

TOWN OF RED CLIFF, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2021

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FINANCIAL SECTION

Honorable Mayor and Members of the Board of Trustees
Town of Red Cliff
Red Cliff, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

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 Red Cliff (the "Town"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on page 26 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.

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. The individual fund schedules and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are 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 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 combining and individual fund statements and schedules and the local highway finance report are fairly stated in all material respects in relation to the financial statements as a whole.

PB Solutions LLC

Littleton, Colorado
June 8, 2022

TOWN OF RED CLIFF, COLORADO

Management's Discussion and Analysis

As Management of the Town of Red Cliff, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2021.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$4,674,456 (Net Position). The largest portion of the Town's total assets reflects its' investment in capital assets of \$4,066,725. Over time Net Position may serve as a useful indicator of a government's financial position.
- The Town's total Net Position increased by \$40,248 for 2021 coming from an increase of \$209,919 from the Town's government funds and a decrease of -\$169,671 from the Town's proprietary fund.
- At the close of the fiscal year, the Town's governmental funds reported ending fund balances of \$466,759, an increase of \$128,516 from prior year.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$421,351 an increase of \$119,697.
- The Town's total long-term debt decreased by \$13,119 during the fiscal year. The balance at the end of the fiscal year was \$479,275.

Town Highlights

General Account. The Town has continued to be conservative in spending. The outlook is remaining positive for the property value assessments in the coming years. The assessments in Eagle County have continued to increase. Additionally, we have had new home sites developed and expect the increase in the number of housing units and values to continue through the next year.

The Streetscape project is moving ahead slowly. The Town Staff expect to have additional outreach and community forums to mold this project into a positive outcome for the Town. In 2021, the Town participated in a few outreach events to gain insight from residents regarding the pending streetscape project. 2022 will see additional meetings prior to the execution of an additional grant to start the project. A savings of \$20,000 has been committed for the future road and bridge streetscape design and implementation process. The savings has also been budgeted for 2023 with an additional \$20,000 budgeted savings from Enterprise account each year.

Enterprise Account. Red Cliff continues to produce the best tasting water for its residents. The wastewater treatment plant functioned well through 2021 with no major problems.

Funds have been placed in reserve to offset any upgrades or maintenance necessary. At the end of 2021 the reserve account had \$48,671. \$20,000 minimum is reserved for USDA Bonds.

Our residents have one of the highest water service fees in the state due to debt. We expect this debt to be paid in full by the end of 2022. The Water Treatment Facility bonds and payments for those bonds continue through 2052.

Overview of the Financial Statements This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town's assets and liabilities, with the difference between 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.

The *Statement of Activities* presents information showing how the Town's Net Position changed during the most recent fiscal year.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town's activities can be divided into two categories: governmental activities, reported in the general fund and conservation trust fund, and business-type activities reported in the proprietary or enterprise fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information and certain additional supplemental information*.

Government-wide Financial Analysis

Net Position	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$773,920	\$552,900	\$228,298	\$180,580	1,002,218	733,480
Capital assets, net	398,283	319,950	4,138,730	4,298,762	4,537,013	4,618,712
Total Assets	1,172,203	872,850	4,367,028	4,479,342	5,539,231	5,352,192
Liabilities:						
Other Liabilities	316,148	226,714	88,447	10,933	404,595	237,647
Long-term liabilities	0	0	460,180	480,337	460,180	480,337
Total Liabilities	316,148	226,714	548,627	491,270	864,775	717,984
Net Position:						
Invested in capital assets, Net of related debt	398,283	319,950	3,668,442	3,818,425	4,066,725	4,138,375
Restricted	45,408	36,589	0	0	45,408	36,589
Unrestricted	412,364	289,597	149,959	169,647	562,323	459,244
Total Net Position	\$856,055	\$646,136	\$3,818,401	\$3,988,072	\$4,674,456	\$4,634,208

Over time Net Position may serve as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$4,674,456 at the close of 2021. The largest portion of the Town's total assets reflects its investment in capital assets.

Change in Net Position	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Charges for Services	\$26,797	\$26,554	\$321,534	\$275,749	348,331	302,303
Taxes	311,636	254,774	0	0	311,636	254,774
Licenses, fees and permits	17,863	10,782	0	0	17,863	10,782
Intergovernmental	104,783	104,469	0	0	104,783	104,469
Earnings on Investments (Interest Income)	466	1,672	230	1,558	696	3,230
Miscellaneous	238	2,772	0	3,642	238	6,414
Total	461,783	401,023	321,764	280,949	783,547	681,972
Expenditures:						
General Government	341,359	290,700	38,797	128,546	380,156	419,246
Public Works	31,455	42,322	0	0	31,455	42,322
Interest Expense	0	0	8,739	10,726	8,739	10,726
Water and Wastewater Operations	0	0	143,361	83,926	143,361	83,926

Capital Outlay	0	0	0	0	0	0
Depreciation and Amortization	0	0	179,588	177,362	179,588	177,362
Transfers	-120,950	-4,628	120,950	4,628	0	0
Total	251,864	328,394	491,435	405,188	743,299	733,582
Change in Net Position	209,919	72,629	-169,671	-124,239	40,248	-51,610
Net Position – Beginning	646,136	573,507	3,988,072	4,112,311	4,634,208	4,685,818
Net Position – Ending	856,055	646,136	3,818,401	3,988,072	4,674,456	4,634,208

The Town's total Net Position increased by \$40,248 in 2021

Financial Analysis of the Government's Funds

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

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

Budget Comparisons and Economic Factors

- Revenues in the General fund were lower than anticipated for 2021 by \$180,141.
- Expenditures in the General fund were lower than anticipated by \$198,634 for 2021.
- Revenues in the Enterprise fund were higher than anticipated by \$31,353 for 2021.
- Expenditures in the Enterprise fund were higher than anticipated by \$1,862 for 2021.
- The Town is hopeful that for 2022 taxes, permits, licenses and other revenues will stay consistent overall with additional residents joining the town.

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 financial information should be addressed to the Town of Red Cliff, P.O. Box 40, Red Cliff, Colorado, 81649

BASIC FINANCIAL STATEMENTS

TOWN OF RED CLIFF, COLORADO

STATEMENT OF NET POSITION
December 31, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 407,229	\$ 164,994	\$ 572,223
Restricted Cash and Investments	31,150	\$ 48,671	79,821
Interfund Balances	68,636	(68,636)	-
Receivables			
Property Taxes	203,768	-	203,768
Sales and Other	59,879	-	59,879
Accounts	-	14,633	14,633
Prepaid Expenses	3,258	-	3,258
Capital Assets, Not Depreciated	225,922	-	225,922
Capital Assets, Depreciated, Net of Accumulated Depreciation	172,361	4,138,730	4,311,091
TOTAL ASSETS	1,172,203	4,298,392	5,470,595
LIABILITIES			
Accrued Expenses	41,627	6,789	48,416
Accrued Salaries and Benefits	19,826	-	19,826
Unearned Revenue	36,440	-	36,440
Accrued Interest Payable	-	424	424
Deposits	5,500	2,490	7,990
Noncurrent Liabilities			
Due Within One Year	-	10,108	10,108
Due in More Than One Year	-	460,180	460,180
Compensated Absences	8,987	-	8,987
TOTAL LIABILITIES	112,380	479,991	592,371
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	203,768	-	203,768
TOTAL DEFERRED INFLOWS OF RESOURCES	203,768	-	203,768
NET POSITION			
Net Investment in Capital Assets	398,283	3,668,442	4,066,725
Restricted	42,150	-	42,150
Unrestricted	415,622	149,959	565,581
TOTAL NET POSITION	\$ 856,055	\$ 3,818,401	\$ 4,674,456

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

TOWN OF RED CLIFF, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
PRIMARY GOVERNMENT							
Governmental Activities							
General Government	\$ 341,359	\$ 44,660	\$ 16,101	\$ 88,682	\$ (191,916)	\$ -	\$ (191,916)
Public Works	31,455	-	-	-	(31,455)	-	(31,455)
Total Governmental Activities	372,814	44,660	16,101	88,682	(223,371)	-	(223,371)
Business-Type Activities							
Water and Sanitation	361,746	321,534	-	-	-	(40,212)	(40,212)
Interest and Fiscal Charges	8,739	-	-	-	-	(8,739)	(8,739)
Total Business-Type Activities	370,485	321,534	-	-	-	(48,951)	(48,951)
GENERAL REVENUES							
Property Taxes					176,970	-	176,970
Specific Ownership Taxes					9,688	-	9,688
Sales and Use Taxes					100,881	-	100,881
Other Taxes					24,097	-	24,097
Other Revenues					238	-	238
Earnings on Investments					466	230	696
Transfers					120,950	(120,950)	-
TOTAL GENERAL REVENUES					433,290	(120,720)	312,570
CHANGE IN NET POSITION					209,919	(169,671)	40,248
NET POSITION, Beginning					646,136	3,988,072	4,634,208
NET POSITION, Ending					\$ 856,055	\$ 3,818,401	\$ 4,674,456

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

TOWN OF RED CLIFF, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	GENERAL FUND	NON-MAJOR CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Investments	\$ 407,229	\$ -	\$ 407,229
Restricted Cash and Investments	-	31,150	31,150
Taxes Receivable	203,768	-	203,768
Due from Other Funds	68,636	-	68,636
Accounts Receivable	59,879	-	59,879
Prepaid Expenses	3,258	-	3,258
TOTAL ASSETS	<u>\$ 742,770</u>	<u>\$ 31,150</u>	<u>\$ 773,920</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
LIABILITIES			
Accrued Expenses	\$ 41,627	\$ -	\$ 41,627
Accrued Salaries and Benefits	19,826	-	19,826
Unearned Revenues	36,440	-	36,440
Deposits	5,500	-	5,500
TOTAL LIABILITIES	<u>103,393</u>	<u>-</u>	<u>103,393</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenues	<u>203,768</u>	<u>-</u>	<u>203,768</u>
FUND BALANCES			
Nonspendable	3,258	-	3,258
Restricted	11,000	31,150	42,150
Unassigned	421,351	-	421,351
TOTAL FUND BALANCES	<u>435,609</u>	<u>31,150</u>	<u>466,759</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 742,770</u>	<u>\$ 31,150</u>	<u>\$ 773,920</u>

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

TOWN OF RED CLIFF, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended December 31, 2021

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

Total fund balances of governmental funds			\$	466,759
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.				
	Capital Assets, Not Depreciated	225,922		
	Capital Assets, Depreciated	576,278		
	Accumulated Depreciation	<u>(403,917)</u>		398,283
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.				
	Compensated Absences			<u>(8,987)</u>
Net position of governmental activities			\$	<u>856,055</u>

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

TOWN OF RED CLIFF, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2021

	GENERAL FUND	NON-MAJOR CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property Taxes	\$ 176,970	\$ -	\$ 176,970
Specific Ownership Taxes	9,688	-	9,688
Sales and Use Taxes	100,881	-	100,881
Other Taxes	24,097	-	24,097
Intergovernmental Revenue	101,322	3,461	104,783
Licenses and Fees	17,863	-	17,863
Charges for Services	26,797	-	26,797
Earnings on Investments	466	-	466
Miscellaneous	238	-	238
TOTAL REVENUES	458,322	3,461	461,783
EXPENDITURES			
Current			
General Government	331,857	-	331,857
Public Works	31,455	-	31,455
Capital Outlay	90,905	-	90,905
TOTAL EXPENDITURES	454,217	-	454,217
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,105	3,461	7,566
OTHER FINANCING SOURCES (USES)			
Transfer In	120,950	-	120,950
TOTAL OTHER FINANCING SOURCES (USES)	120,950	-	120,950
CHANGE IN FUND BALANCES	125,055	3,461	128,516
FUND BALANCES, Beginning	310,554	27,689	338,243
FUND BALANCES, Ending	\$ 435,609	\$ 31,150	\$ 466,759

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

TOWN OF RED CLIFF, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

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

Net change in fund balances - total governmental funds	\$ 128,516
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital Outlay	90,905	
Depreciation	<u>(12,572)</u>	78,333

Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.

Changes in Compensated Absences	<u>3,070</u>
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Change in net position of governmental activities	<u><u>\$ 209,919</u></u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF RED CLIFF, COLORADO

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE
 December 31, 2021

ASSETS

Current Assets

Cash and Investments	\$ 164,994
Restricted Cash and Investments	48,671
Accounts Receivable	<u>14,633</u>
Total Current Assets	<u>228,298</u>

Noncurrent Assets

Capital Assets, Net of Accumulated Depreciation	<u>4,138,730</u>
Total Noncurrent Assets	<u>4,138,730</u>

TOTAL ASSETS	<u>4,367,028</u>
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LIABILITIES

Current Liabilities

Accrued Expenses	6,789
Due to Other Funds	68,636
Deposits	2,490
Accrued Interest Payable	424
Bonds Payable, Current Portion	<u>10,108</u>
Total Current Liabilities	<u>88,447</u>

Noncurrent Liabilities

USDA Revenue Bonds Payable	418,497
Notes Payable	<u>41,683</u>
Total Noncurrent Liabilities	<u>460,180</u>

NET POSITION

Net Investment in Capital Assets	3,668,442
Unrestricted	<u>149,959</u>
TOTAL NET POSITION	<u>\$ 3,818,401</u>

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

TOWN OF RED CLIFF, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2021

OPERATING REVENUES	
Charges for Services	\$ 321,534
Other Revenues	<u>-</u>
TOTAL OPERATING REVENUES	<u>321,534</u>
OPERATING EXPENSES	
Water Operations	58,693
Wastewater Operations	84,668
General and Administrative	38,797
Depreciation	<u>179,588</u>
TOTAL OPERATING EXPENSES	<u>361,746</u>
NET OPERATING INCOME (LOSS)	<u>(40,212)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	230
Interest Expense	<u>(8,739)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(8,509)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(48,721)</u>
Transfer Out	<u>(120,950)</u>
CHANGE IN NET POSITION	(169,671)
NET POSITION, Beginning	<u>3,988,072</u>
NET POSITION, Ending	<u>\$ 3,818,401</u>

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

TOWN OF RED CLIFF, COLORADO

STATEMENT OF CASH FLOWS TYPE

PROPRIETARY FUND

Year Ended December 31, 2021

Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 324,667
Cash Paid to Suppliers and Employees	(182,904)
Net Cash Used by Operating Activities	<u>141,763</u>

CASH FLOWS FROM NONCAPITAL FINANCING
ACTIVITIES

Cash Payments to/from Other Funds	(83,032)
Net Cash Provided by Noncapital Financing Activities	<u>(83,032)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING
ACTIVITIES

Purchase of Capital Assets	(19,556)
Principal Payments on Long Term Debt	(10,049)
Interest Payments	(9,223)
Tap Fees and Capital Contributions	-
Net Cash Provided by Capital Financing Activities	<u>(38,828)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received	<u>230</u>
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NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS 20,133

CASH AND CASH EQUIVALENTS, Beginning 193,532

CASH AND CASH EQUIVALENTS, Ending \$ 213,665

RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH USED BY OPERATING ACTIVITIES

Operating Income (Loss)	\$ (40,212)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation Expense	179,588
Changes in Assets and Liabilities	
Accounts Receivable	3,133
Accounts Payable	-
Accrued Expenses	(746)
Total Adjustments	<u>181,975</u>

Net Cash Used by Operating Activities \$ 141,763

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

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Red Cliff, Colorado (the “Town”) was formed in 1883. The Town is governed by a Mayor and Board of Trustees elected by its residents.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

The financial reporting entity consists of the Town and organizations for which the Town is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the Town. In addition, any legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Town.

Based upon the application of these criteria, no additional organizations are includable within the Town’s reporting 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 of the 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 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 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*. Internally dedicated resources are reported as general revenues rather than as program revenues.

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

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

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 provider 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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items 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.

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 the 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.

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.

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In the fund financial statements, the Town reports the following major governmental fund:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

The *Water and Sanitation Enterprise* accounts for the financial activities associated with the provision of water and wastewater operations.

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – For purposes of the statement of cash flows, the Town considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 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 acquisition 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 assets lives are not capitalized.

Property and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives.

Buildings	20 years
Water and Sewer System	14-40 years
Machinery and Equipment	5 to 15 years
Infrastructure	15 years

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Accrued Salaries and Benefits – The salaries and benefits earned, but unpaid, as of December 31, 2021, were \$19,826.

Vacation, Sick Leave, and Other Compensated Absences – Town employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Employees are not limited to the amount of accumulated leave that can be carried to the next fiscal year. Upon termination of employment, employees are entitled to receive compensation for unused vacation days at the employees' current salary rate. These compensated absences are when paid in the General Fund. A long-term liability in the amount of \$8,987 has been recorded in the government-wide financial statements for the accrued compensated absences.

Deferred Outflows and Deferred Inflows of Resources – In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources expense/expenditure) until then. In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Debt – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property Taxes – Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent, and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied.

Net Position– The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While Town management may have categorized and segmented portion for various purposes, the Town Board has the unrestricted right to revisit or alter these managerial decisions.

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 either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Town reports prepaid expenses as nonspendable at December 31, 2021.

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- 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. The Town has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the Town reports restricted fund balances in the Conservation Trust Fund for parks and recreation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town does not report any balances as committed.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The Town does not report any balances as assigned.
- 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 balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the Town uses restricted fund balances first, followed by committed, assigned, and unassigned fund balances.

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

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

Risk Management

Public Entity Risk Pool

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. For these risks of loss, the Town participates in 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, and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensated coverages and to assist members to present and reduce 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.

Subsequent Events

The Town has evaluated events subsequent to the year ended December 31, 2021 through June 8, 2022, the date these financial statements were available to be issued and has incorporated any required recognition into these financial statements.

NOTE 2: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All appropriations lapse at fiscal year-end.

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets (Continued)

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- In October, the Town Staff submits to the Board of Trustees a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Trustees to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budgetary comparison schedule presented for the Water and Sanitation Enterprise Fund is presented on a non-GAAP budgetary basis. Capital outlay and debt principal payments are budgeted as expenditures. Depreciation expense is not budgeted.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Trustees.

NOTE 3: CASH AND INVESTMENTS

Deposits	\$213,038
Investments	<u>439,006</u>
Total	<u>\$652,044</u>

The above amounts are classified in the statement of net position as follows:

Cash and Investments - Unrestricted	572,223
Cash and Investments - Restricted	<u>79,821</u>
Total	<u>\$652,044</u>

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 3: **CASH AND INVESTMENTS** (Continued)

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. On December 31, 2021, State regulatory commissioners have indicated that all financial institutions holding deposits for the Town are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. 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 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 Town has no policy regarding custodial credit risk for deposits.

On December 31, 2021, the Town had deposits with financial institutions with a carrying amount of \$213,038. The bank balances with the financial institutions were \$207,605. All of these balances were covered by federal depository insurance.

Investments

Interest Rate Risk

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.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government 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

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 3: **CASH AND INVESTMENTS** (Continued)

Investments (Continued)

Local Government Investment Pools

The Town had invested \$439,006 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

Restricted Cash

On December 31, 2021, cash in the amount of \$31,150 is restricted in the Conservation Trust Fund for park and recreation expenditures. In addition, \$48,671 is restricted in the Proprietary Fund to comply with debt service requirements.

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2021 is summarized below:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
Governmental Activities				
Capital Assets, Not Depreciated				
Land	\$ 85,431	\$ -	\$ -	\$ 85,431
Construction in Progress	49,586	90,905	-	140,491
Total Capital Assets, Not Depreciated	135,017	90,905	-	225,922
Capital Asset, Being Depreciated				
Buildings and Improvements	91,484	-	-	91,484
Machinery and Equipment	211,645	-	-	211,645
Infrastructure	273,149	-	-	273,149
Total Capital Assets, Being Depreciated	576,278	-	-	576,278
Accumulated Depreciation				
Buildings and Improvements	91,484	-	-	91,484
Machinery and Equipment	211,645	-	-	211,645
Infrastructure	88,216	12,572	-	100,788
Total Depreciation	391,345	12,572	-	403,917
Capital Assets, Depreciated, Net	184,933	(12,572)	-	172,361
Net Capital Assets	\$ 319,950	\$ 78,333	\$ -	\$ 398,283

Depreciation expense was charged to the general government program of the Town.

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 4: CAPITAL ASSETS (Continued)

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
Business-Type Activities				
Capital Asset, Being Depreciated				
Sewer System	4,798,373	-	-	4,798,373
Water Treatment Plant	1,273,405	-	-	1,273,405
Water Distribution System	273,311	-	-	273,311
Microfiltration System	577,715	-	-	577,715
Machinery and Equipment	74,700	19,556	-	94,256
Total Capital Assets, Being Depreciated	6,997,504	19,556	-	7,017,060
Accumulated Depreciation				
Sewer System	1,338,968	120,873	-	1,459,841
Water Treatment Plant	961,972	32,123	-	994,095
Water Distribution System	53,731	8,239	-	61,970
Microfiltration System	269,371	14,443	-	283,814
Machinery and Equipment	74,700	3,910	-	78,610
Total Depreciation	2,698,742	179,588	-	2,878,330
Capital Assets, Depreciated, Net	4,298,762	(160,032)	-	4,138,730
Net Capital Assets	\$ 4,298,762	\$ (160,032)	\$ -	\$ 4,138,730

NOTE 5: LONG-TERM DEBT

The following is a summary of the Town's long-term debt transactions for the year ended December 31, 2021:

Governmental Activities

	12/31/2020 Balance	Increases	Decreases	12/31/2021 Balance	Due Within One Year
Compensated Absences	\$ 12,057	\$ -	\$ 3,070	\$ 8,987	\$ -

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 5: LONG-TERM DEBT (Continued)

Business Type Activities

	12/31/2020			12/31/2021	Due Within One Year
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	
USDA Revenue Bonds					
Series 2012-A	\$ 215,699		\$ 4,787	\$ 210,912	\$ 4,890
Series 2012-B	222,955	-	5,262	217,693	5,218
Note Payable	41,683		-	41,683	-
Total	<u>\$ 480,337</u>	<u>\$ -</u>	<u>\$ 10,049</u>	<u>\$ 470,288</u>	<u>\$ 10,108</u>

USDA Revenue Bonds

In December 2012, the Town issued Water and Wastewater Revenue Refunding Bonds, Series 2012-A and 2012-B in the amount of \$250,547 and \$267,253, respectively. Proceeds of the 2012-A bonds were used to pay off balances of the 1971 bonds, 1981 bonds, and 1992 bonds. Proceeds of the 2012-B bonds were used to pay off the outstanding principal and interest of the 1998 bonds.

The 2012-A bonds carry an interest rate of 2.125% per annum. Monthly principal and interest payments in the amount of \$777 are due beginning in January 2013 through December 2052. The 2012-B bonds carry an interest rate of 2.125% per annum. Monthly principal and interest payments in the amount of \$829 are due beginning in January 2013 through December 2052.

The bonds are subject to redemption prior to maturity at the option of the Town, as a whole or portion thereof, on any date, upon payment of par and accrued interest, without redemption premium.

The Town is required to maintain a bond reserve account that may only be used to prevent default on the payment of the principal or interest on the bonds or, upon prior written approval, for emergency maintenance, or for extension to the system.

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 5: LONG-TERM DEBT (Continued)

USDA Revenue Bonds (Continued)

For the year ended December 31, 2021, the Town has met its reserve requirement. The amount of the reserve is reported as restricted cash and investments in the Town's proprietary fund.

In addition, the Town is required to collect fees and charges for services that are sufficient to pay operation and maintenance expenses and to create net revenue in the amount: (i) equal to not less than 120% of the amount necessary to pay when due the principal and interest on the bonds coming due during the fiscal year, and (ii) sufficient to make up any deficiencies in the reserve account. For the year ended December 31, 2021, the Town has met this requirement.

The following is a summary of the debt service requirements for the Revenue Bonds:

Year Ended December 31,	Principal	Interest	Total
2022	\$ 10,108	\$ 9,164	\$ 19,272
2023	10,325	8,947	19,272
2024	10,546	8,726	19,272
2025	10,773	8,499	19,272
2026	11,004	8,268	19,272
2027-2031	58,664	37,696	96,360
2032-2036	65,234	31,126	96,360
2037-2041	72,540	23,820	96,360
2042-2046	80,253	16,107	96,360
2047-2051	88,406	7,556	95,962
2052	10,752	468	11,220
Total	\$ 428,605	\$ 160,378	\$ 588,983

Note Payable

Eagle County

During 2013, the Town entered into an agreement with Eagle County to obtain funding to cover costs associated with an emergency water main freeze. The County initially granted the Town \$10,500. An additional amount of \$41,683 was loaned to the Town. The note carries no interest and had an original due date of December 31, 2015. As of December 31, 2021, no payments have been made on the note and the amount remains outstanding.

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 6: INTERFUND BALANCES AND TRANSFERS

On December 31, 2021, the Water and Sanitation Enterprise Fund owes the General Fund \$68,636. The amounts owed are due to timing of expenditures that were paid by the General Fund and not yet reimbursed by the other fund.

During the year ended December 31, 2021, the Water and Sanitation Enterprise Fund transferred \$120,950 to the General Fund to cover administrative and capital expenses.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Land Lease

In June 2007, the Town entered into a land lease agreement with Union Pacific Railroad Company to lease a piece of property for the Town's wastewater treatment plant. The initial agreement called for an annual lease payment of \$1,500, with an increase of 3% annually. The lease automatically renews each year unless terminated by either party. During the year ended December 31, 2021 the Town paid \$2,768 under the terms of the agreement.

Operating Agreement

In March 2013, the Town entered into an agreement with Water Quality Control Professionals (WQCP) for operations and maintenance services of the Town's water and wastewater treatment and collection system. Under the terms of the agreement, WQCP provides repair, maintenance, and operating services to the Town. WQC invoices the Town monthly based on an agreed upon rate plus any additional expenses. The monthly rate may be adjusted annually based on the Consumer Price Index. For the year ended December 31, 2021, the Town paid \$36,447 to WQCP under the terms of the agreement.

Claims and Judgments

The Town participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. As of December 31, 2021, significant amounts of grant expenditures have not been audited but the Town believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Town.

TOWN OF RED CLIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 7: **COMMITMENTS AND CONTINGENCIES** (Continued)

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the “Tabor Amendment”), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The Tabor Amendment is complex and subject to judicial interpretations. The Town believes it has complied with the Amendment.

The Town has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. On December 31, 2021, the emergency reserve of \$11,000 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF RED CLIFF, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Property Taxes	\$ 176,970	\$ 176,970	\$ 176,970	\$ -	\$ 170,554
Specific Ownership Taxes	6,500	9,001	9,688	687	8,580
Sales and Use Taxes	70,000	78,846	100,881	22,035	66,598
Other Taxes	13,100	18,289	24,097	5,808	9,042
Intergovernmental Revenue	262,500	311,781	101,322	(210,459)	101,505
Licenses and Fees	19,436	18,053	17,863	(190)	10,782
Charges for Services	20,840	25,840	26,797	957	26,554
Earnings on Investments	1,500	344	466	122	1,672
Miscellaneous	-	-	238	238	2,772
TOTAL REVENUES	570,846	639,124	458,322	(180,802)	398,059
EXPENDITURES					
Current					
General Government					
Salaries	247,022	228,206	232,632	(4,426)	213,400
Professional Services	35,500	33,393	36,959	(3,566)	28,435
General and Administrative	44,950	51,440	47,418	4,022	74,490
Board Stipend	8,150	6,900	6,675	225	6,075
Insurance	7,980	8,473	8,173	300	10,300
Public Works					
Equipment Repair and Maintenance	19,000	20,070	20,976	(906)	23,243
Building and Grounds	8,000	7,298	8,757	(1,459)	10,182
Road and Bridge	5,000	1,420	1,722	(302)	4,795
Capital Outlay	246,000	295,651	90,905	204,746	57,801
TOTAL EXPENDITURES	621,602	652,851	454,217	198,634	428,721
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(50,756)	(13,727)	4,105	17,832	(30,662)
OTHER FINANCING SOURCES (USES)					
Transfers In	142,789	120,950	120,950	-	89,346
Transfers Out	(79,749)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	63,040	120,950	120,950	-	89,346
CHANGE IN FUND BALANCE	12,284	107,223	125,055	17,832	58,684
FUND BALANCES, Beginning	279,278	310,554	310,554	-	251,870
FUND BALANCES, Ending	\$ 291,562	\$ 417,777	\$ 435,609	\$ 17,832	\$ 310,554

See the accompanying independent auditor's report

INDIVIDUAL FUND SCHEDULES

TOWN OF RED CLIFF, COLORADO

BUDGETARY COMPARISON SCHEDULE
 CONSERVATION TRUST FUND
 Year Ended December 31, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES				
Intergovernmental Revenue	\$ 2,800	\$ 3,461	\$ 661	\$ 2,964
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	2,800	3,461	661	2,964
EXPENDITURES				
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
CHANGE IN FUND BALANCE	2,800	3,461	661	2,964
FUND BALANCES, Beginning	27,689	27,689	-	24,725
FUND BALANCES, Ending	\$ 30,489	\$ 31,150	\$ 661	\$ 27,689

See the accompanying independent auditor's report

TOWN OF RED CLIFF, COLORADO

BUDGETARY COMPARISON SCHEDULE
WATER AND SANITATION ENTERPRISE
Year Ended December 31, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Charges for Services	\$ 290,598	\$ 290,261	\$ 321,534	\$ 31,273	\$ 275,749
Tap Fees and Contributions	-	-	-	-	-
Interest Revenue	1,700	150	230	80	1,558
Other Revenues	-	-	-	-	3,642
Transfers In	-	-	-	-	-
TOTAL REVENUES	<u>292,298</u>	<u>290,411</u>	<u>321,764</u>	<u>31,353</u>	<u>280,949</u>
EXPENDITURES					
Current					
Water Operations	67,146	73,860	58,693	15,167	49,614
Wastewater Operations	62,069	71,007	84,668	(13,661)	34,312
General and Administrative	41,787	44,501	38,797	5,704	43,828
Debt Service	19,272	19,272	18,788	484	68,308
Transfers Out	158,019	120,950	120,950	-	89,346
Capital Outlay	-	10,000	19,556	(9,556)	38,536
TOTAL EXPENDITURES	<u>348,293</u>	<u>339,590</u>	<u>341,452</u>	<u>(1,862)</u>	<u>323,944</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ (55,995)</u>	<u>\$ (49,179)</u>	(19,688)	<u>\$ 29,491</u>	(42,995)
Adjustments to GAAP Basis					
Capital Outlay			19,556		38,536
Loan Principal Payments			10,049		57,582
Depreciation			(179,588)		(177,362)
CHANGE IN NET POSITION, GAAP Basis			(169,671)		(124,239)
NET POSITION, Beginning			<u>3,988,072</u>		<u>4,112,311</u>
NET POSITION, Ending			<u>\$ 3,818,401</u>		<u>\$ 3,988,072</u>

See the accompanying independent auditor's report

COMPLIANCE



Steps for printing your content and returning to 'Edit Mode

1. Click Ctrl + A on a Windows machine or Command + A on a Mac to select all data.
2. Right-click your mouse and select Print.
3. Confirm that print settings are correct - make sure "selection only" isn't checked.
4. Print hard copy or to PDF.
5. Click "Edit Mode" to return to modifying your data.
6. Remember to click "Save" to save any changes.

Annual Highway Finance Report - CY21

Email address: manager@townofredcliff.org

City/County: Red Cliff

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes

A. Receipts from local sources

2. General Fund Appropriations:	\$	0.00
3. Other local imposts: <i>from A.3. 'Total' below)</i>	\$	9,001.00
4. Miscellaneous local receipts: <i>from A.4. 'Total' below)</i>	\$	0.00
5. Transfers from toll facilities	\$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	0.00
b. Bonds - Refunding Issues:	\$	0.00
c. Notes:	\$	0.00

SubTotal: \$ 9,001.00

B. Private Contributions \$ 0.00

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes (Detail)

A.3. Other local imposts

a. Property Taxes and Assessments	\$ 0.00
b. Other Local Imposts	
1. Sales Taxes:	\$ 0.00
2. Infrastructure and Impact Fees:	\$ 0.00
3. Liens:	\$ 0.00
4. Licenses:	\$ 0.00
5. Specific Ownership and/or Other:	\$ 9,001.00
Total: (a + b) carried to 'Other local imposts' above	\$ 9,001.00

A.4. Miscellaneous local receipts

a. Interest on Investments:	\$ 0.00
b. Traffic fines and Penalties:	\$ 0.00
c. Parking Garage Fees:	\$ 0.00
d. Parking Meter Fees:	\$ 0.00
e. Sale of Surplus Property:	\$ 0.00
f. Charges for Services:	\$ 0.00
g. Other Misc. Receipts:	\$ 0.00
h. Other:	\$ 0.00
Total: (a through h) carried to 'Misc local receipts' above	\$ 0.00

C. Receipts from State Government

1. Highway User Taxes:	\$ 11,088.00
3. Other State funds:	
c. Motor Vehicle Registrations:	\$ 1,723.00
d. Other (Specify):	
Comments: undefined	\$ 0.00
e. Other (Specify):	
Comments: undefined	\$ 0.00
Total: (1+3c,d,e)	\$ 12,811.00

D. Receipts from Federal Government

2. Other Federal Agencies	
a. Forest Service:	\$ 0.00

b. FEMA:	\$	0.00
c. HUD:	\$	0.00
d. Federal Transit Administration:	\$	0.00
e. U.S. Corp of Engineers	\$	0.00
f. Other Federal:	\$	0.00
Total: <i>(2a-f)</i>		\$ 0.00

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes

A. Local highway disbursements

1. Capital outlay: <i>(from A. 1.d. 'Total Capital Outlay' below)</i>	\$	0.00
2. Maintenance:	\$	4,730.00
3. Road and street services		
a. Traffic control operations:	\$	0.00
b.  Snow and ice removal:	\$	11,037.00
c. Other:	\$	0.00
4. General administration and miscellaneous	\$	0.00
5. Highway law enforcement and safety	\$	0.00
Total: <i>(A. 1-5)</i>		\$ 15,767.00

B. Debt service on local obligations

1.  Bonds		
a.  Interest	\$	0.00
b.  Redemption	\$	0.00
2.  Notes		
a.  Interest	\$	0.00
b.  Redemption	\$	0.00
SubTotal: <i>(1+2)</i>		\$ 0.00

C. Payments to State for Highways:	\$	0.00
D. Payments to Toll Facilities:	\$	0.00

Total Disbursements: (A+B+C+D) \$ 15,767.00

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes - (Detail)

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$ 0.00
b. Engineering Costs:	\$ 0.00	\$ 0.00	\$ 0.00
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.00
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.00
3. System Preservation:	\$ 0.00	\$ 0.00	\$ 0.00
4. System Enhancement:	\$ 0.00	\$ 0.00	\$ 0.00
5. Total Construction:			\$ 0.00
d. Total Capital Outlay: (Lines A.1.a. + 1.b. + 1.c.5)			\$ 0.00

Receipts, Disbursements & Costs

IV. Local Highway Debt Status

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
1. Bonds (Refunding Portion)		\$ 0.00	\$ 0.00	\$ 0.00
B. Notes (Total):	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Receipts, Disbursements & Costs

V - Local Road & Street Fund Balance

A. Beginning Balance	B. Total Receipts	C.Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 0.00	\$ 21,812.00	\$ 15,767.00	\$ 0.00	\$ -6,045.00

Notes and Comments:

any additional funds will be saved in our general savings fund which is earmarked for future work on our streets. Currently we are working on the engineering for resurfacing, curbs, gutters and sidewalks.

Please enter your name: Barb Smith

Please provide a telephone number where you may be reached: 970/827-5303

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