cPa DIXON, WALLER & CO., INC.

TOWN OF LA VETA, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2020

TABLE OF CONTENTS

TOWN OF LA VETA, COLORADO
FINANCIAL STATEMENTS
December 31, 2020

TOWN OF LA VETA, COLORADO
ROSTER OF OFFICIALS
December 31, 2020

Doug Brgoch	Mayor
Mickey Schmidt	Mayor Pro-Tem
Jack Grimm	Trustee
Tim Tady	Trustee
Derek Sokoloski	Trustee
Connie Grimm	Trustee
Kenny Arnold	Trustee

FINANCIAL SECTION

cPa **DIXON, WALLER & CO., INC.** CERTIFIED PUBLIC ACCOUNTANTS

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

Independent Auditor's Report

To the Honorable Mayor and
the Board of Trustees
Town of La Veta
La Veta, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of La Veta, as of and for the year ended December 31, 2020, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of La Veta, as of December 31, 2020, 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 and budgetary comparison information on pages i through viii and 34 through 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of La Veta's basic financial statements. The other schedules and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The combining other schedules, state required schedules and the schedule of expenditures of federal awards 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 other schedules, state required schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of Town of La Veta's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of La Veta's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of La Veta's internal control over financial reporting and compliance.

Dixon, Waller & Co., Inc.

June 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of La Veta
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2020

As management of the Town of La Veta, we offer readers of the Town of La Veta's financial statements this narrative overview and analysis of the financial activities of the Town of La Veta for the fiscal year ended December 31, 2020. The focus of the information is on the primary government (general) fund. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town of La Veta's financial statements, which follow this narrative.

The Town of La Veta has adopted a new financial reporting model promulgated by the Government Accounting Standards Board (GASB). In accordance with GASB Statement No. 34, Basic Financial Statement and Management Discussion and Analysis for State and Local Governments, the Town of La Veta is not required to restate prior periods for purposes of providing comparative information. However, in future years, when prior year information is available, a comparative analysis of the government wide information will be presented.

Financial Highlights

- The assets of the Town of La Veta exceeded its liabilities at the close of the fiscal year by $9,112,774.00 (net assets).
- The government's total net assets increased by $480,262.00 primarily due to increases in the government and business type activities net assets.
- As of the close of the current fiscal year, the Town of La Veta's governmental funds reported combined ending fund balances of $3,701,827.00.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $1,148,044.00 for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of La Veta's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of La Veta.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net assets and how they have changed. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes, county and town taxes, cigarette tax, motor fuel tax, highway user tax, franchise taxes, business, contractor and liquor licensing fees, court and traffic fines, and leases finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include water and sewer services offered by the Town of La Veta. The final category is the component unit.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of La Veta, like all other governmental entities in Colorado, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of La Veta can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into case flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-terms spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – The Town of La Veta has two proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of La Veta uses enterprise funds to account for its water operations and sewer operation. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of La Veta's progress in funding its obligation to provide pension benefits to its police force.

Government-Wide Financial Analysis

The government-wide financial statements for the fiscal year ended December 31, 2004 are the beginning of a new era in financial reporting for the Town of La Veta and many other units of government across the United States. Prior to this year, the Town of La Veta maintained their governmental and proprietary fund groups as two separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the Town of La Veta. These statements were basically the equivalent of the fund financial statements that appeared in the report with fiduciary funds and two account groups, the long-terms debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the Town of La Veta's financial reports as well as those of many other units of government. While other units of government were required to implement these changes for the fiscal year ended June 20, 2002 or 2003, the Town of La Veta was required to implement Statement 34 as of December 31, 2004.

Because of the new reporting model, comparative data for all facets of this report are not available. When comparative numbers are accessible, they have been included, such as with net assets. Future years' reports will have more comparative data that will allow more opportunities for comparative analysis.

Table 1
Net Assets

NET POSITION	2020 Governmental Activities	2019 Governmental Activities	2020 Business Type Activities	2019 Business Type Activities	Total 2020	Total 2019
ASSETS						
Current and Other Assets	1,358,545	1,554,323	2,346,292	1,906,240	3,704,837	3,460,563
Capital Assets - Net	2,455,170	2,432,439	4,974,983	4,526,537	7,430,153	6,958,976
Total Assets	3,813,715	3,986,762	7,321,275	6,432,777	11,134,990	10,419,539
Deferred Outflows	52,160	57,643	-	-	52,160	
LIABLITIES						
Current and Other Liablities	91,402	361,707	625,749	75,937	717,151	437,644
Long Term Liabilities	20,336	18,528	1,284,579	1,345,961	1,304,915	1,364,489
Total Liabilities	111,738	380,235	1,910,328	1,421,898	2,022,066	1,802,133
Deferred Inflows	52,310	42,537	-	-	52,310	
NET POSITION						
Invested in capital assets, Ne	2,455,170	2,432,439	3,641,028	3,127,713	6,096,198	5,560,152
Restricted for:						
Recreation	64,613	60,320	-	-	64,613	60,320
Tabor Reserve	34,000	24,100	-	-	34,000	24,100
Unrestricted	1,148,044	1,104,774	1,769,919	1,883,166	2,917,963	2,987,940
	3,701,827	3,621,633	5,410,947	5,010,879	9,112,774	8,632,512

Table 2
Changes in Net Assets

Changes in Net Position	2020 Governmental Activities	2019 Governmental Activities	2020 Business Type Activities	2019 Business Type Activities	Total 2020	Total 2019
Revenues						
Property taxes	42,156	40,579	-	-	42,156	40,579
Specific ownership taxes	4,803	5,426	-	-	4,803	5,426
Sales and Use Taxes	587,418	567,452	-	-	587,418	567,452
Fanchise Taxes	30,209	29,699	-	-	30,209	29,699
Earnings on investments	1,302	1,082	3,313	2,846	4,615	3,928
Other Revenues	57,230	12,016	-	-	57,230	12,016
Charges for services	62,666	90,230	629,870	643,057	692,536	733,287
Operating Grants	-	-	-	19,459	-	19,459
Capital Grants	1,030,796	1,724,818	291,335	-	1,322,131	1,724,818
Transfers		-	-	-	-	-
TOTAL REVENUES	1,816,580	2,471,302	924,518	665,362	2,741,098	3,136,664
Expenses						
Administrative	310,206	219,953		-	310,206	219,953
Public Works	1,195,041	1,991,837		-	1,195,041	1,991,837
Public Safety	109,870	27,173		-	109,870	27,173
Community Service	120,588	98,736		-	120,588	98,736
Sewer Fund	-	-	193,419	173,288	193,419	173,288
Water Fund	-	-	331,031	349,285	331,031	349,285
Pension Change	681	(11,397)		-	681	(11,397)
TOTAL EXPENSES	1,736,386	2,326,302	524,450	522,573	2,260,836	2,848,875
Increase (Decrease in Net Position)	80,194	145,000	400,068	142,789	480,262	287,789

Governmental Activities

The following table shows the Town's major functions. It also shows the net costs (total cost less revenues generated by activities).

Table 3
Government Activities
(Net of Depreciation)

Governmental Activities by Major Function	2020		2019	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Administrative	310,206	(248,349)	219,953	(92,830)
Public Works	1,195,041	(235,756)	1,991,837	(319,019)
Public Safety	109,870	(109,126)	27,173	(24,991)
Community Service	120,588	(49,012)	98,736	(85,811)
Total	1,735,705	(642,243)	2,337,699	(522,651)

- **Most of the Town's costs, however, were financed by Town and State taxpayers. This portion of governmental activities was financed with $46,959.00 local property and specific ownership taxes, and $1,302.00 investment earnings and other miscellaneous revenue, and donations.**

Business-Type Activities

Business–type activities are made up the water and sewer funds. These programs had revenues of $924,518.00 and expenses of $524,450.00.

Financial Analysis of the Town's Funds

General Fund Budgetary Highlights

The Town's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Highlights of the executed budget are as follows:

- **Actual revenues in the General Fund were $345,266.00 higher than anticipated.**
- **Total expenditures of the General Fund were $122,765.00 higher than budgeted.**

- **The Town must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights).**

Capital Assets and Debt Administration

Capital Assets

The Town's net investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to $7,430,153.00.

Table 4
Capital Assets

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	828,044	-	-	-	828,044
Construction in Progress	-	121,802			121,802
Total Capital Assets Not Being Depreciated:	828,044	121,802	-	-	949,846
Capital Assets Being Depreciated:					
Buildings	883,077	-	-	-	883,077
Equipment	640,370	39,100	28,688	-	650,782
Site Improvements	1,814,902	-	-		1,814,902
Total Capital Assets Being Depreciated	3,338,349	39,100	28,688	-	3,348,761
Less Accumulated Depreciation for:					
Buildings	591,485	31,397			622,882
Equipment	464,927	39,040	28,688		475,279
Site Improvements	677,542	67,734			745,276
Total Accumulated Depreciation	1,733,954	138,171	28,688		1,843,437
Governmental Activities Capital Assets , Net	2,432,439	22,731	-		2,455,170
Business-Type Activities					
Capital Assets not Being Depreciated:					
Land, Equity, Water Rights	520,712	-	-		520,712
Construction in Progress	494,661	624,610	-		1,119,271
Total Capital Assets not Being Depreciated:	1,015,373	624,610	-		1,639,983
Capital Assets Being Depreciated:					
Buildings & Systems	6,392,579		-		6,392,579
Total Capital Assets Being Depreciated	6,392,579	-	-		6,392,579
Less Accumulated Depreciation for:					
Systems & Buildings	2,881,415	176,164			3,057,579
Total Accumulated Depreciation	2,881,415	176,164			3,057,579
Business-Type Activities Capital Assets, Net	4,526,537	448,446	-		4,974,983

At year-end, the Town had $1,333,955 in water and sewer loans

Table 5
Long-Term Debt
Governmental Activities

Changes in Long - Term Debt	Beg Bal 1/1/2020	Additions	Deletions	End Bal 12/31/2020
Water Fund				
Note Payable - Colorado Water Resource	815,397	-	34,992	780,405
	-			-
Colorado Water Conservation Board Loan	287,927	-	10,377	277,550
Sewer				
Water Pollution Revolving Fund Loan	202,500	-	13,500	189,000
Water Pollution Revolving Fund Loan	93,000	-	6,000	87,000
	-			-
	1,398,824	-	64,869	1,333,955

Economic Factors Bearing on the Town's Future

The Town of La Veta, like many other small municipalities depend on tourism, in part, to provide sales tax revenues to help provide public service and public safety services. These revenues change dependent on conditions within the local area and sometimes the state. When required the Town's management, the Board of Trustees, provide direction as to necessary expenditures to provide a continuing balance in funds received and those available for expenditures, allowing for an adequate cash flow.

To make projections of revenues for the general fund is difficult when there is a certain dependency on tourism. The Board of Trustees continues to review actual revenues and make required adjustments throughout the year to stay within the financial capability of the Town.

Contacting the Town's Financial Management

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

Town of La Veta
c/o Town Clerk
P. O. Box 174-La Veta, CO 81055

BASIC FINANCIAL STATEMENTS

TOWN OF LA VETA, COLORADO
STATEMENT OF NET POSITION
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Equivalents	1,139,005	2,045,189	3,184,194
Accounts Receivable - Net	105,269	52,764	158,033
Interfund Receivable	-	-	-
Grants Receivable	71,511	239,928	311,439
Property Tax Receivable	42,760	-	42,760
Prepaid Assets	-	-	-
Inventory	-	8,411	8,411
Net Pension Asset	6,352	-	6,352
Capital Assets	4,298,607	8,032,562	12,331,169
Accumulated Depreciation	(1,843,437)	(3,057,579)	(4,901,016)
Total Assets	3,820,067	7,321,275	11,141,342
DEFERRED OUTFLOW OF RESOURCES			
Contributions Subsequent to Pension Measurement Date	5,471	-	5,471
Pension Outflows	40,337	-	40,337
Total Deferred Outflow of Resources	45,808	-	45,808
LIABILITIES			
Accounts Payable	91,402	554,695	646,097
Interfund Payable	-	-	-
Accrued Salaries and Benefits	-	-	-
Accrued Interest Payable	-	5,214	5,214
Net Pension Liability	-	-	-
Noncurrent Liabilities:			
Due Within One Year	-	65,840	65,840
Due In More Than One Year	-	1,268,115	1,268,115
Compensated Absences	20,336	16,464	36,800
Total Liabilities	111,738	1,910,328	2,022,066
DEFERRED INFLOW OF RESOURCES			
Property Taxes	42,760	-	42,760
Pension Inflows	9,550	-	9,550
Total Deferred Inflow of Resources	52,310	-	52,310
NET POSITION			
Net Investment in Capital Assets	2,455,170	3,641,028	6,096,198
Restricted for:			
Recreation	64,613	-	64,613
Tabor Reserve	34,000	-	34,000
Unrestricted	1,148,044	1,769,919	2,917,963
Total Net Position	3,701,827	5,410,947	9,112,774

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

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
Functions:							
Governmental Activities							
Administrative	310,206	61,857	-	-	(248,349)	-	(248,349)
Public Works	1,195,041	-	-	959,285	(235,756)	-	(235,756)
Public Safety	109,870	744	-	-	(109,126)	-	(109,126)
Community Service	120,588	65	-	71,511	(49,012)	-	(49,012)
Pension	681	-	-	-	(681)	-	(681)
Total Governmental Activities	1,736,386	62,666	-	1,030,796	(642,924)	-	(642,924)
Business Type Activities							
Sewer Fund	193,419	293,566	-	291,335	-	391,482	391,482
Water Fund	331,031	336,304	-	-	-	5,273	5,273
Total Business Type Activities	524,450	629,870	-	291,335	-	396,755	396,755
Total Primary Government	2,260,836	692,536	-	1,322,131	(642,924)	396,755	(246,169)
General Revenues:							
Property Taxes					42,156	-	42,156
Specific Ownership Taxes					4,803	-	4,803
Sales and Use Taxes					587,418	-	587,418
Franchise Taxes					30,209	-	30,209
Earnings on Investments					1,302	3,313	4,615
Other Revenues					57,230	-	57,230
Transfers					-	-	-
Total General Revenues and Transfers					723,118	3,313	726,431
Change in Net Position					80,194	400,068	480,262
Net Position – Beginning					3,621,633	5,010,879	8,632,512
Net Position – Ending					3,701,827	5,410,947	9,112,774

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

TOWN OF LA VETA, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	General	Museum Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and Equivalents	822,610	316,395	-	1,139,005
Accounts Receivable	55,592	21,011	-	76,603
Grants Receivable	-	71,511	-	71,511
Property Tax Receivable	42,760	-	-	42,760
Due From Other Funds	-	-	-	-
Prepaid Assets	-	-	-	-
Interest Receivable	-	-	-	-
Total Assets	920,962	408,917	-	1,329,879
LIABILITIES:				
Accounts Payable	8,413	82,989	-	91,402
Accrued Salaries	-	-	-	-
Due To Other Funds	-	-	-	-
Total Liabilities	8,413	82,989	-	91,402
DEFERRED INFLOW OF RESOURCES				
Property Taxes	42,760	-	-	42,760
FUND BALANCES:				
Nonspendable:				
Prepaid Assets	-	-	-	-
Restricted:				
Recreation	64,613	-	-	64,613
Emergencies	34,000	-	-	34,000
Committed:				
Streets and Sidewalks	277,221	-	-	277,221
Park and Trees	2,516	-	-	2,516
Assigned				
Museum	-	325,928	-	325,928
Unassigned	491,439	-	-	491,439
Total Fund Balances	869,789	325,928	-	1,195,717
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	920,962	408,917	-	1,329,879

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

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2020

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

Total Fund Balance – Governmental Funds	1,195,717
Receivables are recognized at the fund level for revenue available within sixty days of year end. However, receivables in the statement of net assets include all revenues earned for the period.	28,666
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $4,298,607 and the accumulated depreciation is $1,843,437.	2,455,170
The Town's portion of the net pension asset for FPPA reported on the statement of net position is not reported as a liability in the funds.	6,352
Deferred flows for contributions made toward the net pension asset from January 1, 2020 until December 31, 2020 is not reported in the funds.	5,471
Deferred pension flows are not reported in the funds.	30,787
Compensated absences are not reported as a liability in the funds	(20,336)
Total Net Position – Governmental Activities	3,701,827

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

TOWN OF LA VETA, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	General	Museum Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	543,044	121,837	-	664,881
Licenses and Permits	16,887	-	-	16,887
Charges for Services	65	74	-	139
Fines and Forfeits	18,092	-	-	18,092
Rent and Lease	28,486	71,657	-	100,143
Grants and Donations	955,133	15,267	-	970,400
Other	46,901	-	-	46,901
Total Revenues	1,608,608	208,835	-	1,817,443
EXPENDITURES:				
Administrative	295,850	-	-	295,850
Public Works	1,138,086	-	-	1,138,086
Public Safety	97,898	-	-	97,898
Community Service	6,594	218,200	-	224,794
Total Expenditures	1,538,428	218,200	-	1,756,628
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	70,180	(9,365)	-	60,815
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	70,180	(9,365)	-	60,815
FUND BALANCES – Beginning	799,609	335,293	-	1,134,902
FUND BALANCES – Ending	869,789	325,928	-	1,195,717

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

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

Net Change in Fund Balances – Total Governmental Funds			60,815
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than $5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.			
	Capital outlays more than $5,000	160,902	
	Depreciation expense	(138,171)	22,731
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences increased by this amount.			(1,808)
Revenue is recognized at the fund level for resources available within sixty days of year end. However, revenue in the statement of activities includes all revenues earned for the period. This is the net affect of the revenue difference for the year.			(863)
The statement of activities reports net pension obligation which is not reported in the fund financial statements.			
	Change in net pension asset		20,552
	Deferred flows from net pension activity		(21,233)
Change in Net Position of Governmental Activities			80,194

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

TOWN OF LA VETA, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2020

	Business Type Activities- Enterprise Funds		
	Sewer Fund	Water Fund	Totals
ASSETS			
Current Assets			
Cash and Equivalents	1,053,873	991,316	2,045,189
Accounts Receivable	29,198	26,966	56,164
Allowance for Uncollectible Accounts	(1,000)	(2,400)	(3,400)
Grant Receivable	239,928	-	239,928
Due From Other Funds	-	-	-
Inventory	715	7,696	8,411
Total Current Assets	1,322,714	1,023,578	2,346,292
Property, Plant & Equipment			
Capital Assets	3,179,127	4,853,435	8,032,562
Less Accumulated Depreciation	(848,550)	(2,209,029)	(3,057,579)
Net Capital Assets	2,330,577	2,644,406	4,974,983
TOTAL ASSETS	3,653,291	3,667,984	7,321,275
LIABILITIES			
Current Liabilities			
Accounts Payable	552,736	1,959	554,695
Compensated Absences	8,232	8,232	16,464
Accrued Interest Payable	-	5,214	5,214
Due To Other Funds	-	-	-
Notes Payable – Current	19,500	46,340	65,840
Total Current Liabilities	580,468	61,745	642,213
Noncurrent Liabilities			
Note Payable	256,500	1,011,615	1,268,115
TOTAL LIABILITIES	836,968	1,073,360	1,910,328
NET POSITION			
Net Investment in Capital Assets	2,054,577	1,586,451	3,641,028
Unrestricted	761,746	1,008,173	1,769,919
TOTAL NET POSITION	2,816,323	2,594,624	5,410,947

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

TOWN OF LA VETA, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2020

	Business Type Activities- Enterprise Funds		
	Sewer Fund	Water Fund	Totals
OPERATING REVENUES			
Charges for Services	290,707	331,304	622,011
Connects	2,500	-	2,500
Miscellaneous	359	-	359
Total Operating Revenues	293,566	331,304	624,870
OPERATING EXPENSES			
Water Sample and Testing	2,728	3,834	6,562
Administration	5,808	17,922	23,730
Water & Sewer – Salaries	73,103	76,553	149,656
Water and Sewer Repairs and Supplies	8,482	37,408	45,890
Payroll Taxes and Employee Benefits	18,248	18,248	36,496
Fuel	351	724	1,075
Miscellaneous	-	3,073	3,073
Utilities	10,099	10,210	20,309
Engineering	-	1,762	1,762
Legal and Audit Fees	13,100	23,083	36,183
Depreciation	61,500	114,664	176,164
Bad Debts	-	-	-
Total Operating Expenses	193,419	307,481	500,900
OPERATING INCOME	100,147	23,823	123,970
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	2,015	1,298	3,313
Contributions - Grants	291,335	-	291,335
Tap Fees	-	5,000	5,000
Interest Expense	-	(23,550)	(23,550)
Total Non-Operating Revenues (Expenses)	293,350	(17,252)	276,098
INCOME (LOSS) BEFORE OPERATING TRANSFERS	393,497	6,571	400,068
OPERATING TRANSFERS			
Operating Transfers In	-	-	-
Operating Transfers (Out)	-	-	-
Total Operating Transfers	-	-	-
CHANGE IN NET POSITION	393,497	6,571	400,068
TOTAL NET POSITION, Beginning	2,422,826	2,588,053	5,010,879
TOTAL NET POSITION, Ending	2,816,323	2,594,624	5,410,947

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

TOWN OF LA VETA, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2020

	Business Type Activities-Enterprise Funds		
	Sewer Fund	Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	294,917	334,067	628,984
Payments to Employees	(89,122)	(92,572)	(181,694)
Payments to Vendors	(39,606)	(101,045)	(140,651)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	166,189	140,450	306,639
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Repayment of Interfund Loans	-	-	-
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Fixed Assets	(72,857)	-	(72,857)
Contributions from Grants	51,407	-	51,407
Proceeds from Loan	-	-	-
Interest Paid on Debt	-	(23,763)	(23,763)
Principal Paid on Debt	(19,500)	(45,369)	(64,869)
Tap Fees	-	5,000	5,000
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(40,950)	(64,132)	(105,082)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings	2,015	1,298	3,313
NET CASH FROM INVESTING ACTIVITIES	2,015	1,298	3,313
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	127,254	77,616	204,870
CASH AND CASH EQUIVALENTS – Beginning of Year	926,619	913,700	1,840,319
CASH AND CASH EQUIVALENTS – End of Year	1,053,873	991,316	2,045,189
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	100,147	23,823	123,970
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Depreciation	61,500	114,664	176,164
Bad Debts	-	-	-
(Increase) Decrease in Inventory	(21)	653	632
(Increase) Decrease in Receivables	1,351	2,763	4,114
(Increase) Decrease in Due From Other Funds	-	-	-
Increase (Decrease) in Accounts Payable	983	(3,682)	(2,699)
Increase (Decrease) in Compensated Absences	2,229	2,229	4,458
Due To Other Funds	-	-	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	166,189	140,450	306,639

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

TOWN OF LA VETA, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
POLICE PENSION FIDUCIARY FUND
December 31, 2020

	Pension Trust Fund
ASSETS	
Cash and Investments	4,892
Interest Receivable	-
Total Assets	4,892
LIABILITIES	
Deposits Held for Others	-
Total Liabilities	-
NET POSITION	
Held in Trust for Pension Benefits	4,892

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

TOWN OF LA VETA, COLORADO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
POLICE PENSION FIDUCIARY FUNDS
Year Ended December 31, 2020

	Pension Trust Fund
ADDITIONS	
Earnings on Investments	13
DEDUCTIONS	
Transfers for Capital Outlay	0
CHANGE IN NET POSITION	13
HELD IN TRUST FOR PENSION BENEFITS:	
Net Position – Beginning of Year	4,879
Net Position – End of Year	4,892

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The reporting entity, for financial purposes, is defined as the primary government (the Town of La Veta) and its component units. The Town has no component units; the financial statements are comprised of the funds and account groups more fully described in subsequent information contained in the footnotes.

The accounting policies of the Town of La Veta conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

B. Government – Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

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

The *museum special revenue fund* accounts for all financial activity related to the operation of the museum.

The Town reports the following major proprietary funds:

The *sewer fund* accounts for the activities of the Town's sewage disposal and treatment system.

The *water fund* accounts for the activities of Town's water distribution and treatment system.

Additionally, the government reports the following fund types.

Police Pension Trust Fund (health & safety) uses its resources for public safety expenditures.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

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

Assets	Years
Equipment	5-30
Building & Plant	15-40

E. Budgets and Budgetary Accounting

The Town has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting (continued)

2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. The budget for the General and Museum Funds are presented on a GAAP Basis, while budgets for the Enterprise Funds are presented on a Non-GAAP Basis.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Museum Fund and Enterprise Funds. All encumbrances lapse at the end of the year.

G. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

H. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits Amounts

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting). Accrued vacation and sick leave payable has been reflected in the financial statements of the Proprietary Funds and in the statement of net position for all governmental fund types.

I. Property Taxes

Property taxes represent ad valorem taxes levied by the Town, which are payable to the County Treasurer, and are recognized as revenue by the Town in the year for which they are levied.

Property taxes are levied in December for collection in the subsequent year.

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half must be paid by last day of February, and second half must be paid by June 15.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows the Town of La Veta considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. This includes cash, cash equivalents, and restricted cash.

L. Investments

Investments consist of certificates of deposit with a maturity date of over three months at the time of purchase.

M. Accounts Receivable & Allowance for Uncollectibles

The Town writes off bad debts when accounts are deemed uncollectible. Receivables are reviewed annually to determine accounts that should be written off.

N. Contraband

Per Colorado Contraband Forfeiture Act (CRS 16-13-501-511), proceeds received from the seizure of contraband must be used for the specific purposes of law enforcement activities. These proceeds are exempt from the appropriation process. The Town of La Veta received no proceeds during 2020.

O. Reserves

Article X, Section 20 of the Constitution of the State of Colorado requires the Town to establish Emergency Reserves (see Note 7). $34,000 of the fund balance has been reserved in compliance with this requirement.

P. Supplemental Disclosures of Cash Flow Information

	Water Fund	Sewer Fund
Cash Paid for Interest	23,550	-
Cash Paid for Income Taxes	-	-

Q. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Long-Term Obligations (continued)

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

R. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town Council (the Town's highest level of decision-making authority).

4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.

5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The Town's Committed Fund Balance is fund balance reporting required by the Town Council, either because of a Town Council Policy in the Town Council Policy Manual, or because of motions that passed at Town Council meetings.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. GASB Statement No. 54 (Continued)

Assigned Fund Balance Policy:

The Town's Assigned Fund Balance is fund balance reporting occurring by Town Council Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

	General Fund	Museum Fund	Total Governmental Funds
Nonspendable:			
Inventories	-	-	-
Restricted:			
Recreation	64,613	-	64,613
Emergencies	34,000	-	34,000
Committed:			
Streets and Sidewalks	277,221	-	277,221
Parks and Trees	2,516	-	2,516
Assigned:			
Museum	-	325,928	325,928
Unassigned	491,439	-	491,439
Total Fund Balances	869,789	325,928	1,195,717

S. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable in the governmental funds are stated at gross. The accounts receivable in the enterprise funds are adjusted by an estimated allowance, and represent amounts receivable from Enterprise Fund customers. The Town's ability to file liens against property owners and the policy of discontinuing service to delinquent accounts results in probable collectability of these accounts receivable.

NOTE 3 CASH AND DEPOSITS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must at least equal 102% of the uninsured deposits.

At December 31, 2020, the Town's cash deposits had a bank balance and a corresponding carrying balance as follows:

	Bank Balance	Carrying Balance
Insured (FDIC)	250,000	250,000
Uninsured, collateralized under the Public Deposit Protection Act (See Above)	2,940,488	2,927,124
Sub-Total	3,190,488	3,177,124
Cash on Hand	-	1,250
Cash with County Treasurer	-	10,712
Total Cash	3,190,488	3,189,086

As presented above, deposits with a bank balance of $2,940,488 and a carrying balance of $2,927,124 as of December 31, 2020 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	828,044	-	-	-	828,044
Construction in Progress	-	121,802	-	-	121,802
Total Capital Assets Not Being Depreciated	828,044	121,802	-	-	949,846
Capital Assets Being Depreciated:					
Buildings	883,077	-	-	-	883,077
Equipment	640,370	39,100	28,688	-	650,782
Site Improvements	1,814,902	-	-	-	1,814,902
Total Capital Assets Being Depreciated	3,338,349	39,100	28,688	-	3,348,761
Less Accumulated Depreciation for:					
Buildings	591,485	31,397	-	-	622,882
Equipment	464,927	39,040	28,688	-	475,279
Site Improvements	677,542	67,734	-	-	745,276
Total Accumulated Depreciation	1,733,954	138,171	28,688	-	1,843,437
Governmental Activities Capital Assets Net	2,432,439	22,731	-	-	2,455,170
Business-Type Activities					
Capital Assets Not Being Depreciated:					
Land, Equity, Water Rights	520,712	-	-	-	520,712
Construction in Progress	494,661	624,610	-	-	1,119,271
Total Capital Assets Not Being Depreciated	1,015,373	624,610	-	-	1,639,983
Capital Assets Being Depreciated:					
Buildings & Systems	6,392,579	-	-	-	6,392,579
Total Capital Assets Being Depreciated	6,392,579	-	-	-	6,392,579
Less Accumulated Depreciation for:					
Systems and Buildings	2,881,415	176,164	-	-	3,057,579
Total Accumulated Depreciation	2,881,415	176,164	-	-	3,057,579
Business –Type Activities Capital Assets, Net	4,526,537	448,446	-	-	4,974,983

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

Governmental Activities:	
Administrative	14,356
Public Works	94,247
Public Safety	11,972
Community Service	17,596
Total Depreciation Expense – Governmental Activities	138,171
Business-Type Activities	
Water	114,664
Sewer	61,500
Total Depreciation Expense – Business Type Activities	176,164

NOTE 5 CHANGES IN LONG-TERM DEBT

The following is a schedule of long-term debt for all funds for the year ended December 31, 2020:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020	Current Portion
Water Fund					
Note Payable – Colorado Water Resource	815,397	-	34,992	780,405	35,652
Colorado Water Conservation Board Loan	287,927	-	10,377	277,550	10,688
Sewer Fund					
Water Pollution Revolving Fund Loan	202,500	-	13,500	189,000	13,500
Water Pollution Revolving Fund Loan	93,000	-	6,000	87,000	6,000
	1,398,824	-	64,869	1,333,955	65,840

NOTES PAYABLE

Note Payable –Colorado Water Resources and Power Authority

On April 11, 2008 the Town of La Veta entered into a loan agreement with Colorado Water Resources and Power Development Authority for the purpose of improving the Town's water system. The total amount available through the loan is $1,134,000 at an interest rate of 1.875% and a term of 30 years. The loan is being drawn down as the project progresses. The first payment on the loan will be on November 1, 2009 based on an amortization schedule reflecting the total amount borrowed. The Town had drawn down the entire $1,134,000 of the loan as of December 31, 2012.

Below is a summary of payments due:

	Principal	Interest	Total
2021	35,652	14,466	50,118
2022	36,323	13,795	50,118
2023	37,008	13,110	50,118
2024	37,705	12,413	50,118
2025	38,415	11,703	50,118
2026-2030	203,206	47,384	250,590
2031-2035	223,081	27,509	250,590
2036-2039	169,015	6,396	175,411
	780,405	146,776	927,181

As a condition of the CWR & PDA debts, the Town must certify to the Authority the following information:

1. Compliance with rate covenant – the rate covenant requires that fees charged and collected be at least sufficient each year to pay the sum of amounts required to pay operating and maintenance expenses (as defined) of $216,367 in 2020, 110% of the debt service on the loans of $38,492 in 2020, debt reserve payment of $0 in 2020, subordinate lien debt service of $0 in 2020, and other debt service payable from the above fees of $0 in 2020. The $254,859 total requirement of the covenant was exceeded by fees of $331,304 for the year ended December 31, 2020.

NOTE 5 CHANGES IN LONG-TERM DEBT (Continued)

NOTES PAYABLE (Continued)

2. Compliance with operations and maintenance reserve covenant – the reserve requirement is estimated to be approximately $47,000 at December 31, 2020 based on Exhibit F of the loan agreement. The Town had a maintained reserve account of $65,852 at December 31, 2020.

3. Lien representation – the property pledged for this debt, except as disclosed to the Authority in writing, is free and clear of any pledge, lien, charge or encumbrance.

Colorado Water Conservation Board Loan

The Town of La Veta secured a construction loan of $344,139 from the Colorado Water Conservation Board for the La Veta Lake north dam project. The terms of the loan call for 30 annual payments of $19,014 at 3% beginning September, 2014.

Below is a summary of payments due:

	Principal	Interest	Total
2021	10,688	8,326	19,014
2022	11,009	8,005	19,014
2023	11,338	7,676	19,014
2024	11,679	7,335	19,014
2025	12,029	6,985	19,014
2026	12,390	6,624	19,014
2027	12,762	6,252	19,014
2028	13,145	5,869	19,014
2029	13,539	5,475	19,014
2030	13,945	5,069	19,014
2031	14,364	4,650	19,014
2032	14,795	4,219	19,014
2033	15,238	3,776	19,014
2034	15,696	3,318	19,014
2035	16,166	2,848	19,014
2036	16,651	2,363	19,014
2037	17,151	1,863	19,014
2038	17,665	1,349	19,014
2039	18,195	819	19,014
2040	9,105	273	9,378
	277,550	93,094	370,644

NOTE 5 CHANGES IN LONG-TERM DEBT (Continued)

NOTES PAYABLE (Continued)

Sewer Note Payable – Colorado Water Resources and Power Authority

On April 23, 2014 the Town of La Veta entered into a loan agreement with Colorado Water Resources and Power Development Authority for the purpose of improving the Town's sewer system. The total amount available through the loan is $270,000 at an interest rate of 0% and a term of 20 years. The loan is being drawn down as the project progresses. The first payment on the loan will be on May 1, 2015 based on an amortization schedule reflecting the total amount borrowed.

Below is a summary of payments due:

	Principal	Interest	Total
2021	13,500	-	13,500
2022	13,500	-	13,500
2023	13,500	-	13,500
2024	13,500	-	13,500
2025	13,500	-	13,500
2026	13,500	-	13,500
2027	13,500	-	13,500
2028	13,500	-	13,500
2029	13,500	-	13,500
2030	13,500	-	13,500
2031	13,500	-	13,500
2032	13,500	-	13,500
2033	13,500	-	13,500
2034	13,500	-	13,500
	189,000	-	189,000

NOTE 5 CHANGES IN LONG-TERM DEBT (Continued)

NOTES PAYABLE (Continued)

Sewer Note Payable – Colorado Water Resources and Power Authority

On January 23, 2015 the Town of La Veta entered into a loan agreement with Colorado Water Resources and Power Development Authority for the purpose of improving the Town's sewer system. The total amount available through the loan is $120,000 at an interest rate of 0% and a term of 20 years. The loan is being drawn down as the project progresses. The first payment on the loan will be on November 1, 2015 based on an amortization schedule reflecting the total amount borrowed.

Below is a summary of payments due:

	Principal	Interest	Total
2021	6,000	-	6,000
2022	6,000	-	6,000
2023	6,000	-	6,000
2024	6,000	-	6,000
2025	6,000	-	6,000
2026	6,000	-	6,000
2027	6,000	-	6,000
2028	6,000	-	6,000
2029	6,000	-	6,000
2030	6,000	-	6,000
2031	6,000	-	6,000
2032	6,000	-	6,000
2033	6,000	-	6,000
2034	6,000	-	6,000
2035	3,000	-	3,000
	87,000	-	87,000

NOTE 6 PENSION PLANS

The Town has one plan covering members of the Police Department. The plan is:

- Fire and Police Pension Plan - Statewide Defined Benefit Plan (FPPA SWDB)

Plan	Net Pension Liability	Net Pension Asset	Pension Expense	Deferred Outflows	Deferred Inflows
FPPA Statewide Plan	-	6,352	681	45,808	9,551

NOTE 7 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN

Fire & Police Statewide Defined Benefit Plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980.

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at http://www.FPPAco.org.

Benefits provided. 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. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings 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 covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually 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 for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited 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 Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions. Through December 31, 2020, contribution rates for the SWDB 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. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

NOTE 7 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions are 8 percent in 2019 and 2020. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2019, members of the SWDB plan and their employers are contributing at the rate of 10.5 percent and 8 percent, respectively, of pensionable earnings for a total contribution rate of 18.5 percent.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22.5 percent and 23.0 percent of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.25 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.25 percent in 2019 and 9.50 percent in 2020. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4 percent in 2019 and 2020. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

Contributions to the Plan from the Department were $5,471 for the year ended December 31, 2020.

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

At December 31, 2020, the Department reported a liability/(asset) of $(6,352) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Department's proportion of the net pension liability/(asset) was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating departments, actuarially determined. At December 31, 2019, the Department's proportion was .01061 percent, which was a decrease of .00062 percent from its proportion measured as of December 31, 2018.

NOTE 7 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

For the year ended December 31, 2020, the Department recognized pension expense of $681. At December 31, 2020, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between actual and expected experience	$ 20,307	$ (117)
Changes in assumptions	11,394	-
Net difference between actual and projected earnings on pension plan investments	-	(9,433)
Changes in proportion and differences between Department contributions and proportionate share of contributions	8,636	-
Department contributions subsequent to the measurement date	5,471	-
Total	$ 45,808	$ (9,551)

$5,471 reported as deferred outflows of resources related to pensions resulting from the Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2021	$ 2,928
2022	1,792
2023	6,058
2024	525
2025	6,120
Thereafter	13,364

Actuarial assumptions. The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2019. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2020	January 1, 2019
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

NOTE 7 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2019, are summarized in the following table.

Asset Class	**Target Allocation**	**Long Term Expected Rate of Return**
Global Equity	38%	7.00%
Equity Long/Short	8%	6.00%
Private Market	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	5.50%
Managed Futures	4%	5.00%
Cash	2%	2.52%
Total	**100%**	

NOTE 7 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

The discount rate used to measure the total pension liability was 7.00 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 Fire & Police Pension Association Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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.

Discount rate. 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 plan's 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 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 7.00 percent; the municipal bond rate is 2.75 percent (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 7.00 percent.

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.00 percent, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher.

	1.00% Decrease*	**Current Discount Rate***	**1.00% Increase***
Department's proportionate share of the net pension liability/(asset)	38,516	(6,352)	(43,564)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

NOTE 8 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

NOTE 8 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS (Continued)

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These Reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1996 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voters approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

The Town's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification as an Enterprise) will require judicial interpretation.

On April 2, 1996, the authorized voters of the Town of La Veta voted to authorize the Town to collect, retain and expend all revenues and other funds collected from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided that no local tax rate or mill levy shall be increased without further voter approval.

NOTE 9 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The Town maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10 CONTINGENCIES

There are no contingent liabilities payable at December 31, 2020.

NOTE 11 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

NOTE 11 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

	Items Eliminated	
	Due To	Due From
General Fund	-	-
Museum Fund	-	-

NOTE 12 PENSION TRUST FUND

The balance remaining in the Pension Trust Fund is from prior years contributions for people who are no longer eligible or who never met the vesting requirements to receive pension benefits. The Town currently has no employees receiving benefits through this fund and will not in the future as the police retirement is now funded through FPPA. The Town can request permission to use these collective contributions for current and future requirements.

NOTE 13 CHANGE IN COMPENSATED ABSENCES

Below are the changes in compensated absences by fund for the year ended December 31, 2020.

Fund	Beginning Balance	Additions	Deletions	Ending Balance
General	18,528	1,808	-	20,336
Water	6,003	2,229	-	8,232
Sewer	6,003	2,229	-	8,232
	30,534	6,266	-	36,800

NOTE 14 INTERFUND BALANCES AND TRANSFERS

	Due From	Due To	Transfer In	Transfer Out
General Fund	-	-	-	-
Museum Fund	-	-	-	-
Water Fund	-	-	-	-
Sewer Fund	-	-	-	-
Pension Trust Fund	-	-	-	-
	-	-	-	-

Due To and Due From balances are the result of operating expenditures being paid on behalf of other funds. These amounts are expected to be repaid within the year.

NOTE 15 DEFINED CONTRIBUTION PLAN

All Town employees not eligible for FPPA participate in the Towns 401K plan which is managed by Vanguard. The Town contributes 4% for all employees who do not contribute individually to the plan and 6% for all employees who do make a contribution. There is no waiting period for employees to participate and there are no vesting terms or forfeitures associated with the plan. During 2020, employees contributed $5,735 to the plan which was appropriately funded by the Town recognizing $13,069 in pension expense for the year. There was no employer liability outstanding related to this plan at December 31, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Museum Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Pension Trend Data

TOWN OF LA VETA, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance-Favorable (Unfavorable)
REVENUES				
Taxes	446,400	446,400	543,044	96,644
Licenses and Permits	15,000	15,000	16,887	1,887
Charges for Services	21,200	21,200	65	(21,135)
Fines and Forfeits	2,000	2,000	18,092	16,092
Rent and Lease	27,748	27,748	28,486	738
Grants and Donations	538,800	538,800	955,133	416,333
Other	11,150	11,150	46,901	35,751
TOTAL REVENUES	1,062,298	1,062,298	1,608,608	546,310
EXPENDITURES				
Administrative	316,574	316,574	295,850	20,724
Public Works	110,938	110,938	1,138,086	(1,027,148)
Public Safety	817,895	817,895	97,898	719,997
Community Service	3,025	3,025	6,594	(3,569)
Contingency	360,322	360,322	-	360,322
TOTAL EXPENDITURES	1,608,754	1,608,754	1,538,428	70,326
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(546,456)	(546,456)	70,180	
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	-	-	-	-
Proceeds from Debt	-	-	-	-
Total Other Financing Sources Uses	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(546,456)	(546,456)	70,180	
FUND BALANCE, January 1	769,338	769,338	799,609	
FUND BALANCE, December 31	222,882	222,882	869,789	

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

TOWN OF LA VETA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MUSEUM FUND
For the Year Ended December 31, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance-Favorable (Unfavorable)
REVENUES:				
Taxes	85,000	85,000	121,837	36,837
Charges for Services	11,700	11,700	74	(11,626)
Grants and Donations	55,212	55,212	71,657	16,445
Other	71,230	71,230	15,267	(55,963)
Total Revenues	223,142	223,142	208,835	(14,307)
EXPENDITURES:				
Administrative	-	-	-	-
Public Works	-	-	-	-
Public Safety	-	-	-	-
Community Service	241,405	241,405	218,200	23,205
Contingency	303,751	303,751	-	303,751
Capital Outlay	-	-	-	-
Total Expenditures	545,156	545,156	218,200	326,956
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(322,014)	(322,014)	(9,365)	
OTHER FINANCING SOURCES (USES):				
Transfers	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(322,014)	(322,014)	(9,365)	
FUND BALANCES - Beginning	353,751	353,751	335,293	
FUND BALANCES - Ending	31,737	31,737	325,928	

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

TOWN OF LA VETA

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ (ASSET)

FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN

For The Last 10 Fiscal Years (As Available)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Town's proportion of the net pension liability/(asset)	.01061%	.01123%	.0125%	.0001398%	.0000998%	-	-	-	-	-
Town's proportionate share of the net pension liability/ (asset)	$(6,352)	$14,200	$(17,983)	$5,050	$(176)	-	-	-	-	-
Town's covered payroll	$68,387	$78,212	$75,238	$73,120	$48,425	-	-	-	-	-
Town's proportionate share of the net pension liability/ (asset) as a percentage of its covered payroll	9.29%	18.16%	23.90%	6.91%	.363%		-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	101.9%	95.2%	106.3%	98.21%	135.47%	-	-	-	-	-

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

TOWN OF LA VETA
FIRE & POLICE STATEWIDE DEFINED BENEFIT PLAN
For The Last 10 Fiscal Years (As Available)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 5,471	$ 6,257	$ 6,019	$ 5,850	$ 3,874	-	-	-	-	-
Contributions in relation to the contractually required contribution	$ 5,471	$ 6,257	$ 6,019	$ 5,850	$ 3,874	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	-	-	-	-	-
Town's covered payroll	$68,387	$78,212	$75,238	$73,120	$48,425	-	-	-	-	-
Contributions as a percentage of covered payroll	8%	8%	8%	8%	8%	-	-	-	-	-

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

OTHER SCHEDULES

Enterprise Funds – Budget Schedules

TOWN OF LA VETA, COLORADO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET (NON-GAAP BASIS) AND ACTUAL
WATER UTILITY FUND
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance-Favorable
OPERATING REVENUES	Original	Final	Actual	(Unfavorable)
Water and Sales	307,400	307,400	331,304	23,904
Water Connects	-	-	-	-
Miscellaneous	100	100	-	(100)
Total Operating Revenue	307,500	307,500	331,304	23,804
OPERATING EXPENDITURES				
Water Sample & Testing	5,000	5,000	3,834	1,166
Administration	18,700	18,700	17,922	778
Water - Salaries	74,032	74,032	76,553	(2,521)
Repairs and Supplies	72,000	72,000	37,408	34,592
Payroll Taxes & Employee Benefits	17,686	17,686	18,248	(562)
Fuel	2,000	2,000	724	1,276
Miscellaneous	3,500	3,500	3,073	427
Utilities	13,000	13,000	10,210	2,790
Engineering	54,000	54,000	1,762	52,238
Legal & Audit Fees	22,700	22,700	23,083	(383)
Depreciation	-	-	-	-
Bad Debts	-	-	-	-
Contingency Fund	365,979	365,979	-	365,979
Total Operating Expenditures	648,597	648,597	192,817	455,780
OPERATING INCOME	(341,097)	(341,097)	138,487	
OTHER REVENUES (EXPENSES)				
Water Taps	5,000	5,000	5,000	-
Interest Income	1,000	1,000	1,298	298
Contributions – Grants	-	-	-	-
Proceeds From Debt	-	-	-	-
Capital Outlay	(80,000)	(80,000)	-	80,000
Debt Principal	(45,369)	(45,369)	(45,369)	-
Interest Expense	(23,763)	(23,763)	(23,550)	213
Total Other Revenues (Expenses)	(143,132)	(143,132)	(62,621)	80,511
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(484,229)	(484,229)	75,866	
OPERATING TRANSFERS				
Operating Transfers In (Out)	-	-	-	-
Total Operating Transfers	-	-	-	-
NET INCOME (LOSS) – (NON-GAAP)	(484,229)	(484,229)	75,866	
Reconciling Items to Changes in Net Position				
Capital Outlay	-	-	-	
Depreciation	-	-	(114,664)	
Debt Proceeds	-	-	-	
Debt Principal	-	-	45,369	
Total Reconciling Items	-	-	(69,295)	
CHANGE IN NET POSITION	(484,229)	(484,229)	6,571	
NET POSITION, January 1	951,998	951,998	2,588,053	
NET POSITION, December 31	467,769	467,769	2,594,624	

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

TOWN OF LA VETA, COLORADO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET (NON-GAAP BASIS) AND ACTUAL
SEWER UTILITY FUND
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance- Favorable
	Original	Final	Actual	(Unfavorable)
OPERATING REVENUES				
Sewer Sales	296,387	296,387	290,707	(5,680)
Sewer Connects	2,500	2,500	2,500	-
Miscellaneous	100	100	359	259
Total Operating Revenue	298,987	298,987	293,566	(5,421)
OPERATING EXPENDITURES				
Sample & Testing	5,000	5,000	2,728	2,272
Administration	6,200	6,200	5,808	392
Salaries	74,034	74,034	73,103	931
Repairs and Supplies	28,000	28,000	8,482	19,518
Payroll Taxes & Employee Benefits	17,696	17,696	18,248	(552)
Fuel	1,500	1,500	351	1,149
Miscellaneous	-	-	-	-
Utilities	15,000	15,000	10,099	4,901
Engineering	10,000	10,000	-	10,000
Legal and Audit Fees	13,100	13,100	13,100	-
Depreciation	-	-	-	-
Contingency	678,732	678,732	-	678,732
Total Operating Expenditures	849,262	849,262	131,919	717,343
OPERATING INCOME (LOSS)	(550,275)	(550,275)	161,647	
OTHER REVENUES (EXPENSES)				
Sewer Taps	-	-	-	-
Interest Income	1,225	1,225	2,015	790
Contributions – Grants	3,557,153	3,557,153	291,335	(3,265,818)
Capital Outlay	(3,783,825)	(3,783,825)	(624,610)	3,159,215
Debt Principal	(19,500)	(19,500)	-	19,500
Proceeds from Debt	-	-	-	-
Total Other Revenues (Expenses)	(244,947)	(244,947)	(331,260)	(86,313)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(795,222)	(795,222)	(169,613)	
OPERATING TRANSFERS				
Operating Transfers In (Out)	-	-	-	-
Total Operating Transfers	-	-	-	-
NET INCOME (LOSS) – (NON-GAAP)	(795,222)	(795,222)	(169,613)	
Reconciling Items to Changes in Net Position				
Capital Outlay	-	-	624,610	
Depreciation	-	-	(61,500)	
Debt Proceeds	-	-	-	
Debt Principal	-	-	-	
Total Reconciling Items	-	-	563,110	
CHANGE IN NET POSITON	(795,222)	(795,222)	393,497	
NET POSITION, January 1	1,170,131	1,170,131	2,422,826	
NET POSITION, December 31	374,909	374,909	2,816,323	

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

TOWN OF LA VETA, CÓLORADO
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
POLICE PENSION FIDUCIARY FUND - BUDGET AND ACTUAL
Year Ended December 31, 2020

	Budget	Actual	Variance- Favorable (Unfavorable)
ADDITIONS			
Earnings on Investments	-	13	13
Other	-	-	-
Total Additions	-	13	13
DEDUCTIONS			
Transfers – Capital Outlay	-	-	-
Total Deductions	-	-	-
CHANGES IN NET ASSETS	-	13	
NET POSITION HELD IN TRUST FOR PENSION BENEFITS:			
NET POSITION – BEGINNING OF YEAR	-	4,879	
NET POSITION – END OF YEAR	-	4,892	

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

STATE REQUIRED SCHEDULES

The public report burden for this information collection is estimated to average 380 hours annually.

Form Approved
OMB No. 2125-0032

LOCAL HIGHWAY FINANCE REPORT

STATE: Colorado

YEAR ENDING (mm/yy): 12-2020

This Information From The Records Of: Town of LaVeta

Prepared By: Laurie Erwin 719-742-3631

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	
3. Other local imposts (from page 2)	64,782.67
4. Miscellaneous local receipts (from page 2)	3,483.70
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.)	
7. Total (1 through 6)	68,266.37
B. Private Contributions	
C. Receipts from State government (from page 2)	45,896.58
D. Receipts from Federal Government (from page 2)	
E. Total receipts (A.7 + B + C + D)	114,162.95

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital outlay (from page 2)	
2. Maintenance:	35,960.00
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	19,763.50
c. Other	
d. Total (a. through c.)	
4. General administration & miscellaneous	12,987.60
5. Highway law enforcement and safety	18,030.00
6. Total (1 through 5)	86,741.10
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	
3. Total (1.c + 2.c)	
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total expenditures (A.6 + B.3 + C + D)	

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): 0 December 2020

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 Assesments		a. Interest on investments	1,301.70
b. Other local imposts:		b. (Specify) Traffic Fines	2,182.00
1. Sales Taxes	60,073.06	c. (Specify)	
2. (Specify) Specific Ownership	4,709.61	d. (Specify)	
3. (Specify)		e. (Specify)	
4. (Specify)		f. (Specify)	
5. (Specify)		g. (Specify)	
6. Total (1. through 5.)	64,782.67	h. (Specify)	
c. Total (a. + b.)		i. Total (a. through h.)	3,483.70
(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 (from Item I.C.5.)	41,206.29	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. (Specify) motor Veh. Reg.	4,690.29	c. HUD	
c. (Specify)		d. (Specify)	
d. (Specify)		e. (Specify)	
e. (Specify)		f. (Specify)	
f. Total (a. through e.)		g. Total (a. through f.)	
4. Total (1. + 2. + 3.f)	45,896.58	3. Total (1. + 2.g)	
(Carry forward to page 1)		*(Carry forward to page 1)*	

III. EXPENDITURES 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			
b. Engineering Costs			
c. Construction:			
(1). New Facilities			
(2). Capacity Improvements			
(3). System Preservation			
(4). System Enhancement And Operation			
(5). Total Construction (1)+(2)+(3)+(4)			
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)			
	(Carry forward to page 1)		

Notes and Comments:

FORM FHWA-536

SINGLE AUDIT SECTION

cPa DIXON, WALLER & CO., INC.

CERTIFIED PUBLIC ACCOUNTANTS

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees
Town of La Veta
La Veta, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Town of La Veta as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Town of La Veta's basic financial statements, and have issued our report thereon dated June 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of La Veta's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of La Veta's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of La Veta's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of La Veta's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dixon, Waller & Co., Inc.

June 30, 2021

cPa DIXON, WALLER & CO., INC. CERTIFIED PUBLIC ACCOUNTANTS

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

The Board of Trustees
Town of La Veta
La Veta, Colorado

Report on Compliance for Each Major Federal Program

We have audited Town of La Veta's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of La Veta's major federal programs for the year ended December 31, 2020. Town of La Veta's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Town of La Veta's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of La Veta's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Town of La Veta's compliance.

Opinion on Each Major Federal Program

In our opinion, Town of La Veta complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of Town of La Veta is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of La Veta's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of La Veta's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of La Veta's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dixon, Waller & Co., Inc.

June 30,2021

SUMMARY OF AUDITOR'S RESULTS:

Report

An unmodified report has been issued on the financial statements of Town of La Veta.

Internal Control – Financial Statements

No conditions were disclosed by the audit that are considered to be a material weakness.
No significant deficiencies not considered a material weakness were identified.

Noncompliance – Financial Statements

No instances of noncompliance in amounts material to the financial statements of Town of La Veta were disclosed by the audit.

Internal Control – Federal Awards

No conditions were disclosed by the audit that are considered to be a material weakness.
No significant deficiencies not considered a material weakness were identified.

Report on Compliance – Major Programs

An unmodified report has been issued on Town of La Veta compliance for major programs.

Audit Findings

No audit findings requiring disclosure in accordance with 2 CFR Section 200.516(a) were disclosed by the audit.

Major Programs

Emergency Watershed Protection Program (CFDA# 10.923)

Dollar Threshold to Distinguish Type A and Type B Programs

$750,000

Qualification as low-risk auditee

Town of La Veta did not qualify as a low risk auditee for 2020.

Findings – GAGAS

None.

SUMMARY OF AUDITOR'S RESULTS: (continued)

Findings – Federal Awards

NONE

NONE

TOWN OF LA VETA, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor	Federal Expenditures
Other Programs			
Department of the Treasury			
Coronavirus Relief Fund		Colorado Dept. of	
Coronavirus Relief Fund	21.019	Local Affairs	67,742
Total Coronavirus Relief Fund			67,742
Total Department of the Treasury			**67,742**
United States Department of Agriculture			
Emergency Watershed Protection Program		Colorado Dept. of	
Emergency Watershed Protection Program	10.923	Local Affairs	683,511
Total Emergency Watershed Protection Program			683,511
Total United States Department of Agriculture			683,511
Total Other Programs			**751,253**
Total Expenditures of Federal Awards			**$751,253**

The accompanying notes are an integral part of this schedule.

NOTE 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of La Veta and is presented on the modified accrual basis of accounting. The information is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2 Indirect Cost Rates

The Town has elected not to use the 10% de minimis indirect cost rate allowed by Uniform Guidance.

NOTE 3 Subrecipients

No Payments were made to subrecipients in the fiscal year ended December 31, 2020.