

TOWN OF LA JARA, COLORADO

FINANCIAL STATEMENTS

December 31, 2021



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

TOWN OF LA JARA, COLORADO
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements



Wall,
Smith,
Bateman Inc.

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of La Jara, Colorado (the Town), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

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not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Enterprise Fund budget to actual comparison schedule and the Local Highway Finance Report are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, Enterprise Fund budget to actual comparison schedule and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in blue ink that reads "Wall, Smith, Bateman Inc." in a cursive script.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

June 8, 2022

Town of La Jara, Colorado
Management's Discussion and Analysis
December 31, 2021

Management's discussion and analysis provides a narrative overview of the financial activities and changes in the financial position of the Town of La Jara (the Town) for the year ended December 31, 2021. It is offered here by the management of the Town to the readers of its financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceed its liabilities and deferred inflows of resources at December 31, 2021 by \$3,313,780 (net position). Of this amount, \$886,132 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$175,021. The highlights of this increase can be found on page 6 of this report.
- At December 31, 2021, the Town's governmental funds reported combined ending fund balances of \$622,321. This amount is classified into the following categories:

Nonspendable	\$ 3,921	0.63%
Restricted	65,882	10.58%
Committed	-	-
Assigned	-	-
Unassigned	552,518	88.78%

- The \$552,518 unassigned fund balance in the General Fund represents 75.94% of total General Fund expenditures.
- The Town's total debt decreased by \$79,774 (14.27%) during the current year. The highlights of this decrease can be found on pages 22 of this report.

Overview of the Financial Statements

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

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

Town of La Jara, Colorado
Management's Discussion and Analysis
December 31, 2021

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Both are prepared using the economic resources focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

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

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

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

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

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

Fund Financial Statements

The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. These statements focus on the most significant funds and may be used to find more detailed information about the Town's most significant activities. All of the funds of the Town can be divided into two categories: governmental funds and proprietary fund.

Town of La Jara, Colorado
Management's Discussion and Analysis
December 31, 2021

Governmental Funds. Governmental funds are used to account for the majority of the Town's activities, which are essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, the Town adopts an annual appropriated budget for its General Fund, Conservation Trust Fund and for its Proprietary Fund. A budgetary comparison

Town of La Jara, Colorado
Management's Discussion and Analysis
December 31, 2021

schedule has been provided for the General Fund and the Water/Sewer Fund to demonstrate compliance with this budget.

Government-Wide Financial Analysis

Total assets of the Town at December 31, 2021 were \$3,985,804 and deferred outflows were \$76,349, while total liabilities were \$595,710. Total deferred inflows of resources were \$152,663, resulting in a net position balance of \$3,313,780.

The largest portion of the Town's net position, \$2,371,412 (71.56%), reflects its net investment in capital assets (land and improvements, buildings, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

CONDENSED STATEMENT OF NET POSITION
DECEMBER 31, 2021 AND 2020

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 708,186	\$ 504,893	\$ 195,801	\$ 194,169	\$ 903,987	\$699,062
Capital assets	620,043	468,209	2,461,774	2,547,978	3,081,817	3,016,187
Net Pension asset		12,457				12,457
Total assets	<u>1,328,229</u>	<u>985,559</u>	<u>2,657,575</u>	<u>2,742,147</u>	<u>3,985,804</u>	<u>3,727,706</u>
Deferred Outflows	76,349	82,987	-	-	76,349	82,987
Current liabilities	19,575	12,470	87,575	84,082	107,150	96,552
Noncurrent Liabilities	<u>91,681</u>	<u>-</u>	<u>396,879</u>	<u>477,652</u>	<u>488,560</u>	<u>477,652</u>
Total liabilities	<u>111,256</u>	<u>12,470</u>	<u>484,454</u>	<u>561,732</u>	<u>595,710</u>	<u>574,204</u>
Deferred inflows of resources	<u>111,001</u>	<u>97,730</u>	<u>41,662</u>	<u>-</u>	<u>152,663</u>	<u>97,730</u>
Net position –						
Net investment in capital assets	430,413	468,209	1,940,999	1,989,091	2,371,412	2,457,300
Restricted	56,236	43,236	-	-	56,236	43,236
Unrestricted	<u>695,672</u>	<u>446,901</u>	<u>190,460</u>	<u>191,322</u>	<u>886,132</u>	<u>638,223</u>
Total net position	<u>\$ 1,182,321</u>	<u>\$ 958,346</u>	<u>\$2,131,459</u>	<u>\$ 2,180,413</u>	<u>\$ 3,313,780</u>	<u>\$3,138,759</u>

Town of La Jara, Colorado
Management's Discussion and Analysis
December 31, 2021

At the end of the current year, the Town is able to report positive balances in all categories of net position. For detail of the Statement of Net Position, reference page 4 and 5 of the Basic Financial Statements.

A condensed statement of activities for the years ended December 31, 2021 and 2020 follows:

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Program revenues -						
Charges for Services	\$ 39,604	\$ 33,243	\$ 365,025	\$ 370,890	\$ 404,629	\$ 404,133
Operating grants and contributions	146,592	58,350	-	-	146,592	58,350
Capital grants and contributions	-	-	61,014	-	61,014	-
General revenues –						
Property taxes	102,994	72,053	-	-	102,994	72,053
Sales and use taxes	506,675	485,306	-	-	506,675	485,306
Franchise Tax	24,448				24,448	
Other taxes	1,713	46,205	-	-	1,713	46,205
Payment in lieu of taxes	-	3,111	-	-	-	3,111
Interest on Accounts	943	1,309	532	942	1,475	2,251
Loss on Sale of assets	(8,692)	-	-	-	(8,692)	-
Miscellaneous	<u>5,491</u>	<u>6,669</u>	<u>-</u>	<u>-</u>	<u>5,491</u>	<u>6,669</u>
Total revenues	<u>819,768</u>	<u>706,246</u>	<u>426,571</u>	<u>371,832</u>	<u>1,246,339</u>	<u>1,078,078</u>
Expenses –						
General						
government	180,388	139,954	-	-	180,388	139,954
Public safety	272,603	259,747	-	-	272,603	259,747
Public works	117,840	110,021	-	-	117,840	110,021
Culture and recreation	-	5,274	-	-	-	5,274
Health and welfare	24,962	21,827	-	-	24,962	21,827
Interest	-	-	-	-	-	-
Water and sewer	<u>-</u>	<u>-</u>	<u>475,525</u>	<u>471,979</u>	<u>475,525</u>	<u>471,979</u>
Total expenses	<u>595,793</u>	<u>536,823</u>	<u>475,525</u>	<u>471,979</u>	<u>1,071,318</u>	<u>1,008,802</u>
Change in net position	223,975	169,423	(48,954)	(100,147)	175,021	69,279
Net position, January 1	<u>958,346</u>	<u>788,923</u>	<u>2,180,413</u>	<u>2,280,560</u>	<u>3,138,759</u>	<u>3,069,483</u>
Net position, December 31	<u>\$ 1,182,321</u>	<u>\$ 958,346</u>	<u>\$ 2,131,459</u>	<u>\$ 2,180,413</u>	<u>\$ 3,313,780</u>	<u>\$3,138,759</u>

Town of La Jara, Colorado
Management's Discussion and Analysis
December 31, 2021

Governmental Activities

Net position increased \$223,975. Key revenue and expense transactions are as follows:

- Total revenues increased approximately \$113,522 over the prior year.
- Property tax revenues increased approximately \$30,941.
- Sales tax revenues increased approximately \$21,369.
- Charges for services Increased approximately \$6,361.

Total expenses for the year 2021 increased by \$58,970 when compared to the year 2020.

Business-Type Activities

Business-type activities decreased net position by \$48,954. Key elements to the change in net position are as follows:

- Water and sewer revenues for the current year were \$48,954 lower than expenses generated due in part to the repairs needed for the control panel to operate the drinking water pump.

Financial Analysis of the Government's Funds

Governmental Funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

As of the current year, the Town's governmental funds reported combined fund balances of \$622,321. Approximately 83.96%, or \$522,518, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending and has been classified into the following categories:

Restricted	\$ 65,882
Assigned	-
Nonspendable	3,921

The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance is \$584,439. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 75.94% of total General Fund expenditures, while total fund

Town of La Jara, Colorado
Management's Discussion and Analysis
December 31, 2021

balance represents 80.33% of total General Fund expenditures. The General Fund's fund balance increased \$196,493 this year.

The Conservation Trust Fund balance increased \$9,646.

Detail for Governmental Funds is found on pages 7-9 of the Basic Financial Statements.

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

Unrestricted net position in the Water and Sewer Fund at the end of the year amounted to \$148,798. Total net position in the Water and Sewer Fund decreased \$48,954.

General Fund Budgetary Highlights

Town Board of Trustees adopted the 2021 budget as outlined on page 31-36. Total revenues were \$60,872 more than what was originally budgeted. This increase in revenues was in large part due to the increase in sales and use tax received. Total expenditures were \$30,421 less than the original budget.

A complete budget comparison report appears on page 31 of the financial statements.

Capital Asset and Debt Administration

Capital Assets: The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2021 amounts to \$3,048,423 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, infrastructure, and construction in progress. The total increase in the Town's investment in capital assets for the current year was 1.06%.

Long-Term Debt: Long-Term Liabilities decreased by \$79,774 in 2021. The year-end balance was \$479,113, which is comprised of a \$200,000 interest-free loan (current balance of \$39,966) with Colorado Water Resources and Development Authority, a \$750,000 interest-free loan (current balance of \$187,466) with Colorado Water Resources and Power Development; a \$350,000 interest free loan with Colorado Water Resources and Power Development Authority (current balance of \$227,835) and a capital lease obligation of \$87,916 (current balance of \$23,846).

Additional information on the Town's long-term debt can be found in Note 6 on pages 22 - 24 of this report.

Subsequent Events

On August 26, 2019 the Town was issued a notice of violation by the Colorado Department of Public Health & Environment in regards to the Town's discharge permit. The Town was in failure

Town of La Jara, Colorado
Management's Discussion and Analysis
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to comply with all terms and conditions of the Permit and allowed discharge that contained effluents outside the parameter concentrations allowed. The Town has hired an engineering company to perform an evaluation of the facility and develop a plan that will comply with all the terms and conditions of the discharge permit. The Town is waiting on the approval of the plan from the State. The Town will be exploring various funding options including financing and grants in order to implement the plan.

As a result of the COVID-19 coronavirus and the economic uncertainties the Town may face it is unknown at this time the full financial impact of the operations of the Town. It is likely the town will be impacted by a decrease in property and sales tax revenues.

Requests for Information

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

TOWN OF LA JARA, COLORADO

BASIC FINANCIAL STATEMENTS

TOWN OF LA JARA, COLORADO

STATEMENT OF NET POSITION

December 31, 2021

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 397,553	\$ 67,841	\$ 465,394
Certificates of Deposit	108,932	95,051	203,983
Property Taxes Receivable	74,609	-	74,609
Accounts Receivable	4,927	42,395	47,322
Due from Other Governments	107,459	-	107,459
Internal Balances	10,785	(10,785)	-
Prepaid Expenses	3,921	1,299	5,220
Total Current Assets	708,186	195,801	903,987
Noncurrent Assets			
Construction in Progress	114,650	52,014	166,664
Land	92,875	-	92,875
Buildings	448,962	14,907	463,869
Improvements	327,537	-	327,537
Machinery and Equipment	421,426	204,749	626,175
Infrastructure	35,983	10,683	46,666
Collection and Transmission System	-	4,316,985	4,316,985
Less: Accumulated Depreciation	(854,784)	(2,137,564)	(2,992,348)
Net Pension Asset	33,394	-	33,394
Total Noncurrent Assets	620,043	2,461,774	3,081,817
TOTAL ASSETS	1,328,229	2,657,575	3,985,804
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	76,349	-	76,349
LIABILITIES			
Current Liabilities			
Accounts Payable	10,250	5,341	15,591
Payroll Liability	1,006	-	1,006
Notes Payable	-	63,215	63,215
Capital Lease	8,319	19,019	27,338
Total Current Liabilities	19,575	87,575	107,150
Noncurrent Liabilities			
Notes Payable	-	392,052	392,052
Capital Lease	91,681	4,827	96,508
Total Noncurrent Liabilities	91,681	396,879	488,560
TOTAL LIABILITIES	111,256	484,454	595,710
DEFERRED INFLOWS OF RESOURCES			
Pensions	36,392	-	36,392
Deferred Revenue- Property Taxes	74,609	41,662	116,271
TOTAL DEFERRED INFLOWS OF RESOURCES	111,001	41,662	152,663

The accompanying notes are an integral part of this financial statement.

TOWN OF LA JARA, COLORADO**STATEMENT OF NET POSITION****December 31, 2021**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	TOTAL
NET POSITION			
Net Investment in Capital Assets	430,413	1,940,999	2,371,412
Restricted			
TABOR Reserve	28,000	-	28,000
Park Projects	28,236	-	28,236
Unrestricted	695,672	190,460	886,132
TOTAL NET POSITION	\$ 1,182,321	\$ 2,131,459	\$ 3,313,780

The accompanying notes are an integral part of this financial statement.

TOWN OF LA JARA, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Primary Government	
						Business-Type Activities	TOTAL
Primary Government:							
Governmental Activities:							
General Government	\$ 180,388	\$ 16,046	\$ -	\$ -	\$ (164,342)	\$ -	\$ (164,342)
Public Safety	272,603	23,558	-	-	(249,045)	-	(249,045)
Public Works	117,840	-	136,961	-	19,121	-	19,121
Health and Welfare	24,962	-	-	-	(24,962)	-	(24,962)
Culture and Recreation	-	-	9,631	-	9,631	-	9,631
Total Governmental Activities	595,793	39,604	146,592	-	(409,597)	-	(409,597)
Business-Type Activities:							
Water and Sewer	475,525	365,025	-	61,014	-	(49,486)	(49,486)
Total Business-Type Activities	475,525	365,025	-	61,014	-	(49,486)	(49,486)
Total Primary Government	\$ 1,071,318	\$ 404,629	\$ 146,592	\$ 61,014	(409,597)	(49,486)	(459,083)
General Revenues:							
Taxes:							
Property Taxes					102,994	-	102,994
Sales Taxes					506,675	-	506,675
Franchise Taxes					24,448	-	24,448
Other Taxes					1,713	-	1,713
Interest on Accounts					943	532	1,475
Loss on Sale of Fixed Assets					(8,692)	-	(8,692)
Miscellaneous					5,491	-	5,491
Total General Revenues					633,572	532	634,104
Change in Net Position					223,975	(48,954)	175,021
Net Position - Beginning of Year					958,346	2,180,413	3,138,759
Net Position - End of Year					\$ 1,182,321	\$ 2,131,459	\$ 3,313,780

The accompanying notes are an integral part of this financial statement.

TOWN OF LA JARA, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2021

	GENERAL FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 364,096	\$ 33,457	\$ 397,553
Certificates of Deposit	108,932	-	108,932
Property Taxes Receivable	74,609	-	74,609
Accounts Receivable	4,927	-	4,927
Due from Other Governments	107,459	-	107,459
Due from Other Funds	10,785	4,425	15,210
Prepaid Expenses	3,921	-	3,921
TOTAL ASSETS	<u>\$ 674,729</u>	<u>\$ 37,882</u>	<u>\$ 712,611</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 10,250	\$ -	\$ 10,250
Payroll Liability	1,006	-	1,006
Due to Other Funds	4,425	-	4,425
TOTAL LIABILITIES	<u>15,681</u>	<u>-</u>	<u>15,681</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue- Property Taxes	74,609	-	74,609
FUND BALANCE			
Nonspendable	3,921	-	3,921
Restricted	28,000	37,882	65,882
Unassigned	552,518	-	552,518
TOTAL FUND BALANCE	<u>584,439</u>	<u>37,882</u>	<u>622,321</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 674,729</u>	<u>\$ 37,882</u>	<u>\$ 712,611</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF LA JARA, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2021

Total governmental fund balances	\$ 622,321
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds.	586,649
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Capital leases payable	(100,000)
Deferred results and contributions to pension plans made after the measurement date are not recorded as expenditures in the governmental funds but must be deferred in the statement of net position.	76,349
Net pension liabilities (assets) are not due and payable in the current period and are not reported in the funds.	33,394
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds.	<u>(36,392)</u>
Net position of governmental activities	<u><u>\$ 1,182,321</u></u>

TOWN OF LA JARA, COLORADO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
For the Year Ended December 31, 2021

	GENERAL FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property Taxes	\$ 76,526	\$ -	\$ 76,526
Sales and Use Taxes	506,967	-	506,967
Specific Ownership Taxes	26,468	-	26,468
Franchise Taxes	24,487	-	24,487
Fees and Fines	23,558	-	23,558
Licenses and Permits	15,138	-	15,138
Intergovernmental	138,635	9,631	148,266
Interest Earnings	928	15	943
Miscellaneous	6,107	-	6,107
TOTAL REVENUES	818,814	9,646	828,460
EXPENDITURES			
Current-			
General Government	146,570	-	146,570
Public Safety	267,601	-	267,601
Public Works	109,577	-	109,577
Health and Welfare	19,043	-	19,043
Capital Outlay	184,730	-	184,730
TOTAL EXPENDITURES	727,521	-	727,521
Excess (Deficiency) of Revenues over Expenditures	91,293	9,646	100,939
OTHER FINANCING SOURCES (USES)			
Capital Lease Proceeds	100,000	-	100,000
Sale of Capital Asset	5,200	-	5,200
TOTAL OTHER FINANCING SOURCES (USES)	105,200	-	105,200
Net Change in Fund Balance	196,493	9,646	206,139
Fund Balances at Beginning of Year	387,946	28,236	416,182
Fund Balances at End of Year	\$ 584,439	\$ 37,882	\$ 622,321

The accompanying notes are an integral part of this financial statement.

TOWN OF LA JARA, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

Net change in fund balances - total governmental funds \$ 206,139

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset addition	\$	171,530	
Current year disposals of capital assets		(13,892)	
Depreciation expense		<u>(39,198)</u>	
			118,440

Debt proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the activity in debt in the current period.

Capital lease proceeds	(100,000)
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Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension expense.	<u>(604)</u>
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Change in net position of governmental funds	<u><u>\$ 223,975</u></u>
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TOWN OF LA JARA, COLORADO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2021

	WATER AND SEWER FUND
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 67,841
Certificates of Deposit	95,051
Accounts Receivable	42,395
Prepaid Expenses	1,299
Total Current Assets	206,586
Noncurrent Assets	
Construction in Progress	52,014
Buildings	14,907
Infrastructure	10,683
Collection and Transmission System	4,316,985
Machinery and Equipment	204,749
Less: Accumulated Depreciation	(2,137,564)
Total Noncurrent Assets	2,461,774
TOTAL ASSETS	2,668,360
LIABILITIES	
Current Liabilities	
Accounts Payable	5,341
Deferred Grant Revenue	41,662
Due to Other Funds	10,785
Capital Lease Payable	19,019
Notes Payable	63,215
Total Current Liabilities	140,022
Noncurrent Liabilities	
Capital Lease Payable	4,827
Notes Payable	392,052
TOTAL LIABILITIES	536,901
NET POSITION	
Net Investment in Capital Assets	1,982,661
Unrestricted	148,798
TOTAL NET POSITION	\$ 2,131,459

The accompanying notes are an integral part of this financial statement.

TOWN OF LA JARA, COLORADO
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2021

	WATER AND SEWER FUND
OPERATING REVENUES	
Charges for Services	\$ 364,232
Miscellaneous Income	793
Total Operating Revenues	365,025
OPERATING EXPENSES	
Salaries	126,550
Payroll Taxes and Employee Benefits	30,288
Professional Services	50,212
Utilities	16,621
Monitoring Fees	8,153
Office Supplies	11,063
Repairs and Maintenance	68,063
Gas and Oil	6,332
Insurance	6,282
Traveling and Training	1,096
Miscellaneous	12,647
Depreciation	138,218
Total Operating Expenses	475,525
Operating Income (Loss)	(110,500)
NONOPERATING REVENUES (EXPENSES)	
Grant Revenue	61,014
Interest Income	532
Total Nonoperating Revenues (Expenses)	61,546
Change in Net Position	(48,954)
Net Position, Beginning of Year	2,180,413
Net Position, End of Year	\$ 2,131,459

The accompanying notes are an integral part of this financial statement.

TOWN OF LA JARA, COLORADO
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	WATER/SEWER FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 359,853
Cash Payments to Suppliers for Goods and Services	(176,879)
Cash Payments to Employees	(144,085)
Cash Payments for Employee Benefits and Taxes	(31,384)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	7,505
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Fixed Assets	(52,014)
Grant Proceeds	102,676
Principal Paid on Notes and Leases	(79,774)
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(29,112)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	71
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	71
NET INCREASE IN CASH AND CASH EQUIVALENTS	(21,536)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	89,377
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 67,841
OPERATING INCOME (LOSS)	\$ (110,500)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	138,218
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(5,172)
Increase (Decrease) in Accounts Payable	2,494
Increase (Decrease) in Due to Other Funds	(17,535)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 7,505

The accompanying notes are an integral part of this financial statement.

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

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

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

Governmental Funds

The Town reports the following major governmental fund:

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

Proprietary Fund

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

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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

Other Fund Types

The Town also reports the following fund type:

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

CASH AND CASH EQUIVALENTS

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

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

PROPERTY TAXES

Property taxes were levied on December 9, 2021 based on the assessed value of property as certified by the County Assessor by the previous October 10. Assessed values are a percentage of actual values. A reappraisal of all property must be made every two years. The last reappraisal date was completed in 2021 for the 2019 base year specified by state law.

The taxes levied on December 9, 2021 reflect 2021 property taxes that will be collected in 2022 by the Conejos County Treasurer. Taxes collected by the Treasurer are remitted to the Town on a monthly basis. These taxes are due January 2, 2022 and may be paid in two installments (February 28 and June 15) or they may be paid in full April 30. Taxes not paid in accordance with this schedule accrue interest and penalty charges and are subject to liens if not paid by November, 2022.

INVENTORY

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

CAPITAL ASSETS

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

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activity is included as part of the capitalized value of the assets constructed when material. Construction-period interest recorded in proprietary funds is no longer capitalized beginning in 2018 due to the Town's adoption of GASB statement No. 89.

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

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

COMPENSATED ABSENCES

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

LONG-TERM LIABILITIES

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

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

PENSIONS

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

FUND EQUITY

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

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Nonspendable - includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories, prepaid items and long-term notes receivable.

Restricted - includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.

Committed - includes amounts that can only be used for the specific purposes determined by the passage of a resolution of the Town's board of trustees. Commitments may be modified or changed only by the Town's board of trustees approving a new resolution.

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

Unassigned - this is the residual classification for the general fund.

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

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

Net investment in capital assets - this classification consists of capital assets net of accumulated depreciation and reduced by outstanding related debt that is attributed to the acquisition, construction or improvement of capital assets.

Restricted net position - this classification consists of restrictions created by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation and constitutional provisions.

Unrestricted net position - this classification represents the remainder of net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

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

INTERFUND TRANSACTIONS

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

ESTIMATES

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

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY PRINCIPLES

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

On or before October 15 of each year, the Town manager submits to the board of trustees a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board of trustees to obtain taxpayer comments. The Town adopts budgets for all funds and the Town uses the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets for all funds. In addition, appropriations lapse at the end of the year.

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation resolution. The board of trustees may amend the original adopted budget during the year by passing a new resolution to reflect current needs and during 2021 the expenditure estimates were not amended. For each legally adopted annual operating budget, budgetary control exists at the total fund level. That is to say, total expenditures for each fund cannot legally exceed total appropriations for that fund.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

At December 31, 2021 cash, deposits, and certificates of deposit consisted of the following.

Cash on hand	\$	2,647
Cash in banks		666,645
Total cash, deposits, and investments	\$	<u>669,292</u>

Deposits

At December 31, 2021, the carrying amount of the Town's deposits, including certificates of deposit, was \$669,292 and the bank balance was \$681,520. Of the bank balance, \$453,984 was covered by federal depository insurance and \$227,536 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public fund monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The fair value of the collateral that each institution pledges must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution.

Credit Risk-The Town has no formal policy on managing credit risk; however, the Town is subject to the provisions of Colorado Revised Statutes 24-75-601, which is entitled "Concerning Investment in Securities by Public Entities". This law, among other things, outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government and agency securities, certain bonds of political subdivisions, bankers' acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds, guaranteed insurance contracts and U.S. dollar-denominated corporate or bank debt. The statute also includes a provision limiting any investment to a five-year maturity unless the governing body authorizes a longer period.

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following interfund receivables and payables are included in the fund financial statements at December 31, 2021:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental funds -		
General fund	\$ 10,785	\$ 4,425
Conservation trust fund	4,425	-
Enterprise fund -		
Water and sewer fund	-	10,785
	<u>\$ 15,210</u>	<u>\$ 15,210</u>

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

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land	\$ 92,875	\$ -	\$ -	\$ 92,875
Construction in progress	-	114,650	-	114,650
Total capital assets not being depreciated	<u>92,875</u>	<u>114,650</u>	<u>-</u>	<u>207,525</u>
Capital assets being depreciated				
Buildings	448,962	-	-	448,962
Improvements	270,657	56,880	-	327,537
Infrastructure	35,983	-	-	35,983
Machinery and equipment	513,519	-	92,093	421,426
Total capital assets being depreciated	<u>1,269,121</u>	<u>56,880</u>	<u>92,093</u>	<u>1,233,908</u>
Less accumulated depreciation for:				
Buildings	301,049	16,257	-	317,306
Improvements	114,893	14,610	-	129,503
Infrastructure	12,931	1,687	-	14,618
Machinery and equipment	464,914	6,644	78,201	393,357
Total accumulated depreciation	<u>893,787</u>	<u>39,198</u>	<u>78,201</u>	<u>854,784</u>
Total capital assets being depreciated, net	<u>375,334</u>	<u>17,682</u>	<u>13,892</u>	<u>379,124</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 468,209</u></u>	<u><u>\$ 132,332</u></u>	<u><u>\$ 13,892</u></u>	<u><u>\$ 586,649</u></u>
<i>Business-type activity:</i>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 52,014	\$ -	\$ 52,014
Capital assets being depreciated				
Collection and transmission system	4,316,985	-	-	4,316,985
Building	14,906	-	-	14,906
Infrastructure	10,683	-	-	10,683
Machinery and equipment	204,750	-	-	204,750
Total capital assets being depreciated	<u>4,547,324</u>	<u>-</u>	<u>-</u>	<u>4,547,324</u>
Less accumulated depreciation for:				
Collection and transmission system	1,843,073	129,267	-	1,972,340
Building	6,540	358	-	6,898
Infrastructure	10,504	-	-	10,504
Machinery and equipment	139,229	8,593	-	147,822
Total accumulated depreciation	<u>1,999,346</u>	<u>138,218</u>	<u>-</u>	<u>2,137,564</u>
Total capital assets being depreciated, net	<u>2,547,978</u>	<u>(138,218)</u>	<u>-</u>	<u>2,409,760</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 2,547,978</u></u>	<u><u>\$ (86,204)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,461,774</u></u>

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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

Governmental activities:

General government	\$ 20,618
Public Safety	4,398
Public Works	8,263
Culture and Recreation	5,919
Total depreciation expense - governmental activities	<u>\$ 39,198</u>

Business-type activity:

Water and sewer	\$ 138,218
Total depreciation expense - business-type activity	<u>\$ 138,218</u>

NOTE 6 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

	Balance 12/31/2020	Additions	Repayments	Balance 12/31/2021	Due Within One Year
<i>Governmental Activities</i>					
Lease Purchase Agreement	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ 8,319
Governmental Activities Total	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 8,319</u>
<i>Business-type Activity</i>					
Notes Payable					
CWRPDA Loan	\$ 50,000	\$ -	\$ 10,034	\$ 39,966	\$ 10,000
CWRPDA Loan	225,000	-	37,534	187,466	37,500
CWRPDA Loan	243,584	-	15,749	227,835	15,715
Capital Lease Payable	40,303	-	16,457	23,846	19,019
Business-type Activities Total	<u>\$ 558,887</u>	<u>\$ -</u>	<u>\$ 79,774</u>	<u>\$ 479,113</u>	<u>\$ 82,234</u>

Governmental Activities

Lease Purchase Agreement

A Lease Purchase Agreement, dated September 10, 2021, was entered into between San Luis Valley Federal Bank (the "Bank"), as lessor, and the Town of La Jara, Colorado (the "Town"), as lessee. The bank issued \$100,000 at 3.99% interest, to the Town for the purchase of the Town maintenance building that is under construction. The Town is leasing the building back via the Lease Purchase Agreement. The Town is to using the proceeds from the sale to construct and equip the Town maintenance building. At December 31, 2021 the project is included in fixed assets as construction in progress at a cost of \$114,650. Payments are due to the Bank in semi-annual installments beginning March 10, 2022 and continuing through September 10, 2031. The Town can purchase the building back at any time for the purchase option price included in the lease.

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

The annual debt service for the Lease Purchase Agreement is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 8,319	\$ 3,907	\$ 12,225
2023	8,654	3,572	12,225
2024	8,993	3,232	12,225
2025	9,365	2,860	12,225
2026	9,742	2,483	12,225
2027-2031	54,927	6,206	61,133
	<u>\$ 100,000</u>	<u>\$ 22,260</u>	<u>\$ 122,260</u>

Business-Type Activities

Notes Payable

\$200,000 interest-free loan with Colorado Water Resources and Power Development Authority series 2005; due in semi-annual installments of \$5,000 through November, 2025; debt is serviced by the water and sewer fund and on which revenue is pledged as collateral \$ 39,966

\$750,000 interest-free loan with Colorado Water Resources and Power Development Authority, series 2006; due in semi-annual installments of \$18,750 through November, 2026; debt is serviced by the water and sewer fund and on which revenue is pledged as collateral 187,466

\$350,000 interest-free loan with Colorado Water Resources and Power Development Authority, series 2015; due in semi-annual installments of \$7,858 through May, 2036; debt is serviced by the water and sewer fund on which revenue is pledged as collateral 227,835
455,267

Obligation under capital lease

\$87,916 of obligation under capital lease; interest rate of 4.75%; payable in annual installments of \$19,749, including interest through February 2023; lease payments began May 2018; debt is serviced by the water and sewer fund 23,846
23,846

Total Business-type Activity \$ 479,113

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

The annual debt service for the notes payable is as follows:

	Notes Payable		
	Principal	Interest	Total
2022	\$ 63,215	\$ -	\$ 63,215
2023	63,215	-	63,215
2024	63,215	-	63,215
2025	63,215	-	63,215
2026	53,215	-	53,215
2027-2031	78,576	-	78,576
2032-2035	70,616	-	70,616
	<u>\$ 455,267</u>	<u>\$ -</u>	<u>\$ 455,267</u>

	Capital Lease		
	Principal	Interest	Total
2022	\$ 19,019	\$ 730	\$ 19,749
2023	4,827	28	4,855
	<u>\$ 23,846</u>	<u>\$ 758</u>	<u>\$ 24,604</u>

Debt Covenants

Debt covenants require that the water and sewer fund maintain a net income to debt ratio of 1.10 after excluding depreciation. For the year ended December 31, 2021, the Town was not in compliance with debt covenant requirements.

NOTE 7 DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The Statewide Defined Benefit Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan. 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' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the 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

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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' base salary 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 member.

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 and 8.5 percent in 2020 and 2021, respectively. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2020, members of the SWDB plan and their employers are contributing at the rate of 11 percent and 8 percent, respectively, of pensionable earnings for a total contribution rate of 19 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 23 percent and 23.5 percent of pensionable earnings in 2020 and 2021, 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 5.5 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.5 percent in 2020 and 9.75 percent in 2021. 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 and 4.25 percent in 2020 and 2021, respectively. 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 Town were \$11,395 for the year ended December 31, 2021.

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

At December 31, 2021, the Town reported an asset of \$33,394 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined as of December 31, 2020, based

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

upon the January 1, 2020 actuarial valuation. At December 31, 2020, the Town's proportion was 0.015 percent, which was a decrease of 0.006 from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Town increased pension expense by \$614. At December 31, 2021, the Town 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
Difference between expected and actual experience	\$ 28,322	\$ 133
Net difference between projected and actual earnings on pension plan investments	-	34,301
Change in assumptions	14,203	-
Change in proportionate share	22,429	1,958
Contributions subsequent to the measurement date	11,395	-
Total	<u>\$ 76,349</u>	<u>\$ 36,392</u>

\$11,395 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2022.

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,	
2022	\$ (958)
2023	3,491
2024	(2,280)
2025	3,568
2026	9,000
Thereafter	15,742
	<u>\$ 28,563</u>

Actuarial assumptions. The actuarial valuations for the SWDB were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2020. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2021	January 1, 2020
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*	7.00%	7.00%
Projected Salary Increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living		
Asjustments (COLA)	0.00%	0.00%
*Includes inflation at	2.50%	2.50%

TOWN OF LA JARA, COLORADO
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December 31, 2021

For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates for the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and projected prospectively using the ultimate rate 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	39.0%	8.23%
Equity Long/Short	8.0%	6.87%
Private Markets	26.0%	10.63%
Fixed Income	10.0%	4.01%
Absolute Return	5.0%	5.25%
Managed Futures	10.0%	5.60%
Cash	2.0%	2.32%
Total	<u>100.0%</u>	

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 Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB 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 2.00 percent (based on the weekly rate closest to but not later than the measurement date of

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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% Decrease (6.00%)	Single Discount Rate Assumption (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	\$ (33,606)	\$ (33,394)	\$ (88,880)

Pension plan fiduciary net position Detailed information about the SWDB’s fiduciary net position is available in FPPA’s comprehensive annual financial report which can be obtained at <http://www.fppaco.org>.

NOTE 8 NET POSITION AND FUND BALANCES

Net Position

Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2021 for governmental activities is as follows:

Tabor	\$ 28,000
Park Projects	37,882
	<u>\$ 65,882</u>

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

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

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Fund Balance

	Governmental Activities		
	General	Conservation	
	Fund	Trust Fund	Total
Nonspendable -			
Prepaid items	\$ 3,921	\$ -	\$ 3,921
Restricted -			
Tabor	28,000	-	28,000
Park Projects	-	37,882	37,882
Unassigned	552,518	-	552,518
Total fund balances	<u>\$ 584,439</u>	<u>\$ 37,882</u>	<u>\$ 622,321</u>

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (OPEB)

New Hire Fire and Police Death and Disability

The Town contributes to the statewide, cost-sharing, multiple-employer death and disability plan administered by the Colorado Fire and Police Pension Association (FPPA). The statewide plan provides death and disability benefits for those new hires employed after January 1, 1997 and their beneficiaries. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available financial report that includes the statewide death and disability plan. That report may be obtained by writing to FPPA of Colorado, 5290 OTC Parkway, Suite 100, Englewood, Colorado, 80111, or by calling FPPA at 303-770-3772 in the Denver metro area or 800-332-3772 from outside the metro area.

Funding Policy - Plan members and the Town are required to contribute at a rate set by statute. Pursuant to statute, the FPPA Board of Directors may adjust the contribution rate every two years based on an annual actuarial valuation by no more than one-tenth of one percent. The 2021 contribution rate for members is 3.00% of pensionable earnings. The Town's contributions to the statewide death and disability plan for the years ended December 31, 2021, 2020 and 2019 were \$0, \$0, and \$0, equal to its required contributions for each year.

NOTE 10 RISK MANAGEMENT

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

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

TOWN OF LA JARA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 11 TABOR EMERGENCY RESERVE

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

NOTE 12 COMMITMENTS AND CONTINGENCIES

Notice of Violation

The Town was issued a notice of violation by the Colorado Department of Public Health & Environment on August 26, 2019 in relation to the Town's discharge permit. The Town was in failure to comply with all terms and conditions of the Permit and allowed discharge that contained effluents outside of parameter concentrations allowed.

The Town responded to the notice of violation on September 24, 2019 and has hired an engineering company to perform an evaluation of the facility and recommend measures to ensure that adequate treatment is provided such that the facility complies with all terms and conditions of the Town's discharge permit. As of the issuance of this report, a plan has not yet been accepted or approved by the State and associated costs have not yet been determined. The Town continues to work with the State in conjunction with its engineering firm to formulate a plan. The Town is also exploring various funding options that may include financing and grants as the Town will not likely have sufficient current resources to implement a plan.

Tax Abatement

The Town is authorized under Colorado Revised Statutes to negotiate incentive payments for any business personal property taxes for any taxpayer who establishes a new business facility or expands an existing facility within the Town.

A business real property tax abatement agreement was entered into in 2015 with developers of a restaurant chain. Per the agreement, the developers will pay 25% of the general property tax that would otherwise be levied by the Town for the tax years of 2016 and 2017, 50% for the tax year of 2018, and 75% for the tax of 2019. The 2019 assessed tax payment due in 2020 required an additional tax abatement payment in 2020. No tax abatement payments were made to the developer during the year ended December 31, 2020. The Town accrued a tax abatement amount as of December 31, 2020, and the amount was paid during 2021.

COVID-19

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity throughout the Town could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The Town has received federal funding to mitigate some of the costs/losses incurred as a result of the pandemic. However, no adjustments have been made to these financial statements as additional impact is unknown at this time.

TOWN OF LA JARA, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and major governmental fund. In addition, pension plan contributions and the Town's proportionate share of the net pension liability (asset) is required to supplement the basic financial statements.

TOWN OF LA JARA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2021

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 544,920	\$ 544,920	\$ 634,448	\$ 89,528
Intergovernmental Revenue				
State Grants	75,000	75,000	73,367	(1,633)
Highway Users Tax	49,400	49,400	61,129	11,729
Other	3,375	3,375	4,139	764
Licenses and Permits	11,850	11,850	15,138	3,288
Fines and Forfeits	70,620	70,620	23,558	(47,062)
Interest on Accounts	977	977	928	(49)
Miscellaneous	1,800	1,800	6,107	4,307
TOTAL REVENUES	757,942	757,942	818,814	60,872
EXPENDITURES				
General Government	158,200	158,200	146,570	11,630
Public Safety	269,810	269,810	267,601	2,209
Highways and Streets	197,754	197,754	109,577	88,177
Culture and Recreation	23,200	23,200	19,043	4,157
Capital Outlay	108,978	108,978	184,730	(75,752)
TOTAL EXPENDITURES	757,942	757,942	727,521	30,421
Excess (Deficiency) of Revenues over Expenditures	-	-	91,293	91,293
OTHER FINANCING SOURCES (USES)				
Capital Lease Proceeds	-	-	100,000	100,000
Sale of Capital Assets	-	-	5,200	5,200
TOTAL OTHER FINANCING SOURCES (USES)	-	-	105,200	105,200
Net Change in Fund Balance	-	-	196,493	196,493
Fund Balance at Beginning of Year	189,177	189,177	387,946	198,769
Fund Balance at End of Year	\$ 189,177	\$ 189,177	\$ 584,439	\$ 395,262

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

TOWN OF LA JARA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CONSERVATION TRUST FUND
For the Year Ended December 31, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Intergovernmental Revenue				
Lottery Funds	\$ 9,000	\$ 9,000	\$ 9,631	\$ 631
Interest on Accounts	12	12	15	3
TOTAL REVENUES	9,012	9,012	9,646	634
EXPENDITURES				
Culture and Recreation	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
Net Change in Fund Balance	9,012	9,012	9,646	634
Fund Balance at Beginning of Year	24,611	24,611	28,236	3,625
Fund Balance at End of Year	\$ 33,623	\$ 33,623	\$ 37,882	\$ 4,259

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

TOWN OF LA JARA, COLORADO
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)
FPPA SWDB PENSION PLAN
For the Years Ended December 31,

	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset)	0.0153820523%	0.0220260000%	0.0220800000%	0.0220000000%	0.0250000000%	0.0310000000%	0.0282000000%	0.0290000000%
Town's proportionate share of the net pension liability (asset)	\$ (33,394)	\$ (12,457)	\$ 28,077	\$ (31,061)	\$ 9,101	\$ (541)	\$ (31,826)	\$ (24,948)
Town's covered payroll	\$ 134,054	\$ 162,333	\$ 143,891	\$ 126,413	\$ 128,900	\$ 148,875	\$ 126,433	\$ 120,810
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-24.91%	-7.67%	19.51%	-24.57%	7.06%	0%	-25%	-21%
Plan fiduciary net position as a percentage of the total pension liability	106.7%	101.9%	95.2%	106.3%	98.2%	100.1%	106.8%	105.8%

*The amounts presented were determined as of the calendar year-end.

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the Town presents information for those years for which information is available.

TOWN OF LA JARA, COLORADO
SCHEDULE OF TOWN CONTRIBUTIONS
FPPA SWDB PENSION PLAN
For the Years Ended December 31,

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 11,395	\$ 9,884	\$ 12,987	\$ 11,511	\$ 10,113	\$ 14,312	\$ 11,910	\$ 10,115	\$ 9,665
Contributions in relation to the contractually required contribution	(11,395)	(9,884)	(12,987)	(11,511)	(10,113)	(14,312)	(11,910)	(10,115)	(9,665)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	134,054	123,555	162,333	143,891	126,413	128,900	148,875	126,433	120,810
Contributions as a percentage of covered payroll	8.50%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the Town presents information for those years for which information is available.

TOWN OF LA JARA, COLORADO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended December 31, 2021

NOTE 1 NET PENSION LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2020 There were no changes in assumptions or other inputs this measurement period compared to prior year.

2019

- Reduced the real return rate from 5.00% to 4.50%, combined with an unchanged inflation rate of 2.5%, reduced the nominal investment assumption from 7.50% to 7.00%.
- Increased the productivity component of the salary scale assumption from 1.50% to 1.75%. Combined with the inflation creates of 2.50%, this creates and ultimate salary assumption of 4.25%.
- Removed the blue collar adjustment for the mortality tables being used and updated the mortality projection scale from Scale BB to the ultimate rates of the MP-2017 projection scale.
- Increased disability rates for members covered by a defined benefit program.
- Slightly modified retirement rates to reflect increased retirement utilization for low service members and slightly decreased the normal retirement rates after age 55.
- Limited the amortization period used to determine the Actuarially Determined Contribution Rate such that no negative amortization results (the payment always covers at least the interest on the unfunded liability).

2018

- The Long-Term Investment Rate of Return was lowered from 7.5% to 7.0%.
- Projected Salary Increases changed from 4.0%-14.0% to 4.25%-11.25%.
- Increase the expected incidence of Disability for members of FPPA's defined benefit plans.

2017 There were no changes in assumptions or other inputs this measurement period compared to prior year.

2016 There were no changes in assumptions or other inputs this measurement period compared to prior year.

2015

- The Inflation assumption was reduced from 3.0% to 2.5%.
- Added an explicit charge for administrative expenses in the actuarial contribution calculation.
- Revised the base mortality tables and the explicit assumption for increasing longevity in the future to reflect current mortality studies.
- Increase the expected incidence of Total Disability for members of FPPA's defined benefit plans.

TOWN OF LA JARA, COLORADO
SUPPLEMENTARY INFORMATION

TOWN OF LA JARA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP)
WATER AND SEWER FUND
Year Ended December 31, 2021

	ACTUAL - BUDGET BASIS			ORIGINAL AND FINAL BUDGET	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	Water Activities	Sewer Activities	Total		
REVENUES AND OTHER FINANCING SOURCES					
Service Charges	\$ 164,842	\$ 199,390	\$ 364,232	\$ 389,257	\$ (25,025)
Grant Revenue	61,014	-	61,014	200,000	(138,986)
Interest Income	496	36	532	800	(268)
Other Income	422	371	793	1,100	(307)
TOTAL REVENUES AND OTHER FINANCING SOURCES	226,774	199,797	426,571	591,157	(164,586)
EXPENDITURES					
Salaries	63,275	63,275	126,550	152,500	25,950
Payroll Taxes and Employee Benefits	15,230	15,058	30,288	25,400	(4,888)
Professional Services	21,911	28,301	50,212	30,000	(20,212)
Utilities	14,923	1,698	16,621	22,200	5,579
Monitoring Fees	1,270	6,883	8,153	9,813	1,660
Office Supplies	5,520	5,543	11,063	12,500	1,437
Repairs and Maintenance	41,269	10,241	51,510	25,000	(26,510)
Gas and Oil	3,166	3,166	6,332	7,700	1,368
Insurance- General	3,330	2,952	6,282	7,500	1,218
Traveling and Training	548	548	1,096	900	(196)
Capital Outlay	9,000	7,553	68,567	219,288	150,721
Miscellaneous	6,324	6,323	12,647	14,300	1,653
Debt Service					
Loan Payments	18,262	61,512	79,774	63,256	(16,518)
Interest Expense	-	-	-	800	800
TOTAL EXPENDITURES	204,028	213,053	469,095	591,157	122,062
NET CHANGE IN FUND BALANCE	\$ 22,746	\$ (13,256)	(42,524)	\$ -	\$ (42,524)
GAAP ADJUSTMENTS					
Depreciation			(138,218)		
Capital Outlay			52,014		
Principal Payments			79,774		
NET CHANGE IN FUND BALANCE			\$ (48,954)		

TOWN OF LA JARA, COLORADO
OTHER SCHEDULES AND REPORTS

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of La Jara	
		YEAR ENDING : December 2021	
This Information From The Records Of : Town of La Jara		Prepared By: Shawn Pagnotta Phone: (719)-274-5363	

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	9,926
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	3,002
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	4,844
2. General fund appropriations	85,091	b. Snow and ice removal	123
3. Other local imposts (from page 2)	2,465	c. Other	18,565
4. Miscellaneous local receipts (from page 2)	23,110	d. Total (a. through c.)	23,532
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	161,804
a. Bonds - Original Issues		6. Total (1 through 5)	198,264
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	110,666	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	87,598	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	198,264	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	198,264

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	198,264	198,264	0	0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): December 2021	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	16,602
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	6,508
5. Specific Ownership &/or Other	2,465	g. Other Misc. Receipts	
6. Total (1. through 5.)	2,465	h. Other	
c. Total (a. + b.)	2,465	i. Total (a. through h.)	23,110
	(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	61,129	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	26,468	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	26,468	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	87,598	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		5,905	5,905
(4). System Enhancement & Operation		4,021	4,021
(5). Total Construction (1) + (2) + (3) + (4)	0	9,926	9,926
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	9,926	9,926
			(Carry forward to page 1)
Notes and Comments:			