TOWN OF SAN LUIS

FINANCIAL STATEMENTS

December 31, 2021

Wall,
Smith,
Bateman Inc.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Wall,
Smith,
Bateman Inc.

To the Honorable Mayor and Board of Trustees
Town of San Luis
San Luis, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of San Luis (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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental 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, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the 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 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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 combining schedules, budgetary comparison information, and the local highway finance report are presented for purposes 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, the combining schedules, budgetary comparison information, and local highway finance report is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 12, 2022

TOWN OF SAN LUIS
BASIC FINANCIAL STATEMENTS

TOWN OF SAN LUIS
STATEMENT OF NET POSITION
December 31, 2021

		Primary Government Governmental Activities
ASSETS		
Current Assets		
Cash and Cash Equivalents	$	683,158
Accounts Receivable		112
Due From Other Governments		17,956
Property Taxes Receivable		75,051
Total Current Assets		701,226
Noncurrent Assets		
Land		200,044
Transportation		66,515
Buildings and Improvements		99,139
Land Improvements		155,917
Infrastructure		3,086,618
Machinery and Equipment		160,084
Less: Accumulated Depreciation		(1,975,963)
Total Noncurrent Assets		1,792,354
TOTAL ASSETS		2,493,580
LIABILITIES		
Current Liabilities		
Accounts Payable		-
Payroll Taxes Payable		3,168
Unavailable Revenue - Grants		102,745
Bond Payable- Current Portion		30,109
Total Current Liabilities		136,022
Noncurrent Liabilities		
Bond Payable		381,166
Total Noncurrent Liabilities		381,166
TOTAL LIABILITIES		517,188
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes		75,051
TOTAL DEFERRED INFLOWS OF RESOURCES		75,051
NET POSITION		
Net Investment in Capital Assets		1,381,079
Restricted for:		
TABOR		22,755
Conservation Trust		6,752
Debt Service		111,626
Unrestricted		454,180
TOTAL NET POSITION	$	1,976,392

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

TOWN OF SAN LUIS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	$ 498,266	$ 15,918	$ 308,424	$ 17,400	$ (156,524)
Judicial	3,059	-	-	-	(3,059)
Public Safety	51,830	-	-	-	(51,830)
Highways and Streets	238,426	-	35,054	-	(203,372)
Culture and Recreation	24,389	-	8,162	-	(16,227)
Interest on Long-term Debt	19,212	-	-	-	(19,212)
Total Governmental Activities	$ 835,182	$ 15,918	$ 351,640	$ 17,400	(450,224)

General Revenues:	
Taxes:	
General Property Taxes	169,578
Sales Taxes	237,401
Other Taxes	67,688
Interest on Accounts	278
Miscellaneous	3,284
Total General Revenues	478,229
Change in Net Position	28,005
Net Position - Beginning of Year	1,948,387
Net Position - End of Year	$ 1,976,392

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

TOWN OF SAN LUIS
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2021

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	$ 676,709	$ 6,449	$ 683,158
Accounts Receivable	113	(1)	112
Due from Other Govenments	17,956	-	17,956
Property Taxes Receivable	75,051	-	75,051
Due From Other Funds	-	111,930	111,930
TOTAL ASSETS	$ 769,829	$ 118,378	$ 888,207
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
LIABILITIES			
Accounts Payable	$ -	$ -	$ -
Payroll Taxes Payable	3,168	-	3,168
Due to Other Funds	111,930	-	111,930
Unavailable Revenue- Grants	102,745	-	102,745
TOTAL LIABILITIES	217,843	-	217,843
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue- Property Taxes	75,051	-	75,051
TOTAL DEFERRED INFLOWS OF RESOURCES	75,051	-	75,051
FUND BALANCE			
Restricted:			
TABOR Reserve	22,755	-	22,755
Conservation Trust	-	6,752	6,752
Debt Service	-	111,626	111,626
Assigned:			
Designated for Subsequent Years	1,069	-	1,069
Unassigned	453,111	-	453,111
TOTAL FUND BALANCE	476,935	118,378	595,313
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 769,829	$ 118,378	$ 888,207

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

TOWN OF SAN LUIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2021

Total governmental fund balances	$ 595,313
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,792,354
Long-term liabilities are not due and payable in the current period and and therefore are not reported in the funds.	
Bond Payable	(411,275)
Net position of governmental activities	$ 1,976,392

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

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

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes	$ 398,714	$ 75,953	$ 474,667
Intergovernmental Revenues	349,693	8,162	357,855
Licenses and Permits	12,102	-	12,102
Interest on Accounts	275	3	278
Donations	11,185	-	11,185
Fines and Forfeits	3,816	-	3,816
Miscellaneous	3,284	-	3,284
TOTAL REVENUES	779,069	84,118	863,187
EXPENDITURES			
General Government	490,774	-	490,774
Judicial	3,059	-	3,059
Public Safety	51,830	-	51,830
Highways and Streets	124,678	-	124,678
Culture and Recreation	-	4,024	4,024
Health and Welfare	-	-	-
Capital Outlay	31,698	8,015	39,713
Debt Service	-	48,000	48,000
TOTAL EXPENDITURES	702,039	60,039	762,078
Excess (Deficiency) of Revenues Over Expenditures	77,030	24,079	101,109
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	77,030	24,079	101,109
Fund Balances at Beginning of Year	399,905	94,299	494,204
Fund Balances at End of Year	$ 476,935	$ 118,378	$ 595,313

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

TOWN OF SAN LUIS

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		$ 101,109
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 additions	$ 42,365	
Depreciation expense	(144,257)	
		(101,892)
Debt proceeds provide current financial resources to governmental 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.		
Bond payments		28,788
Change in net position of governmental activities		$ 28,005

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Town of San Luis (the Town) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards.*

REPORTING ENTITY

Primary Government

The Town was incorporated on October 22, 1968, and became a statutory town under State Statute (CRS 139-2-2). The Town operates under Mayor-Council form of government and provides the following services as authorized by its charter: highways and streets, culture and recreation, planning and zoning, and general administrative services.

Component Units

The Town's combined financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Town holds the corporate powers of the organization
- The Town appoints a voting majority of the organization's board
- The Town is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Town
- There is fiscal dependency by the organization on the Town
- The organization is financially accountable to the Town
- The organization receives or holds funds that are for the benefit of the Town; and the Town has access to a majority of the funds held; and the funds that are accessible are also significant to the Town

Based on the aforementioned criteria, the Town of San Luis has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the Town. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds, if any, are aggregated and reported as nonmajor funds.

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements, imposed by the provider, 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 as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales and use taxes, other taxes, charges for services, intergovernmental revenues, and interest are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash

The Town's cash and cash equivalents are considered to be cash in bank, certificates of deposit and liquid investments with maturity of three months or less.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The Town's property taxes are collected by the County Treasurer who remits monthly receipts to the Town. Property tax revenue is recognized when received by the County Treasurer. The 2021 property tax levy due January 1, 2022, has been recorded in the financial statements as a receivable and corresponding deferred inflow of resources.

Receivables/Payables From Other Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

Capital Assets

Capital assets, which include construction in progress, land, infrastructure, buildings and improvements, and vehicles, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. The Town defines capital assets as assets with an initial, individual cost of more than $5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Assets	Years
Buildings and Improvements	15-40
Infrastructure	20-30
Vehicles and Equipment	5-30

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position/fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

In addition to liabilities, the statement of net position and governmental funds balance sheet reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as another financing source and debt payments are reported as an expense.

Compensated Absences

The Town does not accrue sick and personal days for employees. The Town does accrue vacation days for employees; however, the liability is deemed to be immaterial and is not recorded in the financial statements.

Unearned Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.

- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the Town is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance-* amounts that cannot be spent because they are not in spendable form- such as inventory and prepaid expenditures.
- *Restricted Fund Balance-* amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance-* amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Trustees, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance-* amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Trustees or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance-* amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Encumbrances

The Town does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are re-budgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Town of San Luis follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than October 15 of each year.
2) Publication of a notice stating that the budget is available for public inspection.
3) Discussion of the budget in a meeting open to the public.
4) Adoption of the budget in a public meeting by appropriate resolution no later than December 31.

Formal budgetary integration is employed as a management control device for all funds of the Town. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States (GAAP). All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Town did adopt supplemental appropriations during fiscal year 2021.

Stewardship

Expenditures in the following funds exceeded appropriations during 2021. This may be a violation of Colorado Revised Statutes 21-1-110.

General Fund	$	219,099
Conservation Trust Fund	$	6,739

NOTE 3 CASH AND DEPOSITS

A summary of cash and deposits for the Town are as follows:

Cash on Hand and in Banks	$	683,158
Total cash and deposits on the Statement of Net Position	$	683,158

Cash and Deposits

Colorado State Statutes govern the Town’s deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. All deposits were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989 during 2021.

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At December 31, 2021, $432,774 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

NOTE 4 PROPERTY TAXES RECEIVABLE

At December 31, 2021, the Town had an estimated property tax receivable of 75,051.

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES

The Town reports interfund balances between its funds. The balances result from the time lapse between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are reported in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Receivable Fund	Payable Fund	Amount
Debt Service Fund	General Fund	$ 111,626
Conservation Trust Fund	General Fund	304
		$ 111,930

The balance of $111,626 due to the Debt Service Fund and $304 due to the Conservation Trust Fund resulted from utilization of pooled cash.

NOTE 6 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
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 200,044	$ -	$ -	$ 200,044
Total capital assets not being depreciated	200,044	-	-	200,044
Capital assets being depreciated				
Transportation	66,515	-	-	66,515
Buildings and Improvements	80,185	18,954	-	99,139
Land Improvements	143,017	12,900	-	155,917
Infrastructure	3,086,618	-	-	3,086,618
Machinery and Equipment	149,573	10,511	-	160,084
Total capital assets being depreciated	3,525,908	42,365	-	3,568,273
Less accumulated depreciation for:				
Transportation	26,942	4,522	-	31,464
Buildings and Improvements	38,318	5,053	-	43,371
Land Improvements	4,767	5,627	-	10,394
Infrastructure	1,717,727	120,044	-	1,837,771
Machinery and Equipment	43,952	9,011	-	52,963
Total accumulated depreciation	1,831,706	144,257	-	1,975,963
Total capital assets being depreciated	1,694,202	(101,892)	-	1,592,310
Governmental Activities Capital Assets, net	$ 1,894,246	$ (101,892)	$ -	$ 1,792,354

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

Governmental activities:	
General Government	$ 10,144
Highways and Streets	113,748
Culture and Recreation	20,365
Total depreciation expense – governmental activities	$ 144,257

NOTE 7 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021	Due Within One Year
Governmental Activities:					
Bond Payable	$ 440,063	$ -	$ 28,788	$ 411,275	$ 30,109

Governmental Activities - Bond Payable

Sales Tax Revenue Bonds dated February 21, 2006, payable to the United States Department of Agriculture/Rural Housing Service was entered into for the purpose of paving the interior streets of San Luis, Colorado with an aggregate principal amount not to exceed $725,000 and an interest rate of 4.5%. Payments will be made monthly over a forty-year period and the final payment is due in 2046. This capital asset is recorded as part of infrastructure as the paving project at $689,638 less accumulated depreciation of $386,198.

Principal and interest payments on the sales tax revenue bonds are funded from sales tax revenue collected in the Debt Service Fund. The annual debt service for the bond is as follows:

	Principal	Interest	Total
2022	$ 30,109	$ 17,891	$ 48,000
2023	31,492	16,508	48,000
2024	32,938	15,062	48,000
2025	34,452	13,548	48,000
2026	36,034	11,966	48,000
2027-2031	206,577	33,423	240,000
2032	39,673	833	40,506
Total	$ 411,275	$ 109,231	$ 520,506

NOTE 8 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment.

In April 1996, the voters of the Town approved a ballot issue to allow the Town "to collect, retain or expend all revenues and other funds received from any source, notwithstanding any restriction or limit on fiscal year revenue or spending generated during 1988 and each subsequent year thereafter, without limiting the restrictions of Article X, Section 20 of the Colorado Constitution".

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. The Emergency Reserve has been presented as restricted fund balance/net position in the financial statements. The Town is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 9 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Grants

The Town participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of expenditures, if any, which may be disallowed by the granting agencies, cannot be determined at this time although the Town expects such amounts to be immaterial.

Litigation

The Town is party to various legal actions normally associated with governmental activities, aggregate effect which, in management's and legal counsel's opinion, would not be material to the financial statements.

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 American Rescue Plan Act (ARPA) 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 the additional impact is unknown at this time.

TOWN OF SAN LUIS

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and if applicable, each of the Town's major special revenue funds.

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

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 359,603	$ 359,603	$ 398,714	$ 39,111
Intergovernmental Revenues	37,510	216,768	349,693	132,925
Licenses and Permits	7,950	7,950	12,102	4,152
Interest on Accounts	250	250	275	25
Donations	3,875	3,875	11,185	7,310
Fines and Forfeits	3,000	3,000	3,816	816
Miscellaneous	1,500	1,500	3,284	1,784
TOTAL REVENUES	413,688	592,946	779,069	186,123
EXPENDITURES				
General Government	235,040	292,110	490,774	(198,664)
Judicial	2,500	2,500	3,059	(559)
Public Safety	53,830	53,830	51,830	2,000
Highways and Streets	74,700	74,700	87,158	(12,458)
HUTF	33,800	33,800	37,520	(3,720)
Capital Outlay	6,000	26,000	31,698	(5,698)
TOTAL EXPENDITURES	405,870	482,940	702,039	(219,099)
Excess (Deficiency) of Revenues over Expenditures	7,818	110,006	77,030	(32,976)
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	7,818	110,006	77,030	(32,976)
Fund Balance at Beginning of Year	181,765	181,765	399,905	218,140
Fund Balance at End of Year	$ 189,583	$ 291,771	$ 476,935	$ 185,164

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.
This schedule is presented on the GAAP basis.

TOWN OF SAN LUIS

SUPPLEMENTARY INFORMATION

The combining financial statements represent the second level of financial reporting for the Town. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

TOWN OF SAN LUIS, COLORADO
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expend for particular purposes.

Conservation Trust Fund – This fund is used to account for the Town's share of the state lottery program. The monies may be expended only for the acquisition, development, and maintenance of parks, and other public recreational facilities**.**

DEBT SERVICE FUNDS

Debt service funds are used to account for resources and principal and interest expenditures for outstanding bonds.

Debt Service Fund – This fund is used to make debt service payments. Revenue is derived from sales tax revenue.

TOWN OF SAN LUIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2021

	Special Revenue CONSERVATION TRUST FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL
ASSETS			
Cash and Cash Equivalents	$ 6,449	$ -	$ 6,449
Accounts Receivable	(1)	-	(1)
Due From Other Funds	304	111,626	111,930
Other	-	-	-
TOTAL ASSETS	$ 6,752	$ 111,626	$ 118,378
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
TOTAL LIABILITIES	$ -	$ -	$ -
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-
FUND BALANCE			
Restricted:			
Conservation Trust	6,752	-	6,752
Debt Service	-	111,626	111,626
Unassigned	-	-	-
TOTAL FUND BALANCE	6,752	111,626	118,378
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 6,752	$ 111,626	$ 118,378

TOWN OF SAN LUIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2021

	Special Revenue CONSERVATION TRUST FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL
REVENUES			
Taxes	$ -	$ 75,953	$ 75,953
Lottery	8,162	-	8,162
Interest on Accounts	3	-	3
TOTAL REVENUES	8,165	75,953	84,118
EXPENDITURES			
Culture and Recreation	4,024	-	4,024
Capital Outlay	8,015	-	8,015
Debt Service			
Principal	-	28,788	28,788
Interest	-	19,212	19,212
TOTAL EXPENDITURES	12,039	48,000	60,039
Excess (Deficiency) of Revenues Over Expenditures	(3,874)	27,953	24,079
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(3,874)	27,953	24,079
Fund Balances at Beginning of Year	10,626	83,673	94,299
Fund Balances at End of Year	$ 6,752	$ 111,626	$ 118,378

TOWN OF SAN LUIS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CONSERVATION TRUST FUND

For the Year Ended December 31, 2021

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental Revenue				
Lottery Funds	$ 5,000	$ 5,000	$ 8,162	$ 3,162
Investment Income				
Interest on Accounts	10	10	3	(7)
TOTAL REVENUES	5,010	5,010	8,165	3,155
EXPENDITURES				
Culture and Recreation	2,800	2,800	4,024	(1,224)
Capital Outlay	2,500	2,500	8,015	(5,515)
TOTAL EXPENDITURES	5,300	5,300	12,039	(6,739)
Excess (Deficiency) of Revenues Over Expenditures	(290)	(290)	(3,874)	(3,584)
OTHER FINANCING SOURCES (USES)				
Transfer Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(290)	(290)	(3,874)	(3,584)
Fund Balance at Beginning of Year	10,322	10,322	10,626	304
Fund Balance at End of Year	$ 10,032	$ 10,032	$ 6,752	$ (3,280)

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.
This schedule is presented on the GAAP basis.

TOWN OF SAN LUIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended December 31, 2021

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Taxes	$ -	$ -	$ 75,953	$ 75,953
TOTAL REVENUES	-	-	75,953	75,953
EXPENDITURES				
Bond Services				
Principal	48,000	48,000	28,788	19,212
Interest	-	-	19,212	(19,212)
TOTAL EXPENDITURES	48,000	48,000	48,000	-
Excess (Deficiency) of Revenues Over Expenditures	(48,000)	(48,000)	27,953	75,953
OTHER FINANCING SOURCES (USES)				
Transfer Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(48,000)	(48,000)	27,953	75,953
Fund Balance at Beginning of Year	83,673	83,673	83,673	-
Fund Balance at End of Year	$ 35,673	$ 35,673	$ 111,626	$ 75,953

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.
This schedule is presented on the GAAP basis.

TOWN OF SAN LUIS

OTHER SCHEDULES AND REPORTS

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

Financial Planning 02/01
Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of San Luis, CO YEAR ENDING : December 31, 2021
This Information From The Records Of Town of San Luis	Prepared By: Susan Sanderford, Town Manager Phone: (719) 672-3321

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	0
3. Other local imposts (from page 2)	0
4. Miscellaneous local receipts (from page 2)	12
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	12
B. Private Contributions	
C. Receipts from State government (from page 2)	35,042
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	35,054

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	11,445
3. Road and street services:	
a. Traffic control operations	2,372
b. Snow and ice removal	0
c. Other	21,310
d. Total (a. through c.)	23,682
4. General administration & miscellaneous	0
5. Highway law enforcement and safety	3,172
6. Total (1 through 5)	38,299
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	38,299

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
37,175	35,054	38,299	33,930	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 31, 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	0	a. Interest on investments	12
b. Other local imposts:		b. Traffic Fines & Penalities	0
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	0	g. Other Misc. Receipts	0
6. Total (1. through 5.)	0	h. Other	0
c. Total (a. + b.)	0	i. Total (a. through h.)	12
	(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	35,042	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	0	d. Federal Transit Admin	0
d. Other (DOLA Grant)	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	35,042	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	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	0	0
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: