TOWN OF SIMLA, COLORADO

FINANCIAL STATEMENTS

December 31, 2020

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Simla (the "Town") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Simla as of December 31, 2020, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison schedule on pages i – vii and on pages 24 - 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information and Other Information

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

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

Logan and Associates, LLC

Aurora, Colorado
July 12, 2021

TOWN OF SIMLA, COLORADO
Management Discussion and Analysis
Year Ended December 31, 2020

Management of the Town of Simla offers readers of the basic financial statement this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2020. The focus of the information is on the primary government-general fund.

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

Financial Highlights
The Town's Governmental Activities assets exceeded it liabilities and deferred inflows of resources at the close of the fiscal year by $406,267 (net position).Of this amount, $92,061 (unrestricted net position) may be used to meet the Town's ongoing obligations.

The Town's Business-type Activities' assets exceeded its liabilities by $ 1,702,234 (net position) at the close of the fiscal year.

As the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $240,547, an increase of $4,093 from the prior year.

The restricted cemetery fund consists of $94,600 left to the Town by and estate to maintain family graves and make improvements to the cemetery. At December 31, 2020, the balance of this fund was $103,071.

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

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

The government-wide statements are divided into two categories: Governmental and Business Type Activities

Most of the Town's basic services are reported in the governmental activities,which focus on cash flow. The Town's basic services include administrative, public safety, public works, judicial, buildings, cemetery, parks, and recreation. Property tax, sales tax, and intergovernmental taxes finance the majority of these activities.

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

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

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

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

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

Government-wide Financial Analysis:
As noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Simla the assets exceeded liabilities and inflows of resources by approximately $2,109,001. Of the Town's net-position $852,982 is unrestricted and may be used to meet the Town's ongoing financial obligations. These are Net Position that are not restricted by external requirements nor invested in capital assets.

TOWN OF SIMLA, COLORADO
Management Discussion and Analysis
Year Ended December 31, 2020
(continued)

Of the Town's $2,109,001 total net position, $1,117,290 reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to the citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Following is the Town's Statement of Net Position:

	Governmental Activities		Business-type Activities		Total	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
ASSETS						
Current Assets	$ 323,323	$ 332,716	$ 764,313	$ 768,453	$ 1,087,636	$ 1,101,169
Capital Assets, Net	174,525	203,558	1,013,813	1,066,238	1,188,338	1,269,796
Total Assets	497,848	536,274	1,778,126	1,834,691	2,275,974	2,370,965
LIABILITIES						
Current Liabilities	26,364	39,850	3,392	3,392	29,756	43,242
Long-term Liabilities	8,305	10,032	72,500	78,300	80,805	88,332
Total Liabilities	34,669	49,882	75,892	81,692	110,561	131,574
Deferred Inflows of Resources	56,412	56,412	-	-	56,412	56,412
NET POSITION						
Net Investment-Capital Assets	175,977	203,283	941,313	987,938	1,117,290	1,191,221
Restricted	138,729	134,077	-	-	138,729	134,077
Unrestricted	92,061	92,620	760,921	765,061	852,982	857,681
Total Net Position	$ 406,767	$ 429,980	$ 1,702,234	$ 1,752,999	$ 2,109,001	$ 2,182,979

TOWN OF SIMLA, COLORADO

Management Discussion and Analysis
Year Ended December 31, 2020
(continued)

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

	Governmental Activities		Business-type Activities		Total	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
REVENUES						
PROGRAM REVENUES						
Charges for Services	$ 39,473	$ 109,015	$ 346,046	$ 337,089	$ 385,519	$ 446,104
Operating Grants & Contributions	-	10,984		10,984	-	21,968
Capital Grants & Contributions	6,682	7,377	14,500	21,000	21,182	28,377
GENERAL REVENUES						
Property Taxes	65,468	59,457	-	-	65,468	59,457
Sales Taxes	108,352	75,281	-	-	108,352	75,281
Other Taxes	68,561	75,154	-	-	68,561	75,154
Grants not Program Specific	18,234	-	-	-	18,234	-
Investment Income	3,458	9,389	1,973	6,234	5,431	15,623
Miscellaneous	51,156	6,857	-	-	51,156	6,857
TOTAL REVENUES	361,384	353,514	362,519	375,307	723,903	728,821
EXPENSES						
General Government	89,688	52,441	-	-	89,688	50,874
Judicial	25,024	29,277	-	-	25,024	29,277
Public Safety	164,014	184,729	-	-	164,014	184,729
Public Works	82,841	99,986	-	-	82,841	99,986
Health and Welfare	3,686	8,782	-	-	3,686	8,782
Parks and Recreation	19,344	16,807	-	-	19,344	16,807
Interest on Long-term Debt	-	580	-		-	580
Water, Sewer and Trash	-	-	413,284	357,878	413,284	357,878
TOTAL EXPENSES	384,597	392,602	413,284	357,878	797,881	748,913
CHANGE IN NET POSITION	(23,213)	(39,088)	(50,765)	17,429	(73,978)	(20,092)
NET POSITION, Beginning	429,980	469,068	1,752,999	1,746,554	2,182,979	2,215,622
NET POSITION, Ending	$ 406,767	$ 429,980	$ 1,702,234	$ 1,763,983	$ 2,109,001	$ 2,195,530

TOWN OF SIMLA, COLORADO

Management Discussion and Analysis
Year Ended December 31, 2020
(continued)

Governmental Activities for the Town's net position for the year ending December 31, 2020, showed a decrease of $23,213. Business-type activities decreased the Town's net position by $50,765.

Key elements are as follows:

Total Revenues came in over budget for year ended December 31, 2020 mainly due to the decrease fines and forfeitures offset by the increase in, taxes, license and permits, intergovernmental, and miscellaneous.

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

Financial Analysis of the Government's Funds

As earlier noted, the Town of Simla uses fund accounting to ensure and demonstrate compliance with finance-related legal requirement.

Governmental funds

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

Revenues for the General Fund increased by $24,058. The major factors were the decreases in fines and forfeitures of ($80,466), increases in taxes by $39,177, and increases in miscellaneous by $59,799 related to cell tower payment, sale of capital assets and property cleanup. Expenditures decreased by $14,082.

Proprietary Funds

The proprietary funds provide the same type of information found in the government-wide financial statements with more detail. The only proprietary fund is the Water and Sanitation Fund that includes water, sewer, trash segments. Total net position of the Water segment is $1,064,803 the Sewer segment $ $621,505 and the Trash segment $15,926 for a total $1,702,234.
Total increase in the net position separated for each segment is: Water decrease of ($42,931); Sewer decrease of ($9,558); and Trash increase of $1,724 for a total decrease of ($50,765).

TOWN OF SIMLA, COLORADO

Management Discussion and Analysis
Year Ended December 31, 2020
(continued)

Key elements of the water and sanitation fund:

As noted above
Water, Sewer and Trash revenue charges of service increased by $18,568 compared to 2019.
Water segment expenditures increased $29,308. Sewer expenditures increased $25,293.
Trash segment expenditures increased $805.

General Fund Budgetary Highlights.

Tax revenues are comprised of property taxes, franchise fees, sales tax, and intergovernmental taxes. Seventy-five percent (75%) of sales tax goes to the Police Department with the remaining twenty-five per cent (25%) going to Public Works. Sales Tax actual was $63,352 greater than budget. Specific Ownership Tax, Highway Users Tax Fund and Elbert County Road and Bridge Fund came in higher than Budgeted by $931. No amendments were made to the 2020 Budget. The actual revenue was higher than budgeted by $44,020.

Capital Assets and Debt Administration

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Land	$ 15,946	$ 15,946	$ 7,250	$ 7,250	$ 23,196	$ 23,196
Infrastructure	34,526	34,526	-	-	34,526	34,526
Water & Sewer Systems	-	-	1,727,271	1,727,271	1,727,271	1,727,271
Buildings	124,635	124,635	42,127	42,127	166,762	166,762
Vehicles	67,544	92,330		-	67,544	92,330
Equipment	112,328	120,828	206,878	206,878	319,206	327,706
Parks	118,158	118,158	-	-	118,158	118,158
Less Accumulated Depreciation	(298,612)	(302,865)	(969,713)	(917,288)	(1,268,325)	(1,220,153)
TOTALS	$ 174,525	$ 203,558	$ 1,013,813	$ 1,066,238	$ 1,188,338	$ 1,269,796

Debt

At December 31, 2020, the Town had a total indebtedness of $80,805 which is outlined below:

	Governmental Activities		Business-type Activities		Total	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Sewer Loan		$ -	$ 72,500	$ 78,300	$ 72,500	$ 78,300
Compensated Absences	8,305	10,032		-	8,305	10,032
TOTALS	$ 8,305	$ 10,032	$ 72,500	$ 78,300	$ 80,805	$ 88,332

The Water and Sanitation Fund made a sewer loan payment of $5,800. (see note 4)

Economic Factors and Next Year's Budget and Rates:

The Board of Trustees has made the following items their priority; maintaining services, planning for future improvements and making sure the Town has adequate fund balance's to cover all costs of operations. The economy is still a factor when budgeting as revenues have stayed flat for the last three to four years. The costs of our water and sewer systems continue to increase as the age of both systems increases to cost of maintaining and replacing infrastructure. The rates for water and sewer went up due to the CPI being 1.924%, trash rates remained the same.

Request for information

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

BASIC FINANCIAL STATEMENTS

TOWN OF SIMLA, COLORADO

STATEMENT OF NET POSITION
December 31, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	$ 79,336	$ 729,466	$ 808,802
Cash and Investments - Restricted	127,929	-	127,929
Receivables			
Property Taxes	56,412	-	56,412
Other Governments	3,849	-	3,849
Accounts	47,134	34,847	81,981
Prepaid Items	8,663	-	8,663
Capital Assets, Not Depreciated	15,946	7,250	23,196
Capital Assets, Depreciated Net of Accumulated Depreciation	158,579	1,006,563	1,165,142
TOTAL ASSETS	497,848	1,778,126	2,275,974
LIABILITIES			
Accounts Payable	22,972	-	22,972
Accrued Salaries and Benefits	3,392	3,392	6,784
Noncurrent Liabilities			
Due in One Year	8,305	5,800	14,105
Due in More Than One Year	-	66,700	66,700
TOTAL LIABILITIES	34,669	75,892	110,561
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	56,412	-	56,412
NET POSITION			
Net Investment in Capital Assets	175,977	941,313	1,117,290
Restricted for Emergencies	10,800	-	10,800
Restricted for Parks and Recreation	24,858	-	24,858
Restricted for Cemetery Improvements	103,071	-	103,071
Unrestricted, Unreserved	92,061	760,921	852,982
TOTAL NET POSITION	$ 406,767	$ 1,702,234	$ 2,109,001

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

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TOWN OF SIMLA, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 89,688	$ 4,246	$ -	$ -
Judicial	25,024	-	-	-
Public Safety	164,014	23,498	-	-
Public Works	82,841	5,779	-	-
Health and Welfare	3,686	5,950	-	-
Parks and Recreation	19,344	-	-	6,682
Total Governmental Activities	384,597	39,473	-	6,682
Business-Type Activities				
Water, Sewer and Trash	413,284	346,046	-	14,500
Total Business-Type Activities	413,284	346,046	-	14,500
Total Primary Government	$ 797,881	$ 385,519	$ -	$ 21,182

GENERAL REVENUES
- Property Taxes
- Sales Taxes
- Franchise Taxes
- Other Taxes
- Grants not related to a Specific Program
- Interest
- Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
$ (85,442)	$ -	$ (85,442)
(25,024)	-	(25,024)
(140,516)	-	(140,516)
(77,062)	-	(77,062)
2,264	-	2,264
(12,662)	-	(12,662)
(338,442)	-	(338,442)
-	(52,738)	(52,738)
-	(52,738)	(52,738)
(338,442)	(52,738)	(391,180)
65,468	-	65,468
108,352	-	108,352
26,869	-	26,869
41,692	-	41,692
18,234	-	18,234
3,458	1,973	5,431
51,156	-	51,156
315,229	1,973	317,202
(23,213)	(50,765)	(73,978)
429,980	1,752,999	2,182,979
$ 406,767	$ 1,702,234	$ 2,109,001

TOWN OF SIMLA, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	GENERAL FUND	NONMAJOR GOVERNMENTAL CONSERVATION TRUST FUND	TOTALS
ASSETS			
Cash and Investments	$ 79,336	$ -	$ 79,336
Cash and Investments - Restricted	103,071	24,858	127,929
Property Taxes Receivable	56,412	-	56,412
Due from Other Governments	3,849	-	3,849
Accounts Receivable	47,134	-	47,134
Prepaid Items	8,663	-	8,663
TOTAL ASSETS	298,465	24,858	323,323
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY			
LIABILITIES			
Accounts Payable	22,972	-	22,972
Accrued Salaries and Benefits	3,392	-	3,392
TOTAL LIABILITIES	26,364	-	26,364
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	56,412	-	56,412
FUND EQUITY			
Fund Balance (Deficit)			
Nonspendable	8,663	-	8,663
Restricted for Emergencies	10,800	-	10,800
Restricted for Parks and Recreation	-	24,858	24,858
Restricted for Cemetery Improvements	103,071	-	103,071
Unassigned	93,155	-	93,155
TOTAL FUND EQUITY	215,689	24,858	240,547
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	$ 298,465	$ 24,858	$ 323,323

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

Total Fund Balances of Governmental Funds	240,547
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	174,525
Long-term liabilities and related items are not due and payable in the current period and are not reported in the funds. This includes accrued compensated absences.	(8,305)
Net position of governmental activities	$ 406,767

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

TOWN OF SIMLA, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	GENERAL FUND	NONMAJOR GOVERNMENTAL CONSERVATION TRUST FUND	TOTALS
REVENUES			
Taxes	$ 200,689	$ -	$ 200,689
Licenses and Permits	10,025	-	10,025
Fines and Forfeitures	23,498	-	23,498
Charges for Services	5,950	-	5,950
Intergovernmental	59,926	6,682	66,608
Interest	3,388	70	3,458
Miscellaneous	66,656	-	66,656
TOTAL REVENUES	370,132	6,752	376,884
EXPENDITURES			
Current			
General Government	88,985	-	88,985
Judicial	25,024	-	25,024
Public Safety	157,971	-	157,971
Public Works	73,166	-	73,166
Health and Welfare	3,686	-	3,686
Parks and Recreation	11,211	3,248	14,459
Capital Outlay	9,500	-	9,500
TOTAL EXPENDITURES	369,543	3,248	372,791
NET CHANGE IN FUND BALANCES	589	3,504	4,093
FUND BALANCES, Beginning	215,100	21,354	236,454
FUND BALANCES, Ending	$ 215,689	$ 24,858	$ 240,547

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

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

Net Changes in Fund Balances - Total Governmental Funds	$	4,093
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense ($26,587) and loss on disposal of capital assets ($11,946) exceeded capital outlay $9,500 in the current period.		(29,033)
Some expense reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes the change in accrued compensated absences.		1,727
Change in Net Position of Governmental Activities	$	(23,213)

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

TOWN OF SIMLA, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
December 31, 2020

	WATER AND SANITATION FUND
ASSETS	
Current Assets	
Cash and Investments	$ 729,466
Accounts Receivable, Net	34,847
Total Current Assets	764,313
Noncurrent Assets	
Capital Assets, Not Being Depreciated	7,250
Capital Assets, Net of Accumulated Depreciation	1,006,563
Total Noncurrent Assets	1,013,813
TOTAL ASSETS	1,778,126
LIABILITIES	
Current Liabilities	
Accrued Salaries and Benefits	3,392
Loan Payable - Current Portion	5,800
Total Current Liabilities	9,192
Noncurrent Liabilities	
Loan Payable	66,700
Total Noncurrent Liabilities	66,700
TOTAL LIABILITIES	75,892
NET POSITION	
Net Investment in Capital Assets	941,313
Unreserved	760,921
TOTAL NET POSITION	$ 1,702,234

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

TOWN OF SIMLA, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2020

	WATER AND SANITATION FUND
OPERATING REVENUES	
Charges for Services	
Water	$ 132,315
Sewer	140,163
Trash	71,224
Late Fees and Other	2,344
TOTAL OPERATING REVENUES	346,046
OPERATING EXPENSES	
Operations and Maintenance	
Water	161,954
Sewer	129,641
Trash	69,264
Depreciation	52,425
TOTAL OPERATING EXPENSES	413,284
OPERATING INCOME (LOSS)	(67,238)
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	1,973
Tap Fees - Water	12,500
Tap Fees - Sewer	2,000
TOTAL NON-OPERATING REVENUES (EXPENSES)	16,473
NET INCOME	(50,765)
NET POSITION, Beginning	1,752,999
NET POSITION, Ending	$ 1,702,234

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

TOWN OF SIMLA, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
Year Ended December 31, 2020
Increase (Decrease) in Cash and Cash Equivalents

	WATER, SANITATION AND TRASH FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 348,091
Cash Paid to Suppliers	(200,856)
Cash Paid to Employees	(160,003)
Net Cash Used by Operating Activities	(12,768)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Loan Payments	(5,800)
Tap Fees - Water	12,500
Tap Fees - Sewer	2,000
Net Cash Provided by Capital and Related Financing Activities	8,700
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	1,973
Net Cash Provided by Investing Activities	1,973
Net Decrease in Cash and Cash Equivalents	(2,095)
CASH AND CASH EQUIVALENTS, Beginning	731,561
CASH AND CASH EQUIVALENTS, Ending	$ 729,466
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ (67,238)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities	
Depreciation and Amortization	52,425
Changes in Assets and Liabilities	
Accounts Receivable	2,045
Total Adjustments	54,470
Net Cash Used by Operating Activities	$ (12,768)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

Reporting Entity

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

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of the criteria, the Town does not include additional organizations in its report entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the granting agency have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both "measurable and available". Revenues are considered to be "available" when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year, except for expenditure driven grants as defined in the following paragraph.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

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

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

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

The Town reports the following major proprietary funds:

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

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

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

Assets, Liabilities, Fund Balance/Net Position

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets – Capital assets, which include property, buildings, equipment and all infrastructure owned by the Town, are reported in the applicable government-wide or business-type activities columns of the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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

Long-Term Debt - In the government-wide financial statements, and the proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, the Town Board of Trustees. The constraint may be removed or changed only through formal action of the Town Board of Trustees.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Property Taxes

Property taxes are levied by December 15, tax bills are mailed January 1 of the following year, and attach as an enforceable lien on the property. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. Taxes are delinquent if not paid by those dates. Notices of delinquencies are mailed in September, and tax sales are scheduled for November. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources are reported at December 31.

Use of Estimates

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

Subsequent Events

The Town has evaluated events subsequent to the year ended December 31, 2020 through July 12, 2021, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stewardship, Compliance and Accountability

During 1996, the Town closed the landfill. The last day the landfill accepted waste was on January 11, 1997. As a result, the Town estimated and reported cost of post-closure of $54,808. State and federal laws and regulations required the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for a number of years after closure. The Town petitioned the State Department of Public Health and Environment to allow it to no longer monitor the landfill. During 2016, the State Department of Public Health and Environment released the Town of ongoing monitoring of the landfill. As a result, the liability was removed. During the year ended December 31, 2020, the Town sold the land.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2020, follows:

Cash Deposits	$ 319,512
Investments	617,219
Total	$ 936,731

Cash is reported in the financial statements as follows:

Cash and Investments	$ 808,802
Restricted Cash and Investments	127,929
Total	$ 936,731

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to $250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2020, the Town had bank deposits totaling $326,188 of which $250,000 were insured by FDIC and $76,188 were collateralized with securities held by the financial institution's agent but not in their name.

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

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

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

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

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

At December 31, 2020, the Town had the following investments:

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

The Town invested in the Colorado Government Liquid Asset Trust (COLOTRUST) (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers share in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as the safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAA by Standard and Poor's. COLOTRUST records its investments at fair value and the Town records its investments in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Restricted Cash and Investments

Restricted cash and Investments consists of $103,071 for future cemetery improvements, and $24,858 for future parks and recreation expenditures.

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NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, is summarized below:

	Balances 12/31/2019	Additions	Deletions	Balances 12/31/2020
Governmental Activities:				
Capital Assets, not being depreciated				
Land	$ 15,946	$ -	$ -	$ 15,946
Total Capital Assets, not being depreciated	15,946	-	-	15,946
Capital Assets, being depreciated				
Infrastructure	34,526	-	-	34,526
Buildings	124,635	-	-	124,635
Vehicles	92,330	9,500	34,286	67,544
Equipment	120,828	-	8,500	112,328
Parks	118,158	-	-	118,158
Total Capital Assets, being depreciated	490,477	9,500	42,786	457,191
Less accumulated depreciation				
Infrastructure	(11,022)	(863)	-	(11,885)
Buildings	(54,389)	(2,356)	-	(56,745)
Vehicles	(63,146)	(10,835)	(25,715)	(48,266)
Equipment	(98,753)	(8,148)	(5,125)	(101,776)
Parks	(75,555)	(4,385)	-	(79,940)
Total accumulated depreciation	(302,865)	(26,587)	(30,840)	(298,612)
Total Capital Assets, being depreciated, net	187,612	(17,087)	11,946	158,579
Governmental Activities Capital Assets, net	$ 203,558	$ (17,087)	$ 11,946	$ 174,525

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

General Government	$ 1,430
Public Safety	10,597
Public Works	9,675
Parks and Recreation	4,885
Total	$ 26,587

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NOTE 3: CAPITAL ASSETS (Continued)

	Balances 12/31/2019	Additions	Deletions	Balances 12/31/2020
Business-type Activities:				
Capital Assets, not being depreciated				
Land	$ 7,250	$ -	$ -	$ 7,250
Total Capital Assets, not being depreciated	7,250	-	-	7,250
Capital Assets, being depreciated				
Buildings	42,127	-	-	42,127
Equipment	206,878	-	-	206,878
System	1,727,271	-	-	1,727,271
Total Capital Assets, being depreciated	1,976,276	-	-	1,976,276
Less accumulated depreciation				
Buildings	(25,641)	(1,041)	-	(26,682)
Equipment	(154,124)	(7,659)	-	(161,783)
System	(737,523)	(43,725)	-	(781,248)
Total accumulated depreciation	(917,288)	(52,425)	-	(969,713)
Total Capital Assets, being depreciated, net	1,058,988	(52,425)	-	1,006,563
Business-type Activities Capital Assets, net	$ 1,066,238	$ (52,425)	$ -	$ 1,013,813

NOTE 4: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2020.

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020	Due Within One Year
Govenmental Activities					
Accrued Compensated Absences	$ 10,032	$ 5,741	$ 7,468	$ 8,305	$ 8,305

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

NOTE 4: LONG-TERM DEBT (Continued)

Business-type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2020.

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020	Due Within One Year
Business-type Activities					
2013 Sewer Loan	$ 78,300	$ -	$ 5,800	$ 72,500	$ 5,800

Sewer Loan

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

Following is a summary of the water loan future debt service requirements for the business-type activities for the year ended December 31, 2020.

Year Ended December 31	Principal
2021	$ 5,800
2022	5,800
2023	5,800
2024	5,800
2025	5,800
2026 – 2030	29,000
2031 – 2032	14,500
Total	$ 72,500

On April 9, 2021, the Town entered into a loan agreement with Colorado Water Resources and Power Development Authority (CWRPDA) through the Drinking Water Revolving Fund Disadvantaged Communities Loan Program for the purpose of constructing upgrades to the distribution system, improvements to the well house, treatment system and storage tank. The loan principal amount was $1,032,300, of which the Up-Front Principal Forgiveness applied at closing was $400,000, leaving a remaining amount of $632,300. Commencing on November 1, 2022, principal and interest payments of $11,510 are due semi-annually on May 1 and November 1 through May 1, 2052. The loan bears interest at 0.5% per annum.

NOTE 5: PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA.

It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of entity.

NOTE 6: PENSION PLANS

In 1994 the Town established a defined contribution SEP plan for eligible employees. The Town contributes 5.5% of eligible employees' compensation each quarter of the year. The Town recognized pension expense of $10,738 for the year ended December 31, 2020.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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

NOTE 7: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment (Continued)

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

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

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

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2020, the emergency reserve of $10,800 was reported as restricted net position and fund balance in the Governmental Activities and General Fund, respectively.

Claims and Judgments

The Town participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2020, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Town.

Uncertainty – Coronavirus Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken by government and public health officials to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in many countries, including the geographical area in which the Town is located. It is unknown how long these conditions will last and what the complete financial impact will be to the Town.

NOTE 8: SEGMENT INFORMATION

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

CONDENSED STATEMENT OF NET POSITION	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Assets			
Current Assets	$ 517,073	$ 235,828	$ 11,412
Capital Assets	549,426	459,873	4,514
TOTAL ASSETS	1,066,499	695,701	15,926
Liabilities			
Current Liabilities	1,696	7,496	-
Noncurrent Liabilities-Sewer Loan	-	66,700	-
TOTAL LIABILITIES	1,696	74,196	-
Net Position			
Net Investment in Capital Assets	549,426	387,373	4,514
Unreserved	515,377	234,132	11,412
TOTAL NET POSITION	$ 1,064,803	$ 621,505	$ 15,926

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Operating Revenues and Expenses			
Operating Revenues	$ 134,659	$ 140,163	$ 71,224
Operating Expenses, net of Depreciation	(161,954)	(129,641)	(69,264)
Depreciation	(29,159)	(23,030)	(236)
Operating Income	(56,454)	(12,508)	1,724
Nonoperating Revenues and Expenses			
Investment Income	1,023	950	-
Tap Fees	12,500	2,000	-
Change in Net Position	(42,931)	(9,558)	1,724
Beginning Net Position	1,107,734	631,063	14,202
Ending Net Position	$ 1,064,803	$ 621,505	$ 15,926

CONDENSED STATEMENT OF CASH FLOWS	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Net Cash Provided (Used) by:			
Operating Activities	$ (26,273)	$ 11,545	$ 1,960
Capital and Related Financing Activities	12,500	(3,800)	-
Investment Activities	1,023	950	-
Net Increase (Decrease)	(12,750)	8,695	1,960
Beginning Cash and Cash Equivalents	515,892	213,589	2,080
Ending Cash and Cash Equivalents	$ 503,142	$ 222,284	$ 4,040

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SIMLA, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2020
(With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2019 ACTUAL
REVENUES				
Taxes	$ 144,887	$ 200,689	$ 55,802	$ 161,512
Licenses and Permits	6,125	10,025	3,900	8,527
Fines and Forfeitures	90,400	23,498	(66,902)	103,964
Charges for Services	7,850	5,950	(1,900)	7,508
Intergovernmental	41,750	59,926	18,176	48,380
Interest	7,100	3,388	(3,712)	9,326
Miscellaneous	28,000	66,656	38,656	6,857
TOTAL REVENUES	326,112	370,132	44,020	346,074
EXPENDITURES				
Current				
General Government	42,964	88,985	(46,021)	50,874
Judicial	24,855	25,024	(169)	29,277
Public Safety	172,865	157,971	14,894	172,176
Public Works	53,930	73,166	(19,236)	89,560
Health and Welfare	4,045	3,686	359	8,782
Parks and Recreation	11,015	11,211	(196)	11,922
Capital Outlay	13,000	9,500	3,500	10,756
Debt Service				
Principal	-	-	-	12,946
Interest	-	-	-	580
TOTAL EXPENDITURES	322,674	369,543	(46,869)	386,873
NET CHANGE IN FUND BALANCE	3,438	589	(2,849)	(40,799)
FUND BALANCE, Beginning	-	215,100	215,100	255,899
FUND BALANCE, Ending	$ 3,438	$ 215,689	$ 212,251	$ 215,100

See the accompanying Independent Auditor's Report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2020

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

- In September, Management submits to the Town Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

- Public hearings are conducted to obtain taxpayer and public comments.

- Prior to December 31, the budget is legally enacted through passage of an ordinance.

- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures must be approved by the Town Board of Trustees.

- All budget appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

Legal Compliance

For the year ended December 31, 2020, the General Fund's actual expenditures exceeded budgeted expenditures by $46,869. This may be a violation of State statute.

SUPPLEMENTARY INFORMATION

TOWN OF SIMLA, COLORADO

CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2020
(With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2019 ACTUAL
REVENUES				
Lottery Revenues	$ 18,192	$ 6,682	$ (11,510)	$ 7,377
Interest	36	70	34	63
TOTAL REVENUES	18,228	6,752	(11,476)	7,440
EXPENDITURES				
Parks and Recreation	8,000	3,248	4,752	-
TOTAL EXPENDITURES	8,000	3,248	4,752	-
NET CHANGE IN FUND BALANCE	10,228	3,504	(6,724)	7,440
FUND BALANCE, Beginning	-	21,354	21,354	13,914
FUND BALANCE, Ending	$ 10,228	$ 24,858	$ 14,630	$ 21,354

See the accompanying Independent Auditor's Report.

TOWN OF SIMLA, COLORADO

WATER AND SANITATION
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2020
(With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2019 ACTUAL
REVENUES				
Charges for Services				
Water	$ 134,000	$ 127,498	$ (6,502)	$ 120,588
Sewer	130,000	140,163	10,163	134,165
Trash	70,000	71,224	1,224	65,564
Bulk Water	5,970	4,817	(1,153)	5,203
Late Fees and Other	1,000	2,344	1,344	11,569
Tap Fees - Water	3,500	12,500	9,000	10,500
Tap Fees - Sewer	3,500	2,000	(1,500)	10,500
Investment Income	-	1,973	1,973	6,234
TOTAL REVENUES	347,970	362,519	14,549	364,323
EXPENDITURES				
Operations and Maintenance				
Water	183,776	161,954	21,822	132,461
Sewer	172,190	129,641	42,549	104,054
Trash	65,401	69,264	(3,863)	68,459
Capital Outlay	5,900	-	5,900	-
Debt Service				
Principal	2,700	5,800	(3,100)	5,800
Contingency	-	-	-	-
TOTAL EXPENDITURES	429,967	366,659	63,308	310,774
NET INCOME, Budget Basis	$ (81,997)	(4,140)	$ 77,857	53,549
GAAP BASIS ADJUSTMENTS				
Depreciation		(52,425)		(52,904)
Principal Paid on Long-Term Debt		5,800		5,800
NET INCOME, GAAP Basis		(50,765)		6,445
NET POSITION, Beginning		1,752,999		1,746,554
NET POSITION, Ending		$ 1,702,234		$ 1,752,999

See the accompanying Independent Auditor's Report.

OTHER INFORMATION

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

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Simla
		YEAR ENDING : December 2020
This Information From The Records of	Prepared By: Phone:	Jackie L. Zion 1-719-541-2468

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	26,780
4. Miscellaneous local receipts (from page 2)	0
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	26,780
B. Private Contributions	
C. Receipts from State government (from page 2)	25,975
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	52,755

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	25,053
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	
c. Other - lighting	10,955
d. Total (a. through c.)	10,955
4. General administration & miscellaneous	0
5. Highway law enforcement and safety	16,747
6. Total (1 through 5)	52,755
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	52,755

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
		52,755	52,755		0

Notes and Comments:

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

See the accompanying Independent Auditor's Report.

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy) 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	0	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	0
1. Sales Taxes	17,685	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	9,095	g. Other Misc. Receipts	
6. Total (1. through 5.)	26,780	h. Other	
c. Total (a. + b.)	26,780	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	23,635	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	2,340	d. Federal Transit Admin	
d. Other (Specify) - Road & Bridge	0	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	2,340	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	25,975	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments:

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

See the accompanying Independent Auditor's Report.