capital assets	<u>\$ 3,647,773</u>	<u>\$ 32,894</u>	<u>\$ 160,406</u>	<u>\$ 3,520,261</u>

Town of Westcliffe

**Management’s Discussion and Analysis
For the year ended December 31, 2019**

2019 brought several capital improvements. Completed the renovation at 1000 Main to relocate the Town offices along with paying the lease purchase off, 5 blocks of chip seal on Edwards Ave. from 6th Street to the east side of 2nd Street, built a restroom at Summit Park and installed a Security Camera system in our four parks.

Purchased 305 ½ Main totaled \$35,000.00.

The final grant funds for the purchase and renovation of the Town Hall were received in the amount of \$41,196.76.

Grant funds from CDOT and Town of Silver Cliff’s match for the Design/Engineered plan totaled \$5,261.50.

Proceeds from the sale of 305 Main totaled \$151,993.00.

Five blocks of chip seal for \$26,745.71

Long-Term Debt

	<u>Beginning</u>			<u>Ending</u>	<u>Current</u>	<u>Interest</u>
	<u>Balance</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u>	<u>Portion</u>	<u>Paid</u>
Governmental activities						
Obligation under capital lease	\$ 111,306	\$ -	\$ 111,306	\$ -	\$ -	\$ 3,483
Compensated absences	<u>2,622</u>	<u>811</u>	<u>-</u>	<u>3,433</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 113,928</u>	<u>\$ 811</u>	<u>\$ 111,306</u>	<u>\$ 3,433</u>	<u>\$ -</u>	<u>\$ 3,483</u>

Additional information on the long-term debt can be found in Note 4.

NEXT YEAR’S BUDGET AND RATES

Under Colorado law, budgets for the Town must balance and be adopted by the Town Board by December 15th each year. Westcliffe adopted its 2020 budget on December 5, 2019. Supplements can be made to the budget; however, this must be done by ordinance or resolution approved by the Board of Trustees.

To satisfy a budget that cannot be balanced by using the estimated years revenues, the Town has designated portions of their unreserved fund equity for subsequent expenditures, which can be appropriated in future years. A smaller portion, 3% of fiscal year spending, is reserved for emergencies per TABOR.

Town of Westcliffe

Management's Discussion and Analysis For the year ended December 31, 2019

Future/Anticipated Projects that may affect the Town Finances

Westcliffe is anticipating several projects that may affect the Town's finances.

The Town received a grant for a SRTS grant for joint project with the Town of Silver Cliff for \$288,800, our match for this is \$25,000. The design portion was partially completed in 2019. For construction of the project \$208,720 has been budgeted. It includes putting in curb, gutter and sidewalk on a portion of Highway 69 in front of the school.

Chip Seal for eight blocks and surfacing some alley ways for \$60,000.

Chip Seal, fog seal, stripping and drainage projects around Memorial Park and to do upgrades at the Observatory at the Bluff, adding tree boxes on Main Street in the 200 block, trash cans and lids for the parks are estimated at \$19,300.

An underground tank to be installed at the Town Hall - \$1,965.

Surfacing for the north parking area of Jess Price Park - \$16,235.

Equipment to be either purchased or leased-Asphalt hotbox reclaimer, large snow blower for the streets, tractor cab and dump trailer-\$48,000.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Town Clerk
1000 Main Street
P.O. Box 406
Westcliffe, CO 81252
719-783-2282
townclerk@townofwestcliffe.com

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Trustees
Town of Westcliffe
Westcliffe, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Westcliffe, Colorado, as of and for the year ended December 31, 2019, and the related notes to the financial statements which collectively comprise the basic financial statements of the Town, 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 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

Report on Summarized Comparative Information

We have previously audited the Town of Westcliffe's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management's Discussion and Analysis

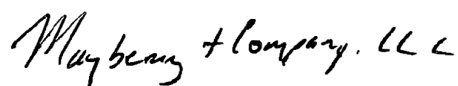
Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules shown on pages 20 - 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The combining and budgetary comparison statements and schedules listed as other supplementary information pages 22 - 25 are presented for purposes of additional analysis and are not a required part of the financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Local Highway Finance Report page 26 -27 is presented for purposes of legal compliance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



BASIC FINANCIAL STATEMENTS

TOWN OF WESTCLIFFE, COLORADO

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	GOVERNMENTAL ACTIVITIES
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	
Cash	\$ 898,950
Restricted Cash and Investments	35,415
Receivables	
Property Tax Receivable	59,649
Intergovernmental Receivables	89,716
Accounts Receivable	5,317
Total Current Assets	<u>1,089,047</u>
Noncurrent Assets	
Capital Assets not being Depreciated	463,030
Capital Assets being Depreciated	5,382,461
Accumulated Depreciation	<u>(2,325,230)</u>
Total Noncurrent Assets	<u>3,520,261</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 4,609,308</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accrued Liabilities	\$ 86
Deposits and Escrow	<u>601</u>
Total Current Liabilities	687
Noncurrent Liabilities	
Due in more than one year	<u>3,433</u>
TOTAL LIABILITIES	<u>4,120</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Other Deferred Inflows	<u>59,649</u>
NET POSITION	
Net Investment in Capital Assets	3,520,261
Restricted Net Position	63,415
Unrestricted Net Position	<u>961,863</u>
TOTAL NET POSITION	<u>4,545,539</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 4,609,308</u>

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

TOWN OF WESTCLIFFE, COLORADO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL GRANTS	CHANGES IN NET POSITION
			GRANTS AND CONTRIBUTIONS		GOVERNMENT ACTIVITIES
FUNCTIONS/PROGRAMS					
Government Activities					
Current:					
General Government	\$ 317,533	\$ 158,573	\$ 9,882	\$ 41,197	\$ (107,881)
Public Safety	37,673	125	-	-	(37,548)
Public Works	302,365	26,032	62,310	5,262	(208,761)
Culture and Recreation	57,198	1,060	7,023	-	(49,115)
TOTAL GOVERNMENT	<u>\$ 714,769</u>	<u>\$ 185,790</u>	<u>\$ 79,215</u>	<u>\$ 46,459</u>	<u>(403,305)</u>
GENERAL REVENUES					
Property Taxes					56,316
Specific Ownership Taxes					9,034
Sales Taxes					519,333
Franchise Taxes					26,752
Other Taxes					2,969
Interest Income					8,294
Gain (Loss) on Disposal of Capital Assets					(42,754)
Other Revenues					4,520
TOTAL GENERAL REVENUES					<u>584,464</u>
CHANGE IN NET POSITION					181,159
NET POSITION - Beginning					<u>4,364,380</u>
NET POSITION - Ending					<u>\$ 4,545,539</u>

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

TOWN OF WESTCLIFFE, COLORADO

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2019

With Comparative Totals for December 31, 2018

	<u>Capital</u>				
	<u>Projects Fund</u>				
	<u>General</u>	<u>Capital</u>	<u>Other</u>	<u>Total</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>2019</u>	<u>2018</u>
ASSETS AND DEFERRED OUTFLOWS					
ASSETS					
Current Assets					
Cash and Investments					
Cash	\$ 380,079	\$ 518,871	\$ -	\$ 898,950	\$ 748,842
Restricted Cash and Investments	-	-	35,415	35,415	28,539
Receivables					
Property Tax Receivable	59,649	-	-	59,649	56,460
Intergovernmental Receivables	89,716	-	-	89,716	61,755
Accounts Receivable	5,317	-	-	5,317	14,899
Internal Balances	(75,000)	75,000	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 459,761</u>	<u>\$ 593,871</u>	<u>\$ 35,415</u>	<u>\$ 1,089,047</u>	<u>\$ 910,495</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 23,545
Accrued Liabilities	86	-	-	86	(80)
Deposits and Escrow	601	-	-	601	35
TOTAL LIABILITIES	<u>687</u>	<u>-</u>	<u>-</u>	<u>687</u>	<u>23,500</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES					
Other Deferred Inflows	59,649	-	-	59,649	56,460
FUND BALANCE					
Restricted Fund Balance	28,000	-	35,415	63,415	56,539
Committed Fund Balance	-	593,871	-	593,871	574,109
Unassigned Fund Balance	371,425	-	-	371,425	199,887
TOTAL FUND BALANCE	<u>399,425</u>	<u>593,871</u>	<u>35,415</u>	<u>1,028,711</u>	<u>830,535</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 459,761</u>	<u>\$ 593,871</u>	<u>\$ 35,415</u>	<u>\$ 1,089,047</u>	<u>\$ 910,495</u>

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

TOWN OF WESTCLIFFE, COLORADO

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2019**

Fund Balance - Governmental Funds			\$ 1,028,711
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds:			
Capital assets, not being depreciated	\$ 463,030		
Capital assets, being depreciated	5,382,461		
Accumulated depreciation	<u>(2,325,230)</u>	3,520,261	
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Accrued compensated absences		<u>(3,433)</u>	
Total Net Position - Governmental Activities			<u>\$ 4,545,539</u>

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

TOWN OF WESTCLIFFE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	Capital Projects Fund			Total	
	General Fund	Capital Fund	Other Funds	2019	2018
REVENUES					
Taxes	\$ 614,405	\$ -	\$ -	\$ 614,405	\$ 501,052
Intergovernmental Revenues	68,759	45,826	7,023	121,608	287,421
Licenses and Permits	30,212	-	-	30,212	27,423
Fines and Forfeits	125	-	-	125	350
Charges for Services	3,460	151,993	-	155,453	4,214
Investment Earnings	3,146	5,000	148	8,294	4,395
Other Revenues	7,953	632	-	8,585	21,379
TOTAL REVENUES	728,060	203,451	7,171	938,682	846,234
EXPENDITURES					
Current:					
General Government	291,530	305	-	291,835	256,831
Public Safety	37,673	-	-	37,673	34,503
Public Works	119,766	-	-	119,766	143,136
Parks, Recreation and Other	32,553	-	-	32,553	21,303
Capital Outlay	-	143,595	295	143,890	519,108
Debt Service	-	114,789	-	114,789	19,761
TOTAL EXPENDITURES	481,522	258,689	295	740,506	994,642
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	246,538	(55,238)	6,876	198,176	(148,408)
OTHER FINANCING SOURCES (USES)					
Debt Proceeds	-	-	-	-	113,116
Transfers (In)	-	75,000	-	75,000	148,270
Transfers (Out)	(75,000)	-	-	(75,000)	(148,270)
TOTAL OTHER FINANCING SOURCES (USES)	(75,000)	75,000	-	-	113,116
NET CHANGE IN FUND BALANCE - GAAP BASIS	171,538	19,762	6,876	198,176	(35,292)
FUND BALANCE, BEGINNING	227,887	574,109	28,539	830,535	865,827
FUND BALANCE, ENDING	\$ 399,425	\$ 593,871	\$ 35,415	\$ 1,028,711	\$ 830,535

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

TOWN OF WESTCLIFFE, COLORADO

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019**

Change in Fund Balance - Governmental Funds		\$	198,176
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	\$	110,752	
Depreciation Expense		(195,510)	
Gain (Loss) on Asset Disposals		<u>(42,754)</u>	(127,512)
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level			
Principal payments on capital leases		111,306	
Change in accrued compensated absences		<u>(811)</u>	<u>110,495</u>
Change in Net Position - Governmental Activities		\$	<u>181,159</u>

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

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

HISTORY AND FUNCTION OF ORGANIZATION

The Town of Westcliffe was incorporated under the laws of the State of Colorado and operates under an elected Mayor-Board form of government. As required by generally accepted accounting principles, these financial statements present the Town of Westcliffe (the primary government). No additional separate governmental units, agencies, or nonprofit corporations are included in the financial statements of the town.

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 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 upon the application of these criteria, no additional organizations were included within the Town's reporting entity.

GOVERNMENT-WIDE 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 activities of the Town. 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 Town presently does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of the 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.

FUND ACCOUNTING

The accompanying financial statements include the Town's governmental fund types. The Town's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on a computation of net income.

Governmental fund financial statements include a separate balance sheet and a statement of revenues, expenditures and changes in fund balances for the General Fund, the Conservation Trust Fund and the Capital Fund, which was established in 2017. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements. The Town presents the following governmental funds:

General Fund: This fund is established to account for resources devoted to financing the general services that the town performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the town are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established. The Board has established a policy whereby the General Fund reserves will be maintained at no less than 25% and not more than 40% of annual expenses. Any amounts above the 40% will be transferred to the Capital Fund. Amounts below 25% will be addressed by staff and recovered as soon as economically practical.

Conservation Trust Fund: This fund is established to account for lottery funds received from the state. These funds are to be expended only for the acquisition, development and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes on any public site. This fund is considered a special revenue fund and is a nonmajor fund.

Capital Fund: This fund was established in 2017 to account for amounts set aside by the Board of Trustees for capital acquisition and replacement. Revenues for this fund are primarily from transfers of excess available resources from the General Fund as discussed above. This also accounts for capital grants received by the Town, other than those reported in the Conservation Trust Fund. This fund is a capital projects fund and is considered a major fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on general long-term debt which is recognized when due and (2) compensated absences which are recognized when the obligations are expected to be liquidated with expendable available resources.

Those revenues susceptible to accrual are sales taxes, property taxes, franchise taxes, and grants. Other revenues are not susceptible to accrual as they generally are not measurable until received in cash.

BUDGETS AND BUDGETARY ACCOUNTING

Budgets were adopted for all funds. Budgets are prepared on the same basis of accounting as that used for accounting purposes. In the budget versus actual statements, the actual results of operations are presented on the budgetary basis of accounting for proper comparison to the budget.

Budgets are adopted based on the requirements of state statutes. The following timetable is used:

- 1) Submission of the proposed budget to the Board of Trustees by October 15 of each year.
- 2) Certification of mill levies to the County Commissioners by December 15 of each year.
- 3) Final adoption of the budget and appropriations by December 15 of each year.

The Town does not use encumbrance accounting and all appropriations lapse at year end.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

Cash and Equivalents

For the purposes of cash flow presentation, the Town considers all fully cash and fully liquid investment balances as cash and cash equivalents.

Property Taxes

Property taxes are levied on December 15 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 is 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.

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE
(Continued)

Capital Assets

Capital assets are defined by the town as assets with an initial individual cost of more than \$5,000 and a useful life of more than three years except for infrastructure assets. For infrastructure assets the same estimated minimum useful life is used (3 years), but only those infrastructures projects that cost more than \$25,000 are considered for capitalization. Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

Infrastructure is reported in this financial statement and is being depreciated. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' useful lives are not capitalized.

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

Buildings and improvements	20 – 50 years
Infrastructure	10 – 30 years
Equipment and vehicles	5 – 20 years

Land and related improvements are not depreciated and assets under construction are not depreciated until they become available for service.

Accumulated Unpaid Leave (Compensated Absences)

Employees of the town are entitled to vacation and sick leave benefits based on length of service. Vacation leave is earned on a yearly basis. The amount of vacation varies between five and fifteen days per year depending upon the number of years of continuous service provided by the employee. Vacation must be taken within twenty-four months after it is earned. Any unused vacation time at that point will be forfeited. In unusual circumstances the Board of Trustees may authorize the payment of unused vacation time.

The town's sick leave policy provides eligible employees will accrue sick leave benefits at the rate of 12 days per year. Upon termination, employees will be paid at a rate of 20% of accumulated sick pay hours at the discretion of the Board of Trustees. The maximum accumulation is 320 hours. At December 31, 2019, the Town had recorded 609 hours of accumulated sick leave of which 122 hours, \$2,388 was vested to the employees. Because it is not expected that a significant portion of sick leave will be used in any year, accumulated sick leave has not been recorded as a fund liability. The Town has recorded \$3,433 of vested sick leave and vacation is a liability in the statement of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE
(Continued)

Deferred Inflows of Financial Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

Net Position/Fund Balances

In the government-wide financial statements net position is either shown as invested in capital assets net of related debt, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. The Town does not currently have any nonspendable fund balances.

Fund balance is reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by the most formal action, adoption of an ordinance, of the government's highest level of decision-making authority, the Board of Trustees, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Town does not currently have any assigned fund balances.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION/FUND BALANCE FLOW ASSUMPTIONS

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

USE OF ESTIMATES

The preparation of 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.

COMPARATIVE DATA

Comparative total data for the prior year has been presented in most of the accompanying financial statements in order to provide an understanding of changes in the Town’s financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in certain statements since their inclusion would make those statements unduly complex and difficult to read.

NOTE 2: CASH AND INVESTMENTS

The Town’s cash and investment balances are allocated as follows as of December 31, 2019:

Cash	\$ 311,567
Investments	<u>622,798</u>
Total Cash and Investments	<u>\$ 934,365</u>

This balance is presented in the financial statements as shown below:

Cash and Investments	\$ 898,950
Restricted Cash and Investments	<u>35,415</u>
Total Cash and Investments	<u>\$ 934,365</u>

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The Town’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. 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 insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2019, all of the Town’s deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Book Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Secured (Not in Entity's Name)	95,953	61,467
Petty Cash	-	100
Total Cash	<u>\$ 345,953</u>	<u>\$ 311,567</u>

Investments

Credit Risk - Investments

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the 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

The Town’s investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

The Town did not hold any investments other than certificates of deposits included in the bank balances shown above at December 31, 2019.

Concentration of Credit Risk - Investments

The Town places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk - Investments

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes. The anticipated maturity of any investment is not expected to exceed five years regardless of stated maturity.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2019, the Town did not have any investments requiring safekeeping.

NOTE 3: CAPITAL ASSETS

A summary of the Town’s governmental activity capital assets is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 450,086	\$ -	\$ -	\$ 450,086
Construction in progress	117,652	12,944	117,652	12,944
Total capital assets not being depreciated	<u>567,738</u>	<u>12,944</u>	<u>117,652</u>	<u>463,030</u>
Capital assets being depreciated				
Land improvements	548,167	-	-	548,167
Buildings	336,177	202,634	62,623	476,188
Equipment and vehicles	287,848	12,826	4,859	295,815
Infrastructure	4,062,291	-	-	4,062,291
Total capital assets being depreciated	<u>5,234,483</u>	<u>215,460</u>	<u>67,482</u>	<u>5,382,461</u>
Total capital assets	<u>5,802,221</u>	<u>228,404</u>	<u>185,134</u>	<u>5,845,491</u>
Less: Accumulated depreciation				
Land improvements	(175,600)	(24,368)	-	(199,968)
Buildings	(140,460)	(9,791)	(20,635)	(129,616)
Equipment and vehicles	(224,809)	(10,504)	(4,093)	(231,220)
Infrastructure	(1,613,579)	(150,847)	-	(1,764,426)
Total accumulated depreciation	<u>(2,154,448)</u>	<u>(195,510)</u>	<u>(24,728)</u>	<u>(2,325,230)</u>
Net capital assets	<u>\$ 3,647,773</u>	<u>\$ 32,894</u>	<u>\$ 160,406</u>	<u>\$ 3,520,261</u>

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3: CAPITAL ASSETS (Continued)

Depreciation is charged to the governmental activities as follows:

General government	\$ 19,234
Public works	153,202
Parks and recreation	<u>23,074</u>
Total depreciation expense	<u>\$ 195,510</u>

NOTE 4: NONCURRENT LIABILITIES

The following is a schedule of long-term liabilities and changes in liabilities for the year.

	<u>Beginning</u>			<u>Ending</u>	<u>Current</u>	<u>Interest</u>
	<u>Balance</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u>	<u>Portion</u>	<u>Paid</u>
Governmental activities						
Obligation under capital lease	\$ 111,306	\$ -	\$ 111,306	\$ -	\$ -	\$ 3,483
Compensated absences	<u>2,622</u>	<u>811</u>	<u>-</u>	<u>3,433</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 113,928</u>	<u>\$ 811</u>	<u>\$ 111,306</u>	<u>\$ 3,433</u>	<u>\$ -</u>	<u>\$ 3,483</u>

In 2018 the town entered into a capital lease purchase obligation for the purchase of the property at 1000 Main Street, Westcliffe and further renovations to be made to the building. The lease requires monthly payments of \$1,186 through November 2028 and bears interest at 4.75%. Assets with a remaining basis of \$240,639 were capitalized as part of this lease. The town repaid this lease via lump sum during fiscal year 2019.

NOTE 5: DEFINED CONTRIBUTION PENSION PLAN

The Town provides a defined contribution plan for all employees through the Colorado County Officials and Employees Retirement Association. Participation in the plan is mandatory for covered employees. The fund is named Colorado County Officials and Employees Retirement Association.

Employees vest in the Town's contribution at 20% per year. All employees who have contributed to the plan are entitled to the benefits after completion of one year of service and upon termination. The employee contributes 3% of earnings and employer contributes 3% of earnings. The Town is not liable for amounts over the 3%. All contributions are current. During 2019, the Town contributed \$5,170 and the employees contributed \$4,270. The town's total payroll was \$186,728 of which \$172,326 or 92% was covered under the plan.

Under the plan employees may also contribute to a deferred compensation plan (457 plan). During 2019 there was \$900 contributions to this plan.

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 6: COMMITMENTS AND CONTINGENCIES

The Town receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the Town, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Town at December 31, 2019.

NOTE 7: RESTRICTED FUND BALANCE / NET POSITION

Tax Spending and Debt Limitations

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado, all local governments, and special districts. The Town's financial activity for the year ended December 31, 2019 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth.

Subsequent to December 31, 1992, revenue in excess of the Town's "spending limit" must be refunded unless voters approve the retaining of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

On April 2, 1996 the Town of Westcliffe passed a referendum regarding the revenue and spending limits imposed by Article X, section 20 of the Colorado constitution. The referendum allows the town, without increasing or adding any taxes of any kind, to collect, retain and expend all revenues and other funds collected during 1995 and thereafter.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The Town's management believes it is in compliance with the TABOR amendment.

The Article requires an emergency reserve be set aside for 2019 in the amount of 3 percent or more of its fiscal year spending. At December 31, 2019, the Town has reserved the following for emergencies:

General Fund	<u>\$ 28,000</u>
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Other Restrictions

The Town has restricted net position at December 31, 2019 in the Conservation Trust Fund related to unspent Conservation Trust Fund revenues.

Conservation Trust Fund	<u>\$ 35,415</u>
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TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7: RESTRICTED FUND BALANCE / NET POSITION (Continued)

Fund Equity Commitments

The Town has committed the following amounts for future capital needs.

Capital Fund	<u>\$ 800,687</u>
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NOTE 8: RISK MANAGEMENT

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 and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons and 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 ability to significantly affect the operations of the unit.

The Town has not materially changed its coverage from previous years. Based on the lack of previous loss occurrences, the Town has not recorded any liability for unpaid claims at December 31, 2019.

NOTE 9: INTERFUND TRANSACTIONS

The Town has recorded a routine transfer of \$75,000 from the General Fund to the Capital Fund for the fiscal year ended December 31, 2019. The computed amount of the expected transfer, \$281,816, was calculated to allow for the retention of a 40% operating reserve for the General Fund. Due to 2020 uncertainty with regards to the economy, the board chose to only transfer \$75,000 for 2019 with the remainder left in General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WESTCLIFFE, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	2019				2018
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Taxes					
Property Taxes	\$ 56,460	\$ 56,460	\$ 56,316	\$ (144)	\$ 56,543
Specific Ownership Taxes	7,000	7,370	9,034	1,664	8,824
Sales Taxes	390,000	547,000	519,334	(27,666)	407,435
Franchise Taxes	25,000	27,000	26,752	(248)	25,318
Other Taxes	3,545	2,977	2,969	(8)	2,932
Total Tax Revenue	<u>482,005</u>	<u>640,807</u>	<u>614,405</u>	<u>(26,402)</u>	<u>501,052</u>
Intergovernmental Revenues					
Cigarette Taxes	1,900	2,200	1,985	(215)	1,986
Highway Users	28,427	36,000	36,716	716	36,410
Road and Bridge	25,638	25,638	25,594	(44)	25,638
Federal Grants	400	479	235	(244)	491
State Grants	25,300	3,985	4,229	244	2,941
Total Intergovernmental Revenue	<u>81,665</u>	<u>68,302</u>	<u>68,759</u>	<u>457</u>	<u>67,466</u>
Licenses and Permits					
Liquor Licenses	1,885	2,130	2,130	-	2,324
Building Permits	20,200	24,873	25,132	259	21,914
Annexation/Other P&Z Fees	900	900	900	-	1,200
Business Licenses	2,000	2,050	2,050	-	1,985
Total Licenses and Permits	<u>24,985</u>	<u>29,953</u>	<u>30,212</u>	<u>259</u>	<u>27,423</u>
Fines and Forfeits					
	<u>150</u>	<u>125</u>	<u>125</u>	<u>-</u>	<u>350</u>
Charges for Services					
Recreation/Comm Ctr Charges	-	1,060	1,060	-	-
Rents	2,100	2,400	2,400	-	2,150
Other Charges for Services	-	2,000	-	(2,000)	2,064
Total Charges for Services	<u>2,100</u>	<u>5,460</u>	<u>3,460</u>	<u>(2,000)</u>	<u>4,214</u>
Investment Earnings					
	<u>800</u>	<u>2,700</u>	<u>3,146</u>	<u>446</u>	<u>882</u>
Other Revenues					
Donations	-	3,434	3,434	-	3,377
Other Miscellaneous Revenue	1,000	4,220	4,519	299	5,002
Total Other Revenue	<u>1,000</u>	<u>7,654</u>	<u>7,953</u>	<u>299</u>	<u>8,379</u>
TOTAL REVENUES	<u>592,705</u>	<u>755,001</u>	<u>728,060</u>	<u>(26,941)</u>	<u>609,766</u>

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF WESTCLIFFE, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	2019				2018
	Original Budget	Final Budget	Actual	Variance With Final Budget	
(Continued)					
EXPENDITURES					
General Government					
Personnel Services	166,334	166,271	163,884	2,387	169,925
Equipment Rentals	1,320	1,320	1,430	(110)	1,320
Insurance	12,938	12,510	12,570	(60)	12,459
Professional Fees	24,500	24,365	24,315	50	26,766
Repairs and Maintenance	4,000	18,000	17,357	643	2,103
Supplies	2,000	1,963	2,305	(342)	2,751
Telephone and Utilities	6,400	9,874	9,866	8	5,851
Travel and Training	1,600	2,820	3,296	(476)	968
Other Expenses	94,708	61,906	56,507	5,399	34,688
Total General Government	<u>313,800</u>	<u>299,029</u>	<u>291,530</u>	<u>7,499</u>	<u>256,831</u>
Public Safety					
Police	36,300	35,900	35,900	-	33,000
Animal Control	303	303	303	-	303
Municipal Court	1,200	1,470	1,470	-	1,200
Total Public Safety	<u>37,803</u>	<u>37,673</u>	<u>37,673</u>	<u>-</u>	<u>34,503</u>
Public Works					
Personnel Services	76,336	66,900	69,026	(2,126)	61,814
Contract Labor	1,000	-	-	-	-
Repairs and Maintenance	47,000	32,480	33,134	(654)	65,020
Telephone and Utilities	28,790	16,700	17,606	(906)	16,162
Travel and Training	300	-	-	-	140
Total Public Works/Comm Devel	<u>153,426</u>	<u>116,080</u>	<u>119,766</u>	<u>(3,686)</u>	<u>143,136</u>
Parks, Recreation and Other					
Personnel Services	-	5,920	6,278	(358)	-
Repairs and Maintenance	13,311	11,000	11,079	(79)	6,426
Telephone and Utilities	25,000	15,000	15,196	(196)	14,877
Total Parks, Recreation & Other	<u>38,311</u>	<u>31,920</u>	<u>32,553</u>	<u>(633)</u>	<u>21,303</u>
TOTAL EXPENDITURES	<u>543,340</u>	<u>484,702</u>	<u>481,522</u>	<u>3,180</u>	<u>455,773</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	49,365	270,299	246,538	(23,761)	153,993
OTHER FINANCING SOURCES (USES)					
Transfers In	1,573	-	-	-	-
Transfers (Out)	-	(297,152)	(75,000)	222,152	(148,270)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,573</u>	<u>(297,152)</u>	<u>(75,000)</u>	<u>222,152</u>	<u>(148,270)</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 50,938</u>	<u>\$ (26,853)</u>	171,538	<u>\$ 198,391</u>	5,723
FUND BALANCE, BEGINNING			227,887		222,164
FUND BALANCE, ENDING			<u>\$ 399,425</u>		<u>\$ 227,887</u>

See accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

TOWN OF WESTCLIFFE, COLORADO

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2019

With Comparative Totals for December 31, 2018

	SPECIAL REVENUE FUNDS		
	Conservation Trust Fund	Total	
		2019	2018
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Restricted Cash and Investments	\$ 35,415	\$ 35,415	\$ 28,539
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
FUND BALANCE			
Restricted Fund Balance	\$ 35,415	\$ 35,415	\$ 28,539

See accompanying Independent Auditors' Report.

TOWN OF WESTCLIFFE, COLORADO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	SPECIAL REVENUE FUNDS		
	Conservation Trust	Total	
	Fund	2019	2018
REVENUES			
Intergovernmental Revenues	\$ 7,023	\$ 7,023	\$ 5,964
Investment Earnings	148	148	124
TOTAL REVENUES	<u>7,171</u>	<u>7,171</u>	<u>6,088</u>
EXPENDITURES			
Current:			
Capital Outlay	295	295	-
NET CHANGE IN FUND BALANCE - GAAP BASIS	<u>6,876</u>	<u>6,876</u>	<u>6,088</u>
FUND BALANCE, BEGINNING	<u>28,539</u>	<u>28,539</u>	<u>22,451</u>
FUND BALANCE, ENDING	<u>\$ 35,415</u>	<u>\$ 35,415</u>	<u>\$ 28,539</u>

See accompanying Independent Auditors' Report.

TOWN OF WESTCLIFFE, COLORADO

BUDGETARY COMPARISON SCHEDULE

Conservation Trust Fund

FOR THE YEAR ENDED DECEMBER 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	2019		2018	
	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES				
Intergovernmental Revenues				
Cons Trust Fund Revenue	\$ 7,023	\$ 7,023	\$ -	\$ 5,964
Investment Earnings				
TOTAL REVENUES	<u>7,123</u>	<u>7,171</u>	<u>48</u>	<u>6,088</u>
EXPENDITURES				
Parks, Recreation and Other				
Capital Outlay				
Parks, Recreation and Other Capital Outlay	<u>31,000</u>	<u>295</u>	<u>30,705</u>	<u>-</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ (23,877)</u>	<u>6,876</u>	<u>\$ 30,753</u>	<u>6,088</u>
FUND BALANCE, BEGINNING		<u>28,539</u>		<u>22,451</u>
FUND BALANCE, ENDING		<u>\$ 35,415</u>		<u>\$ 28,539</u>

See accompanying Independent Auditors' Report.

TOWN OF WESTCLIFFE, COLORADO

BUDGETARY COMPARISON SCHEDULE

Capital Fund

FOR THE YEAR ENDED DECEMBER 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	2019			
	Final Budget	Actual	Variance With Final Budget	2018 Actual
REVENUES				
Intergovernmental Revenues				
Federal Grants	\$ -	\$ -	\$ -	\$ 24,932
State Grants	354,790	45,826	(308,964)	189,059
Total Intergovernmental Revenue	<u>354,790</u>	<u>45,826</u>	<u>(308,964)</u>	<u>213,991</u>
Charges for Services				
Rents	7,000	-	(7,000)	-
Other Charges for Services	-	151,993	151,993	-
Total Charges for Services	<u>7,000</u>	<u>151,993</u>	<u>144,993</u>	<u>-</u>
Investment Earnings	<u>2,000</u>	<u>5,000</u>	<u>3,000</u>	<u>3,389</u>
Other Revenues				
Donations	47,010	632	(46,378)	13,000
TOTAL REVENUES	<u>410,800</u>	<u>203,451</u>	<u>(207,349)</u>	<u>230,380</u>
EXPENDITURES				
General Government				
Supplies	-	305	305	-
Capital Outlay				
General Government Capital Outlay	471,800	117,824	353,976	502,705
Public Works Capital Outlay	35,000	25,771	9,229	16,403
Total Capital Outlay	<u>506,800</u>	<u>143,595</u>	<u>363,205</u>	<u>519,108</u>
Debt Service				
Principal and Interest	14,235	114,789	(100,554)	19,761
TOTAL EXPENDITURES	<u>521,035</u>	<u>258,689</u>	<u>262,956</u>	<u>538,869</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(110,235)</u>	<u>(55,238)</u>	<u>55,607</u>	<u>(308,489)</u>
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	144,901	-	(144,901)	113,116
Transfers In	-	75,000	75,000	148,270
Transfers (Out)	(1,573)	-	(1,573)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>143,328</u>	<u>75,000</u>	<u>(71,474)</u>	<u>261,386</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 33,093</u>	<u>19,762</u>	<u>\$ (15,867)</u>	<u>(47,103)</u>
FUND BALANCE, BEGINNING		<u>574,109</u>		<u>621,212</u>
FUND BALANCE, ENDING		<u>\$ 593,871</u>		<u>\$ 574,109</u>

See accompanying Independent Auditors' Report.

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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: Town of Westcliffe	
				YEAR ENDING : December-19	
This Information From The Records Of (example - City of _ or County of Town of Westcliffe)			Prepared By: Kathy Reis		Phone: 719-783-2282
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)	33,120		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	24,739		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	535		
2. General fund appropriations	56337	b. Snow and ice removal	20360		
3. Other local imposts (from page 2)	43,956	c. Other	10901		
4. Miscellaneous local receipts (from page 2)	75	d. Total (a. through c.)	31796		
5. Transfers from toll facilities	0	4. General administration & miscellane	13230		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	34200		
a. Bonds - Original Issues	0	6. Total (1 through 5)	137084		
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:			
c. Notes	0	1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest	0		
7. Total (1 through 6)	100368	b. Redemption	0		
B. Private Contributions	0	c. Total (a. + b.)	0		
C. Receipts from State government (from page 2)	36716	2. Notes:			
D. Receipts from Federal Government (from page 2)	0	a. Interest	0		
E. Total receipts (A.7 + B + C + D)	137084	b. Redemption	0		
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	0		
		C. Payments to State for highways	0		
		D. Payments to toll facilities	0		
		E. Total disbursements (A.6 + B.3 + C + D)	137084		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
		Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)		0	0	0	0
1. Bonds (Refunding Portion)			0	0	
B. Notes (Total)		0	0	0	0
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	Total Disbursemen	D. Ending Balance	E. Reconciliation
	0	137084	137084	0	0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December-19	
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	0
b. Other local imposts:		b. Traffic Fines & Penalties	75
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	43,956	g. Other Misc. Receipts	0
6. Total (1. through 5.)	43,956	h. Other	0
c. Total (a. + b.)	43,956	i. Total (a. through h.)	75
		(Carry forward to page 1)	(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	36716	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	0	d. Federal Transit Admin	0
d. Other (Specify)	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	36716	3. Total (1. + 2.g)	
		(Carry forward to page 1)	
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs		0	0
b. Engineering Costs		0	0
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		0	0
(3). System Preservation		0	0
(4). System Enhancement & Operation		0	33,120
(5). Total Construction (1) + (2) + (3) + (4)		0	33,120
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	33,120
		(Carry forward to page 1)	
Notes and Comments:			