

**TOWN OF WESTCLIFFE
WESTCLIFFE, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

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

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FINANCIAL SECTION

Town of Westcliffe
Management Discussion and Analysis
For year ending 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 changes in the Town's financial position.

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

ECONOMIC FACTORS AFFECTING THE TOWN IN 2020

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

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

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

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

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

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

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

Town of Westcliffe
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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 \$35,000 to establish that reserve.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements:

Basic Financial Statements. This section includes government-wide financial statements, fund financial statements and notes to the financial statements. The government-wide financial statements present the financial position and activities of the Town as a whole using accounting methods similar to those used by private-sector companies. The fund financial statements present financial information on specific activities of the Town. Funds are classified as major and non-major funds. The General and Capital Projects Funds are considered a major fund. Conservation Trust Fund is a non-major fund and is reported separately from the major funds. This fund is reported in aggregate in a separate column. The notes to the financial statements provide additional disclosures to the information presented in the financial statements.

Required Supplementary Information. This section includes financial information that is not part of the basic financial statements but is required by accounting principles generally accepted in the United States of America (GAAP). It includes a budgetary comparison schedule for the General Fund.

Government-wide Financial Statements

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

Statement of Net Position. This statement presents information on all of the Town’s assets and liabilities, with the difference of the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Statement of Activities. This statement presents information showing how the Town’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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

Government Activities reported here include public safety, public works, and general administration. Property taxes, sales tax, federal, state and other local revenues finance these activities.

Business-Type Activities. The Town has no business-style activities at this time.

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Fund Financial Statements

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

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

Reconciliation of Government-wide Financial Statements to Fund Financial Statements

The government activities of the government-wide financial statements and the governmental funds of the fund financial statements do not use the same accounting basis. Capital assets and long-term liabilities are not included on the balance sheet of the government funds but are included on the statement of net assets. 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 assets
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 on December 31, 2020 and 2019:

CONDENSED STATEMENT OF NET POSITION		
Governmental Activities		
	12/31/2020	12/31/2019
ASSETS		
Current and Other Assets	\$ 1,590,055	\$ 1,089,047
Capital Assets	3,475,533	3,520,261
Total Assets	5,065,588	4,609,308
LIABILITIES		
Current Liabilities	23,595	687
Noncurrent Liabilities	51,217	3,433
Total Liabilities	74,812	4,120
DEFERRED INFLOWS	61,412	59,649
NET POSITION		
Net Investment in Capital Assets	3,425,696	3,520,261
Restricted	79,403	63,415
Unrestricted	1,424,265	961,863
Total Net Position	\$ 4,929,364	\$ 4,545,539

Town of Westcliffe
Management Discussion and Analysis
For year ending December 31, 2020

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

	Governmental Activities	
	<u>12/31/2020</u>	<u>12/31/2019</u>
PROGRAM REVENUES		
Charges for Services	\$ 49,206	\$ 31,987
Operating Grants	96,102	79,806
Capital Grants	30,956	223,991
Total Program Revenues	<u>176,264</u>	<u>335,784</u>
GENERAL REVENUES		
Property Taxes	60,202	56,543
Specific Ownership Taxes	8,855	8,824
Sales Taxes	857,402	407,434
Franchise Taxes	26,950	25,318
Other Taxes	2,859	2,932
Interest Income	7,652	4,395
Gain (Loss) on Disposal of Capital Assets	-	-
Other Revenues	2,095	5,004
Total General Revenues	<u>966,015</u>	<u>510,450</u>
Total Revenues	<u>1,142,279</u>	<u>846,234</u>
PROGRAM EXPENSES		
General Government	290,274	269,207
Public Safety	36,203	34,503
Public Works	341,120	295,524
Culture and Recreation	90,857	44,246
Noncapitalized Capital Outlay	-	14,600
Interest	-	644
Total Program Expenses	<u>758,454</u>	<u>658,724</u>
CHANGE IN NET POSITION	383,825	187,510
Net Position, Beginning	<u>4,545,539</u>	<u>4,176,870</u>
NET POSITION, ENDING	<u>\$ 4,929,364</u>	<u>\$ 4,364,380</u>

GOVERNMENTAL ACTIVITIES

The General Fund is the chief operating fund of the Town. The General Fund generates about 70% of its revenues from sales tax. This revenue is used for general governmental purposes. Highway users tax (HUTF) provides about 7% of the general funds revenues and is used strictly on street and alley expenses. Property tax and building permit fees add an additional 13.0% to the Town's general fund revenues, and the remaining revenues are generated from other sources, such as interest and license fees.

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

Town of Westcliffe
Management Discussion and Analysis
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OTHER FUND ANALYSIS

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

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

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

CAPITAL ASSETS

At the end of 2020, the Town has \$1,788,319, net of depreciation, invested in a broad range of capital assets, including buildings, equipment, park property, and improvements.

Major additions during 2020 include:

Improvements/Chip Seal	\$ 92,705.15
Benches at the Observatory	3,600.00
A/V Equipment at Town Hall	27,832.80
WiFi Town at Summit Park	5,877.27
Paved the north side parking at Jess Price Park	9,875.00
Completed restrooms at Summit Park	6,962.61
Purchased concrete bench and picnic tables	4,953.12
Purchased 2003 GMC pickup	4,800.00
Down payment for lease purchase of a skid steer and attachments	20,000.00
Engineered and designed plans for the SRTS project	<u>14,955.75</u>
Total	<u>\$ 191,561.70</u>

2020 brought several capital improvements. Completed the restrooms at Summit Park, Chip sealed - Hermit Lane (Hwy 69 to Town Line), Edwards (Hwy 69 to Hermit Ln.), 4th & 5th (Hermit to Powell, North Ave (Hwy 69 to Main); paved the north side parking at Jess Price Park.

Grant funds were received from UAACOG of \$4,953.12 allowing the purchase of 1 concrete bench and 7 picnic tables for the parks, the Town's match was \$4,953.12.

Grant funds were received from CARES (COVID) of \$27,832.80 to purchase an A/V System for the Town Hall.

Grant funds were received from SIPA of \$5,877.27 to install a WiFi Tower at Summit Park.

Several benches were purchased by the Town for the Observatory for \$3,600.00.

Purchased 2003 GMC pickup for Public Works for \$4,800.00.

A down payment of \$20,000 was paid to 4Rivers for the lease purchase of a Skid Steer and attachments.

Engineer and Design Plans were continued for the SRTS project with a cost of \$14,561.70. There was a match of 80% from SRTS.

Town of Westcliffe
Management Discussion and Analysis
For year ending December 31, 2020

Additional notes to the capital assets can be found on Note 3 of the financial statements.

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 450,086	\$ -	\$ -	\$ 450,086
Construction in progress	12,944	18,056	-	31,000
Total capital assets not being depreciated	<u>463,030</u>	<u>18,056</u>	-	<u>481,086</u>
Capital assets being depreciated				
Land improvements	548,167	19,781	-	567,948
Buildings	476,188	3,436	-	479,624
Equipment and vehicles	295,815	108,716	18,740	385,791
Infrastructure	4,062,291	-	-	4,062,291
Total capital assets being depreciated	<u>5,382,461</u>	<u>131,933</u>	<u>18,740</u>	<u>5,495,654</u>
Total capital assets	<u>5,845,491</u>	<u>149,989</u>	<u>18,740</u>	<u>5,976,740</u>
Less: Accumulated depreciation				
Land improvements	(199,968)	(24,200)	-	(224,168)
Buildings	(129,616)	(11,235)	-	(140,851)
Equipment and vehicles	(231,220)	(14,787)	(18,740)	(227,267)
Infrastructure	(1,764,426)	(144,495)	-	(1,908,921)
Total accumulated depreciation	<u>(2,325,230)</u>	<u>(194,717)</u>	<u>(18,740)</u>	<u>(2,501,207)</u>
Net capital assets	<u>\$ 3,520,261</u>	<u>\$ (44,728)</u>	<u>\$ -</u>	<u>\$ 3,475,533</u>

NEXT YEAR'S BUDGET AND RATES

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

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

Future/Anticipated Projects that may affect the Town Finances:

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

The Town received a grant for a SRTS grant for joint project with the Town of Silver Cliff for \$288,800.00, our match for this is \$25,000.00. The design portion was partially completed in 2019 and 2020. For construction of the project \$208,720.00 has been budged. It includes putting in curb, gutter and sidewalk on a portion of Highway 69 in front of the school.

Chip Seal for 2 lane miles for \$119,000.00 and resurface some alleyways in the commercial district for \$15,000.

Chip seal & drainage on Hermit Rd east of Hermit Lane - \$130,000.

Install gutter, paving & parking on 4th Street on the north side of the street - \$120,000.

An underground tank to be installed at the Town Hall - \$1,965.00.

Town of Westcliffe
Management Discussion and Analysis
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Purchase on Planet Walk station - \$2,500.

Put in tree boxes or planters in the 200 block of Main Street - \$12,000.

Install a fence around the 7th Street Town shop - \$12,000.

Put in Xeriscape on the bump outs on Rosita Ave. - \$5,600.

Equipment payments for the Skid Steer and attachment - \$10,947.60

Engineering and Design for the TAP project for Rosita Ave. from 2nd Street to Adams Blvd, a portion of Adams Blvd., the block between Main Street and Rosita Ave., and a portion of 2nd Street between Rosita Ave. and Edwards - \$125,000.

A Park Planning Master Plan with a match from DOLA of \$12,500, \$25,000 was budgeted for the total project.

Requests for Information

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

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

Mayberry & Company, LLC

Certified Public Accountants

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

Board of Trustees
Town of Westcliffe
Westcliffe, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Westcliffe, Colorado, as of and for the year ended December 31, 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 Westcliffe, Colorado, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Town of Westcliffe's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 5, 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

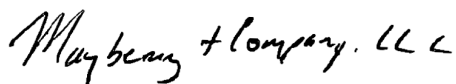
Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental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

Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules shown on pages 21 - 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The combining and budgetary comparison statements and schedules listed as other supplementary information pages 23 - 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.



BASIC FINANCIAL STATEMENTS

TOWN OF WESTCLIFFE, COLORADO

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	GOVERNMENTAL ACTIVITIES
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	
Cash	\$ 1,300,454
Restricted Cash and Investments	31,875
Receivables	
Property Tax Receivable	61,412
Intergovernmental Receivables	118,910
Accounts Receivable	77,404
Total Current Assets	<u>1,590,055</u>
Noncurrent Assets	
Capital Assets not being Depreciated	481,086
Capital Assets being Depreciated	5,495,654
Accumulated Depreciation	<u>(2,501,207)</u>
Total Noncurrent Assets	<u>3,475,533</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 5,065,588</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 21,583
Accrued Liabilities	462
Deposits and Escrow	550
Unearned Revenue	<u>1,000</u>
Total Current Liabilities	23,595
Noncurrent Liabilities	
Due within one year	9,369
Due in more than one year	<u>41,848</u>
TOTAL LIABILITIES	<u>74,812</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Other Deferred Inflows	<u>61,412</u>
NET POSITION	
Net Investment in Capital Assets	3,425,696
Restricted Net Position	66,875
Unrestricted Net Position	<u>1,436,793</u>
TOTAL NET POSITION	<u>4,929,364</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 5,065,588</u>

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

TOWN OF WESTCLIFFE, COLORADO

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL GRANTS	CHANGES IN NET POSITION
			GRANTS AND CONTRIBUTIONS		GOVERNMENT ACTIVITIES
FUNCTIONS/PROGRAMS					
Government Activities					
Current:					
General Government	\$ 290,274	\$ 18,934	\$ 36,877	\$ 4,555	\$ (229,908)
Public Safety	36,203	175	-	-	(36,028)
Public Works	341,120	28,972	54,113	26,401	(231,634)
Culture and Recreation	90,857	1,125	5,112	-	(84,620)
TOTAL GOVERNMENT	<u>\$ 758,454</u>	<u>\$ 49,206</u>	<u>\$ 96,102</u>	<u>\$ 30,956</u>	<u>(582,190)</u>
GENERAL REVENUES					
Property Taxes					60,202
Specific Ownership Taxes					8,855
Sales Taxes					857,402
Franchise Taxes					26,950
Other Taxes					2,859
Interest Income					7,652
Other Revenues					2,095
TOTAL GENERAL REVENUES					<u>966,015</u>
CHANGE IN NET POSITION					<u>383,825</u>
NET POSITION - Beginning					<u>4,545,539</u>
NET POSITION - Ending					<u>\$ 4,929,364</u>

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

TOWN OF WESTCLIFFE, COLORADO

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2020

With Comparative Totals for December 31, 2019

	<u>Capital</u> <u>Projects Fund</u>			<u>Total</u>	
	<u>General</u>	<u>Capital</u>	<u>Other</u>	<u>2020</u>	<u>2019</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>		
ASSETS AND DEFERRED OUTFLOWS					
ASSETS					
Current Assets					
Cash and Investments					
Cash	\$ 691,548	\$ 608,906	\$ -	\$ 1,300,454	\$ 898,950
Restricted Cash and Investments	-	-	31,875	31,875	35,415
Receivables					
Property Tax Receivable	61,412	-	-	61,412	59,649
Intergovernmental Receivables	118,910	-	-	118,910	89,716
Accounts Receivable	16,561	60,843	-	77,404	5,317
Internal Balances	(190,000)	190,000	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 698,431</u>	<u>\$ 859,749</u>	<u>\$ 31,875</u>	<u>\$ 1,590,055</u>	<u>\$ 1,089,047</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 18,483	\$ 3,100	\$ -	\$ 21,583	\$ -
Accrued Liabilities	462	-	-	462	86
Deposits and Escrow	550	-	-	550	601
Unearned Revenue	-	1,000	-	1,000	-
TOTAL LIABILITIES	<u>19,495</u>	<u>4,100</u>	<u>-</u>	<u>23,595</u>	<u>687</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES					
Other Deferred Inflows	61,412	-	-	61,412	59,649
FUND BALANCE					
Restricted Fund Balance	47,528	-	31,875	79,403	63,415
Committed Fund Balance	230,505	855,649	-	1,086,154	593,871
Unassigned Fund Balance	339,491	-	-	339,491	371,425
TOTAL FUND BALANCE	<u>617,524</u>	<u>855,649</u>	<u>31,875</u>	<u>1,505,048</u>	<u>1,028,711</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 698,431</u>	<u>\$ 859,749</u>	<u>\$ 31,875</u>	<u>\$ 1,590,055</u>	<u>\$ 1,089,047</u>

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

TOWN OF WESTCLIFFE, COLORADO

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

Fund Balance - Governmental Funds			\$ 1,505,048
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$ 481,086		
Capital assets, being depreciated	5,495,654		
Accumulated depreciation	<u>(2,501,207)</u>	3,475,533	
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Capital leases payable	(49,837)		
Accrued compensated absences	<u>(1,380)</u>	<u>(51,217)</u>	
Total Net Position - Governmental Activities			<u>\$ 4,929,364</u>

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

TOWN OF WESTCLIFFE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	General Fund	Capital Projects Fund		Total	
		Capital Fund	Other Funds	2020	2019
REVENUES					
Taxes	\$ 765,564	\$ 190,706	\$ -	\$ 956,270	\$ 614,404
Intergovernmental Revenues	57,351	50,079	5,112	112,542	121,608
Licenses and Permits	31,873	-	-	31,873	30,212
Fines and Forfeits	175	-	-	175	125
Charges for Services	3,158	14,000	-	17,158	155,453
Investment Earnings	3,089	4,489	74	7,652	8,294
Other Revenues	7,899	8,710	-	16,609	8,586
TOTAL REVENUES	869,109	267,984	5,186	1,142,279	938,682
EXPENDITURES					
Current:					
General Government	262,067	(60)	-	262,007	291,835
Public Safety	36,203	-	-	36,203	37,673
Public Works	98,548	-	-	98,548	119,766
Parks, Recreation and Other	64,192	-	-	64,192	32,553
Capital Outlay	-	246,103	8,726	254,829	143,890
Debt Service	-	20,000	-	20,000	114,789
TOTAL EXPENDITURES	461,010	266,043	8,726	735,779	740,506
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	408,099	1,941	(3,540)	406,500	198,176
OTHER FINANCING SOURCES (USES)					
Debt Proceeds	-	69,837	-	69,837	-
Transfers (In)	-	190,000	-	190,000	75,000
Transfers (Out)	(190,000)	-	-	(190,000)	(75,000)
TOTAL OTHER FINANCING SOURCES (USES)	(190,000)	259,837	-	69,837	-
NET CHANGE IN FUND BALANCE - GAAP BASIS	218,099	261,778	(3,540)	476,337	198,176
FUND BALANCE, BEGINNING	399,425	593,871	35,415	1,028,711	830,535
FUND BALANCE, ENDING	\$ 617,524	\$ 855,649	\$ 31,875	\$ 1,505,048	\$ 1,028,711

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

TOWN OF WESTCLIFFE, COLORADO

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

Change in Fund Balance - Governmental Funds		\$	476,337
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	\$	149,989	
Depreciation Expense		<u>(194,717)</u>	(44,728)
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		(69,837)	
Principal payments on capital leases		20,000	
Change in accrued compensated absences		<u>2,053</u>	<u>(47,784)</u>
Change in Net Position - Governmental Activities		\$	<u>383,825</u>

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

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

HISTORY AND FUNCTION OF ORGANIZATION

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

REPORTING ENTITY

In accordance with Governmental Accounting Standards, the Town has considered the possibility of inclusion of additional entities in its basic financial statements. The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town presently does not have any business-type activities.

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

FUND ACCOUNTING

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

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

Governmental Fund Types

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

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

General Fund: This fund is established to account for resources devoted to financing the general services that the town performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the town are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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

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

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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

Cash and Equivalents

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

Property Taxes

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

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

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets

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

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

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

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

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

Accumulated Unpaid Leave (Compensated Absences)

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

The town's sick leave policy provides eligible employees will accrue sick leave benefits at the rate of 12 days per year. Upon termination, employees will be paid at a rate of 20% of accumulated sick pay hours at the discretion of the Board of Trustees. The maximum accumulation is 320 hours. At December 31, 2020, the Town had recorded 309 hours of accumulated sick leave of which 62 hours, \$1,297 was vested to the employees. Because it is not expected that a significant portion of sick leave will be used in any year, accumulated sick leave has not been recorded as a fund liability. The Town has recorded \$1,380 of vested sick leave and vacation is a liability in the statement of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Inflows of Financial Resources

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

Net Position/Fund Balances

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

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

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

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

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

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION/FUND BALANCE FLOW ASSUMPTIONS

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

USE OF ESTIMATES

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

COMPARATIVE DATA

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

NOTE 2: CASH AND INVESTMENTS

The Town’s cash and investment balances are allocated as follows as of December 31, 2020:

Cash	\$ 782,516
Investments	<u>549,813</u>
Total Cash and Investments	<u>\$ 1,332,330</u>

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

Cash and Investments	\$ 1,300,455
Restricted Cash and Investments	<u>31,875</u>
Total Cash and Investments	<u>\$ 1,332,330</u>

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The Town’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 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	\$ 250,000
PDPA Secured (Not in Entity's Name)	558,527	532,416
Petty Cash	-	100
Total Cash	<u>\$ 808,527</u>	<u>\$ 782,516</u>

Investments

Credit Risk - Investments

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

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

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

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

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

Concentration of Credit Risk - Investments

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

Interest Rate Risk - Investments

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

Custodial Credit Risk – Investments

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 450,086	\$ -	\$ -	\$ 450,086
Construction in progress	<u>12,944</u>	<u>18,056</u>	<u>-</u>	<u>31,000</u>
Total capital assets not being depreciated	<u>463,030</u>	<u>18,056</u>	<u>-</u>	<u>481,086</u>
Capital assets being depreciated				
Land improvements	548,167	19,781	-	567,948
Buildings	476,188	3,436	-	479,624
Equipment and vehicles	295,815	108,716	18,740	385,791
Infrastructure	<u>4,062,291</u>	<u>-</u>	<u>-</u>	<u>4,062,291</u>
Total capital assets being depreciated	<u>5,382,461</u>	<u>131,933</u>	<u>18,740</u>	<u>5,495,654</u>
Total capital assets	<u>5,845,491</u>	<u>149,989</u>	<u>18,740</u>	<u>5,976,740</u>
Less: Accumulated depreciation				
Land improvements	(199,968)	(24,200)	-	(224,168)
Buildings	(129,616)	(11,235)	-	(140,851)
Equipment and vehicles	(231,220)	(14,787)	(18,740)	(227,267)
Infrastructure	<u>(1,764,426)</u>	<u>(144,495)</u>	<u>-</u>	<u>(1,908,921)</u>
Total accumulated depreciation	<u>(2,325,230)</u>	<u>(194,717)</u>	<u>(18,740)</u>	<u>(2,501,207)</u>
Net capital assets	<u>\$ 3,520,261</u>	<u>\$ (44,728)</u>	<u>\$ -</u>	<u>\$ 3,475,533</u>

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3: CAPITAL ASSETS (Continued)

Depreciation is charged to the governmental activities as follows:

General government	\$ 22,469
Public works	149,356
Parks and recreation	<u>22,892</u>
Total depreciation expense	<u>\$ 194,717</u>

NOTE 4: NONCURRENT LIABILITIES

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

	<u>Beginning</u>			<u>Ending</u>	<u>Current</u>	<u>Interest</u>
	<u>Balance</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u>	<u>Portion</u>	<u>Paid</u>
Governmental activities						
Obligation under capital lease	\$ -	\$ 69,837	\$ 20,000	\$ 49,837	\$ 9,369	\$ -
Compensated absences	<u>3,433</u>	<u>-</u>	<u>2,053</u>	<u>1,380</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 3,433</u>	<u>\$ 69,837</u>	<u>\$ 22,053</u>	<u>\$ 51,217</u>	<u>\$ 9,369</u>	<u>\$ -</u>

In 2020 the town entered into a capital lease purchase obligation for the purchase of a skid steer. The lease requires monthly payments of \$931 through November 2025 and bears interest at 3.95%. Assets with a remaining basis of \$56,657 were capitalized as part of this lease. In the case of default, the lessor is permitted to do one or more of the following: recover from the lessee, as liquidated damages for loss of bargain and not as penalty, the principal balance as of the date of such default, declare any other agreements between the lessor and lessee in default, terminate any rights the lessee has under the lease agreement, require the return or take possession of the equipment, lease or sell the equipment at a public or private sale, apply the net proceeds received from any sale, lease or other disposition to the lessee obligations under the lease with the lessee remaining liable for any deficiency, charge the lessee for expenses incurred in the right to remedy and exercise any other remedy available at law or equity.

The remaining minimum payments for the lease are as follows:

<u>Fiscal Year</u>	<u>Minimum Lease Payment</u>
2021	\$ 11,169
2022	11,169
2023	11,169
2024	11,169
2025	<u>10,238</u>
Total Future Lease Payments	54,914
Less: Interest at 3.95%	<u>(5,077)</u>
Present Value of Future Payments	<u>\$ 49,837</u>

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5: DEFINED CONTRIBUTION PENSION PLAN

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

Employees vest in the Town's contribution at 20% per year. All employees who have contributed to the plan are entitled to the benefits after completion of one year of service and upon termination. The employee contributes 3% of earnings and employer contributes 3% of earnings. The Town is not liable for amounts over the 3%. All contributions are current. During 2020, the Town contributed \$2,476 and the employees contributed \$4,276. The town's total payroll was \$189,447 of which \$89,162 was covered under the plan.

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

TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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

Tax Spending and Debt Limitations (Continued)

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>\$ 35,000</u>
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Other Restrictions

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

Conservation Trust Fund	<u>\$ 31,875</u>
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The Town has also restricted Tennis Court donations in the General Fund in the amount of \$12, 528.

Fund Equity Commitments

In December 2020, the Town adopted a policy allowing for a minimum three month and maximum six month operating reserve in the General Fund with any excess amounts to be transferred to the Capital Fund. Based on the policy the maximum operating reserve in the General Fund of six months of operating expenditures, \$461,010, would be \$230,505. This would have required a 2020 transfer of \$529,491 from the General Fund to the Capital Fund, or \$339,491 more than the \$190,000 actually transferred (Note 9). Due to 2021 uncertainty with regards to the economy, the Board chose to only transfer \$190,000 for 2020 with the remainder left in General Fund. The Town has committed the \$230,5050 in the General Fund for operation reserves at the year end.

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

Capital Fund	<u>\$ 855,649</u>
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TOWN OF WESTCLIFFE, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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: INTERFUND TRANSACTIONS

The Town has recorded a routine transfer of \$190,000 from the General Fund to the Capital Fund for the fiscal year ended December 31, 2020.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WESTCLIFFE, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020			Variance With Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Taxes					
Property Taxes	\$ 59,649	\$ 59,649	\$ 60,202	\$ 553	\$ 56,316
Specific Ownership Taxes	8,800	8,800	8,855	55	9,034
Sales Taxes	510,000	665,579	666,698	1,119	519,334
Franchise Taxes	27,000	27,000	26,950	(50)	26,752
Other Taxes	2,900	3,000	2,859	(141)	2,969
Total Tax Revenue	<u>608,349</u>	<u>764,028</u>	<u>765,564</u>	<u>1,536</u>	<u>614,405</u>
Intergovernmental Revenues					
Cigarette Taxes	2,000	2,000	2,822	822	1,985
Highway Users	29,206	29,206	26,810	(2,396)	36,716
Road and Bridge	27,302	27,302	27,303	1	25,594
Federal Grants	400	400	117	(283)	235
State Grants	300	300	299	(1)	4,229
Total Intergovernmental Revenue	<u>59,208</u>	<u>59,208</u>	<u>57,351</u>	<u>(1,857)</u>	<u>68,759</u>
Licenses and Permits					
Liquor Licenses	1,000	625	751	126	2,130
Building Permits	20,200	20,200	28,072	7,872	25,132
Annexation/Other P&Z Fees	900	900	900	-	900
Business Licenses	2,100	2,090	2,150	60	2,050
Total Licenses and Permits	<u>24,200</u>	<u>23,815</u>	<u>31,873</u>	<u>8,058</u>	<u>30,212</u>
Fines and Forfeits	<u>125</u>	<u>125</u>	<u>175</u>	<u>50</u>	<u>125</u>
Charges for Services					
Recreation/Comm Ctr Charges	985	274	1,125	851	1,060
Rents	2,100	2,100	-	(2,100)	2,400
Other Charges for Services	2,000	2,000	2,033	33	-
Total Charges for Services	<u>5,085</u>	<u>4,374</u>	<u>3,158</u>	<u>(1,216)</u>	<u>3,460</u>
Investment Earnings	<u>3,000</u>	<u>2,985</u>	<u>3,089</u>	<u>104</u>	<u>3,146</u>
Other Revenues					
Donations	3,000	5,808	5,808	-	3,434
Other Miscellaneous Revenue	500	2,091	2,091	-	4,519
Total Other Revenue	<u>3,500</u>	<u>7,899</u>	<u>7,899</u>	<u>-</u>	<u>7,953</u>
TOTAL REVENUES	<u>703,467</u>	<u>862,434</u>	<u>869,109</u>	<u>6,675</u>	<u>728,060</u>

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF WESTCLIFFE, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020			Variance With Final Budget	2019 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
EXPENDITURES					
General Government					
Personnel Services	177,359	184,289	162,947	21,342	163,884
Equipment Rentals	1,320	1,320	1,210	110	1,430
Insurance	12,801	14,206	14,059	147	12,570
Professional Fees	24,500	30,700	22,327	8,373	24,315
Repairs and Maintenance	2,200	6,755	7,112	(357)	17,357
Supplies	2,000	1,500	1,102	398	2,305
Telephone and Utilities	6,475	8,295	7,008	1,287	9,866
Travel and Training	2,000	1,200	1,236	(36)	3,296
Other Expenses	91,364	76,455	45,066	31,389	56,507
Total General Government	<u>320,019</u>	<u>324,720</u>	<u>262,067</u>	<u>62,653</u>	<u>291,530</u>
Public Safety					
Police	37,400	37,400	34,700	(2,700)	35,900
Animal Control	303	303	303	-	303
Municipal Court	1,560	1,560	1,200	(360)	1,470
Total Public Safety	<u>39,263</u>	<u>39,263</u>	<u>36,203</u>	<u>(3,060)</u>	<u>37,673</u>
Public Works					
Personnel Services	68,640	68,640	40,611	28,029	69,026
Contract Labor	6,000	10,000	9,585	415	-
Repairs and Maintenance	50,300	28,365	30,008	(1,643)	33,134
Telephone and Utilities	29,900	22,345	18,344	4,001	17,606
Travel and Training	300	-	-	-	-
Total Public Works/Comm Devel	<u>155,140</u>	<u>129,350</u>	<u>98,548</u>	<u>30,802</u>	<u>119,766</u>
Parks, Recreation and Other					
Personnel Services	43,600	43,600	31,316	12,284	6,278
Repairs and Maintenance	10,000	11,500	11,047	453	11,079
Telephone and Utilities	20,000	21,000	21,829	(829)	15,196
Total Parks, Recreation & Other	<u>73,600</u>	<u>76,100</u>	<u>64,192</u>	<u>11,908</u>	<u>32,553</u>
TOTAL EXPENDITURES	<u>588,022</u>	<u>569,433</u>	<u>461,010</u>	<u>102,303</u>	<u>481,522</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	115,445	293,001	408,099	108,978	246,538
OTHER FINANCING SOURCES (USES)					
Transfers (Out)	-	-	(190,000)	(190,000)	(75,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(190,000)</u>	<u>(190,000)</u>	<u>(75,000)</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 115,445</u>	<u>\$ 293,001</u>	218,099	<u>\$ (81,022)</u>	171,538
FUND BALANCE, BEGINNING			399,425		227,887
FUND BALANCE, ENDING			<u>\$ 617,524</u>		<u>\$ 399,425</u>

See accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

TOWN OF WESTCLIFFE, COLORADO

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2020

With Comparative Totals for December 31, 2019

	SPECIAL REVENUE FUNDS		
	Conservation Trust Fund	Total	
	<u>2020</u>	<u>2019</u>	
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Restricted Cash and Investments	<u>\$ 31,875</u>	<u>\$ 31,875</u>	<u>\$ 35,415</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
FUND BALANCE			
Restricted Fund Balance	<u>\$ 31,875</u>	<u>\$ 31,875</u>	<u>\$ 35,415</u>

See accompanying Independent Auditors' Report.

TOWN OF WESTCLIFFE, COLORADO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	SPECIAL REVENUE FUNDS		
	Conservation Trust	Total	
	Fund	2020	2019
REVENUES			
Intergovernmental Revenues	\$ 5,112	\$ 5,112	\$ 7,023
Investment Earnings	74	74	148
TOTAL REVENUES	5,186	5,186	7,171
EXPENDITURES			
Current:			
Capital Outlay	8,726	8,726	295
NET CHANGE IN FUND BALANCE - GAAP BASIS	(3,540)	(3,540)	6,876
FUND BALANCE, BEGINNING	35,415	35,415	28,539
FUND BALANCE, ENDING	\$ 31,875	\$ 31,875	\$ 35,415

See accompanying Independent Auditors' Report.

TOWN OF WESTCLIFFE, 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		Variance	
	Final		With Final	2019
	Budget	Actual	Budget	Actual
REVENUES				
Intergovernmental Revenues				
Cons Trust Fund Revenue	\$ 5,112	\$ 5,112	\$ -	\$ 7,023
Investment Earnings	(150)	74	224	148
TOTAL REVENUES	<u>4,962</u>	<u>5,186</u>	<u>224</u>	<u>7,171</u>
EXPENDITURES				
Parks, Recreation and Other				
Capital Outlay				
Parks, Recreation and Other Capital Outlay	<u>40,000</u>	<u>8,726</u>	<u>31,274</u>	<u>295</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ (35,038)</u>	<u>(3,540)</u>	<u>\$ 31,498</u>	<u>6,876</u>
FUND BALANCE, BEGINNING		<u>35,415</u>		<u>28,539</u>
FUND BALANCE, ENDING		<u>\$ 31,875</u>		<u>\$ 35,415</u>

See accompanying Independent Auditors' Report.

TOWN OF WESTCLIFFE, COLORADO

BUDGETARY COMPARISON SCHEDULE

Capital Fund

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020		Variance With Final Budget	2019 Actual
	Final Budget	Actual		
REVENUES				
Taxes				
Sales Taxes	\$ 190,194	\$ 190,706	\$ 512	\$ -
Intergovernmental Revenues				
Federal Grants	-	27,833	27,833	-
State Grants	21,312	22,246	934	45,826
Total Intergovernmental Revenue	21,312	50,079	28,767	45,826
Charges for Services				
Rents	15,000	14,000	(1,000)	-
Other Charges for Services	-	-	-	151,993
Total Charges for Services	15,000	14,000	(1,000)	151,993
Investment Earnings				
	4,000	4,489	489	5,000
Other Revenues				
Donations	8,710	8,710	-	632
TOTAL REVENUES	239,216	267,984	28,768	203,451
EXPENDITURES				
General Government				
Supplies	-	(60)	(60)	305
Capital Outlay				
General Government Capital Outlay	44,693	(9,643)	54,336	117,824
Public Works Capital Outlay	131,307	185,909	(54,602)	25,771
Total Capital Outlay	176,000	176,266	(266)	143,595
Debt Service				
Principal and Interest	-	20,000	(20,000)	114,789
TOTAL EXPENDITURES	176,000	196,206	(20,326)	258,689
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	63,216	71,778	8,442	(55,238)
OTHER FINANCING SOURCES (USES)				
Transfers In	190,000	190,000	-	75,000
NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ 253,216	261,778	\$ 8,442	19,762
Budget to GAAP Basis Reconciliation				
Debt Proceeds		69,837		-
Capital Outlay		(69,837)		-
NET CHANGE IN FUND BALANCE - GAAP BASIS		261,778		19,762
FUND BALANCE, BEGINNING		593,871		574,109
FUND BALANCE, ENDING		\$ 855,649		\$ 593,871

See accompanying Independent Auditors' Report.

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COMPLIANCE SECTION
State Compliance

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Westcliffe			
		YEAR ENDING : December-20			
This Information From The Records Of (example - City of _ or County of Town of Westcliffe		Prepared By: Phone:	Kathy Reis 719-783-2282		
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE					
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway- User Taxes	D. Receipts from Federal Highway Administration	
1. Total receipts available					
2. Minus amount used for collection expenses					
3. Minus amount used for nonhighway purposes					
4. Minus amount used for mass transit					
5. Remainder used for highway purposes					
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES			
ITEM	AMOUNT	ITEM	AMOUNT		
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	92,705		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	11,003		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	37		
2. General fund appropriations	87824	b. Snow and ice removal	8400		
3. Other local imposts (from page 2)	34,384	c. Other	9913		
4. Miscellaneous local receipts (from page 2)	175	d. Total (a. through c.)	18350		
5. Transfers from toll facilities	0	4. General administration & miscellane	10559		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	35600		
a. Bonds - Original Issues	0	6. Total (1 through 5)	168216		
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:			
c. Notes	0	1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest	0		
7. Total (1 through 6)	122383	b. Redemption	0		
B. Private Contributions	0	c. Total (a. + b.)	0		
C. Receipts from State government (from page 2)	45833	2. Notes:			
D. Receipts from Federal Government (from page 2)	0	a. Interest	0		
E. Total receipts (A.7 + B + C + D)	168216	b. Redemption	0		
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	0		
		C. Payments to State for highways	0		
		D. Payments to toll facilities	0		
		E. Total disbursements (A.6 + B.3 + C + D)	168216		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
A. Bonds (Total)	0	0	0	0	
1. Bonds (Refunding Portion)		0	0		
B. Notes (Total)	0	0	0	0	
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	Total Disbursemen	D. Ending Balance	E. Reconciliation
	0	168216	168216	0	0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December-20

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	175
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	34,384	g. Other Misc. Receipts	0
6. Total (1. through 5.)	34,384	h. Other	0
c. Total (a. + b.)	34,384	i. Total (a. through h.)	175
	(Carry forward		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	26811	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	0	d. Federal Transit Admin	0
d. Other (Specify) CDOT	19022	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	19022	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	45833	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	0	0
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	0	0
(4). System Enhancement & Operation	0	92,705	92,705
(5). Total Construction (1) + (2) + (3) + (4)	0	92,705	92,705
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	92,705	92,705
			(Carry forward to page 1)

Notes and Comments: