

**TOWN OF SILVER CLIFF
SILVER CLIFF, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

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FINANCIAL SECTION

Town of Silver Cliff Management's Discussion and Analysis For the year ended December 31, 2020

Governmental Accounting Standards Board Statement Number 34 (GASB 34) requires that this Management's Discussion and Analysis (MD&A) be written to provide an overview of Silver Cliff's financial activities for the fiscal year ended December 31, 2020. 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 significant changes in the Town's financial position.

The Town believes this 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 2020

Silver Cliff is located in the Wet Mountain Valley in south-central Colorado in Custer County, has a population of 657 (per 2018 Census), and consists of approximately 9,390 acres or 14.67 square miles.

Silver Cliff was incorporated as a statutory town under the laws of the State of Colorado in 1879 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 Town Clerk/Treasurer, Building/Zoning Enforcement Officer, Public Works Superintendent, Code Enforcement Official, Town Attorney, Municipal Court Judge and Museum Curator.

Silver Cliff 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. Silver Cliff provides their own street and parks maintenance and maintains approximately 20 miles of streets.

Because over 49% of Silver Cliff's revenues are generated from sales tax, tourism greatly affects Silver Cliff's budget. Silver Cliff is located approximately 50 miles from any city of size and is not on a route you would take to get to another city. Fuel prices along with the state of the economy have a direct effect on tourism.

Although Silver Cliff's residential development continues to grow, commercial development is much slower. This may be due to high costs of available vacant commercial property and higher costs of construction in our area. The fact that we do not have an actual Main Street designated and that the State highway is the Main Street and following their rules and regulations are a factor as well.

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 Silver Cliff 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.

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, 2020, the Town has set aside \$21,000 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 nonmajor funds. The General Fund is considered a major fund.

Town of Silver Cliff
Management's Discussion and Analysis (Continued)
For the year ending December 31, 2020

The Museum Fund and the Conservation Trust Fund are nonmajor funds and 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.
- **Other Supplementary Information.** This section includes a combining balance sheet and statement of revenues, expenditures and changes in fund balances for the Museum Fund and the Conservation Trust Fund. This section also presents budget to actual information for these two funds. This budget to actual information, though not required by GAAP is required by the State of Colorado.
- **Legal and Other Regulatory Requirements.** This section includes the Local Highway Finance Report. This report is required to be presented by the State of Colorado.

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-type activities at this time.

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.

Town of Silver Cliff
Management's Discussion and Analysis (Continued)
For the year ending December 31, 2020

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

In condensed format, the following table shows the statement of net position at December 31, 2020 and 2019:

	Governmental Activities	
	2020	2019
ASSETS		
Current and Other Assets	\$ 336,394	\$ 421,366
Capital Assets	872,553	675,919
Total Assets	<u>1,208,947</u>	<u>1,097,285</u>
LIABILITIES		
Current Liabilities	14,374	10,254
Noncurrent Liabilities	184,291	5,370
Total Liabilities	<u>198,665</u>	<u>15,624</u>
DEFERRED INFOWS	<u>26,885</u>	<u>25,629</u>
NET POSITION		
Net Investment in Capital Assets	700,821	675,919
Restricted	34,334	34,710
Unrestricted	248,242	345,403
Total Net Position	<u>\$ 983,397</u>	<u>\$ 1,056,032</u>

Town of Silver Cliff
Management's Discussion and Analysis (Continued)
For the year ending December 31, 2020

The following table shows the changes in net position for the year ended December 31, 2020 and 2019:

	Governmental Activities	
	2020	2019
PROGRAM REVENUES		
Charges for Services	\$ 81,948	\$ 54,131
Operating Grants	156,104	106,347
Total Program Revenues	<u>238,052</u>	<u>160,478</u>
GENERAL REVENUES		
Property Taxes	25,693	24,311
Specific Ownership Taxes	3,769	3,940
Sales and Use Taxes	216,634	186,779
Franchise Taxes	19,216	19,919
Gain on Sale of Property	(20,273)	-
Interest Income	724	1,376
Other Revenues	1,926	3,226
Total General Revenues	<u>247,689</u>	<u>239,551</u>
Total Revenues	<u>485,741</u>	<u>400,029</u>
PROGRAM EXPENSES		
General Government	219,707	140,796
Public Safety	95,483	74,215
Public Works	178,219	133,111
Culture and Recreation	56,578	45,337
Total Program Expenses	<u>558,376</u>	<u>393,459</u>
CHANGE IN NET POSITION	(72,635)	6,570
Net Position, Beginning	<u>1,056,032</u>	<u>1,049,462</u>
NET POSITION, ENDING	<u>\$ 983,397</u>	<u>\$ 1,056,032</u>

The most significant item related to the change in net position for 2020 was related to the increase in sales tax.

GOVERNMENTAL ACTIVITIES

The General Fund is the chief operating fund of the Town. The General Fund generates in excess of 53% of its revenues from sales tax. This revenue is used for general governmental purposes. Highway Users Tax (HUTF) provides about 9% of the general funds revenues and is used strictly on street and alley expenses.

Expenditures are divided into the following functions: general government, public safety, public works, parks and recreation, museum, capital outlay and debt service.

General government expenditures include general operational, administrative expenses of the Town, building and zoning department. Public works expenses cover street and alley maintenance, improvements, snow removal and other street related expenses. Parks and recreation include maintenance and park 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 Silver Cliff
Management's Discussion and Analysis (Continued)
For the year ending December 31, 2020

CAPITAL ASSETS

At the end of 2020, the Town has a broad range of capital assets totaling \$872,553, net of depreciation. These assets include buildings, equipment, infrastructure, park property, and improvements. Major acquisitions were primarily public works vehicle related. The Town also deleted numerous older capital assets that were no longer in use or owned by the Town that had not been removed in previous years.

A summary of capital assets at December 31, 2020 is as follows:

	1/1/2020 Beginning Balance	Additions	Deletions	12/31/2020 Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 144,251	\$ -	\$ -	\$ 144,251
Capital Assets Being Depreciated:				
Land Improvements/Infrastructure	546,871	-	50,142	496,729
Buildings	406,089	-	12,738	393,351
Equipment and Vehicles	306,863	270,212	134,391	442,684
Total Capital Assets Being Depreciated	1,259,823	270,212	197,271	1,332,764
Less Accumulated Depreciation:				
Land Improvements/Infrastructure	(330,408)	(18,232)	(49,857)	(298,783)
Buildings	(192,885)	(10,174)	(11,465)	(191,594)
Equipment and Vehicles	(204,862)	(24,899)	(115,676)	(114,085)
Total Accumulated Depreciation	(728,155)	(53,305)	(176,998)	(604,462)
Net Capital Assets	\$ 675,919	\$ 216,907	\$ 20,273	\$ 872,553

LONG-TERM DEBT

The Town has long-term debt is related to accrued compensated absences and leases. See Note 4 full details on the liabilities.

	Balance 1/1/20	Additions	Payments	Balance 12/31/20	Current Portion	Accrued Interest	Interest Expense
<u>Capital Leases Payable</u>							
2020 Copier Lease	\$ -	\$ 6,000	\$ 113	\$ 5,887	\$ 1,176	\$ -	\$ -
2020 Grader Lease - UBB	-	96,250	96,250	-	-	-	1,706
2020 Grader Lease - Kirkpatrick	-	98,000	-	98,000	18,538	5,407	5,407
2020 Water Truck Lease	-	67,845	-	67,845	-	577	577
Accrued Compensated Absences	5,370	7,189	-	12,559	-	-	-
Total Noncurrent Liabilities	\$ 5,370	\$275,284	\$ 96,363	\$ 184,291	\$ 19,714	\$ 5,984	\$ 7,690

GENERAL FUND BUDGET

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.

Total General Fund revenues were approximately \$1,669 under budget primarily related to the decrease in property tax due to the Gallagher Act, HUTF was down not many travelers due to COVID, and building permits were down due to COVID as well. Expenditures were \$125,938 under budget. This difference was due to the purchase of the equipment that was voted to use funds from the beginning fund balance that was not completed until 2021, then with COVID many of our budgeted projects did not get done. Overall General Fund carryover increased from \$262,470 to \$350,397.

Town of Silver Cliff
Management's Discussion and Analysis (Continued)
For the year ending December 31, 2020

NEXT YEAR'S BUDGET AND RATES

The 2020 proposed estimated sales tax is \$210,000. Once again, our sales tax increased due to the fact that we have had a new business open. The Town is still fighting to get the zip code issue settled so that we can get all the sales tax due to the Town. With the new sales tax collection laws, the town feels we are starting to get the sales taxes that are due to the Town on deliveries.

We will be applying for a GOCO Grant to help with improvements to the playground, restrooms and a disc golf course at our Silver Cliff Community Park.

The Town of Silver Cliff has become one of the International Dark Skies, with this accreditation we hope our tourism will increase on our off-season months. This accreditation has helped bring many tourists to our area.

At the Museum, the Town pays for the curator and 1 employee to keep the museum open. The Town does most of the general maintenance. There are some major issues that are being assessed. The drainage protection project is still a concern and we continue to look for funding to help with this project. With more inspections, it was determined that this issue will be included with the total improvement project. This project has become more detailed and we are currently looking at grants that can help us fix all the issues at once.

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:

Ileen Squire, Town Clerk
Silver Cliff Town Hall
612 Main Street
Silver Cliff, CO 81249
719-783-2615

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 Silver Cliff
Silver Cliff, 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 Silver Cliff, Colorado, as of and for the year ended December 31, 2020, 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 Silver Cliff, Colorado, as of December 31, 2020, and the respective changes in financial position 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 Silver Cliff's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 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 – M6 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 21 - 23 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 schedules listed as other supplementary information pages 24 - 26 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 27 - 28 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.

Mayberry & Company, LLC

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BASIC FINANCIAL STATEMENTS

TOWN OF SILVER CLIFF, COLORADO

STATEMENT OF NET POSITION

DECEMBER 31, 2020

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	
Cash	\$ 244,368
Receivables	
Property Tax Receivable	61,881
Intergovernmental Receivables	7,312
Accounts Receivable	22,833
Total Current Assets	<u>336,394</u>
Noncurrent Assets	
Capital Assets not being Depreciated	144,251
Capital Assets being Depreciated	1,332,764
Accumulated Depreciation	<u>(604,462)</u>
Total Noncurrent Assets	<u>872,553</u>
TOTAL ASSETS	<u>\$ 1,208,947</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 6,374
Unearned Revenue	8,000
Total Current Liabilities	<u>14,374</u>
Noncurrent Liabilities	
Due within one year	19,714
Due in more than one year	<u>164,577</u>
Total Noncurrent Liabilities	<u>184,291</u>
TOTAL LIABILITIES	<u>198,665</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred Property Taxes	<u>26,885</u>
NET POSITION	
Net Investment in Capital Assets	700,821
Restricted Net Position	34,334
Unrestricted Net Position	<u>248,242</u>
TOTAL NET POSITION	<u>983,397</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 1,208,947</u>

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

TOWN OF SILVER CLIFF, COLORADO

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND
			OPERATING	CHANGES IN NET
			GRANTS AND	POSITION
EXPENSES	CHARGES FOR SERVICES		CONTRIBUTIONS	GOVERNMENT ACTIVITIES
FUNCTIONS/PROGRAMS				
Government Activities				
Current:				
General Government	\$ 219,707	\$ 36,997	\$ 84,695	\$ (98,015)
Public Safety	95,483	4,125	-	(91,358)
Public Works	178,219	40,776	64,397	(73,046)
Culture and Recreation	56,578	50	7,012	(49,516)
Capital Outlay - Non Capitalized	8,389	-	-	(8,389)
TOTAL GOVERNMENT	\$ 558,376	\$ 81,948	\$ 156,104	(320,324)
GENERAL REVENUES				
Property Taxes				25,693
Specific Ownership Taxes				3,769
Sales and Use Taxes				216,634
Franchise and In Lieu of Taxes				19,216
Interest Income				724
Gain (Loss) on Disposal of Capital Assets				(20,273)
Other Revenues				1,926
TOTAL GENERAL REVENUES				247,689
CHANGE IN NET POSITION				(72,635)
NET POSITION - Beginning				1,056,032
NET POSITION - Ending				\$ 983,397

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

TOWN OF SILVER CLIFF, COLORADO

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2020

With Comparative Totals for December 31, 2019

	General	Conservation Trust	Other	Total	
	Fund	Fund	Funds	2020	2019
ASSETS AND DEFERRED OUTFLOWS					
ASSETS					
Current Assets					
Cash and Investments					
Cash	\$ 203,703	\$ 21,334	\$ 19,331	\$ 244,368	\$ 344,366
Receivables					
Property Tax Receivable	61,881	-	-	61,881	45,516
Intergovernmental Receivables	7,312	-	-	7,312	7,519
Accounts Receivable	22,833	-	-	22,833	23,965
TOTAL ASSETS	\$ 295,729	\$ 21,334	\$ 19,331	\$ 336,394	\$ 421,366
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 6,374	\$ -	\$ -	\$ 6,374	\$ 10,254
Unearned Revenue	-	8,000	-	8,000	-
TOTAL LIABILITIES	6,374	8,000	-	14,374	10,254
DEFERRED INFLOWS OF FINANCIAL RESOURCES					
Deferred Property Taxes	26,885	-	-	26,885	25,629
FUND BALANCE					
Restricted Fund Balance	21,000	13,334	-	34,334	34,710
Committed Fund Balance	-	-	19,331	19,331	12,376
Unassigned Fund Balance	241,470	-	-	241,470	338,397
TOTAL FUND BALANCE	262,470	13,334	19,331	295,135	385,483
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 295,729	\$ 21,334	\$ 19,331	\$ 336,394	\$ 421,366

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

TOWN OF SILVER CLIFF, COLORADO

RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2020

Fund Balance - Governmental Funds			\$ 295,135
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$ 144,251		
Capital assets, being depreciated	1,332,764		
Accumulated depreciation	<u>(604,462)</u>	872,553	
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Capital leases payable	(171,732)		
Accrued compensated absences	<u>(12,559)</u>	<u>(184,291)</u>	
Total Net Position - Governmental Activities			<u>\$ 983,397</u>

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

TOWN OF SILVER CLIFF, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	General	Conservation	Other	Total	
	Fund	Trust	Funds	2020	2019
REVENUES					
Taxes	\$ 265,312	\$ -	\$ -	\$ 265,312	\$ 234,949
Intergovernmental Revenues	125,828	7,012	-	132,840	94,925
Licenses and Permits	41,964	-	-	41,964	28,113
Fines and Forfeits	3,925	-	-	3,925	225
Charges for Services	35,993	-	65	36,058	25,794
Investment Earnings	694	20	11	725	1,375
Other Revenues	14,890	2,000	8,300	25,190	14,648
TOTAL REVENUES	488,606	9,032	8,376	506,014	400,029
EXPENDITURES					
Current:					
General Government	206,265	-	-	206,265	126,477
Public Safety	95,483	-	-	95,483	66,829
Public Works	149,025	-	-	149,025	110,284
Parks, Recreation and Other	24,230	19	3,796	28,045	23,167
Capital Outlay	273,262	18,389	(2,375)	289,276	41,264
Debt Service	96,363	-	-	96,363	-
TOTAL EXPENDITURES	844,628	18,408	1,421	864,457	368,021
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(356,022)	(9,376)	6,955	(358,443)	32,008
OTHER FINANCING SOURCES (USES)					
Debt Proceeds	268,095	-	-	268,095	-
NET CHANGE IN FUND BALANCE	(87,927)	(9,376)	6,955	(90,348)	32,008
FUND BALANCE, BEGINNING	350,397	22,710	12,376	385,483	353,475
FUND BALANCE, ENDING	\$ 262,470	\$ 13,334	\$ 19,331	\$ 295,135	\$ 385,483

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

TOWN OF SILVER CLIFF, COLORADO

RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

Change in Fund Balance - Governmental Funds \$ (90,348)

Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level

Capitalized Asset Purchases	\$ 270,212	
Depreciation Expense	(53,305)	
Gain (Loss) on Asset Disposals	<u>(20,273)</u>	196,634

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

Proceeds from debt issuances	(268,095)	
Principal payments on capital leases	96,363	
Change in accrued compensated absences	<u>(7,189)</u>	<u>(178,921)</u>

Change in Net Position - Governmental Activities \$ (72,635)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

HISTORY AND FUNCTION OF ORGANIZATION

The Town of Silver Cliff 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 Silver Cliff (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.

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 Museum Fund. 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 major governmental fund:

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.

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.

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.

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.

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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

Buildings and improvements	20 – 50 years
Infrastructure	10 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 during the calendar year it is earned, except for one week which may be carried over to the next year. Any unused vacation time will be paid to the employee upon termination.

Sick leave is earned at one day per month for full time employees and is prorated for part time employees. Employees will be allowed to accumulate 30 days of sick leave, half of which is paid upon termination.

Because it is believed that only an insignificant portion of the liability for compensated absences will be paid in the coming year, these benefit costs are not accrued in the fund financial statements but are recognized in the government-wide financial statements.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

At December 31, 2020, 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	\$ 244,318
PDPA Secured (Not in Entity's Name)	7,819	-
Petty Cash	-	50
Total Cash	<u>\$ 257,819</u>	<u>\$ 244,368</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.

The Town did not hold any investments other than certificates of deposits included in the bank balances shown above at December 31, 2020.

Concentration of Credit Risk - Investments

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

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

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, 2020, 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:

	1/1/2020 Beginning Balance	Additions	Deletions	12/31/2020 Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 144,251	\$ -	\$ -	\$ 144,251
Capital Assets Being Depreciated:				
Land Improvements/Infrastructure	546,871	-	50,142	496,729
Buildings	406,089	-	12,738	393,351
Equipment and Vehicles	306,863	270,212	134,391	442,684
Total Capital Assets Being Depreciated	1,259,823	270,212	197,271	1,332,764
Less Accumulated Depreciation:				
Land Improvements/Infrastructure	(330,408)	(18,232)	(49,857)	(298,783)
Buildings	(192,885)	(10,174)	(11,465)	(191,594)
Equipment and Vehicles	(204,862)	(24,899)	(115,676)	(114,085)
Total Accumulated Depreciation	(728,155)	(53,305)	(176,998)	(604,462)
Net Capital Assets	\$ 675,919	\$ 216,907	\$ 20,273	\$ 872,553

Depreciation is charged to the governmental activities as follows:

i	\$ 6,253
Public Works	26,961
Parks and Recreation	20,091
Total Depreciation by Function	\$ 53,305

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4: NONCURRENT LIABILITIES

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

	<u>Balance</u> <u>1/1/20</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/20</u>	<u>Current</u> <u>Portion</u>	<u>Accrued</u> <u>Interest</u>	<u>Interest</u> <u>Expense</u>
<u>Capital Leases Payable</u>							
2020 Copier Lease	\$ -	\$ 6,000	\$ 113	\$ 5,887	\$ 1,176	\$ -	\$ -
2020 Grader Lease - UBB	-	96,250	96,250	-	-	-	1,706
2020 Grader Lease - Kirkpatrick	-	98,000	-	98,000	18,538	5,407	5,407
2020 Water Truck Lease	-	67,845	-	67,845	-	577	577
Accrued Compensated Absences	5,370	7,189	-	12,559	-	-	-
Total Noncurrent Liabilities	\$ 5,370	\$275,284	\$ 96,363	\$ 184,291	\$ 19,714	\$ 5,984	\$ 7,690

In 2020 the town entered into a capital lease purchase obligation for the purchase of a copier. The lease requires monthly payments of \$113 through October 2025 and bears interest at 5.00%. Assets with a remaining basis of \$5,400 were capitalized as part of this lease. In the event of non-appropriation; if through no action initiated by the Town, and the Town's legislative body does not appropriate funds for the continuation of this agreement for any fiscal year after the first fiscal year and has no funds to do so from other sources, and the Town has made reasonable but unsuccessful efforts to find a creditworthy assignee acceptable to the lessor, in its sole discretion, within the Town's general organization can terminate the agreement. Legal writing at least 30 days prior to the beginning of the fiscal year must be submitted. The notice must be accompanied by payment of all sums then owed through the current fiscal year under the agreement. Equipment will be returned at the Town's expense in good working condition and free of all liens and encumbrances. Then the town will be released from any further payment obligation beyond those due for the current fiscal year.

In 2020 the town entered into a capital lease purchase obligation with United Business Bank for the purchase of a Grader. The lease required annual payments of \$21,044 through February 2025 and bears interest at 3.00%. The loan was refinanced during the current fiscal year with Kirkpatrick Bank for a lower interest rate.

In 2020 the town refinanced a purchase of a grader with Kirkpatrick Bank entering into a capital lease purchase obligation. The lease requires annual payments of \$21,270 through September 2025 and bears interest at 2.75%. Assets with a remaining basis of \$160,720 were capitalized as part of this lease. In the case of default, lessor may, at its option, exercise any one or more of the following remedies: obtain possession of the equipment, and exercise any other right, remedy, or privilege which may be available to it under applicable law, including the right to proceed by appropriate court action to enforce the terms of this lease, recover damages for the breach of this lease, and rescind this lease as to any or all of the equipment.

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4: NONCURRENT LIABILITIES (Continued)

In 2020 the town entered into a capital lease purchase obligation for the purchase of a water truck. The lease requires annual payments of \$24,703 starting January 2022 through January 2024 and bears interest at 3.98%. Assets with a remaining basis of \$64,078 were capitalized as part of this lease. In the event of default with or without terminating the contract, the lessor may require the lessee to redeliver the equipment. Such delivery shall take place within fifteen days after the event of default occurs. If the lessee fails to deliver the equipment the lessor may enter the premises where the equipment is located and take possession charging the lessee for costs incurred. Notwithstanding that the lessor has taken possession of the equipment, lessee shall still be obligated to pay the remaining contract payments due up until the end of the then current original term or renewal term. Lessee will be liable for any damages to the equipment caused by the lessee or its employees or agents. Lessor may take whatever action at law or in equity that may appear necessary or desirable to enforce its rights. Lessee shall be responsible for all costs incurred by lessor in the enforcement of its rights under this contract.

The remaining minimum payments for the leases are as follows:

	<u>Future Minimum Lease Payments</u>			
	<u>2020 Copier</u>	<u>2020 Grader</u>	<u>2020 Truck</u>	<u>Total</u>
	Interest Rate	5% est	2.75%	3.98%
<u>Fiscal Year</u>				
2021	\$ 1,466	\$ 21,270	\$ -	\$ 22,736
2022	1,353	21,270	24,703	47,326
2023	1,353	21,270	24,703	47,326
2024	1,353	21,270	24,703	47,326
2025	1,128	21,270	-	22,398
Total Minimum Lease	6,653	106,350	74,109	187,112
Less: Interest	(766)	(8,350)	(6,264)	(15,380)
NPV of Lease Payments	<u>\$ 5,887</u>	<u>\$ 98,000</u>	<u>\$ 67,845</u>	<u>\$ 171,732</u>

NOTE 5: DEFINED CONTRIBUTION PENSION PLAN

The Town provides a defined contribution plan for all full-time employees through the Colorado County Officials and Employees Retirement Association. Participation in the plan is optional for covered employees. The Town matches employee contributions up to 3% of covered wages.

Employees vest after three years for all employer contributions. The Town is not liable for amounts over the 3% match. The Town Board establishes all benefit provisions. All contributions are current. During 2020, the Town contributed \$4,529 and the employees contributed \$4,529. The Town's total payroll was \$188,389 of which \$178,472, or 95% was for employees contributing under the plan.

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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, 2020.

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, 2020 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 Silver Cliff 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 2020 in the amount of 3 percent or more of its fiscal year spending. At December 31, 2020, the Town has reserved the following for emergencies:

General Fund	<u>\$ 21,000</u>
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Other Restrictions

The Town has restricted net position at December 31, 2020 in the Governmental Activities and fund balance in the Conservation Trust Fund related to unspent Conservation Trust Fund revenues.

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

Fund Equity Commitments

The Town has committed the following amounts for future Museum related expenditures:

Museum Fund	<u>\$19,331</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, 2020.

NOTE 9: BUDGET VIOLATION

The Town's expenditures exceeded appropriations in the Conservation Trust Fund in the amount of \$8,408. This may be a violation of state statutes.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SILVER CLIFF, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020			
	Original/ Final Budget	Actual	Variance With Final Budget	2019 Actual
REVENUES				
Taxes				
Property Taxes	\$ 27,000	\$ 25,693	\$ (1,307)	\$ 24,311
Specific Ownership Taxes	4,000	3,769	(231)	3,940
Sales and Use Taxes	210,000	216,634	6,634	186,779
Franchise and In Lieu of Taxes	20,000	19,216	(784)	19,919
Total Tax Revenue	261,000	265,312	4,312	234,949
Intergovernmental Revenues				
Cigarette Taxes	1,000	832	(168)	608
Highway Users	52,000	44,356	(7,644)	59,426
Road and Bridge	20,000	20,041	41	18,899
Clerk/Motor Vehicle Fees	5,000	3,332	(1,668)	3,281
Federal Grants	50,650	50,751	101	-
State Grants	500	6,516	6,016	5,322
Total Intergovernmental Revenue	129,150	125,828	(3,322)	87,536
Licenses and Permits				
Liquor Licenses	600	750	150	950
Building Permits	57,350	40,176	(17,174)	25,337
Annexation/Other P&Z Fees	600	600	-	1,400
Animal Licenses	200	200	-	-
Business Licenses	150	171	21	171
Other Licenses	70	67	(3)	255
Total Licenses and Permits	58,970	41,964	(17,006)	28,113
Fines and Forfeits				
	500	3,925	3,425	225
Charges for Services				
Recreation/Comm Ctr Charges	75	50	(25)	100
Other Charges for Services	34,500	35,943	1,443	25,385
Total Charges for Services	34,575	35,993	1,418	25,485
Investment Earnings				
	200	694	494	1,237
Other Revenues				
Donations	2,500	12,964	10,464	2,750
Sale of Capital Assets	730	-	(730)	-
Other Miscellaneous Revenue	2,650	1,926	(724)	3,162
Total Other Revenue	5,880	14,890	9,010	5,912
TOTAL REVENUES	490,275	488,606	(1,669)	383,457

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF SILVER CLIFF, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020			
	Original/ Final Budget	Actual	Variance With Final Budget	2019 Actual
(Continued)				
EXPENDITURES				
General Government				
Personnel Services	90,500	90,096	404	71,756
Insurance	11,300	11,172	128	9,690
Professional Fees	17,500	17,829	(329)	7,963
Repairs and Maintenance	16,000	15,412	588	3,028
Supplies	4,450	4,887	(437)	4,557
Telephone and Utilities	5,200	5,627	(427)	5,761
Travel and Training	765	761	4	301
COVID Expenses	51,539	22,952	28,587	-
Other Expenses	36,900	37,529	(629)	23,421
Total General Government	234,154	206,265	27,889	126,477
Public Safety				
Personnel Services	66,000	66,400	(400)	49,991
Professional Fees	22,050	22,050	-	14,438
Telephone and Utilities	-	4,506	(4,506)	-
Travel and Training	2,700	2,527	173	2,100
Other Expenses	-	-	-	300
Total Public Safety	90,750	95,483	(4,733)	66,829
Public Works				
Personnel Services	85,700	75,853	9,847	49,445
Contract Labor	2,500	-	2,500	-
Fuel and Automotive	6,000	3,837	2,163	3,325
Repairs and Maintenance	53,315	50,335	2,980	36,652
Supplies	8,600	8,948	(348)	7,906
Telephone and Utilities	12,600	7,980	4,620	11,757
Other Expenses	2,100	2,072	28	1,199
Total Public Works/Comm Devel	170,815	149,025	21,790	110,284
Parks, Recreation and Other				
Personnel Services	-	-	-	1,705
Repairs and Maintenance	4,000	12,172	(8,172)	4,655
Telephone and Utilities	13,000	12,058	942	6,047
Other Expenses	-	-	-	2,113
Total Parks, Recreation & Other	17,000	24,230	(7,230)	14,520
Capital Outlay				
General Government Capital Outlay	82,500	2,117	80,383	33,487
Public Works Capital Outlay	2,500	2,233	267	7,632
Parks, Recreation and Other Capital Outlay	8,389	817	7,572	145
Total Capital Outlay	93,389	5,167	88,222	41,264
Debt Service				
TOTAL EXPENDITURES	606,108	480,170	125,938	359,374
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ (115,833)</u>	8,436	<u>\$ 124,269</u>	24,083
Budget to GAAP Basis Reconciliation				
Debt Proceeds		268,095		-
Debt Principal		(96,363)		-
Capital Outlay		(268,095)		-
NET CHANGE IN FUND BALANCE - GAAP BASIS		(87,927)		24,083
FUND BALANCE, BEGINNING		350,397		326,314
FUND BALANCE, ENDING		<u>\$ 262,470</u>		<u>\$ 350,397</u>

See accompanying Independent Auditors' Report.

TOWN OF SILVER CLIFF, COLORADO

BUDGETARY COMPARISON SCHEDULE

Conservation Trust Fund

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020		
	Original & Final Budget	Actual	Variance With Final Budget
			2019 Actual
REVENUES			
Intergovernmental Revenues			
Cons Trust Fund Revenue	\$ 7,012	\$ 7,012	\$ - \$ 7,389
Investment Earnings	35	20	(15) 85
Donations	-	2,000	2,000 -
TOTAL REVENUES	<u>7,047</u>	<u>9,032</u>	<u>1,985</u> <u>7,474</u>
EXPENDITURES			
Other Expenses	-	19	(19) -
Capital Outlay			
Parks, Recreation and Other Capital Outlay	<u>10,000</u>	<u>18,389</u>	<u>(8,389)</u> -
TOTAL EXPENDITURES	<u>10,000</u>	<u>18,408</u>	<u>(8,408)</u> -
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(2,953)	(9,376)	(6,423) 7,474
FUND BALANCE, BEGINNING		<u>22,710</u>	<u>15,236</u>
FUND BALANCE, ENDING		<u>\$ 13,334</u>	<u>\$ 22,710</u>

See accompanying Independent Auditors' Report.

TOWN OF SILVER CLIFF, COLORADO

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2020

With Comparative Totals for December 31, 2019

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>Museum Fund</u>	<u>Total</u>	
		<u>2020</u>	<u>2019</u>
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash	\$ 19,331	\$ 19,331	\$ 12,427
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	-	-	51
FUND BALANCE			
Committed Fund Balance	19,331	19,331	12,376
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 19,331</u>	<u>\$ 19,331</u>	<u>\$ 12,427</u>

See accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

TOWN OF SILVER CLIFF, COLORADO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	SPECIAL REVENUE FUNDS		
	Museum	Total	
	Fund	2020	2019
REVENUES			
Charges for Services	\$ 65	\$ 65	\$ 309
Investment Earnings	11	11	53
Other Revenues	8,300	8,300	8,736
TOTAL REVENUES	8,376	8,376	9,098
EXPENDITURES			
Current:			
Parks, Recreation and Other	3,796	3,796	8,647
Capital Outlay	(2,375)	(2,375)	-
TOTAL EXPENDITURES	1,421	1,421	8,647
NET CHANGE IN FUND BALANCE - GAAP BASIS	6,955	6,955	451
FUND BALANCE, BEGINNING	12,376	12,376	11,925
FUND BALANCE, ENDING	\$ 19,331	\$ 19,331	\$ 12,376

See accompanying Independent Auditors' Report.

TOWN OF SILVER CLIFF, COLORADO

BUDGETARY COMPARISON SCHEDULE

Museum Fund

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020			
	Original & Final Budget	Actual	Variance With Final Budget	2019 Actual
REVENUES				
Charges for Services				
Sales of Goods	\$ -	\$ 65	\$ 65	\$ 309
Investment Earnings	150	11	(139)	53
Other Revenues				
Donations	12,000	8,300	(3,700)	8,672
Other Miscellaneous Revenue	-	-	-	64
TOTAL REVENUES	<u>12,150</u>	<u>8,376</u>	<u>(3,774)</u>	<u>9,098</u>
EXPENDITURES				
Parks, Recreation and Other				
Personnel Services	-	475	(475)	-
Repairs and Maintenance	2,000	518	1,482	4,306
Supplies	800	679	121	562
Telephone and Utilities	3,400	2,124	1,276	2,843
Other Expenses	500	-	500	936
Parks, Recreation and Other Capital Outlay	-	(2,375)	2,375	-
TOTAL EXPENDITURES	<u>6,700</u>	<u>1,421</u>	<u>5,279</u>	<u>8,647</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 5,450</u>	6,955	<u>\$ 1,505</u>	451
FUND BALANCE, BEGINNING		12,376		11,925
FUND BALANCE, ENDING		<u>\$ 19,331</u>		<u>\$ 12,376</u>

See accompanying Independent Auditors' Report.

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STATE COMPLIANCE SECTION

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

LOCAL HIGHWAY FINANCE REPORT	City or County:
	YEAR ENDING : December 2020
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Phone:

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)	23,409
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	62,944
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	689
2. General fund appropriations		b. Snow and ice removal	3,470
3. Other local imposts (from page 2)	49,033	c. Other	4,549
4. Miscellaneous local receipts (from page 2)	5,184	d. Total (a. through c.)	8,709
5. Transfers from toll facilities		4. General administration & miscellaneous	32,533
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	15,450
a. Bonds - Original Issues		6. Total (1 through 5)	143,045
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	54,218	b. Redemption	0
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government		2. Notes:	
(from page 2)	47,656	a. Interest	0
D. Receipts from Federal Government		b. Redemption	0
(from page 2)	0	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)	101,873	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)	143,045

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
		101,873	143,045		(41,172)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2020	

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	25,223	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
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	5,184
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	23,810	g. Other Misc. Receipts	
6. Total (1. through 5.)	23,810	h. Other	
c. Total (a. + b.)	49,033	i. Total (a. through h.)	5,184
(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	44,356	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	3,299	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	3,299	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	47,656	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		23,409	23,409
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	23,409	23,409
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	23,409	23,409
(Carry forward to page 1)			

Notes and Comments: