

**TOWN OF RED CLIFF, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2018**

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**FINANCIAL SECTION**



# JOHN CUTLER & ASSOCIATES

Board of Directors  
North Park Metropolitan District No. 1  
Loveland, Colorado

## INDEPENDENT AUDITORS' REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of North Park Metropolitan District No. 1, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of North Park Metropolitan District No. 1, as of December 31, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 20 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.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund schedule is presented for purposes of additional analysis 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 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 individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole.

*John Cutler & Associates, LLC*

August 13, 2019

## **TOWN OF RED CLIFF, COLORADO** **Management's Discussion and Analysis**

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*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, 2018.*

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### **Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$4,523,482. The largest portion of the Town's total assets reflects its' investment in capital assets of \$4,146,006.
- The Town's total Net Position increased by \$5,176 for 2018.
- At the close of the fiscal year, the Town's governmental funds reported ending fund balances of \$220,111, an increase of \$70,498 from prior year.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$177,501.
- The Town's total long-term debt decreased by -\$85,851 during the fiscal year. The balance at the end of the fiscal year was \$600,695.

### **Town Highlights**

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

Grants for a project to include upgrading of streets, sidewalks, curb/gutters and stormwater management are being researched. In 2018, the Town participated in a 3-day workshop with a grant from Downtown Colorado Inc. (DCI) to help develop a schedule for the coming project planning. A savings of \$20,000 has been committed for the future road and bridge streetscape design process which started with the grant from DCI. The savings has also been budgeted for 2019 with an additional \$20,000 budgeted savings from Enterprise account.

**Enterprise Account.** Red Cliff continues to produce the best tasting water for its residents. The wastewater treatment plant functioned well through 2018 with no major problems.

Funds have been placed in reserve to offset any upgrades or maintenance necessary. At the end of 2018 the reserve account had \$41,891.

Our residents have one of the highest water service fees in the state due to debt. In 2018, the NBH debt on the water system was paid in full. In 2019, 5% of revenues will be reserved for future pay-off of the ERWSD loan.

**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
	2018	2017	2018	2017	2018	2017
<b>Assets:</b>						
Current and other assets	\$369,472	\$312,120	\$ 162,499	\$ 143,559	\$ 531,971	\$ 455,679
Capital assets, net	<u>302,073</u>	<u>283,105</u>	<u>4,447,786</u>	<u>4,633,720</u>	<u>4,749,859</u>	<u>4,916,825</u>
Total Assets	671,545	595,225	4,610,285	4,777,279	5,281,830	5,372,504
<b>Liabilities:</b>						
Other Liabilities	149,361	162,507	8,292	5,145	157,653	167,652
Long-term liabilities	<u>-</u>	<u>-</u>	<u>600,695</u>	<u>686,546</u>	<u>600,695</u>	<u>686,546</u>
Total Liabilities	149,361	162,507	608,987	691,691	758,348	854,198
<b>Net Position:</b>						
Invested in capital assets, Net of related debt						
Restricted	302,073	283,105	3,843,933	3,944,109	4,146,006	4,227,124
Unrestricted	<u>19,000</u>	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>19,000</u>	<u>18,000</u>
	<u>201,111</u>	<u>131,613</u>	<u>157,365</u>	<u>141,569</u>	<u>358,476</u>	<u>273,182</u>
Total Net Position	<u>\$ 522,184</u>	<u>\$ 432,718</u>	<u>\$4,001,298</u>	<u>\$4,085,588</u>	<u>\$4,523,482</u>	<u>\$4,518,306</u>

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 \$4,523,482 at the close of 2018. 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	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Charges for Services	\$ 19,748	\$ 18,842	\$ 289,993	\$ 287,501	\$ 306,343	\$ 306,343
Taxes	243,520	201,313	-	-	201,313	201,313
Licenses and permits	18,191	34,776	-	-	34,776	34,776
Fees	8,262	6,373	-	-	6,373	6,373
Intergovernmental	38,438	37,593	-	-	37,593	37,593
Interest Income (expense)	1,662	700	-14,082	-17,154	-16,454	-16,454
Miscellaneous	<u>26,541</u>	<u>21,944</u>	<u>5,000</u>	<u>15,000</u>	<u>36,944</u>	<u>36,944</u>
Total	356,362	321,541	280,911	285,347	606,888	606,888
<b>Expenses:</b>						
General Government	230,582	253,771	86,828	73,046	317,410	326,817
Public Works	46,314	59,686	-	-	46,314	59,686
Safety	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-
Water and Wastewater Operations	-	-	92,439	97,239	92,439	97,239
Capital Outlay	-	-	-	-	-	-
Depreciation and Amortization	-	-	185,934	176,395	185,934	176,395
Transfers	<u>-10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-10,000</u>	<u>-</u>
Total	266,896	313,457	365,201	346,680	632,097	660,137
<b>Change in Net Position</b>	89,466	8,084	-84,290	-61,333	5,176	-53,249
<b>Net Position – Beginning</b>	432,718	424,634	4,085,588	4,146,921	4,518,306	4,571,555
<b>Net Position – Ending</b>	<u>522,184</u>	<u>432,718</u>	<u>4,001,298</u>	<u>4,085,588</u>	<u>4,523,482</u>	<u>4,518,306</u>

The Town's total Net Position increased by \$5,176 in 2018.

## **Governmental activities**

Governmental activities increased the Town's Net Position in 2018 by \$89,466. This was an increase of \$81,382 from 2017. Some of the highlights of the increase are listed below.

Revenues increased by \$34,821. The increase was a result of the following:

Taxes increased by \$42,207 (~21%) including in part:

Property Taxes increased by \$7,900

Sales Taxes increased by \$12,143

Use Tax collected beginning 2018 \$19,131

Lodging Taxes increased by \$3,235

Ownership Taxes increased by \$813

MVSA-Vehicle Taxes decreased by -\$1,379

Miscellaneous Taxes increased by \$364

Charges for Services (Bldg Permits/Planning Fees/Licenses) decreased by -\$12,692

Rental Income increased by \$709

Miscellaneous Income increased by \$4,597 (in part due to \$26,000 Property Sale from Eagle County)

Expenses decreased by (-\$46,561). The decrease was primarily a result of:

Payroll Expenses increased by \$13,156 (~14%)

Professional Fees decreased by -\$34,000

-\$14,000 for Planner, Engineering & Inspection (passthrough)

-\$15,500 for Attorney

-\$4,500 for Accounting due to reallocation to Enterprise

General Operations decreased by -\$2,342

Public Works Operations decreased by -\$13,375

Decrease in Interfund Transfers -\$10,000

## **Business-type Activities:**

Business-type activities decreased the Town's Net Position by (-\$84,290) in 2018. This was an increase of (-\$22,957) from 2017. Highlights of that change are discussed below.

Revenues decreased by -\$4,436. The decrease was a result of:

Water & Sewer Fees increased by \$2,634

Miscellaneous (Interest & Fees) decreased by -\$7,070

Expenses increased by \$18,521. The increase was primarily a result of:

Payroll Allocations increased by \$5,762

Professional Fees increased by \$715

Accounting Fees allocations increased by \$5,423

Attorney Fees decreased by -\$4,708

Water/Wastewater Ops decreased by -\$4,800

Insurance Expense allocations increased by \$9,192

General Ops increased by \$7,652 primarily due to Depreciation

## 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.

## Capital Asset and Debt Administration

**Capital assets.** The Town had depreciation of \$185,934 this year. This was an increase of \$9,539 from 2017.

**Long-term debt.** The Town made debt payments in the amount of \$100,970 in fiscal year 2018: \$85,851 in Principal and \$15,119 in Interest.

Principal Payments of \$22,467 were made to Eagle River Water and Sanitation District, \$53,955 to NBH (paid in full), and \$9,429 to USDA.

The current portion (due in 1 year: 2018) of the outstanding long-term debt (\$791,809) is \$86,955 (\$74,386 in principal and \$12,569 in interest).

See Note 6 for more information.

## Budget Comparisons and Economic Factors

- Revenues in the General fund were higher than anticipated for 2018 by \$31,550.
- Revenues in the Enterprise fund were lower than anticipated by -\$11,023 for 2018.
- Expenditures in the General fund were \$14,587 lower than anticipated by for 2018.
- Expenditures in the Enterprise fund were \$30,578 lower than anticipated for 2018.
- The Town is optimistic that for 2019 taxes, permits, licenses and other revenues will continue to rise as the economy continues to move forward.

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

As of December 31, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
			2018	2017
<b>ASSETS</b>				
Cash and Investments	\$ 180,067	\$ 150,464	\$ 330,531	\$ 280,632
Restricted Cash and Investments	22,533	41,891	64,424	43,878
Receivables				
Property Taxes	131,227	-	131,227	129,449
Accounts	3,697	-	3,697	-
Interfund Balances	29,856	(29,856)	-	-
Prepaid Items	2,092	-	2,092	1,720
Capital Assets, Not Depreciated	85,431	-	85,431	85,431
Capital Assets, Depreciated Net of Accumulated Depreciation	216,642	4,447,786	4,664,428	4,831,394
<b>TOTAL ASSETS</b>	<b>671,545</b>	<b>4,610,285</b>	<b>5,281,830</b>	<b>5,372,504</b>
<b>LIABILITIES</b>				
Accounts Payable	6,098	3,144	9,242	20,242
Accrued Salaries and Benefits	12,036	-	12,036	12,816
Accrued Interest	-	3,158	3,158	3,155
Deposits	-	1,990	1,990	1,990
Noncurrent Liabilities				
Due within One Year	-	74,386	74,386	95,137
Due in More Than One Year	-	526,309	526,309	591,409
<b>TOTAL LIABILITIES</b>	<b>18,134</b>	<b>608,987</b>	<b>627,121</b>	<b>724,749</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenues - Property Taxes	131,227	-	131,227	129,449
<b>Net Position</b>				
Net Investment in Capital Assets	302,073	3,843,933	4,146,006	4,227,124
Restricted for Emergencies	19,000	-	19,000	18,000
Unrestricted	201,111	157,365	358,476	273,182
<b>TOTAL NET POSITION</b>	<b>\$ 522,184</b>	<b>\$ 4,001,298</b>	<b>\$ 4,523,482</b>	<b>\$ 4,518,306</b>

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

TOWN OF RED CLIFF, COLORADO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 230,582	\$ 37,939	\$ -	\$ -
Public Works	46,314	-	-	35,613
Parks and Recreation	-	-	-	2,825
Total Governmental Activities	276,896	37,939	-	38,438
<b>Business-Type Activities</b>				
Water and Sewer Operations	365,201	289,833	-	15,000
Interest on Long-Term Debt	15,122	-	-	-
Total Business-Type Activities	380,323	289,833	-	15,000
Total Primary Government	\$ 657,219	\$ 327,772	\$ -	\$ 53,438

GENERAL REVENUES

Sales Taxes  
Property Taxes  
Franchise Taxes  
Other Taxes  
Interest  
Other  
Transfers

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND  
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2018	2017
\$ (192,643)	\$ -	\$ (192,643)	\$ (175,846)
(10,701)	-	(10,701)	(49,166)
2,825	-	2,825	2,766
<u>(200,519)</u>	<u>-</u>	<u>(200,519)</u>	<u>(222,246)</u>
-	(60,368)	(60,368)	(44,179)
<u>-</u>	<u>(15,122)</u>	<u>(15,122)</u>	<u>(17,406)</u>
-	(75,490)	(75,490)	(61,585)
<u>(200,519)</u>	<u>(75,490)</u>	<u>(276,009)</u>	<u>(283,831)</u>
76,094	-	76,094	63,951
136,744	-	136,744	127,668
8,262	-	8,262	6,373
30,682	-	30,682	9,694
1,662	1,040	2,702	952
26,541	160	26,701	21,944
10,000	(10,000)	-	-
<u>289,985</u>	<u>(8,800)</u>	<u>281,185</u>	<u>230,582</u>
89,466	(84,290)	5,176	(53,249)
<u>432,718</u>	<u>4,085,588</u>	<u>4,518,306</u>	<u>4,571,555</u>
<u>\$ 522,184</u>	<u>\$ 4,001,298</u>	<u>\$ 4,523,482</u>	<u>\$ 4,518,306</u>

TOWN OF RED CLIFF, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2018

	GENERAL FUND	NON-MAJOR CONSERVATION	TOTAL GOVERNMENTAL FUNDS	
		TRUST FUND	2018	2017
<b>ASSETS</b>				
Cash and Investments	\$ 180,067	\$ -	\$ 180,067	\$ 86,900
Restricted Cash and Investments	-	22,533	22,533	18,693
Taxes Receivable	131,227	-	131,227	129,449
Accounts Receivable, net	3,697	-	3,697	-
Due from Other Funds	30,871	-	30,871	75,358
Prepaid Items	2,092	-	2,092	1,720
<b>TOTAL ASSETS</b>	<b>\$ 347,954</b>	<b>\$ 22,533</b>	<b>\$ 370,487</b>	<b>\$ 312,120</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 6,098	\$ -	\$ 6,098	\$ 20,242
Accrued Salaries and Benefits	12,036	-	12,036	12,816
Due to Other Funds	-	1,015	1,015	-
<b>TOTAL LIABILITIES</b>	<b>18,134</b>	<b>1,015</b>	<b>19,149</b>	<b>33,058</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenues - Property Taxes	131,227	-	131,227	129,449
<b>FUND EQUITY</b>				
Fund Balance				
Nonspendable	2,092	-	2,092	1,720
Restricted for Emergencies	19,000	-	19,000	18,000
Restricted for Parks and Recreation	-	21,518	21,518	18,693
Unassigned	177,501	-	177,501	111,200
<b>TOTAL FUND EQUITY</b>	<b>198,593</b>	<b>21,518</b>	<b>220,111</b>	<b>149,613</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY</b>	<b>\$ 347,954</b>	<b>\$ 22,533</b>		

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	302,073	283,105
Net position of governmental activities	<u>\$ 522,184</u>	<u>\$ 432,718</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, 2018

	GENERAL FUND	NON-MAJOR	TOTAL	
		CONSERVATION TRUST FUND	GOVERNMENTAL FUNDS	
			2018	2017
REVENUES				
Taxes	\$ 243,520	\$ -	\$ 243,520	\$ 201,313
Licenses and Permits	18,191	-	18,191	34,776
Franchise Fees	8,262	-	8,262	6,373
Intergovernmental	35,613	2,825	38,438	37,593
Charges for Services	19,748	-	19,748	18,842
Interest Income	1,662	-	1,662	700
Miscellaneous	26,541	-	26,541	21,944
TOTAL REVENUES	<u>353,537</u>	<u>2,825</u>	<u>356,362</u>	<u>321,541</u>
EXPENDITURES				
General Government	219,608	-	219,608	244,630
Public Works	39,590	-	39,590	41,040
Capital Outlay	36,666	-	36,666	11,917
TOTAL EXPENDITURES	<u>295,864</u>	<u>-</u>	<u>295,864</u>	<u>297,587</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>57,673</u>	<u>2,825</u>	<u>60,498</u>	<u>23,954</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	-	10,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	67,673	2,825	70,498	23,954
FUND BALANCES, Beginning	<u>130,920</u>	<u>18,693</u>	<u>149,613</u>	<u>125,659</u>
FUND BALANCES, Ending	<u>\$ 198,593</u>	<u>\$ 21,518</u>	<u>\$ 220,111</u>	<u>\$ 149,613</u>

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, 2018

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 70,498
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount capital outlay of \$36,666, exceeded depreciation expense (\$17,698) for the year.	<u>18,968</u>
Change in Net Position of Governmental Activities	<u><u>\$ 89,466</u></u>

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

TOWN OF RED CLIFF, COLORADO

STATEMENT OF NET POSITION  
 PROPRIETARY FUND TYPE  
 As of December 31, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 150,464	\$ 193,732
Restricted Cash and Investments	41,891	25,185
	<u>192,355</u>	<u>218,917</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	4,447,786	4,633,720
	<u>4,640,141</u>	<u>4,852,637</u>
TOTAL ASSETS		
	<u>4,640,141</u>	<u>4,852,637</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	3,144	-
Due to General Fund	29,856	75,358
Deposits	1,990	1,990
Accrued Interest Payable	3,158	3,155
Current Portion of Long Term Debt	74,386	95,137
	<u>112,534</u>	<u>175,640</u>
Noncurrent Liabilities		
Notes Payable	77,745	133,216
Bonds Payable	448,564	458,193
	<u>526,309</u>	<u>591,409</u>
TOTAL LIABILITIES		
	<u>638,843</u>	<u>767,049</u>
NET POSITION		
Net Investment in Capital Assets	3,843,933	3,944,019
Unreserved	157,365	141,569
	<u>3,843,933</u>	<u>3,944,019</u>
TOTAL NET POSITION		
	<u>\$ 4,001,298</u>	<u>\$ 4,085,588</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, 2018

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Charges for Services	\$ 289,833	\$ 287,501
Miscellaneous Income	160	-
	<u>289,993</u>	<u>287,501</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Water Operations	35,678	41,359
Wastewater Operations	56,761	55,880
General and Administrative	86,828	73,046
Depreciation and Amortization	185,934	176,395
	<u>365,201</u>	<u>346,680</u>
TOTAL OPERATING EXPENSES		
OPERATING LOSS	<u>(75,208)</u>	<u>(59,179)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	1,040	252
Interest Expense	(15,122)	(17,406)
	<u>(14,082)</u>	<u>(17,154)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)		
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(89,290)</u>	<u>(76,333)</u>
Transfers Out	(10,000)	-
Capital Contributions - Tap Fees	15,000	15,000
	<u>5,000</u>	<u>15,000</u>
TOTAL CONTRIBUTIONS AND TRANSFERS		
CHANGE IN NET POSITION	(84,290)	(61,333)
NET POSITION, Beginning	<u>4,085,588</u>	<u>4,146,921</u>
NET POSITION, Ending	<u>\$ 4,001,298</u>	<u>\$ 4,085,588</u>

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

TOWN OF RED CLIFF, COLORADO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 Year Ended December 31, 2018

Increase (Decrease) in Cash and Cash Equivalents

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 289,993	\$ 287,501
Cash Paid to Suppliers	(221,625)	(104,872)
Net Cash Provided by Operating Activities	<u>68,368</u>	<u>182,629</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments on Long Term Debt	(85,851)	(76,961)
Payments to Other Funds	(10,000)	-
Capital Contribution - Tap Fees	15,000	15,000
Interest Payments	(15,119)	(17,408)
Net Cash (Used) by Capital and Related Financing Activities	<u>(95,970)</u>	<u>(79,369)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	<u>1,040</u>	<u>252</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(26,562)	103,512
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>218,917</u>	<u>115,405</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u><u>\$ 192,355</u></u>	<u><u>\$ 218,917</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH     USED BY OPERATING ACTIVITIES</b>		
Operating Loss	<u>\$ (75,208)</u>	<u>\$ (59,179)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	185,934	176,395
Changes in Assets and Liabilities		
Accounts Payable	3,144	(7,845)
Deposits	-	(2,100)
Due to Other Funds	(45,502)	75,358
Total Adjustments	<u>143,576</u>	<u>241,808</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ 68,368</u></u>	<u><u>\$ 182,629</u></u>

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

TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The accounting policies of the Town of Red Cliff, Colorado (the “Town”) conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

**Reporting Entity**

In accordance with governmental accounting standards, the Town of Red Cliff 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 the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based on the application of these criteria, the Town does not include additional organizations in its 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 segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

**Government-Wide and Fund Financial Statements** (Continued)

*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*.

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the 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, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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.

TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

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

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

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.

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

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.

**Cash and Investments**

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

**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.



TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

**Capital Assets** (Continued)

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	15 - 40 years
Machinery and Equipment	5 - 15 years
Infrastructure	15 years

**Interfund Balances**

Balances at year-end between funds are report as “due to/from other funds” in the fund financial statements and as internal balances in the statement of Net Position.

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund type 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 fund type statement of Net Position. 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 debt service expenditures.

**Deferred Inflows of Resources**

In addition to the 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 inflows of resources, represents an acquisition of net position and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**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.

TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

**Net Position** (Continued)

*Investment in Capital Assets* is intended to reflect the portion of net position which are 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 Council has the unrestricted authority 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 because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The Town has classified its prepaid items as nonspendable resources as of December 31, 2018.
- 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 has classified the Conservation Trust Fund balance as restricted because its use is restricted 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 Directors. These amounts cannot be used for any other purpose unless the Board of Directors 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.

TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

**Fund Balance Classification** (Continued)

The Town did not have any committed resources as of December 31, 2018.

- 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 would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources.

**Property Taxes**

Property taxes are levied on November 1 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 are 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.

**Comparative Data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

**Budgets and Budgetary Accounting**

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

- In October, the Town staff submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- The Town Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Board of Trustees.
- Budgets are legally adopted for all funds of the Town. Budgets for the General and Conservation Trust Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparison presented for the Water & Sewer Enterprise is presented on a non-GAAP budgetary basis. Capital outlay and debt payments are budgeted as expenditures. Depreciation expense is not budgeted.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Town Board of Trustees. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 3: DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2018 follows:

Cash Deposits	\$ 192,126
Investments	<u>202,829</u>
Total	<u><b>\$ 394,955</b></u>

The above amounts are classified in the statement of Net Position as follows:

Cash and Investments	\$ 330,531
Restricted Cash and Investments	<u>64,424</u>
Total	<u><b>\$ 394,955</b></u>

**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.

At December 31, 2018 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.

At December 31, 2018, the Town had deposits with financial institutions with a carrying amount of \$192,126. The bank balances with the financial institutions were \$193,806. 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.

TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

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
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities.

The District had invested \$202,829 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.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs. For the year ended December 31, 2018 the Town does not report any investments requiring categorization.

TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

**Restricted Cash**

At December 31, 2018, cash in the amount of \$22,533 is restricted in the Conservation Trust Fund for statutorily authorized purposes and \$41,891 is restricted as a reserve on the USDA Loans in the Water and Sanitation Enterprise Fund.

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2018 is summarized below:

	Balances <u>12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/18</u>
<b>Governmental Activities</b>				
Capital Assets, not depreciated				
Land	\$ 85,431	\$ -	\$ -	\$ 85,431
Capital Assets, depreciated				
Buildings	91,484	-	-	91,484
Machinery and Equipment	211,645	-	-	211,645
Improvements/Infrastructure	<u>236,482</u>	<u>36,666</u>	-	<u>273,148</u>
Total Capital Assets, depreciated	<u>539,611</u>	<u>36,666</u>	-	<u>576,277</u>
Less Accumulated Depreciation				
Buildings	91,484	-	-	91,484
Machinery and Equipment	201,241	3,151	-	204,392
Improvements/Infrastructure	<u>49,212</u>	<u>14,547</u>	-	<u>63,759</u>
Total Accumulated Depreciation	<u>341,937</u>	<u>17,698</u>	-	<u>359,635</u>
Total Capital Assets, depreciated, Net	<u>197,674</u>	<u>18,968</u>	-	<u>216,642</u>
Governmental Activities, Capital Assets, Net	<u>\$ 283,105</u>	<u>\$ 18,968</u>	<u>\$ -</u>	<u>\$ 302,073</u>

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

<b>Governmental Activities</b>	
General Government	\$ 10,974
Public Works	<u>6,724</u>
Total	<u>\$ 17,698</u>

TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

**NOTE 4: CAPITAL ASSETS** (Continued)

	Balances <u>12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/18</u>
<b>Business-Type Activities</b>				
Capital Assets, depreciated				
Sewer System	\$ 4,752,781	\$ -	\$ -	\$ 4,752,781
Water Treatment Plant	1,273,405	-	-	1,273,405
Water Distribution System	104,627	-	-	104,627
Microfiltration System	577,715	-	-	577,715
Machinery and Equipment	<u>74,700</u>	<u>-</u>	<u>-</u>	<u>74,700</u>
Total Capital Assets, depreciated	<u>6,783,228</u>	<u>-</u>	<u>-</u>	<u>6,783,228</u>
Less: Accumulated Depreciation				
Sewer System	979,390	119,352	-	1,098,742
Water Treatment Plant	858,213	35,818	-	894,031
Water Distribution System	40,263	2,613	-	42,876
Microfiltration System	226,042	14,443	-	240,485
Machinery and Equipment	<u>45,600</u>	<u>13,708</u>	<u>-</u>	<u>59,308</u>
Total Accumulated Depreciation	<u>2,149,508</u>	<u>185,934</u>	<u>-</u>	<u>2,335,442</u>
Total Capital Assets, depreciated, Net	<u>4,633,720</u>	<u>(185,934)</u>	<u>-</u>	<u>4,447,786</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 4,633,720</u>	<u>\$ (185,934)</u>	<u>\$ -</u>	<u>\$ 4,447,786</u>

**NOTE 5: INTERFUND BALANCES AND TRANSFERS**

**Interfund Balances**

As of December 31, 2018, the Conservation Trust Fund and Water and Sanitation Enterprise Fund owe General Fund \$1,015 and \$29,856, respectively, due to timing of expenditures that were paid by the General Fund and not yet reimbursed by the Conservation Trust and Enterprise Funds.



TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 6: LONG-TERM DEBT**

**Business-Type Activities**

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2018.

	<u>Balance</u> <u>12/31/17</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/18</u>	<u>Due In</u> <u>One Year</u>
USDA Revenue Bonds					
Series 2012-A	\$ 229,465	\$ -	\$ 4,492	\$ 224,973	\$ 4,588
Series 2012-B	238,085	-	4,937	233,148	4,969
Notes Payable	<u>218,996</u>	<u>-</u>	<u>76,422</u>	<u>142,574</u>	<u>64,829</u>
 Total	 <u>\$ 686,546</u>	 <u>\$ -</u>	 <u>\$ 85,851</u>	 <u>\$ 600,695</u>	 <u>\$ 74,386</u>

**USDA Revenue Bonds**

Series 1971 USDA Revenue Bonds were issued for the purpose of construction and improvement of the Town's water and sewer system. The bonds carried an interest rate of 5%. During 2013, the outstanding principal balance and accrued interest were re-amortized with Series 1981, 1992 & 1998 into the new Series 2012-1 and 2012-B.

Series 1981 USDA Revenue Bonds were issued for the purpose of construction and improvement of the Town's water and sewer system. The bonds carry an interest rate of 5%. During 2013, the outstanding principal balance and accrued interest were re-amortized with Series 1971, 1992 & 1998 into the new Series 2012-1 and 2012-B. See related note below.

Series 1992 USDA Revenue Bonds were issued for the purpose of construction and improvement of the Town's water and sewer system. The bonds carried an interest rate of 5.75%. During 2013, the outstanding principal balance and accrued interest were re-amortized with Series 1971, 1981 & 1998 into the new Series 2012-1 and 2012-B.

Series 1998 USDA Revenue Bonds were issued for the purpose of construction and improvement of the Town's water and sewer system. The bonds carried an interest rate of 4.5%. During 2013, the outstanding principal balance and accrued interest were re-amortized with Series 1971, 1981 & 1992 into the new Series 2012-1 and 2012-B.

TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 6: LONG-TERM DEBT** (Continued)

**USDA Revenue Bonds** (Continued)

During 2013, the Town renegotiated its agreements with the USDA. The four prior outstanding series of revenue bonds (1971, 1981, 1992 and 1998) with outstanding principal of \$400,433 plus the accrued but unpaid interest of \$117,367 were combined into two new USDA Revenue Refunding Bonds; Series 2012-A and 2012-B. The new bonds carry an interest rate of 2.125% and were formally issued on December 14, 2013 with a 40-year term. Monthly principal and interest payments of \$777 (Series A) and \$829 (Series B) are due through December 14, 2052.

**Notes Payable**

Eagle River Water and Sanitation

In 2008, the Town entered into a loan agreement with Eagle River Water and Sanitation District (“ERWSD”). Proceeds were used to fund water and wastewater system improvements. The loan carries no interest. Although no formal agreement has been executed between the two parties, the Town has agreed to make annual payments in the amount of \$25,000 until the loan is paid in full.

During 2013 the Town renegotiated its note payable with ERWSD. The Town incurred additional expenses with ERWSD due to a freeze in the Town’s water main. To address these additional charges and combine all amounts due, the Town signed a new Promissory Note with ERWSD for \$225,000 that carries an interest rate of 3.0%, with a ten-year term. The note calls for semi-annual principal and interest payments of \$13,000 on April 30<sup>th</sup> and October 31<sup>st</sup> of each year.

NBH Loan

In May 2016 the Town entered into a new loan agreement. The proceeds were used to refinance the Town’s loan with Banc of America for its microfiltration system. The new agreement carries an interest rate of 3.25% and requires semi-annual principal and interest payments in the amount of \$12,047 through May 202. This note was paid in full during the year ended December 31, 2018.

Eagle County

During 2013, the Town entered into an agreement with Eagle County to cover some costs associated with the emergency water main freeze. The County granted the Town \$10,500 and then lent them an additional \$41,683. The amount carries no interest and was due on or before December 31, 2015. No payment was made on the outstanding balance during 2018.

TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 6: LONG-TERM DEBT** (Continued)

**Notes Payable** (Continued)

**Future Debt Service Requirements**

Estimated annual debt service requirements for the outstanding debt at December 31, 2018 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 74,386	\$ 12,569	\$ 86,955
2020	33,608	11,664	45,272
2021	34,538	10,734	45,272
2022	39,519	9,777	49,296
2023	10,404	8,868	19,272
2024 – 2028	55,468	40,892	96,360
2029 – 2033	61,680	34,680	96,360
2034 – 2038	68,588	27,772	96,360
2039 – 2043	76,270	20,090	96,360
2044 – 2048	84,812	11,548	96,360
2049 – 2052	<u>61,422</u>	<u>2,520</u>	<u>63,942</u>
Total Debt Service Requirements	<u>\$ 600,695</u>	<u>\$ 191,114</u>	<u>\$ 791,809</u>

**NOTE 7: RISK MANAGEMENT**

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. Commercial insurance coverage is purchased to handle these risks of loss. Claims have not exceeded insured amounts in the last three years.

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

**Land Leases**

In June 2007, the Town entered into a land lease with Union Pacific Railroad Company to rent a piece of property for the Town's wastewater treatment plant. The lease called for an initial annual lease payment of \$1,500, which increases in increments of 3% annually. The initial lease term was for one year, and the lease automatically extends for an additional year unless terminated by either party. The Town paid \$2,534 under the terms of this agreement in 2018.

TOWN OF RED CLIFF, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE 8: COMMITMENTS AND CONTINGENCIES** (Continued)

**Operations Agreement**

In March 2013, the Town entered into an agreement with Water Quality Control Professionals (“WQCP”) for operations and maintenance services for 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. WQCP invoices the Town monthly based on an agreed upon monthly rate plus any additional expenses. The monthly rate may be adjusted annually based on the Consumer Price Index. For 2018, the Town paid \$44,262 for these services.

**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, 2018, 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.

**Tabor Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. On November 5, 1996, voters within the Town approved the collection, retention and expenditure of the full revenues generated by the Town in 1996 and subsequent years for street improvement projects, capital projects, basic municipal services and/or lawful municipal purposes, notwithstanding the provisions of the Amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2018, the emergency reserve of \$19,000 was recorded in the General Fund.

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF RED CLIFF, COLORADO

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2018

	2018			VARIANCE	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes	\$ 203,509	\$ 219,756	\$ 243,520	\$ 23,764	\$ 201,313
Licenses and Permits	1,950	12,229	18,191	5,962	34,776
Franchise Fees	8,800	8,100	8,262	162	6,373
Intergovernmental	35,300	34,089	35,613	1,524	34,827
Charges for Services	17,040	17,040	19,748	2,708	18,842
Interest Income	600	2,100	1,662	(438)	700
Miscellaneous	690	28,673	26,541	(2,132)	21,944
TOTAL REVENUES	<u>267,889</u>	<u>321,987</u>	<u>353,537</u>	<u>31,550</u>	<u>318,775</u>
EXPENDITURES					
Current					
General Government					
Salaries	108,198	103,765	108,777	(5,012)	95,620
Professional Services	50,750	50,023	45,436	4,587	79,359
General and Administrative	44,407	41,626	41,717	(91)	38,634
Board Stipend	13,800	13,800	13,350	450	12,075
Insurance	10,032	10,322	10,328	(6)	18,942
Public Works					
Equipment Repair and Maintenance	18,100	23,365	22,314	1,051	12,587
Buildings and Grounds	4,500	6,200	9,544	(3,344)	6,862
Road and Bridge	2,000	5,000	7,732	(2,732)	21,591
Capital Outlay	-	350	36,666	(36,316)	11,917
Contingency	20,000	56,000	-	56,000	-
TOTAL EXPENDITURES	<u>271,787</u>	<u>310,451</u>	<u>295,864</u>	<u>14,587</u>	<u>297,587</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,898)</u>	<u>11,536</u>	<u>57,673</u>	<u>46,137</u>	<u>21,188</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	6,102	21,536	67,673	46,137	21,188
FUND BALANCE, Beginning	<u>109,846</u>	<u>130,919</u>	<u>130,920</u>	<u>1</u>	<u>109,732</u>
FUND BALANCE, Ending	<u>\$ 115,948</u>	<u>\$ 152,455</u>	<u>\$ 198,593</u>	<u>\$ 46,138</u>	<u>\$ 130,920</u>

See the accompanying independent auditors' report.

**INDIVIDUAL FUND SCHEDULES**

TOWN OF RED CLIFF, COLORADO

CONSERVATION TRUST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2018

	2018		VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 2,800	\$ 2,825	\$ 25	\$ 2,766
TOTAL REVENUES	2,800	2,825	25	2,766
EXPENDITURES				
Capital Outlay	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,800	2,825	25	2,766
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	2,800	2,825	25	2,766
FUND BALANCE, Beginning	18,727	18,693	(34)	15,927
FUND BALANCE, Ending	\$ 21,527	\$ 21,518	\$ (9)	\$ 18,693

See the accompanying independent auditors' report.



TOWN OF RED CLIFF, COLORADO

WATER & SANITATION ENTERPRISE  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2018

	2018			VARIANCE	2017
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
<b>REVENUES</b>					
Charges for Services	\$ 274,750	\$ 286,132	\$ 289,833	\$ 3,701	\$ 287,501
Interest Income	-	874	1,040	166	252
Tap Fees		30,000	15,000	(15,000)	-
Miscellaneous	-	50	160	110	15,000
<b>TOTAL REVENUES</b>	<b>274,750</b>	<b>317,056</b>	<b>306,033</b>	<b>(11,023)</b>	<b>302,753</b>
<b>EXPENDITURES</b>					
Water Operations	36,040	37,942	35,678	2,264	41,359
Wastewater Operations	57,189	49,493	56,761	(7,268)	55,880
General and Administrative	89,349	85,646	86,828	(1,182)	73,046
Debt Service	69,367	15,842	100,973	(85,131)	94,367
Transfers Out	10,000	10,000	10,000	-	-
Contingency	6,000	121,895	-	121,895	-
<b>TOTAL EXPENDITURES</b>	<b>267,945</b>	<b>320,818</b>	<b>290,240</b>	<b>30,578</b>	<b>264,652</b>
<b>NET INCOME, Budget Basis</b>	<b>\$ 6,805</b>	<b>\$ (3,762)</b>	<b>15,793</b>	<b>\$ 19,555</b>	<b>38,101</b>
<b>GAAP BASIS ADJUSTMENTS</b>					
Depreciation Expense			(185,934)		(176,395)
Principal Paid on Long-Term Debt			85,851		76,961
<b>NET INCOME, GAAP Basis</b>			<b>(84,290)</b>		<b>(61,333)</b>
<b>NET POSITION, Beginning</b>			<b>4,085,588</b>		<b>4,146,921</b>
<b>NET POSITION, Ending</b>			<b>\$ 4,001,298</b>		<b>\$ 4,085,588</b>

See the accompanying independent auditors' report.

## **STATE 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.

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## ANNUAL HIGHWAY FINANCE REPORT - CY18

Email address: manager@townofredcliff.org

City/County: Red Cliff

### II - RECEIPTS FOR ROAD AND STREET PURPOSES

**Please no commas or dollar signs for the input**

#### A. Receipts from local sources

2. General Fund Appropriations:	\$	<input type="text" value="0.00"/>
3. Other local imposts: <i>from A.3. 'Total' below</i>	\$	<input type="text" value="6,100.00"/>
4. Miscellaneous local receipts: <i>from A.4. 'Total' below</i>	\$	<input type="text" value="0.00"/>
5. Transfers from toll facilities	\$	<input type="text" value="0.00"/>
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	<input type="text" value="0.00"/>
b. Bonds - Refunding Issues:	\$	<input type="text" value="0.00"/>
c. Notes:	\$	<input type="text" value="0.00"/>

SubTotal: \$ 6,100.00

B. Private Contributions \$

## II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

Please no commas or dollar signs for the input

### 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:	\$	6,100.00
Total: (a + b) carried to 'Other local imposts' above		\$ 6,100.00

### A.4. Miscellaneous local receipts

Please no commas or dollar signs for the input

a. Interest on Investments:	\$	0.00
b. Traffic fines & 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

Please no commas or dollar signs for the input

1. Highway User Taxes:	\$	12,821.75
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	0.00
d. Other (Specify):		
Comments: undefined	\$	0.00
e. Other (Specify):		
Comments: undefined	\$	0.00
Total: (1+3c,d,e)		\$ 12,821.75

### D. Receipts from Federal Government

Please no commas or dollar signs for the input

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: (2a-f)		\$ 0.00

### III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

#### A. Local highway disbursements

1. Capital outlay: (from A.1.d. 'Total Capital Outlay' below)	\$	0.00
2. Maintenance:	\$	0.00
3. Road and street services		
a. Traffic control operations:	\$	0.00
b. Snow and ice removal:	\$	10,498.00
c. Other:	\$	7,180.00
4. General administration & miscellaneous	\$	0.00
5. Highway law enforcement and safety	\$	0.00
Total: (A.1-5)		\$ 17,678.00

Please no commas or dollar signs for the input

#### 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: (1+2)		\$ 0.00

Please no commas or dollar signs for the input

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

Total Disbursements: *(A+B+C+D)* \$ 17,678.00

Please no commas or dollar signs for the input

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES - (Detail)

Please no commas or dollar signs for the input

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

#### IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

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

#### V - LOCAL ROAD AND STREET FUND BALANCE

Please no commas or dollar signs for the input

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 0.00	\$ 18,921.75	\$ 17,678.00	\$ 1,243.75	\$ 0.00

Notes & Comments:

Please enter your name: Barb Smith

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

Please click on the "Save" button before viewing the data in a print format.