

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

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

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FINANCIAL SECTION

Town of Silver Cliff Management's Discussion and Analysis For the year ended December 31, 2021

Governmental Accounting Standards Board Statement Number 34 (GASB 34) requires that this Management's Discussion and Analysis (MD&A) be written to provide an overview of Silver Cliff's financial activities for the fiscal year ended December 31, 2021. The purpose of this MD&A is to provide, in simple terms, an explanation of the effect on the Town's financial position from local economic and business factors, and to explain the reasons for any significant changes in the Town's financial position.

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

ECONOMIC FACTORS AFFECTING THE TOWN IN 2021

Silver Cliff is located in the Wet Mountain Valley in south-central Colorado in Custer County, has a population of 598 (per 2020 Census), and consists of approximately 9,390 acres or 14.67 square miles.

Silver Cliff was incorporated as a statutory town under the laws of the State of Colorado in 1879 and operates under an elected Mayor-Board form of government. The Town Board consists of a Mayor and six trustees, all elected at-large. The Board appoints or hires the Town Clerk/Treasurer, Building/Zoning Enforcement Officer, Public Works Superintendent, Code Enforcement Official, Town Attorney, Municipal Court Judge and Museum Curator.

Silver Cliff is not a full-service town. Police protection is provided by the Custer County Sheriff's Department, fire protection by the Wet Mountain Fire Protection District and water and wastewater treatment by Round Mountain Water & Sanitation District. Silver Cliff provides their own street and parks maintenance and maintains approximately 20 miles of streets.

Because over 46% of Silver Cliff's revenues are generated from sales tax, tourism greatly affects Silver Cliff's budget. Silver Cliff is located approximately 50 miles from any city of size and is not on a route you would take to get to another city. Fuel prices along with the state of the economy have a direct effect on tourism.

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

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

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

In addition to the limitation provisions of TABOR, there is also a requirement that every entity to which TABOR applies must establish an "emergency reserve." Each entity shall reserve 3% or more of its fiscal year spending excluding bond debt service. For the year ended December 31, 2021, the Town has set aside \$23,000 to establish that reserve.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements:

- **Basic Financial Statements.** This section includes government-wide financial statements, fund financial statements and notes to the financial statements. The government-wide financial statements present the financial position and activities of the Town as a whole using accounting methods similar to those used by private-sector companies. The fund financial statements present financial information on specific activities of the Town. Funds are classified as major and nonmajor funds. The General Fund is considered a major fund.

Town of Silver Cliff
Management's Discussion and Analysis (Continued)
For the year ending December 31, 2021

The Museum Fund and the Conservation Trust Fund are nonmajor funds and are reported in aggregate in a separate column. The notes to the financial statements provide additional disclosures to the information presented in the financial statements.

- **Required Supplementary Information.** This section includes financial information that is not part of the basic financial statements but is required by accounting principles generally accepted in the United States of America (GAAP). It includes a budgetary comparison schedule for the General Fund.
- **Other Supplementary Information.** This section includes a combining balance sheet and statement of revenues, expenditures and changes in fund balances for the Museum Fund and the Conservation Trust Fund. This section also presents budget to actual information for these two funds. This budget to actual information, though not required by GAAP is required by the State of Colorado.
- **Legal and Other Regulatory Requirements.** This section includes the Local Highway Finance Report. This report is required to be presented by the State of Colorado.

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Town of Silver Cliff
Management's Discussion and Analysis (Continued)
For the year ending December 31, 2021

Reconciliation of Government-wide Financial Statements to Fund Financial Statements

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

- Reconciliation of the balance sheet of the governmental funds to the statement of net position
- Reconciliation of the statement of revenues and expenditures and changes in fund balance to the statement of activities

FINANCIAL OVERVIEW

In condensed format, the following table shows the statement of net position at December 31, 2020 and 2021:

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	2021	2020
ASSETS		
Current and Other Assets	\$ 494,204	\$ 421,366
Capital Assets	902,360	675,919
Total Assets	<u>1,396,564</u>	<u>1,097,285</u>
LIABILITIES		
Current Liabilities	178,880	10,254
Noncurrent Liabilities	166,934	5,370
Total Liabilities	<u>345,814</u>	<u>15,624</u>
DEFERRED INFOWS	<u>29,888</u>	<u>25,629</u>
NET POSITION		
Net Investment in Capital Assets	745,836	675,919
Restricted	52,728	34,710
Unrestricted	222,300	345,403
Total Net Position	<u>\$ 1,020,864</u>	<u>\$ 1,056,032</u>

Town of Silver Cliff
Management's Discussion and Analysis (Continued)
For the year ending December 31, 2021

The following table shows the changes in net position for the year ended December 31, 2020 and 2021:

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities	
	2021	2020
PROGRAM REVENUES		
Charges for Services	\$ 162,589	\$ 54,131
Operating Grants	109,224	106,347
Total Program Revenues	<u>271,813</u>	<u>160,478</u>
GENERAL REVENUES		
Property Taxes	27,381	24,311
Specific Ownership Taxes	4,213	3,940
Sales and Use Taxes	354,876	186,779
Franchise Taxes	19,604	19,919
Interest Income	373	1,376
Other Revenues	<u>30</u>	<u>3,226</u>
Total General Revenues	<u>406,477</u>	<u>239,551</u>
Total Revenues	<u>678,290</u>	<u>400,029</u>
PROGRAM EXPENSES		
General Government	195,020	140,796
Public Safety	124,369	74,215
Public Works	263,627	133,111
Culture and Recreation	<u>57,807</u>	<u>45,337</u>
Total Program Expenses	<u>640,823</u>	<u>393,459</u>
CHANGE IN NET POSITION	37,467	6,570
Net Position, Beginning	<u>983,397</u>	<u>1,049,462</u>
NET POSITION, ENDING	<u>\$ 1,020,864</u>	<u>\$ 1,056,032</u>

The most significant item related to the change in net position for 2021 was related to the increase in sales tax.

GOVERNMENTAL ACTIVITIES

The General Fund is the chief operating fund of the Town. The General Fund generates in excess of 46% of its revenues from sales tax. 2% of this revenue is used for general governmental purposes. In 2020 a 1% sales tax was approved and is designated to streets and equipment. Highway Users Tax (HUTF) provides about 7% of the general funds revenues and is used strictly on street and alley expenses.

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

General government expenditures include general operational, administrative expenses of the Town, building and zoning department. Public works expenses cover street and alley maintenance, improvements, snow removal and other street related expenses. Parks and recreation include maintenance and park utilities. Capital improvements include things such as purchase of equipment, infrastructure improvements such as paving, curb and gutter, sidewalks and other miscellaneous permanent improvements.

Town of Silver Cliff
Management's Discussion and Analysis (Continued)
For the year ending December 31, 2021

CAPITAL ASSETS

At the end of 2021, the Town has a broad range of capital assets totaling \$902,360, net of depreciation. These assets include buildings, equipment, infrastructure, park property, and improvements. Major acquisitions were primarily public works vehicle related. The Town also deleted numerous older capital assets that were no longer in use or owned by the Town that had not been removed in previous years.

A summary of capital assets at December 31, 2021 is as follows:

	1/1/2021 Beginning Balance	Additions	Deletions	12/31/2021 Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 144,251	\$ -	\$ -	\$ 144,251
Construction in Progress	-	53,753	-	53,753
Total Capital Assets Not Being Depreciated	144,251	53,753	-	198,004
Capital Assets Being Depreciated:				
Land Improvements/Infrastructure	496,729	-	-	496,729
Buildings	393,351	-	-	393,351
Equipment and Vehicles	442,684	38,340	-	481,024
Total Capital Assets Being Depreciated	1,332,764	38,340	-	1,371,104
Less Accumulated Depreciation:				
Land Improvements/Infrastructure	(298,783)	(17,591)	-	(316,374)
Buildings	(191,594)	(10,106)	-	(201,700)
Equipment and Vehicles	(114,085)	(34,589)	-	(148,674)
Total Accumulated Depreciation	(604,462)	(62,286)	-	(666,748)
Net Capital Assets	\$ 872,553	\$ 29,807	\$ -	\$ 902,360

LONG-TERM DEBT

The Town's long-term debt is related to accrued compensated absences.

	Balance 1/1/21	Additions	Payments	Balance 12/31/21	Due Within One Year	Accrued Interest	Interest Expense
<u>Capital Leases Payable</u>							
2020 Copier Lease	\$ 5,887	\$ -	\$ 1,083	\$ 4,804	\$ 1,236	\$ -	\$ 270
2020 Grader Lease - Kirkpatrick	98,000	-	18,583	79,417	19,055	646	(2,073)
2020 Water Truck Lease - KS State	67,845	-	67,845	-	-	-	3,881
2021 Water Truck Lease - Kirkpatrick	-	72,303	-	72,303	13,677	168	-
2021 Kubota Mower - Kirkpatrick	-	28,048	28,048	-	-	-	-
Total Capital Lease Payable	171,732	100,351	115,559	156,524	33,968	814	2,078
Accrued Compensated Absences	12,559	-	2,149	10,410	-	-	-
Total Noncurrent Liabilities	<u>\$ 184,291</u>	<u>\$100,351</u>	<u>\$117,708</u>	<u>\$ 166,934</u>	<u>\$ 33,968</u>	<u>\$ 814</u>	<u>\$ 2,078</u>

GENERAL FUND BUDGET

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

Total General Fund revenues were approximately \$31,897 over budget primarily related to the increase in sales tax and building permits coming in over the estimated amount. Expenditures were \$77,260 under budget. Overall General Fund carryover is \$262,470.

**Town of Silver Cliff
Management's Discussion and Analysis (Continued)
For the year ending December 31, 2021**

NEXT YEAR'S BUDGET AND RATES

The 2022 proposed estimated sales tax is \$310,000. Once again, our sales tax increased due to the rate increase. With the new sales tax collection laws, the town feels we are starting to get the sales taxes that are due to the Town on deliveries.

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

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

At the Museum, the Town pays for the curator to keep the museum open. The Town does most of the general maintenance. The Town was awarded a grant from DOLA and CDOT to complete some much needed improvements to the museum that include: replacing all siding and roofing metal products that have the historic look, poured a floor in the front to make the bottom floor all one level to be ADA accessible, installing a chair lift so that the top level is ADA accessible, new sidewalk and splash wall to help with the water from rain and snow damaging the building, a covered pavilion in the back yard that will have ADA restrooms, storage area and an area for review old documents, picnic tables, a game table, a pocket park that will include horse shoe pit, corn hole, ladder toss and another game table, trees and a bench.

Requests for Information

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

Ileen Squire, Town Clerk
Silver Cliff Town Hall
612 Main Street
Silver Cliff, CO 81252
719-783-2615

Mayberry & Company, LLC

Certified Public Accountants

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

Board of Trustees
Town of Silver Cliff
Silver Cliff, Colorado

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Town of Silver Cliff, as of and for the year ended December 31, 2021, and the related notes to the financial statements which collectively comprise Town of Silver Cliff's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Silver Cliff as of December 31, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 the 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 Town of Silver Cliff'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.

Auditors' Responsibility 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 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 Town of Silver Cliff 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 Town of Silver Cliff'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.

Report on Summarized Comparative Information

We have previously audited the Town of Silver Cliff's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis and budgetary comparison information listed in the tables of contents 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.

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 is presented for purposes of legal compliance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mayberry & Company, LLC

Englewood, Colorado
April 4, 2022

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BASIC FINANCIAL STATEMENTS

TOWN OF SILVER CLIFF, COLORADO

STATEMENT OF NET POSITION
DECEMBER 31, 2021

	GOVERNMENTAL ACTIVITIES
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	
Cash	\$ 369,990
Receivables	
Property Tax Receivable	88,521
Intergovernmental Receivables	625
Accounts Receivable	35,068
Total Current Assets	<u>494,204</u>
Noncurrent Assets	
Capital Assets not being Depreciated	198,004
Capital Assets being Depreciated	1,371,104
Accumulated Depreciation	(666,748)
Total Noncurrent Assets	<u>902,360</u>
TOTAL ASSETS	<u><u>\$ 1,396,564</u></u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 84,855
Unearned Revenue	94,025
Total Current Liabilities	<u>178,880</u>
Noncurrent Liabilities	
Due within one year	33,968
Due in more than one year	132,966
Total Noncurrent Liabilities	<u>166,934</u>
TOTAL LIABILITIES	<u>345,814</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred Property Taxes	<u>29,888</u>
NET POSITION	
Net Investment in Capital Assets	745,836
Restricted Net Position	52,728
Unrestricted Net Position	222,300
TOTAL NET POSITION	<u>1,020,864</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u><u>\$ 1,396,566</u></u>

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

TOWN OF SILVER CLIFF, COLORADO

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND
			OPERATING	CHANGES IN NET
			GRANTS AND	POSITION
	EXPENSES	CHARGES FOR SERVICES	CONTRIBUTIONS	GOVERNMENT ACTIVITIES
FUNCTIONS/PROGRAMS				
Government Activities				
Current:				
General Government	\$ 195,020	\$ 83,660	\$ 36,042	\$ (75,318)
Public Safety	124,369	224	-	(124,145)
Public Works	263,627	78,625	64,789	(120,213)
Culture and Recreation	57,807	80	8,393	(49,334)
TOTAL GOVERNMENT	<u>\$ 640,823</u>	<u>\$ 162,589</u>	<u>\$ 109,224</u>	<u>(369,010)</u>
GENERAL REVENUES				
Property Taxes				27,381
Specific Ownership Taxes				4,213
Sales and Use Taxes				354,876
Franchise and In Lieu of Taxes				19,604
Interest Income				373
Other Revenues				30
TOTAL GENERAL REVENUES				<u>406,477</u>
CHANGE IN NET POSITION				37,467
NET POSITION - Beginning				<u>983,397</u>
NET POSITION - Ending				<u>\$ 1,020,864</u>

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

TOWN OF SILVER CLIFF, COLORADO

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2021

With Comparative Totals for December 31, 2020

	Special Revenue Funds				
	Conservation			Total	
	General Fund	Trust Fund	Museum Fund	2021	2020
ASSETS AND DEFERRED OUTFLOWS					
ASSETS					
Current Assets					
Cash and Investments					
Cash	\$ 301,384	\$ 29,726	\$ 38,880	\$ 369,990	\$ 244,368
Receivables					
Property Tax Receivable	88,521	-	-	88,521	61,881
Intergovernmental Receivables	625	-	-	625	7,312
Accounts Receivable	35,068	-	-	35,068	22,833
TOTAL ASSETS	<u>\$ 425,598</u>	<u>\$ 29,726</u>	<u>\$ 38,880</u>	<u>\$ 494,204</u>	<u>\$ 336,394</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 45,434	\$ -	\$ 39,421	\$ 84,855	\$ 6,374
Unearned Revenue	84,025	-	10,000	94,025	8,000
TOTAL LIABILITIES	<u>129,459</u>	<u>-</u>	<u>49,421</u>	<u>178,880</u>	<u>14,374</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES					
Deferred Property Taxes	<u>29,888</u>	<u>-</u>	<u>-</u>	<u>29,888</u>	<u>26,885</u>
FUND BALANCE					
Restricted Fund Balance	23,000	29,728	-	52,728	42,334
Committed Fund Balance	-	-	(10,541)	(10,541)	11,331
Unassigned Fund Balance	243,251	-	-	243,251	241,470
TOTAL FUND BALANCE	<u>266,251</u>	<u>29,728</u>	<u>(10,541)</u>	<u>285,438</u>	<u>295,135</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 425,598</u>	<u>\$ 29,728</u>	<u>\$ 38,880</u>	<u>\$ 494,206</u>	<u>\$ 336,394</u>

The accompanying notes are an integral part of these financial statements

TOWN OF SILVER CLIFF, COLORADO

RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2021

Fund Balance - Governmental Funds			\$ 285,438
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$ 198,004		
Capital assets, being depreciated	1,371,104		
Accumulated depreciation	<u>(666,748)</u>	902,360	
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Capital leases payable	(156,524)		
Accrued compensated absences	<u>(10,410)</u>	<u>(166,934)</u>	
Total Net Position - Governmental Activities			<u>\$ 1,020,864</u>

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

TOWN OF SILVER CLIFF, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
With Comparative Totals for the Year Ended December 31, 2020

	<u>Special Revenue Funds</u>				
	General	Conservation	Museum	Total	
	Fund	Trust Fund	Fund	2021	2020
REVENUES					
Taxes	\$ 406,074	\$ -	\$ -	\$ 406,074	\$ 265,312
Intergovernmental Revenues	67,120	8,394	-	75,514	132,840
Licenses and Permits	80,343	-	-	80,343	41,964
Fines and Forfeits	224	-	-	224	3,925
Charges for Services	81,508	-	514	82,022	36,058
Investment Earnings	373	-	-	373	725
Other Revenues	2,799	10,000	20,941	33,740	19,565
TOTAL REVENUES	638,441	18,394	21,455	678,290	500,389
EXPENDITURES					
Current:					
General Government	187,186	-	-	187,186	206,265
Public Safety	123,460	-	-	123,460	95,483
Public Works	223,253	-	-	223,253	149,025
Parks, Recreation and Other	20,723	-	3,968	24,691	28,045
Capital Outlay	57,136	10,000	39,359	106,495	283,651
Debt Service	123,253	-	-	123,253	96,363
TOTAL EXPENDITURES	735,011	10,000	43,327	788,338	858,832
OTHER FINANCING SOURCES (USES)					
Debt Proceeds	100,351	-	-	100,351	268,095
NET CHANGE IN FUND BALANCE - GAAP BASIS	3,781	8,394	(21,872)	(9,697)	(90,348)
FUND BALANCE, BEGINNING	262,470	21,334	11,331	295,135	385,483
FUND BALANCE, ENDING	\$ 266,251	\$ 29,728	\$ (10,541)	\$ 285,438	\$ 295,135

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

TOWN OF SILVER CLIFF, COLORADO

RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

Change in Fund Balance - Governmental Funds	\$ (9,697)
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Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level

Capitalized Asset Purchases	\$ 92,093	
Depreciation Expense	<u>(62,286)</u>	29,807

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	(100,351)	
Principal payments on capital leases	115,559	
Change in accrued compensated absences	<u>2,149</u>	<u>17,357</u>

Change in Net Position - Governmental Activities	\$ <u>37,467</u>
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The accompanying notes are an integral part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

HISTORY AND FUNCTION OF ORGANIZATION

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

REPORTING ENTITY

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND ACCOUNTING

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING (Continued)

Governmental Fund Types

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

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

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

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

Museum Fund: This fund is established to account for operations and maintenance of the museum.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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.

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.

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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

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

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

Accumulated Unpaid Leave (Compensated Absences)

Employees of the town are entitled to vacation and sick leave benefits based on length of service. Vacation leave is earned on a yearly basis. The amount of vacation varies between five and fifteen days per year depending upon the number of years of continuous service provided by the employee. Vacation must be taken during the calendar year it is earned, except for one week which may be carried over to the next year. Any unused vacation time will be paid to the employee upon termination.

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

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

Deferred Inflows of Financial Resources

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position/Fund Balances

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

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

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

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

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

NET POSITION/FUND BALANCE FLOW ASSUMPTIONS

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

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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

USE OF ESTIMATES

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

COMPARATIVE DATA

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

NOTE 2: **CASH AND INVESTMENTS**

Deposits

Custodial Credit Risk - Deposits

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

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

At December 31, 2021, 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)	126,926	119,940
Petty Cash	<u>-</u>	<u>50</u>
Total Cash	<u>\$ 376,926</u>	<u>\$ 369,990</u>

Investments

Credit Risk - Investments

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

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

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

The Town did not hold any investments other than certificates of deposits included in the bank balances shown above at December 31, 2021.

Concentration of Credit Risk - Investments

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

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Interest Rate Risk - Investments

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

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2021, the Town did not have any investments requiring safekeeping.

NOTE 3: CAPITAL ASSETS

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

	1/1/2021 Beginning Balance	Additions	Deletions	12/31/2021 Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 144,251	\$ -	\$ -	\$ 144,251
Construction in Progress	-	53,753	-	53,753
Total Capital Assets Not Being Depreciated	144,251	53,753	-	198,004
Capital Assets Being Depreciated:				
Land Improvements/Infrastructure	496,729	-	-	496,729
Buildings	393,351	-	-	393,351
Equipment and Vehicles	442,684	38,340	-	481,024
Total Capital Assets Being Depreciated	1,332,764	38,340	-	1,371,104
Less Accumulated Depreciation:				
Land Improvements/Infrastructure	(298,783)	(17,591)	-	(316,374)
Buildings	(191,594)	(10,106)	-	(201,700)
Equipment and Vehicles	(114,085)	(34,589)	-	(148,674)
Total Accumulated Depreciation	(604,462)	(62,286)	-	(666,748)
Net Capital Assets	\$ 872,553	\$ 29,807	\$ -	\$ 902,360

Depreciation is charged to the governmental activities as follows:

General Government	\$ 8,362
Public Works	33,228
Parks and Recreation	20,696
Total Depreciation by Function	<u>\$ 62,286</u>

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 4: NONCURRENT LIABILITIES

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

	<u>Balance</u> <u>1/1/21</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/21</u>	<u>Due Within</u> <u>One Year</u>	<u>Accrued</u> <u>Interest</u>	<u>Interest</u> <u>Expense</u>
<u>Capital Leases Payable</u>							
2020 Copier Lease	\$ 5,887	\$ -	\$ 1,083	\$ 4,804	\$ 1,236	\$ -	\$ 270
2020 Grader Lease - Kirkpatrick	98,000	-	18,583	79,417	19,055	646	(2,073)
2020 Water Truck Lease - KS State	67,845	-	67,845	-	-	-	3,881
2021 Water Truck Lease - Kirkpatrick	-	72,303	-	72,303	13,677	168	-
2021 Kubota Mower - Kirkpatrick	-	28,048	28,048	-	-	-	-
Total Capital Lease Payable	171,732	100,351	115,559	156,524	33,968	814	2,078
Accrued Compensated Absences	12,559	-	2,149	10,410	-	-	-
Total Noncurrent Liabilities	\$ 184,291	\$100,351	\$117,708	\$ 166,934	\$ 33,968	\$ 814	\$ 2,078

In 2020 the Town entered into a capital lease purchase obligation for the purchase of a copier. The lease requires monthly payments of \$113 through October 2025 and bears interest at 5.00%. Assets with a remaining basis of \$4,200 were capitalized as part of this lease. In the event of non-appropriation; if through no action initiated by the Town, and the Town's legislative body does not appropriate funds for the continuation of this agreement for any fiscal year after the first fiscal year and has no funds to do so from other sources, and the Town has made reasonable but unsuccessful efforts to find a creditworthy assignee acceptable to the lessor, in its sole discretion, within the Town's general organization can terminate the agreement. Legal writing at least 30 days prior to the beginning of the fiscal year must be submitted. The notice must be accompanied by payment of all sums then owed through the current fiscal year under the agreement. Equipment will be returned at the Town's expense in good working condition and free of all liens and encumbrances. Then the Town will be released from any further payment obligation beyond those due for the current fiscal year.

In 2020 the Town refinanced a purchase of a grader with Kirkpatrick Bank entering into a capital lease purchase obligation. The lease requires annual payments of \$21,270 through September 2025 and bears interest at 2.75%. Assets with a remaining basis of \$149,636 were capitalized as part of this lease. In the case of default, lessor may, at its option, exercise any one or more of the following remedies: obtain possession of the equipment, and exercise any other right, remedy, or privilege which may be available to it under applicable law, including the right to proceed by appropriate court action to enforce the terms of this lease, recover damages for the breach of this lease, and rescind this lease as to any or all of the equipment.

In 2020 the Town entered into a capital lease purchase obligation for the purchase of a water truck. The lease requires annual payments of \$24,703 starting January 2022 through January 2024 and bears interest at 3.98%. The loan was refinanced during the current fiscal year with Kirkpatrick Bank for a lower interest rate.

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 4: NONCURRENT LIABILITIES (Continued)

In 2021 the Town refinanced the purchase of a water truck with Kirkpatrick Bank entering into a capital lease purchase obligation. The lease requires annual payments of \$15,693 through January 2026 and bears interest at 2.75%. Assets with a remaining basis of \$57,333 were capitalized as part of this lease. In the case of default, lessor may, at its option, exercise any one or more of the following remedies: obtain possession of the equipment, and exercise any other right, remedy, or privilege which may be available to it under applicable law, including the right to proceed by appropriate court action to enforce the terms of this lease, recover damages for the breach of this lease, and rescind this lease as to any or all of the equipment.

In 2021 the Town entered into a capital lease purchase obligation for the purchase of a mower. The lease requires annual payments of \$9,924 through January 2024 and bears interest at 3.00%. Assets with a remaining basis of \$26,646 were capitalized as part of this lease. The loan was paid off during the current fiscal year.

The remaining minimum payments for the leases are as follows:

		Future Minimum Lease Payments			
		2020 Copier	2020 Grader	2021 Truck	Total
Interest Rate		5% est	2.75%	2.75%	
<u>Fiscal Year</u>					
2022	\$	1,353	\$ 21,270	\$ 15,693	\$ 38,316
2023		1,353	21,270	15,693	38,316
2024		1,353	21,270	15,693	38,316
2025		1,128	21,270	15,693	38,091
2026		-	-	15,693	15,693
Total Minimum Lease		5,187	85,080	78,465	168,732
Less: Interest		(383)	(5,663)	(6,162)	(12,208)
NPV of Lease Payments	\$	4,804	\$ 79,417	\$ 72,303	\$ 156,524

NOTE 5: DEFINED CONTRIBUTION PENSION PLAN

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

Employees vest after three years for all employer contributions. The Town is not liable for amounts over the 3% match. The Town Board establishes all benefit provisions. All contributions are current. During 2021, the Town contributed \$7,028 and the employees contributed \$7,028. The Town's total payroll was \$250,721 of which \$235,037, or 94% was for employees contributing under the plan.

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, 2021.

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, 2021 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth.

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

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

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

The Article requires an emergency reserve be set aside for 2021 in the amount of 3 percent or more of its fiscal year spending. At December 31, 2021, the Town has reserved the following for emergencies:

General Fund	<u>\$ 23,000</u>
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Other Restrictions

The Town has restricted net position at December 31, 2021 in the Governmental Activities and fund balance in the Conservation Trust Fund related to unspent Conservation Trust Fund revenues.

TOWN OF SILVER CLIFF
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, 2021.

NOTE 9: BUDGET VIOLATION

The Town's expenditures exceeded appropriations in the Museum Fund in the amount of \$30,028. This may be a violation of state statutes.

NOTE 15: NET POSITION DEFICIT

The District has a fund balance deficit in the Museum Fund. This deficit is expected to be resolved through subsequent project receipts or additional General Fund transfers if needed.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SILVER CLIFF, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021			
	Original/ Final Budget	Actual	Variance With Final Budget	2020 Actual
REVENUES				
Taxes				
Property Taxes	\$ 26,885	\$ 27,381	\$ 496	\$ 25,693
Specific Ownership Taxes	4,000	4,213	213	3,769
Sales and Use Taxes	300,000	354,876	54,876	216,634
Franchise and In Lieu of Taxes	20,000	19,604	(396)	19,216
Total Tax Revenue	350,885	406,074	55,189	265,312
Intergovernmental Revenues				
Cigarette Taxes	1,000	731	(269)	832
Highway Users	66,184	52,566	(13,618)	44,356
Road and Bridge	20,000	12,223	(7,777)	20,041
Clerk/Motor Vehicle Fees	5,000	1,563	(3,437)	3,332
Federal Grants	2,000	-	(2,000)	50,751
State Grants	500	37	(463)	6,516
Total Intergovernmental Revenue	94,684	67,120	(27,564)	125,828
Licenses and Permits				
Liquor Licenses	900	600	(300)	750
Building Permits	90,000	77,925	(12,075)	40,176
Annexation/Other P&Z Fees	600	700	100	600
Animal Licenses	100	-	(100)	200
Business Licenses	200	138	(62)	171
Other Licenses	1,000	980	(20)	67
Total Licenses and Permits	92,800	80,343	(12,457)	41,964
Fines and Forfeits				
	500	224	(276)	3,925
Charges for Services				
Recreation/Comm Ctr Charges	75	80	5	50
Other Charges for Services	60,000	81,428	21,428	35,943
Total Charges for Services	60,075	81,508	21,433	35,993
Investment Earnings				
	1,000	373	(627)	694
Other Revenues				
Donations	3,500	2,770	(730)	12,964
Other Miscellaneous Revenue	3,100	29	(3,071)	1,926
Total Other Revenue	6,600	2,799	(3,801)	14,890
TOTAL REVENUES	606,544	638,441	31,897	488,606

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF SILVER CLIFF, COLORADO

BUDGETARY COMPARISON SCHEDULE**General Fund**

FOR THE YEAR ENDED DECEMBER 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021		2020
	Original/ Final Budget	Actual	Variance With Final Budget
			Actual
(Continued)			
EXPENDITURES			
General Government			
Personnel Services	106,700	114,835	(8,135)
Insurance	13,000	9,920	3,080
Professional Fees	20,500	15,321	5,179
Repairs and Maintenance	20,000	2,313	17,687
Supplies	4,500	3,279	1,221
Telephone and Utilities	5,500	5,817	(317)
Travel and Training	2,000	1,144	856
COVID Expenses	-	-	-
Other Expenses	33,000	34,557	(1,557)
Total General Government	205,200	187,186	18,014
Public Safety			
Personnel Services	71,700	84,655	(12,955)
Professional Fees	30,280	32,524	(2,244)
Telephone and Utilities	7,000	4,114	2,886
Travel and Training	4,000	2,167	1,833
Other Expenses	1,500	-	1,500
Total Public Safety	114,480	123,460	(8,980)
Public Works			
Personnel Services	95,740	97,413	(1,673)
Contract Labor	2,500	-	2,500
Fuel and Automotive	7,000	8,433	(1,433)
Insurance	2,000	2,846	(846)
Repairs and Maintenance	93,000	84,452	8,548
Supplies	14,000	16,823	(2,823)
Telephone and Utilities	14,000	10,875	3,125
Travel and Training	1,000	-	1,000
Other Expenses	82,000	2,411	79,589
Total Public Works/Comm Devel	311,240	223,253	87,987
Parks, Recreation and Other			
Personnel Services	4,000	3,983	17
Repairs and Maintenance	7,000	8,941	(1,941)
Telephone and Utilities	15,000	7,799	7,201
Total Parks, Recreation & Other	26,000	20,723	5,277
Capital Outlay			
General Government Capital Outlay	-	(84,606)	84,606
Public Works Capital Outlay	32,000	39,249	(7,249)
Parks, Recreation and Other Capital Outlay	1,000	2,142	(1,142)
Total Capital Outlay	33,000	(43,215)	76,215
Debt Service			
Principal and Interest	22,000	123,253	(101,253)
TOTAL EXPENDITURES	711,920	634,660	77,260
NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ (105,376)	3,781	\$ 109,157
Budget to GAAP Basis Reconciliation			
Debt Proceeds		100,351	268,095
Debt Principal		-	(96,363)
Capital Outlay		(100,351)	(268,095)
NET CHANGE IN FUND BALANCE - GAAP BASIS		3,781	(87,927)
FUND BALANCE, BEGINNING		262,470	350,397
FUND BALANCE, ENDING		\$ 266,251	\$ 262,470

See accompanying Independent Auditors' Report.

TOWN OF SILVER CLIFF, COLORADO

BUDGETARY COMPARISON SCHEDULE

Conservation Trust Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021		
	Original & Final Budget	Actual	Variance With Final Budget
			2020 Actual
REVENUES			
Intergovernmental Revenues			
Cons Trust Fund Revenue	\$ 8,393	\$ 8,394	\$ 1
Investment Earnings	50	-	(50)
Donations	12,000	10,000	(2,000)
TOTAL REVENUES	<u>20,443</u>	<u>18,394</u>	<u>(2,049)</u>
EXPENDITURES			
Parks, Recreation and Other			
Other Expenses	-	-	-
Capital Outlay			
Parks, Recreation and Other Capital Outlay	20,000	10,000	10,000
TOTAL EXPENDITURES	<u>20,000</u>	<u>10,000</u>	<u>10,000</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>443</u>	<u>8,394</u>	<u>7,951</u>
FUND BALANCE, BEGINNING		<u>21,334</u>	<u>22,710</u>
FUND BALANCE, ENDING		<u>\$ 29,728</u>	<u>\$ 21,334</u>

See accompanying Independent Auditors' Report.

TOWN OF SILVER CLIFF, COLORADO

BUDGETARY COMPARISON SCHEDULE

Museum Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021		2020
	Original & Final Budget	Variance With Final Budget	Actual
REVENUES			
Charges for Services			
Sales of Goods	\$ 300	\$ 514	\$ 214
Investment Earnings	70	-	(70)
Other Revenues			
Donations	16,000	20,941	4,941
TOTAL REVENUES	16,370	21,455	5,085
			2,751
EXPENDITURES			
Parks, Recreation and Other			
Personnel Services	-	-	-
Repairs and Maintenance	1,000	300	700
Supplies	300	949	(649)
Telephone and Utilities	1,500	1,993	(493)
Other Expenses	500	727	(227)
Total Parks, Recreation & Other	3,300	3,969	(669)
Capital Outlay			
Parks, Recreation and Other Capital Outlay	10,000	39,359	(29,359)
TOTAL EXPENDITURES	13,300	43,328	(30,028)
			3,796
OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ 3,070	(21,873)	\$(24,943)
FUND BALANCE, BEGINNING		11,331	12,376
FUND BALANCE, ENDING		\$ (10,542)	\$ 11,331

See accompanying Independent Auditors' Report.

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STATE COMPLIANCE SECTION

LOCAL HIGHWAY FINANCE REPORTCity or County:
Town of Silver Cliff
YEAR ENDING :
December 2021This Information From The Records Of (example - City of _ or County of _)
Prepared By: Ileen Squire Town Clerk/Treasurer
Phone: 719-783-2615**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	75,908
3. Other local imposts (from page 2)	55,106
4. Miscellaneous local receipts (from page 2)	339
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	131,353
B. Private Contributions	
C. Receipts from State government (from page 2)	
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	131,353

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	
c. Other	
d. Total (a. through c.)	
4. General administration & miscellaneous	
5. Highway law enforcement and safety	
6. Total (1 through 5)	0
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	0
b. Redemption	0
c. Total (a. + b.)	0
2. Notes:	
a. Interest	0
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)	0

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		131,353	0		131,353

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): December 2021	
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	26,306	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	28,710	g. Other Misc. Receipts	339
6. Total (1. through 5.)	28,710	h. Other	
c. Total (a. + b.)	55,016	i. Total (a. through h.)	339
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	47,132	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	4,151	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	4,151	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	51,283	3. Total (1. + 2.g)	
		(Carry forward to page 1)	
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		22,450	22,450
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	22,450	22,450
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	22,450	22,450
		(Carry forward to page 1)	
Notes and Comments:			