

**TOWN OF RED CLIFF, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2023**

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**PROSPECTIVE  
BUSINESS  
SOLUTIONS, LLC**  
Certified Public Accountants

Auditing, Accounting, and Consulting Services for  
Governments and Nonprofit Organizations

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Red Cliff (the "Town"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The individual fund schedules and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules and the local highway finance report are fairly stated in all material respects in relation to the financial statements as a whole.

*PB Solutions LLC*

Littleton, Colorado

July 8, 2024

## 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, 2023.*

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### Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the 2023 fiscal year by \$4,839,001 (Net Position). The largest portion of the Town's total assets reflects its' investment in capital assets of \$4,095,205. Over time Net Position may serve as a useful indicator of a government's financial position.
- The Town's total Net Position decreased by \$36,935 for 2023 coming from an increase of \$99,525 from the Town's government funds and a decrease of -\$136,460 from the Town's proprietary fund.
- At the close of the fiscal year, the Town's governmental funds reported ending fund balances of \$621,369, an increase of \$2,145 from the prior year.
- At the end of the fiscal year, the unassigned fund balance for the general fund was \$565,088, a decrease of \$4,227.
- The Town's total long-term debt decreased by \$10,611 during the fiscal year. The balance at the end of the fiscal year was \$420,839.

### Town Highlights

**General Account.** The Town has maintained a conservative approach to spending. Efforts to align employee payroll with current trends in the Eagle River Valley are ongoing. The outlook for the property value assessments remains positive, with consistent increases in Eagle County. Additionally, new home sites have been developed, and we anticipate the number of housing units and their values to continue rising through the next year.

The Streetscape project is progressing slowly. The Town Staff are working diligently to secure funding for the construction phase. In 2024, the Town will initiate an outreach project to develop a future vision that aligns with the Comprehensive Plan and current zoning codes, followed by the implementation of these findings. With the Town's continuing desire to upgrade the maintenance department's tools and fleet, we are planning to invest up to \$40,000 in a Skid Steer. Savings of \$20,000 have been allocated for the future road and bridge streetscape design and implementation process. Additionally, this amount has been budgeted for 2024, with an additional \$20,000 in annual savings planned from the Enterprise account.

**Enterprise Account.** Red Cliff continues to produce the best tasting water for its residents. The wastewater treatment plant functioned well through 2023 with no major problems.

Funds have been placed in reserve to offset any upgrades or maintenance necessary. At the end of 2023 the reserve account had \$23,526.28. \$20,000 minimum is reserved for USDA Bonds.



In 2023, the Town successfully lowered the monthly base rate for water and plans to maintain this lower rate into 2024. By adopting a conservative approach, paying off all other debts, and by continuing with our current water operator, Water Quality Control Professionals, the Town has effectively controlled spending and will sustain the reduced monthly charges. The two Water Treatment Facility bonds, with payments extending through 2052, will not be paid off early due to their very low interest rates.

**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 like a private-sector business.

The *Statement of Net Position* presents information on all the Town's assets, deferred outflows, liabilities, and deferred inflows with the difference 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	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current and other assets	\$931,820	\$922,878	\$201,177	\$169,544	\$1,132,997	\$1,092,422
Capital assets, net	690,965	593,712	3,812,097	3,981,617	4,503,062	4,575,329
<b>Total Assets</b>	<b>1,622,785</b>	<b>1,516,590</b>	<b>4,013,274</b>	<b>4,151,161</b>	<b>5,636,059</b>	<b>5,667,751</b>
<b>Liabilities:</b>						
Other Liabilities	323,433	316,763	76,314	67,036	399,747	383,799
Long-term liabilities	0	0	397,311	408,016	397,311	408,016
<b>Total Liabilities</b>	<b>323,433</b>	<b>316,763</b>	<b>473,625</b>	<b>475,052</b>	<b>797,058</b>	<b>791,815</b>
<b>Net Position:</b>						
Invested in capital assets, Net of related debt	690,965	593,712	3,404,240	3,563,276	4,095,205	4,156,988
Restricted	51,964	45,463	0	0	51,964	45,463
Unrestricted	556,423	560,652	135,409	112,833	691,832	673,485
<b>Total Net Position</b>	<b>\$1,299,352</b>	<b>\$1,199,827</b>	<b>\$3,539,649</b>	<b>\$3,676,109</b>	<b>\$4,839,001</b>	<b>\$4,875,936</b>

Over time, Net Position may serve as a useful indicator of a government's financial position. In the case of the Town, assets exceed liabilities by \$4,839,001 at the close of 2023. 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	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Charges for Services	\$26,276	\$27,612	\$300,461	\$323,762	\$326,737	\$351,374
Taxes	375,528	340,742	0	0	375,528	340,742
Licenses, fees and permits	17,041	16,805	0	0	17,041	16,805
Intergovernmental	35,899	268,848	0	0	35,899	268,848
Earnings on Investments	18,730	6,265	6,721	2,943	25,451	9,208
Miscellaneous	190	628	0	0	190	628
Total	473,664	660,900	307,182	326,705	780,846	987,605
<b>Expenditures:</b>						
General Government	444,110	401,449	35,710	34,028	479,820	435,477
Public Works	31,334	36,221	0	0	31,334	36,221
Interest Expense	0	0	8,777	8,998	8,777	8,998
Water and Wastewater Operations	0	0	128,330	133,246	128,330	133,246
Capital Outlay	0	0	0	0	0	0
Depreciation and Amortization	0	0	169,520	172,183	169,520	172,183
Transfers	-101,305	-120,542	101,305	120,542	0	0
Total	374,139	317,128	443,642	468,997	817,781	786,125
<b>Change in Net Position</b>	99,525	343,772	-136,460	-142,292	-36,935	201,480
<b>Net Position – Beginning</b>	\$ 1,199,827	\$ 856,055	\$ 3,676,109	\$ 3,818,401	\$4,875,936	\$4,674,456
<b>Net Position – Ending</b>	\$ 1,299,352	\$ 1,199,827	\$ 3,539,649	\$ 3,676,109	\$4,839,001	\$4,875,936

The Town's total Net Position decreased by \$36,935 in 2023

## 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. *Unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

## Budget Comparisons and Economic Factors

- Revenues in the General fund were higher than anticipated for 2023 by \$55,277.
- Expenditures in the General fund were lower than anticipated for 2023 by \$50,091.
- Revenues in the Enterprise fund were higher than anticipated by \$20,593 for 2023.
- Expenditures in the Enterprise fund were lower than anticipated by \$14,967 for 2023.
- The Town is hopeful that for 2024, taxes, permits, licenses and other revenues will stay consistent overall with additional residents joining the town.

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Red Cliff, P.O. Box 40, Red Cliff, Colorado, 81649

## **BASIC FINANCIAL STATEMENTS**

## TOWN OF RED CLIFF, COLORADO

## STATEMENT OF NET POSITION

December 31, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and Investments	\$ 546,867	\$ 44,300	\$ 591,167
Restricted Cash and Investments	36,945	115,254	152,199
Interfund Balances	58,676	(58,676)	-
Receivables			
Property Taxes	263,460	-	263,460
Sales and Other	21,555	-	21,555
Accounts	-	40,648	40,648
Prepaid Expenses	4,317	975	5,292
Capital Assets, Not Depreciated	447,674	-	447,674
Capital Assets, Depreciated, Net of Accumulated Depreciation	243,291	3,812,097	4,055,388
<b>TOTAL ASSETS</b>	<b>1,622,785</b>	<b>3,954,598</b>	<b>5,577,383</b>
<b>LIABILITIES</b>			
Accrued Expenses	7,481	6,687	14,168
Accrued Salaries and Benefits	22,320	-	22,320
Accrued Interest Payable	-	405	405
Unearned Revenue	7,200	-	7,200
Deposits	9,990	-	9,990
Noncurrent Liabilities			
Due Within One Year	-	10,546	10,546
Due in More Than One Year	-	397,311	397,311
Compensated Absences	12,982	-	12,982
<b>TOTAL LIABILITIES</b>	<b>59,973</b>	<b>414,949</b>	<b>474,922</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax Revenue	263,460	-	263,460
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>263,460</b>	<b>-</b>	<b>263,460</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	690,965	3,404,240	4,095,205
Restricted	51,964	-	51,964
Unrestricted	556,423	135,409	691,832
<b>TOTAL NET POSITION</b>	<b>\$ 1,299,352</b>	<b>\$ 3,539,649</b>	<b>\$ 4,839,001</b>

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

TOWN OF RED CLIFF, COLORADO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2023

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS			
PRIMARY GOVERNMENT							
<b>Governmental Activities</b>							
General Government	\$ 434,131	\$ 43,317	\$ 17,799	\$ 18,100	\$ (354,915)	\$ -	\$ (354,915)
Public Works	41,313	-	-	-	(41,313)	-	(41,313)
Total Governmental Activities	475,444	43,317	17,799	18,100	(396,228)	-	(396,228)
<b>Business-Type Activities</b>							
Water and Sanitation	333,560	300,461	-	-	-	(33,099)	(33,099)
Interest and Fiscal Charges	8,777	-	-	-	-	(8,777)	(8,777)
Total Business-Type Activities	342,337	300,461	-	-	-	(41,876)	(41,876)
GENERAL REVENUES							
Property Taxes					200,661	-	200,661
Specific Ownership Taxes					11,477	-	11,477
Sales and Use Taxes					144,912	-	144,912
Other Taxes					18,478	-	18,478
Other Revenues					190	-	190
Earnings on Investments					18,730	6,721	25,451
Transfers					101,305	(101,305)	-
TOTAL GENERAL REVENUES					495,753	(94,584)	401,169
CHANGES IN NET POSITION							
					99,525	(136,460)	(36,935)
NET POSITION, Beginning							
					1,199,827	3,676,109	4,875,936
NET POSITION, Ending							
					\$ 1,299,352	\$ 3,539,649	\$ 4,839,001

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

TOWN OF RED CLIFF, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2023

	GENERAL FUND	NON-MAJOR CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash and Investments	\$ 546,867	\$ -	\$ 546,867
Restricted Cash and Investments	-	36,945	36,945
Taxes Receivable	263,460	-	263,460
Due from Other Funds	58,676	1,019	59,695
Accounts Receivable	21,555	-	21,555
Prepaid Expenses	4,317	-	4,317
TOTAL ASSETS	<u>\$ 894,875</u>	<u>\$ 37,964</u>	<u>\$ 932,839</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accrued Expenses	\$ 7,481	\$ -	\$ 7,481
Accrued Salaries and Benefits	22,320	-	22,320
Due To Other Funds	1,019	-	1,019
Unearned Revenues	7,200	-	7,200
Deposits	9,990	-	9,990
TOTAL LIABILITIES	<u>48,010</u>	<u>-</u>	<u>48,010</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Tax Revenues	<u>263,460</u>	<u>-</u>	<u>263,460</u>
<b>FUND BALANCES</b>			
Nonspendable	4,317	-	4,317
Restricted	14,000	37,964	51,964
Unassigned	565,088	-	565,088
TOTAL FUND BALANCES	<u>583,405</u>	<u>37,964</u>	<u>621,369</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
	<u>\$ 894,875</u>	<u>\$ 37,964</u>	<u>\$ 932,839</u>

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



TOWN OF RED CLIFF, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
Year Ended December 31, 2023

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

Total fund balances of governmental funds			\$ 621,369
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, Not Depreciated	447,674	
	Capital Assets, Depreciated	684,269	
	Accumulated Depreciation	<u>(440,978)</u>	690,965
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
	Compensated Absences		<u>(12,982)</u>
Net position of governmental activities			<u>\$ 1,299,352</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, 2023

	GENERAL FUND	NON-MAJOR CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Property Taxes	\$ 200,661	\$ -	\$ 200,661
Specific Ownership Taxes	11,477	-	11,477
Sales and Use Taxes	144,912	-	144,912
Other Taxes	18,478	-	18,478
Intergovernmental Revenue	32,398	3,501	35,899
Licenses and Fees	17,041	-	17,041
Charges for Services	26,276	-	26,276
Earnings on Investments	18,730	-	18,730
Miscellaneous	190	-	190
<b>TOTAL REVENUES</b>	<b>470,163</b>	<b>3,501</b>	<b>473,664</b>
<b>EXPENDITURES</b>			
Current			
General Government	419,748	-	419,748
Public Works	31,334	-	31,334
Capital Outlay	121,742	-	121,742
<b>TOTAL EXPENDITURES</b>	<b>572,824</b>	<b>-</b>	<b>572,824</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(102,661)</b>	<b>3,501</b>	<b>(99,160)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In	116,305	-	116,305
Transfer Out	(15,000)	-	(15,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>101,305</b>	<b>-</b>	<b>101,305</b>
<b>CHANGE IN FUND BALANCES</b>	<b>(1,356)</b>	<b>3,501</b>	<b>2,145</b>
FUND BALANCES, Beginning	584,761	34,463	619,224
FUND BALANCES, Ending	<u>\$ 583,405</u>	<u>\$ 37,964</u>	<u>\$ 621,369</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, 2023

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

Net change in fund balances - total governmental funds		\$	2,145
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>			
	Capital Outlay	121,742	
	Depreciation	<u>(24,489)</u>	97,253
<p>Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.</p>			
	Changes in Compensated Absences		<u>127</u>
Change in net position of governmental activities		\$	<u><u>99,525</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  
 December 31, 2023

ASSETS

Current Assets

Cash and Investments	\$ 44,300
Restricted Cash and Investments	115,254
Accounts Receivable	40,648
Prepaid Expenses	<u>975</u>

Total Current Assets	<u>201,177</u>
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Noncurrent Assets

Capital Assets, Net of Accumulated Depreciation	<u>3,812,097</u>
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Total Noncurrent Assets	<u>3,812,097</u>
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TOTAL ASSETS	<u>4,013,274</u>
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LIABILITIES

Current Liabilities

Accrued Expenses	6,687
Due to Other Funds	58,676
Accrued Interest Payable	405
Bonds Payable, Current Portion	<u>10,546</u>

Total Current Liabilities	<u>76,314</u>
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Noncurrent Liabilities

USDA Revenue Bonds Payable	<u>397,311</u>
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Total Noncurrent Liabilities	<u>397,311</u>
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NET POSITION

Net Investment in Capital Assets	3,404,240
Unrestricted	<u>135,409</u>

TOTAL NET POSITION	<u>\$ 3,539,649</u>
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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, 2023

OPERATING REVENUES	
Charges for Services	<u>\$ 300,461</u>
 TOTAL OPERATING REVENUES	 <u>300,461</u>
OPERATING EXPENSES	
Water Operations	66,104
Wastewater Operations	62,226
General and Administrative	35,710
Depreciation	<u>169,520</u>
 TOTAL OPERATING EXPENSES	 <u>333,560</u>
 NET OPERATING INCOME (LOSS)	 <u>(33,099)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	6,721
Interest Expense	<u>(8,777)</u>
 TOTAL NON-OPERATING REVENUES (EXPENSES)	 <u>(2,056)</u>
 INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	 <u>(35,155)</u>
Transfers In	15,000
Transfer Out	<u>(116,305)</u>
 CHANGE IN NET POSITION	 (136,460)
NET POSITION, Beginning	<u>3,676,109</u>
NET POSITION, Ending	<u><u>\$ 3,539,649</u></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, 2023

Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 286,586
Cash Paid to Suppliers and Employees	<u>(168,872)</u>
Net Cash Provided by Operating Activities	<u>117,714</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Payments to/from Other Funds	<u>(88,382)</u>
Net Cash Used by Noncapital Financing Activities	<u>(88,382)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Payments on Long Term Debt	(10,484)
Interest Payments	<u>(8,786)</u>
Net Cash Used by Capital Financing Activities	<u>(19,270)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>6,721</u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	16,783
CASH AND CASH EQUIVALENTS, Beginning	<u>142,771</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 159,554</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income (Loss)	<u>\$ (33,099)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation Expense	169,520
Changes in Assets and Liabilities	
Accounts Receivable	(13,875)
Prepaid Expenses	(975)
Accrued Expenses	<u>(3,857)</u>
Total Adjustments	<u>150,813</u>
Net Cash Provided by Operating Activities	<u>\$ 117,714</u>

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

TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

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

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

**Reporting Entity**

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

Based upon the application of these criteria, no additional organizations are includable within the Town’s reporting entity.

**Government-Wide and Fund Financial Statements**

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

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

TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

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

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

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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



TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

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

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

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

The Town reports the following major proprietary fund:

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

**Assets, Liabilities, and Fund Balance/Net Position**

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

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

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Buildings	20 years
Water and Sewer Systems and Improvements	14 to 40 years
Machinery and Equipment	5 to 15 years
Infrastructure	15 years

TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

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

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

Accrued Salaries and Benefits – The salaries and benefits earned, but unpaid, as of December 31, 2023 were \$22,320.

Vacation, Sick Leave, and Other Compensated Absences – Town employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Employees are not limited to the amount of accumulated leave that can be carried to the next fiscal year. Upon termination of employment, employees are entitled to receive compensation for unused vacation days at the employees' current salary rate. These compensated absences are recognized when paid in the General Fund. A long-term liability in the amount of \$12,982 has been recorded in the government-wide financial statements for the accrued compensated absences.

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

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

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

TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

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

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

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

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

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

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

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

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Town reports prepaid expenses as nonspendable at December 31, 2023.

TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

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

- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the Town reports restricted fund balances in the Conservation Trust Fund for parks and recreation.
  
- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town does not report any balances as committed.
  
- **Assigned** – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The Town does not report any balances as assigned.
  
- **Unassigned** – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

**Risk Management**

Public Entity Risk Pool

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

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

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

**Subsequent Events**

The Town has evaluated events subsequent to the year ended December 31, 2023 through July 8, 2024, the date these financial statements were available to be issued and has incorporated any required recognition into these financial statements.

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

**Budgets**

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

TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

**Budgets (Continued)**

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

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

**NOTE 3: CASH AND INVESTMENTS**

Deposits	\$ 250,143
Investments	<u>493,223</u>
Total	<u>\$ 743,366</u>

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

Cash and Investments - Unrestricted	591,167
Cash and Investments - Restricted	<u>152,199</u>
Total	<u>\$ 743,366</u>

TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. On December 31, 2023, State regulatory commissioners have indicated that all financial institutions holding deposits for the Town are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Town has no policy regarding custodial credit risk for deposits.

On December 31, 2023, the Town had deposits with financial institutions with a carrying amount of \$250,143. The bank balances with the financial institutions were 259,705. Of these balances, \$250,000 were covered by federal depository insurance and \$9,705 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

**Investments**

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

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

TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

**Investments** (Continued)

Local Government Investment Pools

The Town had invested \$493,223 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

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

**Restricted Cash**

On December 31, 2023, cash in the amount of \$36,945 is restricted in the Conservation Trust Fund for park and recreation expenditures. In addition, \$115,254 is restricted in the Proprietary Fund to comply with debt service requirements.



TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2023 is summarized below:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<b>Governmental Activities</b>				
Capital Assets, Not Depreciated				
Land	\$ 85,431	\$ -	\$ -	\$ 85,431
Construction in Progress	348,492	13,751	-	362,243
Total Capital Assets, Not Depreciated	<u>433,923</u>	<u>13,751</u>	<u>-</u>	<u>447,674</u>
Capital Asset, Being Depreciated				
Buildings and Improvements	91,484	58,100	-	149,584
Machinery and Equipment	211,645	49,891	-	261,536
Infrastructure	273,149	-	-	273,149
Total Capital Assets, Being Depreciated	<u>576,278</u>	<u>107,991</u>	<u>-</u>	<u>684,269</u>
Accumulated Depreciation				
Buildings and Improvements	91,484	1,937	-	93,421
Machinery and Equipment	211,645	9,979	-	221,624
Infrastructure	113,360	12,573	-	125,933
Total Depreciation	<u>416,489</u>	<u>24,489</u>	<u>-</u>	<u>440,978</u>
Capital Assets, Depreciated, Net	<u>159,789</u>	<u>83,502</u>	<u>-</u>	<u>243,291</u>
Net Capital Assets	<u>\$ 593,712</u>	<u>\$ 97,253</u>	<u>\$ -</u>	<u>\$ 690,965</u>

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

TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

	Balance <u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2023</u>
<b>Business-Type Activities</b>				
Capital Asset, Being Depreciated				
Sewer System	4,798,373	-	-	4,798,373
Water Treatment Plant	1,273,405	-	-	1,273,405
Water Distribution System	273,311	-	-	273,311
Microfiltration System	577,715	-	-	577,715
Machinery and Equipment	109,326	-	-	109,326
Total Capital Assets, Being Depreciated	<u>7,032,130</u>	<u>-</u>	<u>-</u>	<u>7,032,130</u>
Accumulated Depreciation				
Sewer System	1,580,714	120,013	-	1,700,727
Water Treatment Plant	1,018,813	16,887	-	1,035,700
Water Distribution System	70,209	8,240	-	78,449
Microfiltration System	298,256	14,442	-	312,698
Machinery and Equipment	82,521	9,938	-	92,459
Total Depreciation	<u>3,050,513</u>	<u>169,520</u>	<u>-</u>	<u>3,220,033</u>
Capital Assets, Depreciated, Net	<u>3,981,617</u>	<u>(169,520)</u>	<u>-</u>	<u>3,812,097</u>
Net Capital Assets	<u>\$ 3,981,617</u>	<u>\$(169,520)</u>	<u>\$ -</u>	<u>\$ 3,812,097</u>

**NOTE 5: LONG-TERM DEBT**

The following is a summary of the Town's long-term debt transactions for the year ended December 31, 2023:

**Governmental Activities**

	12/31/2022 <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	12/31/2023 <u>Balance</u>	Due Within One Year
Compensated Absences	<u>\$ 13,109</u>	<u>\$ -</u>	<u>\$ 127</u>	<u>\$ 12,982</u>	<u>\$ -</u>

TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 5: LONG-TERM DEBT** (Continued)

**Business-Type Activities**

	12/31/2022			12/31/2023	Due Within
	Balance	Increases	Decreases	Balance	One Year
USDA Revenue Bonds					
Series 2012-A	\$ 206,022	\$ -	\$ 4,994	\$ 201,028	\$ 5,102
Series 2020-B	212,319	-	5,490	206,829	5,444
<b>Total</b>	<b>\$ 418,341</b>	<b>\$ -</b>	<b>\$ 10,484</b>	<b>\$ 407,857</b>	<b>\$ 10,546</b>

**USDA Revenue Bonds**

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

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

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

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

For the year ended December 31, 2023, the Town has met its reserve requirement. The amount of the reserve is reported as restricted cash and investments in the Town's proprietary fund.

TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 5: LONG-TERM DEBT** (Continued)

**USDA Revenue Bonds** (Continued)

In addition, the Town is required to collect fees and charges for services that are sufficient to pay operation and maintenance expenses and to create net revenue in the amount: (i) equal to not less than 120% of the amount necessary to pay when due the principal and interest on the bonds coming due during the fiscal year, and (ii) sufficient to make up any deficiencies in the reserve account. For the year ended December 31, 2023, the Town has met this requirement.

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

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	10,546	8,726	19,272
2025	10,773	8,499	19,272
2026	11,004	8,268	19,272
2027	11,240	8,032	19,272
2028	11,481	7,791	19,272
2029-2033	61,208	35,152	96,360
2034-2038	68,063	28,297	96,360
2039-2043	75,609	20,751	96,360
2044-2048	83,523	12,837	96,360
2049-2052	64,410	4,070	68,480
<b>Total</b>	<b><u>\$ 407,857</u></b>	<b><u>\$ 142,423</u></b>	<b><u>\$ 550,280</u></b>

**NOTE 6: INTERFUND BALANCES AND TRANSFERS**

On December 31, 2023, the Water and Sanitation Enterprise Fund owed the General Fund \$58,676. The General Fund owed the Conservation Trust Fund \$1,019. The amounts owed are due to timing of revenues and expenditures.

During the year ended December 31, 2023, the Water and Sanitation Enterprise Fund transferred \$116,305 to the General Fund to cover administrative and capital expenses. The General Fund transferred \$15,000 to the Water and Sanitation Enterprise Fund for reimbursement of expenditures.

TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

**Land Lease**

In June 2007, the Town entered into a land lease agreement with Union Pacific Railroad Company to lease a piece of property for the Town's wastewater treatment plant. The initial agreement called for an annual lease payment of \$1,500, with an increase of 3% annually. The lease automatically renews each year unless terminated by either party. During the year ended December 31, 2023 the Town paid \$2,937 under the terms of the agreement.

**Operating Agreement**

In March 2013, the Town entered into an agreement with Water Quality Control Professionals (WQCP) for operations and maintenance services of the Town's water and wastewater treatment and collection system. Under the terms of the agreement, WQCP provides repair, maintenance, and operating services to the Town. WQCP invoices the Town monthly based on an agreed upon rate plus any additional expenses. The monthly rate may be adjusted annually based on the Consumer Price Index. For the year ended December 31, 2023, the Town paid \$19,442 to WQCP under the terms of the agreement.

**Claims and Judgments**

The Town participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. As of December 31, 2023 significant amounts of grant expenditures have not been audited but the Town believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Town.

TOWN OF RED CLIFF  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

**Tabor Amendment**

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

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

The Town has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. On December 31, 2023 the emergency reserve of \$14,000 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

**NOTE 8:**      **CHANGE IN ACCOUNTING PRINCIPLES - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

For the year ended December 31, 2023, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). GASB 96 provides guidance on the accounting and financial reporting for SBITAs. For the year ended December 31, 2023, the Town has determined that no changes to the Town's financial statements are deemed necessary.

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF RED CLIFF, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
<b>REVENUES</b>					
Property Taxes	\$ 201,846	\$ 201,846	\$ 200,661	\$ (1,185)	\$ 203,998
Specific Ownership Taxes	9,000	11,000	11,477	477	10,989
Sales and Use Taxes	95,700	94,000	144,912	50,912	102,455
Other Taxes	18,600	20,200	18,478	(1,722)	23,300
Intergovernmental Revenue	85,000	31,300	32,398	1,098	265,535
Licenses and Fees	19,540	14,700	17,041	2,341	16,805
Charges for Services	25,840	25,840	26,276	436	27,612
Earnings on Investments	2,616	16,000	18,730	2,730	6,265
Miscellaneous	-	-	190	190	628
<b>TOTAL REVENUES</b>	<b>458,142</b>	<b>414,886</b>	<b>470,163</b>	<b>55,277</b>	<b>657,587</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
<b>General Government</b>					
Salaries	333,815	321,874	307,614	14,260	277,686
Professional Services	48,650	35,250	30,999	4,251	26,138
General and Administrative	57,881	71,137	60,869	10,268	67,814
Board Stipend	9,660	9,660	9,325	335	6,375
Insurance	10,978	10,935	10,941	(6)	6,742
<b>Public Works</b>					
Equipment Repair and Maintenance	33,000	24,000	21,501	2,499	17,111
Building and Grounds	-	63,500	8,599	54,901	16,641
Road and Bridge	-	2,500	1,234	1,266	2,469
Capital Outlay	70,000	84,059	121,742	(37,683)	208,001
<b>TOTAL EXPENDITURES</b>	<b>563,984</b>	<b>622,915</b>	<b>572,824</b>	<b>50,091</b>	<b>628,977</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(105,842)</b>	<b>(208,029)</b>	<b>(102,661)</b>	<b>105,368</b>	<b>28,610</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers In	120,854	155,854	116,305	(39,549)	120,542
Transfers Out	-	-	(15,000)	(15,000)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>120,854</b>	<b>155,854</b>	<b>101,305</b>	<b>(54,549)</b>	<b>120,542</b>
<b>CHANGE IN FUND BALANCE</b>	<b>15,012</b>	<b>(52,175)</b>	<b>(1,356)</b>	<b>50,819</b>	<b>149,152</b>
<b>FUND BALANCES, Beginning</b>	<b>584,762</b>	<b>584,762</b>	<b>584,761</b>	<b>(1)</b>	<b>435,609</b>
<b>FUND BALANCES, Ending</b>	<b>\$ 599,774</b>	<b>\$ 532,587</b>	<b>\$ 583,405</b>	<b>\$ 50,818</b>	<b>\$ 584,761</b>

See the accompanying independent auditor's report



**INDIVIDUAL FUND SCHEDULES**

TOWN OF RED CLIFF, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 CONSERVATION TRUST FUND  
 Year Ended December 31, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Intergovernmental Revenue	\$ 3,200	\$ 3,200	\$ 3,501	\$ 301	\$ 3,313
TOTAL REVENUES	3,200	3,200	3,501	301	3,313
EXPENDITURES					
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-
CHANGE IN FUND BALANCE	3,200	3,200	3,501	301	3,313
FUND BALANCES, Beginning	34,452	34,452	34,463	11	31,150
FUND BALANCES, Ending	\$ 37,652	\$ 37,652	\$ 37,964	\$ 312	\$ 34,463

See the accompanying independent auditor's report

TOWN OF RED CLIFF, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 WATER AND SANITATION ENTERPRISE  
 Year Ended December 31, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
<b>REVENUES</b>					
Charges for Services	\$ 295,589	\$ 295,589	\$ 300,461	\$ 4,872	\$ 323,762
Interest Revenue	250	6,000	6,721	721	2,943
Transfers In	-	-	15,000	15,000	-
<b>TOTAL REVENUES</b>	<b>295,839</b>	<b>301,589</b>	<b>322,182</b>	<b>20,593</b>	<b>326,705</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
Water Operations	49,700	51,700	66,104	(14,404)	55,455
Wastewater Operations	72,849	51,849	62,226	(10,377)	77,791
General and Administrative	32,353	35,897	35,710	187	34,028
Debt Service	19,272	19,272	19,261	11	60,945
Transfers Out	120,854	155,854	116,305	39,549	120,542
Capital Outlay	-	-	-	-	15,070
<b>TOTAL EXPENDITURES</b>	<b>295,028</b>	<b>314,572</b>	<b>299,606</b>	<b>14,966</b>	<b>363,831</b>
<b>CHANGE IN NET POSITION, Budgetary Basis</b>	<b>811</b>	<b>(12,983)</b>	<b>22,576</b>	<b>35,559</b>	<b>(37,126)</b>
<b>Adjustments to GAAP Basis</b>					
Capital Outlay	-	-	-	-	15,070
Loan Principal Payments	10,484	10,484	10,484	-	51,947
Depreciation	(179,588)	(179,588)	(169,520)	10,068	(172,183)
<b>CHANGE IN NET POSITION, GAAP Basis</b>	<b>(168,293)</b>	<b>(182,087)</b>	<b>(136,460)</b>	<b>45,627</b>	<b>(142,292)</b>
<b>NET POSITION, Beginning</b>	<b>3,676,109</b>	<b>3,676,109</b>	<b>3,676,109</b>	<b>-</b>	<b>3,818,401</b>
<b>NET POSITION, Ending</b>	<b>\$ 3,507,816</b>	<b>\$ 3,494,022</b>	<b>\$ 3,539,649</b>	<b>\$ 45,627</b>	<b>\$ 3,676,109</b>

See the accompanying independent auditor's report

## COMPLIANCE

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: <b>COLORADO</b>
	YEAR ENDING (mm/yy): <b>12/23</b>

This Information From The Records Of: <b>TOWN OF RED CLIFF</b>	Prepared By: <b>MELISSA MATTHEWS</b>
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**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

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

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. EXPENDITURES FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway expenditures:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 18,100.00
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ -
2. General fund appropriations	\$ 119,923.00	b. Snow and ice removal	\$ 69,600.00
3. Other local imposts (from page 2)	\$ 11,477.00	c. Other	\$ 50,308.00
4. Miscellaneous local receipts (from page 2)	\$ 6,118.00	d. Total (a. through c.)	\$ 119,908.00
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 17,610.00
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 155,618.00
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 137,518.00	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	\$ -
<b>C. Receipts from State government</b> (from page 2)	\$ 18,100.00	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	\$ -	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	\$ 155,618.00	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ -
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total expenditures (A.6 + B.3 + C + D)</b>	\$ 155,618.00

**IV. LOCAL HIGHWAY DEBT STATUS**

*(Show all entries at par)*

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				\$ -
1. Bonds (Refunding Portion)				\$ -
<b>B. Notes (Total)</b>				\$ -

**V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		\$ 155,618.00	\$ 155,618.00		\$ -

**Notes and Comments:**

LOCAL HIGHWAY FINANCE REPORT

STATE:  
**COLORADO**  
 YEAR ENDING (mm/yy):  
 12/23

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assesments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	\$ 11,477.00	g. Other Misc. Receipts	\$ 6,118.00
6. Total (1. through 5.)	\$ 11,477.00	h. Other	
c. Total (a. + b.)	\$ 11,477.00	i. Total (a. through h.)	\$ 6,118.00
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes (from Item I.C.5.)		1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Administration	
d. DOLA Grant	\$ 18,100.00	e. U.S. Corps of Engineers	
e. Other		f. Other Federal ARPA	
f. Total (a. through e.)	\$ 18,100.00	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 18,100.00	3. Total (1. + 2.g)	\$ -
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs		\$ 18,100.00	\$ 18,100.00
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation			\$ -
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ -	\$ -
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 18,100.00	\$ 18,100.00
<i>(Carry forward to page 1)</i>			

Notes and Comments: