

TOWN OF LA JARA, COLORADO
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2016



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**TOWN OF LA JARA, COLORADO
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Town of La Jara, Colorado
La Jara, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the remaining fund information of the Town of La Jara, Colorado (the Town) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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, the business-type activity, each major fund, and the remaining fund information as of December 31, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through viii, the budgetary comparison schedule on pages 32 through 35, the schedule of the District's proportionate share of the net pension liability on page 36, and the schedule of the Town's contributions on page 37 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.

Additional Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of La Jara, Colorado's basic financial statements. The budget to actual comparison schedules on pages 38 through 39, and the local highway finance report on pages 40 through 41 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budget to actual comparison schedules on pages 38 through 39, and the local highway finance report on pages 40 through 41 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budget to actual comparison schedules on pages 38 through 39 and the local highway finance report on pages 40 through 41 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McPherson, Brayfogel, Durkin & Goodrich, PC

August 9, 2017

Town of La Jara, Colorado
Management's Discussion and Analysis
December 31, 2016

Management's discussion and analysis provides a narrative overview of the financial activities and changes in the financial position of the Town of La Jara (the Town) for the year ended December 31, 2016. It is offered here by the management of the Town to the readers of its financial statements.

Financial Highlights

- The assets of the Town exceed its liabilities and deferred inflows of resources at December 31, 2016 by \$3,303,302 (net position). Of this amount, \$428,669 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased \$74,883. The highlights of this decrease can be found on pages 4 and 5 of this report.
- At December 31, 2016, the Town's governmental funds reported combined ending fund balances of \$197,404. This amount is classified into the following categories:

Restricted	\$ 33,781	17.11%
Assigned	\$ -	0%
Unassigned	\$ 163,047	82.60%
Non-spendable	\$ 576	.29%

- The \$163,047 unassigned fund balance in the General Fund represents 29.22% of total General Fund expenditures.
- The Town's total debt decreased by \$116,979 (11.79%) during the current year. The highlights of this increase can be found on pages 22 and 23 of this report.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The reporting focus is on the Town as a whole and on individual major funds. It is intended to present a more comprehensive view of the Town's financial activities.

The basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and other supplemental information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview

Town of La Jara, Colorado
Management's Discussion and Analysis
December 31, 2016

of the Town's finances in a manner similar to a private-sector business. Both are prepared using the economic resources focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the Town's assets, deferred outflows of resources (if any), and liabilities and deferred inflows of resources, including capital assets and long-term obligations. The difference is reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other indicators of the Town's financial position should be taken into consideration, such as the change in the Town's property tax base and condition of the Town's infrastructure (i.e., roads, drainage systems, water and sewer lines, etc.) in order to more accurately assess the overall financial condition of the Town.

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. It focuses on both the gross and net costs of the government's various activities and thus summarizes the cost of providing specific government services. This statement includes all current year revenues and expenses.

The Statement of Net Position and the Statement of Activities divide the Town's activities into two types:

Governmental Activities. Most of the Town's basic services are reported here, including general government, police protection, planning for future land use, traffic control, building inspection, public health, neighborhood integrity, park and recreational activities, and cultural events. Property taxes, sales taxes, franchise fees and lottery revenue provide the majority of the financing for these activities.

Business-Type Activities. Activities for which the Town charges a fee to customers to pay most or all of the costs of a service it provides are reported here. The Town's business-type activities include water distribution and sewer collection.

Fund Financial Statements

The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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. These statements focus on the most significant funds and may be used to find more detailed information about the Town's most significant activities. All of the funds of the Town can be divided into two categories: governmental funds and proprietary fund.

Governmental Funds. Governmental funds are used to account for the majority of the Town's activities, which are essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable

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Management's Discussion and Analysis
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resources, as well as spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of the governmental funds financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison. These reconciliations explain the differences between the government's activities as reported in the government-wide statements and the information presented in the governmental funds financial statements.

The Town maintains two individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund.

Proprietary Funds. When the Town charges customers for services it provides, the activities are generally reported in proprietary funds. The Town Water/Sewer Fund is reported as a Business-Type Activity – Enterprise Fund.

The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its water and sewer operations. These services are primarily provided to outside or nongovernmental customers.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations.

Notes to the Financial Statements

The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, the Town adopts an annual appropriated budget for its General Fund and for its Proprietary Fund. A budgetary comparison schedule has been provided for the General Fund and the Water/Sewer Fund to demonstrate compliance with this budget.

Town of La Jara, Colorado
Management's Discussion and Analysis
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Government-Wide Financial Analysis

Total assets of the Town at December 31, 2016 were \$4,076,047 while total liabilities were \$752,522. Total deferred inflows of resources were \$71,350, resulting in a net position balance of \$3,303,302.

The largest portion of the Town's net position, \$2,840,311 (85.98%), reflects its net investment in capital assets (land and improvements, buildings, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

CONDENSED STATEMENT OF NET POSITION
DECEMBER 31, 2016 AND 2015

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 279,268	\$ 324,196	\$ 216,631	\$ 420,458	\$ 495,899	\$ 744,654
Capital assets	<u>581,755</u>	<u>645,040</u>	<u>2,998,393</u>	<u>3,132,658</u>	<u>3,580,148</u>	<u>3,777,698</u>
Total assets	<u>861,023</u>	<u>969,236</u>	<u>3,215,024</u>	<u>3,553,116</u>	<u>4,076,047</u>	<u>4,522,352</u>
Deferred Outflows	51,127	13,949	-	-	51,127	13,949
Current liabilities	10,034	22,270	65,866	311,431	75,900	333,701
Long-term liabilities	<u>-</u>	<u>18,066</u>	<u>676,622</u>	<u>739,837</u>	<u>676,622</u>	<u>757,903</u>
Total liabilities	<u>10,034</u>	<u>40,336</u>	<u>742,488</u>	<u>1,051,268</u>	<u>752,522</u>	<u>1,091,604</u>
Deferred inflows of resources	<u>71,350</u>	<u>66,512</u>	<u>-</u>	<u>-</u>	<u>71,350</u>	<u>66,512</u>
Net position –						
Net investment in capital assets	581,755	626,974	2,258,556	2,293,908	2,840,311	2,920,882
Restricted	34,322	57,502	-	-	34,322	57,502
Unrestricted	<u>214,689</u>	<u>191,861</u>	<u>213,980</u>	<u>207,940</u>	<u>428,669</u>	<u>399,801</u>
Total net position	<u>\$ 830,766</u>	<u>\$ 876,337</u>	<u>\$ 2,472,536</u>	<u>\$ 2,501,848</u>	<u>\$ 3,303,302</u>	<u>\$ 3,378,185</u>

At the end of the current year, the Town is able to report positive balances in all categories of net position. For detail of the Statement of Net Position, reference page 3 and 4 of the Basic Financial Statements.

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Management's Discussion and Analysis
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A condensed statement of activities for the years ended December 31, 2016 and 2015 follows:

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Program revenues -						
Charges for services	\$ 75,429	\$ 122,315	\$ 371,173	\$ 351,663	\$ 446,602	\$ 473,978
Operating grants and contributions	54,655	86,031	10,000	-	64,655	86,031
Capital grants and contributions	-	-	-	268,575	-	268,575
General revenues -						
Property taxes	65,965	63,114	-	-	65,965	63,114
Sales and use taxes	309,120	320,649	-	-	309,120	320,649
Other taxes	38,948	43,185	-	-	38,948	43,185
Payment in lieu of taxes	2,338	2,250	-	-	2,338	2,250
Interest	376	297	348	284	724	581
Other	<u>6,769</u>	<u>2,829</u>	<u>-</u>	<u>-</u>	<u>6,769</u>	<u>2,829</u>
Total revenues	<u>553,600</u>	<u>640,670</u>	<u>381,521</u>	<u>620,522</u>	<u>935,121</u>	<u>1,261,192</u>
Expenses --						
General government	177,758	174,671	-	-	177,758	174,671
Public safety	309,418	309,090	-	-	309,418	309,090
Public works	83,951	101,351	-	-	83,951	101,351
Culture and recreation	5,273	49,622	-	-	5,273	49,622
Health and welfare	22,536	17,015	-	-	22,536	17,015
Interest	235	1,305	-	-	235	1,305
Water and sewer	<u>-</u>	<u>-</u>	<u>410,833</u>	<u>356,073</u>	<u>410,833</u>	<u>356,073</u>
Total expenses	<u>599,171</u>	<u>653,054</u>	<u>410,833</u>	<u>356,073</u>	<u>1,010,004</u>	<u>1,009,127</u>
Change in net position	(45,571)	(12,384)	(29,312)	264,449	(74,883)	252,065
Net position, January 1	<u>876,337</u>	<u>888,721</u>	<u>2,501,848</u>	<u>2,237,399</u>	<u>3,378,185</u>	<u>3,126,120</u>
Net position, December 31	<u>\$ 830,766</u>	<u>\$ 876,337</u>	<u>\$ 2,472,536</u>	<u>\$ 2,501,848</u>	<u>\$ 3,303,302</u>	<u>\$ 3,378,185</u>

Town of La Jara, Colorado
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Governmental Activities

Net position decreased \$45,571. Key revenue and expense transactions are as follows:

- Total revenues decreased approximately \$87,070 over the prior year.
- Property tax revenues increased approximately \$2,851.
- Sales tax revenues decreased approximately \$11,529.
- Charges for services decreased approximately \$46,886. This decrease is comprised of fines as a result of a decrease in traffic citations.

Total expenses for the year 2016 decreased by \$53,883 when compared to the year 2015.

Business-Type Activities

Business-type activities decreased net position by \$29,312. Key elements to the change in net position are as follows:

- Water and sewer operating expenses for the current year were \$39,312 higher than revenue generated.

Financial Analysis of the Government's Funds

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, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

As of the current year, the Town's governmental funds reported combined fund balances of \$197,404. Approximately 82.59%, or \$163,047, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending and has been classified into the following categories:

Restricted	\$ 33,781
Assigned	-
Nonspendable	576

The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance is \$179,923. As a measure of the General Fund's liquidity, it may be useful to

Town of La Jara, Colorado
Management's Discussion and Analysis
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compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 29.22% of total General Fund expenditures, while total fund balance represents 32.24% of total General Fund expenditures. The General Fund's fund balance decreased \$16,964 this year.

The Conservation Trust Fund balance increased \$9,005.

Detail for Governmental Funds is found on pages 6-9 of the Basic Financial Statements.

Proprietary Funds: The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in the Water and Sewer Fund at the end of the year amounted to \$213,980. Total net position in the Water and Sewer Fund decreased \$29,312.

General Fund Budgetary Highlights

Town Board of Trustees adopted the 2016 as outlined on page 32-36. Total revenues were \$98,153 less than what was originally budgeted. This decrease in revenues was in large part due to the decrease in fees and fines received. Total expenditures were \$81,189 less than the original budget.

A complete budget comparison report appears on pages 32-35 of the financial statements.

Capital Asset and Debt Administration

Capital Assets: The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2016 amounts to \$3,580,148 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, infrastructure, and construction in progress. The total decrease in the Town's investment in capital assets for the current year was 0.95%.

Long-Term Debt: Long-Term Liabilities decreased by \$116,979 in 2016. The year-end balance was \$739,837, which is comprised of a \$200,000 interest-free loan (current balance of \$85,000) with Colorado Water Resources and Development Authority, a \$750,000 interest-free loan (current balance of \$356,250) with Colorado Water Resources and Power Development and a \$350,000 interest free loan with Colorado Water Resources and Power Development Authority (current balance of \$298,587).

Additional information on the Town's long-term debt can be found in Note III (D) on pages 22 and 23 of this report.

Town of La Jara, Colorado
Management's Discussion and Analysis
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Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to the Town of La Jara, P.O. Box 723, La Jara, CO 81140-0273.

BASIC FINANCIAL STATEMENTS

TOWN OF LA JARA, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 36,307	\$ 81,175	\$ 117,482
Certificates of deposit	105,670	92,370	198,040
Receivables -			
Accounts	4,988	43,617	48,605
Property taxes	67,757	-	67,757
Other governments	59,366	-	59,366
Note	3,532	-	3,532
Internal balances	531	(531)	-
Net pension asset	541	-	541
Other assets	576	-	576
Capital assets, net of accumulated depreciation -			
Land	92,875	-	92,875
Buildings	220,077	-	220,077
Improvements	140,308	-	140,308
Infrastructure	1,961	1,960	3,921
Machinery and equipment	126,534	-	126,534
Transmission and collection system	-	2,996,433	2,996,433
Total capital assets	<u>581,755</u>	<u>2,998,393</u>	<u>3,580,148</u>
TOTAL ASSETS	<u>861,023</u>	<u>3,215,024</u>	<u>4,076,047</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related	<u>51,127</u>	<u>-</u>	<u>51,127</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>51,127</u>	<u>-</u>	<u>51,127</u>
LIABILITIES			
Accounts payable and accrued expenses	10,034	2,651	12,685
Long-term liabilities -			
Due within one year -			
Notes	-	63,215	63,215
Due in more than one year -			
Notes	-	676,622	676,622
TOTAL LIABILITIES	<u>10,034</u>	<u>742,488</u>	<u>752,522</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	67,757	-	67,757
Pension-related	<u>3,593</u>	<u>-</u>	<u>3,593</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>71,350</u>	<u>-</u>	<u>71,350</u>

The accompanying notes are an integral part of this statement.

TOWN OF LA JARA, COLORADO
STATEMENT OF NET POSITION (Cont'd.)
DECEMBER 31, 2016

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
NET POSITION			
Net investment in capital assets	\$ 581,755	\$ 2,258,556	\$ 2,840,311
Restricted -			
Tabor	16,300	-	16,300
Parks projects	17,481	-	17,481
Pension-related	541	-	541
Unrestricted	<u>214,689</u>	<u>213,980</u>	<u>428,669</u>
TOTAL NET POSITION	<u>\$ 830,766</u>	<u>\$ 2,472,536</u>	<u>\$ 3,303,302</u>

The accompanying notes are an integral part of this statement.

TOWN OF LA JARA, COLORADO
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contribution</u>
GOVERNMENTAL ACTIVITIES				
General government	\$ 177,758	\$ -	\$ 1,216	\$ -
Public safety	309,418	66,529	-	-
Public works	83,951	8,900	44,441	-
Culture and recreation	5,273	-	-	-
Health and welfare	22,536	-	8,998	-
Interest	235	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>599,171</u>	<u>75,429</u>	<u>54,655</u>	<u>-</u>
BUSINESS-TYPE ACTIVITY				
Water and sewer	<u>410,833</u>	<u>371,173</u>	<u>10,000</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITY	<u>410,833</u>	<u>371,173</u>	<u>10,000</u>	<u>-</u>
TOTAL	<u>\$ 1,010,004</u>	<u>\$ 446,602</u>	<u>\$ 64,655</u>	<u>\$ -</u>

General revenues -
Property taxes
Sales and use taxes
Other taxes
Payment in lieu of taxes
Unrestricted interest earnings
Other
Total general revenues

Change in net position

Net position, January 1, as restated

Net position, December 31

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activity	Total
\$ (176,542)	\$ -	\$ (176,542)
(242,889)	-	(242,889)
(30,610)	-	(30,610)
(5,273)	-	(5,273)
(13,538)	-	(13,538)
(235)	-	(235)
<u>(469,087)</u>	<u>-</u>	<u>(469,087)</u>
<u>-</u>	<u>(29,660)</u>	<u>(29,660)</u>
<u>-</u>	<u>(29,660)</u>	<u>(29,660)</u>
<u>(469,087)</u>	<u>(29,660)</u>	<u>(498,747)</u>
65,965	-	65,965
309,120	-	309,120
38,948	-	38,948
2,338	-	2,338
376	348	724
6,769	-	6,769
<u>423,516</u>	<u>348</u>	<u>423,864</u>
(45,571)	(29,312)	(74,883)
<u>876,337</u>	<u>2,501,848</u>	<u>3,378,185</u>
<u>\$ 830,766</u>	<u>\$ 2,472,536</u>	<u>\$ 3,303,302</u>

TOWN OF LA JARA, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General Fund	Conservation Trust Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 23,215	\$ 13,092	\$ 36,307
Certificates of deposit	105,670	-	105,670
Receivables -			
Accounts	4,988	-	4,988
Note	3,532	-	3,532
Property taxes	67,757	-	67,757
Other governments	59,366	-	59,366
Due from other funds	531	4,389	4,920
Inventory	576	-	576
TOTAL ASSETS	\$ 265,635	\$ 17,481	\$ 283,116
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities -			
Accounts payable	\$ 10,034	\$ -	\$ 10,034
Due to other funds	4,389	-	4,389
Total liabilities	14,423	-	14,423
Deferred inflows of resources			
Property taxes	67,757	-	67,757
Unavailable revenue	3,532	-	3,532
	71,289	-	71,289
Fund balances -			
Nonspendable	576	-	576
Restricted	16,300	17,481	33,781
Committed	-	-	-
Assigned	-	-	-
Unassigned	163,047	-	163,047
Total fund balances	179,923	17,481	197,404
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 265,635	\$ 17,481	\$ 283,116

The accompanying notes are an integral part of this statement.

TOWN OF LA JARA, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Amounts reported for governmental activities are different because:

Total fund balances - governmental funds	\$	197,404
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Capital assets used in governmental activities are not financial resources and are not reported in governmental funds

The cost of capital assets is	1,264,004		
Accumulated depreciation is	(682,249)		581,755

Recognition and measurement of the net pension asset, together with pension-related deferred outflows of resources and deferred inflows of resources in financial statements prepared using the economic resources measurement focus and the accrual basis of accounting are not financial resources and, therefore, are not reported in governmental funds

Net pension asset	541		
Deferred outflows of resources	51,127		
Deferred inflows of resources	(3,593)		48,075

Certain deferred inflows of resources (unavailable revenue) does not meet the measurable and available criteria for governmental funds but is recognized as revenue in the statement of net position and the statement of activities

	3,532
--	-------

Total net position - governmental activities	\$	830,766
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The accompanying notes are an integral part of this statement.

TOWN OF LA JARA, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	General <u>Fund</u>	Conservation Trust <u>Fund</u>	Total Governmental <u>Funds</u>
REVENUES			
Property taxes	\$ 65,965	\$ -	\$ 65,965
Sales and use taxes	309,120	-	309,120
Specific ownership taxes	18,666	-	18,666
Franchise taxes	20,282	-	20,282
Payments in lieu of taxes	2,338	-	2,338
Fees and fines	66,529	-	66,529
Licenses and permits	8,900	-	8,900
Intergovernmental	45,735	8,998	54,733
Interest earnings	369	7	376
Miscellaneous	3,159	-	3,159
TOTAL REVENUES	<u>541,063</u>	<u>9,005</u>	<u>550,068</u>
EXPENDITURES			
Current -			
General government	155,563	-	155,563
Public safety	283,298	-	283,298
Public works	77,480	-	77,480
Health and welfare	22,536	-	22,536
Debt service -			
Principal	18,066	-	18,066
Interest	1,084	-	1,084
TOTAL EXPENDITURES	<u>558,027</u>	<u>-</u>	<u>558,027</u>
NET CHANGE IN FUND BALANCES	(16,964)	9,005	(7,959)
FUND BALANCES, January 1, as restated	<u>196,887</u>	<u>8,476</u>	<u>205,363</u>
FUND BALANCES, December 31	<u>\$ 179,923</u>	<u>\$ 17,481</u>	<u>\$ 197,404</u>

The accompanying notes are an integral part of this statement.

TOWN OF LA JARA, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

Amounts reported for governmental activities are different because:

Total net change in fund balances - governmental funds	\$	(7,959)
--	----	---------

Capital outlays are reported in governmental funds as expenditures. However, for governmental activities these costs are reported in the statement of net position and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay

Capital outlay	-	
Depreciation expense	(63,285)	(63,285)

Recognition and measurement of the changes in the net pension asset, together with changes in the pension-related deferred outflows of resources and deferred inflows of resources prepared using the economic resources measurement focus and the accrual basis of accounting are not financial resources and, therefore, are not reported in governmental funds as such. Rather, pension expenditures are reported in governmental funds when paid

Pension expense	(7,466)	
Pension expenditures	10,692	3,226

Certain deferred inflows of resources (unavailable revenue) has been recognized as revenue in the statement of activities but not in the governmental funds	3,532
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The governmental funds report the proceeds from the issuance of obligations under capital leases as an other financing source and the repayments of principal on these capital lease obligations as an expenditure. Interest expense is recognized as an expenditure in the governmental funds when it is due, while interest expense is recognized when incurred in the statement of activities. The net effect of these differences in the treatment of capital lease obligations and other liabilities follows:

Principal payment on capital lease	18,066	
Interest expense on capital lease	849	18,915

Change in net position - governmental activities	\$	(45,571)
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The accompanying notes are an integral part of this statement.

TOWN OF LA JARA, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2016

	Business-Type Activity - Enterprise Fund <u>Water/Sewer Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 81,175
Certificates of deposit	92,370
Receivables -	
Accounts	<u>43,617</u>
TOTAL CURRENT ASSETS	<u>217,162</u>
NONCURRENT ASSETS	
Capital assets -	
Buildings	5,956
Infrastructure	10,683
Collection and transmission system	4,305,445
Machinery and equipment	136,349
Accumulated depreciation	<u>(1,460,040)</u>
Total capital assets	<u>2,998,393</u>
TOTAL NONCURRENT ASSETS	<u>2,998,393</u>
TOTAL ASSETS	<u>\$ 3,215,555</u>

The accompanying notes are an integral part of this statement.

	Business-Type Activity - Enterprise Fund <u>Water/Sewer Fund</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 2,651
Due to other funds	531
Notes payable	<u>63,215</u>
TOTAL CURRENT LIABILITIES	<u>66,397</u>
NONCURRENT LIABILITIES	
Notes payable	<u>676,622</u>
TOTAL NONCURRENT LIABILITIES	<u>676,622</u>
TOTAL LIABILITIES	<u>743,019</u>
NET POSITION	
Net investment in capital assets	2,258,556
Unrestricted	<u>213,980</u>
TOTAL NET POSITION	<u>\$ 2,472,536</u>

TOWN OF LA JARA, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2016

	Business-Type Activity - <u>Enterprise Fund</u> <u>Water/Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 371,173
TOTAL OPERATING REVENUES	<u>371,173</u>
OPERATING EXPENSES	
Salaries	125,021
Payroll taxes and employee benefits	17,170
Professional services	28,189
Utilities	20,811
Monitoring fees	10,950
Office supplies	11,464
Repairs and maintenance	52,402
Gas and oil	2,921
Insurance	5,809
Training	1,410
Miscellaneous	421
Depreciation	134,265
TOTAL OPERATING EXPENSES	<u>410,833</u>
OPERATING INCOME (LOSS)	<u>(39,660)</u>
NONOPERATING REVENUE (EXPENSE)	
Interest income	348
Grant	10,000
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>10,348</u>
CHANGE IN NET POSITION	(29,312)
TOTAL NET POSITION, January 1	<u>2,501,848</u>
TOTAL NET POSITION, December 31	<u>\$ 2,472,536</u>

The accompanying notes are an integral part of this statement.

TOWN OF LA JARA, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2016

	Business-Type Activity - Enterprise Fund <u>Water/Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 366,752
Cash paid for goods and services	(361,414)
Cash paid to employees	(125,021)
Cash received for interfund services	375
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(119,308)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grant received	<u>10,000</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>10,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on notes payable	(63,215)
Capital contributions received	<u>126,277</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING	<u>63,062</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings received	<u>163</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>163</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(46,083)
CASH AND CASH EQUIVALENTS, January 1	<u>127,258</u>
CASH AND CASH EQUIVALENTS, December 31	<u><u>\$ 81,175</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (39,660)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities -	
Depreciation	134,265
Changes in assets and liabilities -	
Accounts receivable	(4,421)
Due to other funds	375
Accounts payable	<u>(209,867)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u><u>\$ (119,308)</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of La Jara, Colorado (the Town) operates as a statutory town under the laws of the state of Colorado and is governed by an independently elected mayor and six trustees. The Town was organized in March 1902 and provides the following services: public safety, highway and street maintenance, culture and recreation, general government and water and sewer.

The financial statements of the Town have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Town's accounting and reporting principles and practices are described below.

A. REPORTING ENTITY

The reporting entity consists of the Town and, if applicable, organizations for which the Town is financially accountable. The Town is considered financially accountable for legally separate organizations if it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the Town. Consideration is also given to including other organizations in the reporting entity if they are considered fiscally dependent or exclusion from the Town's financial statements would render those financial statements misleading.

Based on these criteria, no potential component units have been included in the Town's reporting entity, nor is the Town a component unit of another entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements, which include the statement of net position and the statement of activities, report information on all the 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 the business-type activity, which relies to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or activity. Program revenues include, if applicable, (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or activity; (2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost by function or business-type activity is normally covered by general revenue such as property taxes, sales and use taxes, specific ownership and other taxes or other unrestricted revenues.

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Separate fund financial statements are provided for governmental funds and the proprietary fund. The major individual governmental fund and the major individual enterprise fund are reported in separate columns.

The government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. 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 fund financial statements for the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied, while grants and similar items are recognized as revenue when all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered 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 revenue to be available if collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in governmental funds, while proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales and use taxes, specific ownership taxes, grant and entitlement revenues, interest and charges for services are considered revenues susceptible to accrual. Contributions and miscellaneous revenue are recorded as revenues when received in cash because they are not generally measurable until that time. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance and, as such, entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met.

Business-type activities and the proprietary fund are accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the fund is included on the statement of net position. The proprietary fund-type operating statement presents increases (revenues) and decreases (expenses) in net total position. The proprietary fund distinguishes 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 operation. The principal operating revenues of the Town's water and sewer fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

GOVERNMENTAL FUNDS

The Town reports the following major governmental fund:

- The general fund is the primary operating fund of the Town and is always classified as a major fund. The general fund is used to account for all financial resources of the Town except those required to be accounted for in a separate fund. Major revenue sources include property taxes, sales and use taxes, franchise taxes, specific ownership taxes and intergovernmental revenues. Primary expenditures include public safety, general government and public works.

PROPRIETARY FUND

The following is a description of the major proprietary fund of the Town:

- The water and sewer fund accounts for the operations of the Town's water and sewer utility. Activities of the fund include administration, operation and maintenance of the water and sewer system, along with accumulation of resources for the payment of principal on long-term debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary.

OTHER FUND TYPES

The Town also reports the following fund type:

- Special revenue funds are used to account for revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects. The Town's special revenue fund is the conservation trust fund.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and interest and non-interest bearing demand deposits.

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when acquired, if held by the Town, are considered cash equivalents.

E. PROPERTY TAXES

Property taxes were levied on December 8, 2016 based on the assessed value of property as certified by the County Assessor by the previous October 10. Assessed values are a percentage of actual values. A reevaluation of all property must be made every two years. The last reevaluation date was January 1, 2016 for the 2014 base year specified by state law.

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

The taxes levied on December 8, 2016 reflect 2016 property taxes that will be collected in 2017 by the Conejos County Treasurer. Taxes collected by the Treasurer are remitted to the Town on a monthly basis. These taxes are due January 2, 2017 and may be paid in two installments (February 28 and June 15) or they may be paid in full April 30. Taxes not paid in accordance with this schedule accrue interest and penalty charges and are subject to liens if not paid by November, 2017.

F. INVENTORY

Inventory consists of fuel and is reported at the lower of cost (first-in, first-out) basis or market.

G. CAPITAL ASSETS

Capital assets, which include land, buildings, improvements, infrastructure, machinery and equipment, and collection and transmission systems are reported in the applicable governmental or business-type activity columns on the government-wide financial statements. The capitalization level was established at \$5,000 and the criteria for capitalization also includes (1) increasing the capacity or operating efficiency or (2) extending the useful life of the asset. These levels and criteria were set so as to maintain a balance between accountability and managing the costs of recording and tracking these assets. Capital assets are defined as assets with an initial individual cost or estimated cost that equals or exceeds the limits identified above and have a useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at acquired value at the time received. Normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activity is included as part of the capitalized value of the assets constructed when material. No interest was capitalized during the year ended December 31, 2016.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

	<u>Governmental Activity</u>	<u>Business-Type Activity</u>
Buildings	10-20	25
Improvements	10-20	-
Infrastructure	15	15
Collection and transmission system	-	15-50
Machinery and equipment	5-20	5-15

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

H. COMPENSATED ABSENCES

It is the Town's policy to permit employees to accrue earned but unused vacation and sick pay benefits. The vacation and sick pay benefits do not vest nor accumulate and thus are not recognized as an expense or liability in the government-wide or proprietary fund financial statements.

I. LONG-TERM LIABILITIES

In the government-wide statement of net position and the fund financial statements for the proprietary fund, long-term debt and other similar long-term obligations, if any, are reported as liabilities in the applicable statement of net position.

In the governmental fund financial statements, bond premium and discounts, if any, as well as bond insurance and issue costs, are recognized during the current period. The face amount of the debt issue, along with the related discount or premium, if any, is reported as other financing sources while debt insurance and issue costs are reported as debt service expenditures.

J. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire and Police Pension Association statewide defined benefit pension plan (FPPA Plan) and additions to and deductions from the FPPA plan's fiduciary net position have been determined on the same basis as they are reported by FPPA's plan. For this purpose, benefit payments (including refunds of employer contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. FUND EQUITY

Governmental funds report fund balance in classifications based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for the Town's governmental funds consists of the following:

- Nonspendable – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories, prepaid items and long-term notes receivable.
- Restricted – includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.
- Committed – includes amounts that can only be used for the specific purposes determined by the passage of a resolution of the Town's board of trustees. Commitments may be modified or changed only by the Town's board of trustees approving a new resolution.

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

- Assigned – includes amounts intended to be used by the Town for specific purposes that are neither restricted nor committed. Intent is expressed by the Town's manager to which the assigned amounts are to be used for specific purposes. Assigned amounts include appropriations of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget.
- Unassigned – this is the residual classification for the general fund.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, fund balance is reduced in the order of restricted, committed, assigned and unassigned.

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

- Net investment in capital assets – this classification consists of capital assets net of accumulated depreciation and reduced by outstanding related debt that is attributed to the acquisition, construction or improvement of capital assets.
- Restricted net position – this classification consists of restrictions created by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation and constitutional provisions.
- Unrestricted net position – this classification represents the remainder of net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

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

L. INTERFUND TRANSACTIONS

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as interfund transfers.

M. ESTIMATES

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

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY PRINCIPLES

The Town adheres to the following procedures in establishing its budgets.

On or before October 15 of each year, the Town manager 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. Public hearings are conducted by the board of trustees to obtain taxpayer comments. The Town adopts budgets for all funds and the Town uses the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets for all funds. In addition, appropriations lapse at the end of the year.

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation resolution. The board of trustees may amend the original adopted budget during the year by passing a new resolution to reflect current needs and during 2016 the expenditure estimates were not amended.

For each legally adopted annual operating budget, budgetary control exists at the total fund level. That is to say, total expenditures for each fund cannot legally exceed total appropriations for that fund.

III. DETAILED NOTES FOR ALL FUNDS

A. CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

Cash and cash equivalents are summarized as follows:

Cash on hand	\$ 1,460
Demand deposits	<u>116,022</u>
	<u><u>\$ 117,482</u></u>

DEPOSITS

At December 31, 2016, the carrying amount of the Town's deposits, including certificates of deposit, was \$314,062 and the bank balance was \$320,055, which was entirely insured in banks qualified under the Public Deposit Protection Act.

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

B. INTERFUND RECEIVABLES/PAYABLES

The following interfund receivables and payables are included in the fund financial statements at December 31, 2016:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental funds –		
General fund	\$ 531	\$ 4,389
Conservation trust fund	4,389	-
Enterprise fund –		
Water and sewer fund	-	531
	<u>\$ 4,920</u>	<u>\$ 4,920</u>

The amounts reported as due from other funds and due to other funds are reflective of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts reflected as due from other funds are expected to be collected in the subsequent year.

C. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2016 was as follows:

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>
Governmental activities –				
Nondepreciable assets –				
Land	\$ 92,875	\$ -	\$ -	\$ 92,875
Total capital assets not being depreciated	<u>92,875</u>	<u>-</u>	<u>-</u>	<u>92,875</u>
Depreciable assets –				
Buildings	448,962	-	-	448,962
Improvements	211,311	-	-	211,311
Infrastructure	10,683	-	-	10,683
Machinery and equipment	<u>500,173</u>	<u>-</u>	<u>-</u>	<u>500,173</u>
Total capital assets being depreciated	<u>1,171,129</u>	<u>-</u>	<u>-</u>	<u>1,171,129</u>

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>
Less: accumulated depreciation for –				
Buildings	(210,343)	\$ (18,542)	\$ -	\$ (228,885)
Improvements	(61,657)	(9,346)	-	(71,003)
Infrastructure	(8,010)	(712)	-	(8,722)
Machinery and equipment	(338,954)	(34,685)	-	(373,639)
Total accumulated depreciation	<u>(618,964)</u>	<u>(63,285)</u>	<u>-</u>	<u>(682,249)</u>
Capital assets being depreciated, net	<u>552,165</u>	<u>(63,285)</u>	<u>-</u>	<u>488,880</u>
Total governmental activities capital assets, net	<u>\$ 645,040</u>	<u>\$ (63,285)</u>	<u>\$ -</u>	<u>\$ 581,755</u>
Business-type activities –				
Depreciable assets –				
Collection and transmission system	4,305,444	-	-	4,305,444
Building	5,956	-	-	5,956
Infrastructure	10,683	-	-	10,683
Machinery and equipment	136,350	-	-	136,350
Total capital assets being depreciated	<u>4,458,433</u>	<u>-</u>	<u>-</u>	<u>4,458,433</u>
Less: accumulated depreciation for –				
Collection and transmission system	(1,175,699)	(133,312)	-	(1,309,011)
Building	(5,956)	-	-	(5,956)
Infrastructure	(8,011)	(712)	-	(8,723)
Machinery and equipment	(136,109)	(241)	-	(136,350)
Total accumulated depreciation	<u>(1,325,775)</u>	<u>(134,265)</u>	<u>-</u>	<u>(1,460,040)</u>
Capital assets being depreciated, net	<u>3,132,658</u>	<u>(134,265)</u>	<u>-</u>	<u>2,998,393</u>
Total business-type activities capital assets, net	<u>\$ 3,132,658</u>	<u>\$ (134,265)</u>	<u>\$ -</u>	<u>\$ 2,998,393</u>

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

Depreciation expense was charged to functions/programs as follows:

Governmental activities –	
General government	\$ 22,195
Public safety	29,346
Public works	6,471
Culture and recreation	<u>5,273</u>
Total depreciation expense – governmental activities	<u>\$ 63,285</u>
Business-type activities –	
Water and sewer	<u>\$ 134,265</u>
Total depreciation expense business-type activities	<u>\$ 134,265</u>

D. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities in the government-wide financial statements for the year ended December 31, 2016:

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>	Due Within <u>One Year</u>
Governmental activities					
Obligation under capital lease	\$ <u>18,066</u>	\$ <u>-</u>	\$ <u>18,066</u>	\$ <u>-</u>	\$ <u>-</u>
Total governmental activities	\$ <u>18,066</u>	\$ <u>-</u>	\$ <u>18,066</u>	\$ <u>-</u>	\$ <u>-</u>

Payments on the obligation under capital lease are recorded in the general fund.

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>	Due Within <u>One Year</u>
Business-type activities –					
Notes payable –					
Colorado Water Resources and Power Development Authority	\$ 95,000	\$ -	\$ 10,000	\$ 85,000	\$ 10,000
Colorado Water Resources and Power Development Authority	393,750	-	37,500	356,250	37,500
Colorado Water Resources and Power Development Authority	<u>350,000</u>	<u>-</u>	<u>51,413</u>	<u>298,587</u>	<u>15,715</u>
	<u>\$ 838,750</u>	<u>\$ -</u>	<u>\$ 98,913</u>	<u>\$ 739,837</u>	<u>\$ 63,215</u>

These obligations are serviced by the water and sewer proprietary fund.

The following is a description of each individual issue for the business-type activity.

Notes payable

\$200,000 interest-free loan with Colorado Water Resources and Power Development Authority series 2005; due in semi-annual installments of \$5,000 through May, 2025; debt is serviced by the water and sewer fund and on which revenue is pledged as collateral \$ 85,000

\$750,000 interest-free loan with Colorado Water Resources and Power Development Authority, series 2006; due in semi-annual installments of \$18,750 through May, 2026; debt is serviced by the water and sewer fund and on which revenue is pledged as collateral 356,250

\$350,000 interest-free loan with Colorado Water Resources and Power Development Authority, series 2015; payment of \$35,698 due April 14, 2016 from restricted cash and cash equivalents (held by lender); thereafter due in semi-annual installments of \$7,858 through November, 2035; debt is serviced by the water and sewer fund and on which revenue is pledged as collateral 298,587

\$ 739,837

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

III. DETAILED NOTES FOR ALL FUNDS (Cont'd.)

The debt service requirements to maturity for these obligations are as follows:

<u>Year ended December 31,</u>	<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 63,215	\$ -	\$ 63,215
2018	63,215	-	63,215
2019	63,215	-	63,215
2020	63,215	-	63,215
2021	63,215	-	63,215
2022-2026	282,326	-	282,326
2027-2031	78,576	-	78,576
2032-2035	62,860	-	62,860
	<u>\$ 739,837</u>	<u>\$ -</u>	<u>\$ 739,837</u>

E. DEFINED BENEFIT PENSION PLAN

General Information About the Pension Plan

FPPA's statewide defined benefit pension plan (FPPA Plan) is a cost-sharing multiple-employer defined benefit pension plan. The Plan is administered by the Fire and Public Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained from FPPA's website at <http://www.fppaco.org>.

Benefits

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the FPPA Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the FPPA Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

E. DEFINED BENEFIT PENSION PLAN (Cont'd.)

Contributions

The FPPA Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the FPPA Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the FPPA Plan and their employers contribute at the rate of 8.5 percent and 8 percent, respectively, of base salary for a total contribution rate of 16.5 percent in 2015. In 2014, the members elected to increase the member contribution rate to the FPPA Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20.5 percent of base salary in 2015. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Based on the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4.25 percent and 4 percent, respectively, of base salary for a total contribution rate of 8.25 percent through 2015. Based on the 2014 member election, members of the affiliated social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the FPPA Plan from the Town of LaJara were \$10,692 for the year ended December 31, 2016.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2016, the Town reported an asset of \$541 for its proportionate share of the net pension asset. The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability (asset) used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The Town's proportion of the net pension asset was based on the Town's contributions to the FPPA Plan for the calendar year 2015 relative to the total contributions of participating employers to the FPPA Plan.

At December 31, 2015, the Town's proportion was 0.031 percent, which was an increase of 0.003 percent from its proportion measured as of December 31, 2014.

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

E. DEFINED BENEFIT PENSION PLAN (Cont'd.)

For the year ended December 31, 2016, the Town recognized pension expense of \$7,466. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 639
Net difference between projected and actual earnings on pension plan investments	27,553	-
Difference between actual and expected experience	8,503	-
Change in assumptions	4,379	-
Change in proportionate share	-	2,923
Differences between contributions recognized and proportionate share of contributions	-	31
Contributions subsequent to the measurement date	<u>10,692</u>	<u>-</u>
	<u>\$ 51,127</u>	<u>\$ 3,593</u>

\$10,692 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	
2017	\$ 8,061
2018	8,061
2019	8,061
2020	7,378
2021	1,002
Thereafter	<u>4,279</u>
	<u>\$ 36,842</u>

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

E. DEFINED BENEFIT PENSION PLAN (Cont'd.)

Actuarial Assumptions

The actuarial valuations for the FPPA Plan were used to determine the total pension liability and actuarially determined contributions for the year ending December 31, 2015. The valuations used the following actuarial assumption and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarially Determined Contributions</u>
Actuarial valuation date	January 1, 2016	January 1, 2015
Actuarial method	Entry age normal	Entry age normal
Amortization method	Level % of payroll, open	Level % of payroll, open
Amortization period	30 years	30 years
Long-term investment rate of return *	7.50 percent	7.50 percent
Projected salary increases *	4.0 – 14.0 percent	4.0 – 14.0 percent
Cost of living and adjustments (COLA)	0.00 percent	0.00 percent
*Includes inflation at	2.5 percent	3.0 percent

In determining the total pension liability, the RP-2014 mortality tables for blue collar employees, projected with scale BB, 55 percent multiplier for off-duty mortality was used in the valuation for off-duty mortality of active members. The RP-2014 mortality tables for blue collar employees, projected with scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 mortality tables for blue collar healthy annuitants, projected with scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

In determining the actuarially determined contributions, the RP-2000 combined mortality table with blue collar adjustment, projected with scale AA, 40 percent multiplier for off-duty mortality was used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 combined mortality table with blue collar adjustment, projected with scale AA was used in the projection of post-retirement benefits.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries based on their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

E. DEFINED BENEFIT PENSION PLAN (Cont'd.)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0% *
Total	<u>100.0%</u>	

*While the expected inflation exceeds the expected rate of return for cash, a 0.0 percent real rate of return is utilized.

Discount Rates

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the FPPA Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the FPPA Plan fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the FPPA Plan's projected fiduciary net position is not sufficient to pay benefits.).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.50%.

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

E. DEFINED BENEFIT PENSION PLAN (Cont'd.)

Sensitivity of the Town's Proportionate Share of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension (asset) liability calculated using the single rate discount assumption of 7.5%, as well as what the Town's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Single Discount Rate Assumption (7.50%)	1% Increase (8.50%)
Town's proportionate share of the net pension (asset) liability	\$ 75,838	\$ (541)	\$ (63,896)

Pension Plan Fiduciary Net Position

Detailed information about FPPA's Plan fiduciary net position is available in FPPA's Comprehensive Annual Financial Report which can be obtained at <http://www.fppaco.org>.

F. NET POSITION

Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2016 for governmental activities is as follows:

Tabor	\$ 16,300
Parks projects	17,481
Pension-related	<u>541</u>
	<u>\$ 34,322</u>

Restricted for tabor – This represents approximately 3% of the Town's fiscal year spending as that term is defined in the Colorado constitution. Under these provisions of the constitution, this portion of the Town's net position can be used for declared emergencies only and the Town must maintain 3% or more of its fiscal year spending in this account.

Restricted for parks projects – The amount reported in this category represents the fund balance of the Town's conservation trust special revenue fund that is restricted for parks projects under state law.

Restricted for pension-related – This caption represents the Town's proportionate share of the net pension asset of the statewide cost-sharing, multiple-employer defined benefit pension plan (FPPA Plan).

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

F. NET POSITION (Cont'd.)

PRIOR PERIOD ADJUSTMENT

Net position at January 1, 2016 has been restated from amounts previously reported as follows:

	<u>Governmental Activities</u>
Net position at January 1, 2016, as previously reported	\$ 849,605
Prior period adjustment to correct accruals of certain revenues –	
Sales tax and other taxes	23,546
Highway users tax allocation	<u>3,186</u>
Net position at January 1, 2016, as restated	<u>\$ 876,337</u>

G. FUND BALANCES

At December 31, 2016, fund balances for governmental funds consist of the following:

	<u>Governmental Activities</u>		
	<u>General Fund</u>	<u>Conservation Trust Fund</u>	<u>Total</u>
Nonspendable -			
Inventories	\$ 576	\$ -	\$ 576
Restricted –			
Tabor	16,300	-	16,300
Parks projects	-	17,481	17,481
Unassigned	<u>163,047</u>	<u>-</u>	<u>163,047</u>
Total fund balances	<u>\$ 179,923</u>	<u>\$ 17,481</u>	<u>\$ 197,404</u>

PRIOR PERIOD ADJUSTMENT

Fund balance at January 1, 2016 for the general fund has been restated from amounts previously reported as follows:

	<u>General Fund</u>
Fund balance at January 1, 2016, as previously reported	\$ 170,155
Prior period adjustment to correct accrual of certain revenues –	
Sales tax and other taxes	23,546
Highway users tax allocation	<u>3,186</u>
Fund balance at January 1, 2016, as restated	<u>\$ 196,887</u>

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

IV. OTHER NOTE DISCLOSURES

A. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; property and casualty, errors and omissions, injuries to employees, and health claims. Risks of loss from torts, errors and omissions, property and casualty, and injuries to employees are covered by the Town's participation in the Colorado Intergovernmental Risk Pool (CIRSA) which is a separate and independent governmental public entity risk pool formed through intergovernmental agreement by member municipalities to provide defined coverage of covered risks. The membership agreement provides that the pool be self-sustaining through member premiums and reinsure with commercial companies for claims in excess of identified limits.

Employer health claims are covered by commercial insurance. Settlement claims for each of the last three years did not exceed insurance coverage amounts in areas where commercial insurance is used to cover the risk of loss.

B. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

New Hire Fire and Police Death and Disability

The Town contributes to the statewide, cost-sharing, multiple-employer death and disability plan administered by the Colorado Fire and Police Pension Association (FPPA). The statewide plan provides death and disability benefits for those new hires employed after January 1, 1997 and their beneficiaries. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available financial report that includes the statewide death and disability plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado, 80111, or by calling FPPA at 770-3772 in the Denver metro area or 1-800-332-3772 from outside the metro area.

Plan members and the Town are required to contribute at a rate set by statute. The contribution requirements of plan members of the Town are established under Title 31, Article 30, part 10 of the CRS, as amended. The contribution rate for members is 2.60% of covered salary and for the Town the contribution rate is 0.0090% of covered salary. The Town's contributions to the statewide death and disability plan for the years ended December 31, 2016, 2015 and 2014 were \$0, \$0, and \$0, equal to its required contributions for each year.

C. OTHER ITEMS

Colorado voters passed an amendment to the state constitution in November, 1992 which contains several limitations, including revenue raising, spending abilities and other specific requirements affecting state and local governments. The amendment, commonly known as the Tabor amendment, is complex and subject to judicial interpretation; however, the Town believes it is in compliance with the requirements of the amendment. The Town has made certain interpretations of the amendment's language in order to determine its compliance.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LA JARA, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual Budget Basis	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 68,236	\$ 68,236	\$ 65,965	\$ (2,271)
Sales and use taxes	320,250	320,250	309,120	(11,130)
Specific ownership taxes	19,000	19,000	18,666	(334)
Franchise and other taxes	29,144	29,144	22,620	(6,524)
Fees and fines	139,042	139,042	66,529	(72,513)
Licenses and permits	14,740	14,740	8,900	(5,840)
Intergovernmental -				
Highway users tax	40,145	40,145	42,273	2,128
Other	4,347	4,347	3,462	(885)
Interest	356	356	369	13
Other	3,956	3,956	3,159	(797)
TOTAL REVENUES	<u>639,216</u>	<u>639,216</u>	<u>541,063</u>	<u>(98,153)</u>
EXPENDITURES				
Current -				
General government -				
Town manager -				
Salary	36,360	36,360	36,000	360
Payroll taxes and benefits	13,476	13,476	13,188	288
Office	2,400	2,400	879	1,521
Travel	3,500	3,500	1,419	2,081
Repairs and maintenance	3,500	3,500	1,732	1,768
Other	1,800	1,800	4,142	(2,342)
Other general government -				
Salaries	32,576	32,576	24,540	8,036
Payroll taxes and benefits	5,398	5,398	7,173	(1,775)
Municipal judge	6,000	6,000	6,000	-
Elections	2,000	2,000	755	1,245
Professional services	12,319	12,319	14,650	(2,331)
Office	3,000	3,000	7,260	(4,260)
Membership fees	1,200	1,200	2,609	(1,409)
Insurance	5,436	5,436	5,346	90
Supplies	2,500	2,500	3,083	(583)
Travel/training	3,400	3,400	9,363	(5,963)
Telephone	2,400	2,400	2,382	18
Printing	2,250	2,250	1,470	780

TOWN OF LA JARA, COLORADO
BUDGETARY COMPARISON SCHEDULE (Cont'd.)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	Original <u>Budget</u>	Final <u>Budget</u>	Actual Budget <u>Basis</u>	Variance With Final Budget Positive <u>(Negative)</u>
EXPENDITURES (Cont'd.)				
Current -				
Other general government -				
Utilities	4,500	4,500	4,706	(206)
County treasurer fees	1,900	1,900	1,629	271
Other	35,474	35,474	7,237	28,237
	<u>181,389</u>	<u>181,389</u>	<u>155,563</u>	<u>25,826</u>
Public safety -				
Salaries	179,277	179,277	165,461	13,816
Payroll taxes and benefits	58,921	58,921	45,985	12,936
Gas/oil	6,000	6,000	4,067	1,933
Utilities	2,700	2,700	2,589	111
Repairs and maintenance	4,000	4,000	2,688	1,312
Operations	11,000	11,000	23,202	(12,202)
Telephone	4,095	4,095	3,903	192
Insurance	9,478	9,478	8,933	545
Uniforms & cleaning	2,000	2,000	2,106	(106)
Travel	-	-	717	(717)
Dispatch	10,000	10,000	17,658	(7,658)
Training	6,500	6,500	2,496	4,004
Fire prevention	225	225	585	(360)
Supplies	500	500	458	42
Other	4,500	4,500	2,450	2,050
	<u>299,196</u>	<u>299,196</u>	<u>283,298</u>	<u>15,898</u>
Public works -				
Salaries	29,308	29,308	27,037	2,271
Payroll taxes and benefits	7,276	7,276	6,842	434
Streets	8,060	8,060	9,997	(1,937)
Street lights	20,000	20,000	17,181	2,819
Supplies	20,000	20,000	10,998	9,002
Gas/oil	3,045	3,045	1,984	1,061
Insurance	2,500	2,500	2,291	209
Utilities	156	156	168	(12)
Uniforms	400	400	304	96
Telephone	636	636	678	(42)
Training	200	200	-	200
Other	29,500	29,500	-	29,500
	<u>121,081</u>	<u>121,081</u>	<u>77,480</u>	<u>43,601</u>

TOWN OF LA JARA, COLORADO
BUDGETARY COMPARISON SCHEDULE (Cont'd.)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
EXPENDITURES (Cont'd.)				
Current -				
Health and welfare	<u>18,400</u>	<u>18,400</u>	<u>22,536</u>	<u>(4,136)</u>
Debt service	<u>19,150</u>	<u>19,150</u>	<u>19,150</u>	<u>-</u>
TOTAL EXPENDITURES	<u>639,216</u>	<u>639,216</u>	<u>558,027</u>	<u>81,189</u>
NET CHANGE IN FUND BALANCE	-	-	(16,964)	(16,964)
FUND BALANCE, January 1	<u>-</u>	<u>-</u>	<u>196,887</u>	<u>196,887</u>
FUND BALANCE, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,923</u>	<u>\$ 179,923</u>

TOWN OF LA JARA, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2016

BUDGETARY INFORMATION

The Town of La Jara, Colorado (the Town) adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedule.

On or before October 15, the district manager 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. Public hearings are conducted by the board of trustees to obtain taxpayer comments. The Town adopts budgets for all funds. The general fund uses the current financial resources measurement focus and the modified accrual basis of accounting in preparing its budget.

Expenditure estimates in the annual budget are enacted into law by the passage of an appropriation resolution. Budgetary control exists at the total fund level and encumbrance accounting is not employed as part of the budgetary process.

TOWN OF LA JARA, COLORADO
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
FIRE AND POLICE PENSION ASSOCIATION
NEW HIRE FIRE AND POLICE PLAN

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset)	(0.031%)	(0.0282)%	0.0278%
Town's proportionate share of the net pension liability (asset)	\$ (541)	\$ (31,826)	\$ (24,948)
Town's covered payroll	\$ 148,875	\$ 126,433	\$ 120,810
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employer payroll	(.363%)	(25.172%)	(20.651%)
Plan fiduciary net position as a percentage of the total pension liability	100.10%	106.80%	105.80%

Note: This schedule is intended to present information for 10 years. Since the implementation of GASB 68 became effective for the year ended December 31, 2015, only three years of the required supplementary information is reported and additional years will be added as the information becomes available.

TOWN OF LA JARA, COLORADO
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION
NEW HIRE FIRE AND POLICE PLAN

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 11,910	\$ 10,115	\$ 9,665
Contributions in relation to the contractually required contribution	<u>(11,910)</u>	<u>(10,115)</u>	<u>(9,665)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 148,875	\$ 126,493	\$ 120,810
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	8.00%

Note: This schedule is intended to present information for 10 years. Since the implementation of GASB 68 became effective for the year ended December 31, 2015, only three years of the required supplementary information is reported and additional years will be added as the information becomes available.

ADDITIONAL INFORMATION

SPECIAL REVENUE FUND

TOWN OF LA JARA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CONSERVATION TRUST FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 8,800	\$ 8,998	\$ 198
Interest	<u>-</u>	<u>7</u>	<u>7</u>
TOTAL REVENUES	<u>8,800</u>	<u>9,005</u>	<u>205</u>
EXPENDITURES			
Current -			
Parks projects	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	8,800	9,005	205
FUND BALANCE, January 1	<u>-</u>	<u>8,476</u>	<u>8,476</u>
FUND BALANCE, December 31	<u><u>\$ 8,800</u></u>	<u><u>\$ 17,481</u></u>	<u><u>\$ 8,681</u></u>

ENTERPRISE FUND

TOWN OF LA JARA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WATER/SEWER FUND
YEAR ENDED DECEMBER 31, 2016

	Actual - Budget Basis			Final	Variance
	Water	Sewer	Total	Budget	with Final
	Activities	Activities			Budget
					Positive
					(Negative)
REVENUES AND OTHER					
FINANCING SOURCES					
Service charges	\$ 170,006	\$ 199,417	\$ 369,423	\$ 396,248	\$ (26,825)
Tap and connection fees	1,250	500	1,750	5,250	(3,500)
Interest	174	174	348	310	38
Grant	10,000	-	10,000	-	10,000
TOTAL REVENUES					
AND OTHER					
FINANCING SOURCES	181,430	200,091	381,521	401,808	(20,287)
EXPENDITURES					
Current -					
Salaries	62,510	62,511	125,021	118,834	(6,187)
Payroll taxes and employee					
benefits	8,585	8,585	17,170	14,094	(3,076)
Professional services	13,381	14,808	28,189	32,120	3,931
Utilities	2,387	18,424	20,811	25,104	4,293
Monitoring fees	3,569	7,381	10,950	15,905	4,955
Office supplies	6,214	5,250	11,464	16,179	4,715
Repairs and maintenance	43,784	8,618	52,402	88,659	36,257
Gas and oil	1,469	1,452	2,921	4,568	1,647
Insurance	2,446	3,363	5,809	5,280	(529)
Travel/training	1,361	49	1,410	7,100	5,690
Miscellaneous	421	-	421	8,925	8,504
Debt service -					
Principal	10,000	53,215	63,215	65,040	1,825
TOTAL EXPENDITURES	156,127	183,656	339,783	401,808	62,025
NET CHANGE IN FUND BALANCE	\$ 25,303	\$ 16,136	41,738	\$ -	\$ -
GAAP ADJUSTMENTS					
Depreciation			(134,265)		
Principal payments			63,215		
CHANGE IN NET POSITION			\$ (29,312)		

OTHER SCHEDULES

LOCAL HIGHWAY FINANCE REPORT	City or County:
This Information From The Records Of (example - City of _ or County of _) Town of La Jara	Prepared By:
	Shawn Pagnotta (719)274-5363

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	59,723
3. Other local imposts (from page 2)	2,168
4. Miscellaneous local receipts (from page 2)	64,500
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	126,391
B. Private Contributions	
C. Receipts from State government (from page 2)	60,878
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	187,269

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	3,859
3. Road and street services:	
a. Traffic control operations	4,797
b. Snow and ice removal	
c. Other	17,181
d. Total (a. through c.)	21,979
4. General administration & miscellaneous	3,248
5. Highway law enforcement and safety	158,183
6. Total (1 through 5)	187,269
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	187,269

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		187,269	187,269		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2016	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	46,301
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	18,199
5. Specific Ownership &/or Other	2,168	g. Other Misc. Receipts	
6. Total (1. through 5.)	2,168	h. Other	
c. Total (a. + b.)	2,168	i. Total (a. through h.)	64,500
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	42,212	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	18,666	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	18,666	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	60,878	3. Total (1. + 2.g)	
		(Carry forward to page 1)	

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)
Notes and Comments:			