

TOWN OF YAMPA, COLORADO

Financial Statements

December 31, 2022

TOWN OF YAMPA, COLORADO

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Independent Auditor's Report

The Honorable Mayor and Board of Trustees
Town of Yampa, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Yampa, Colorado (the Town), as of and for the year ended December 31, 2022, 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, business-type activities, and each major fund of the Town as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles (GAAP).

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Financial Information

We have previously audited the Town's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 20, 2022. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

GAAP requires that the Management's Discussion and Analysis on pages 4-9 and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on page 28 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 GAAS, 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 Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual on page 29 and the Local Highway Finance Report on pages 30-31 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 GAAS. In our opinion, this supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in blue ink that reads "Catterton + Company, P.C.".

Steamboat Springs, Colorado
July 12, 2023

Town of Yampa, Colorado

Management's Discussion and Analysis

December 31, 2022

The discussion and analysis of the Town of Yampa's financial performance provides an overall review of the Town's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the Town's financial performance.

Financial Highlights

The Town of Yampa's governmental net position decreased by \$17,618 and business-type net position increased by \$60,694 for the year.

- The assets of the Town exceeded its liabilities at the close of fiscal year 2022 by \$6,075,521 (*net position*). Of this amount, \$436,647 (*unrestricted net position*) may be used to meet the Town's ongoing obligations or unforeseen expenses.
- As of the close of fiscal year 2022, the Town's General Fund reported an ending fund balance of \$876,177 compared to the fiscal year 2021 balance of \$867,936.
- General Fund 2022 revenues increased by \$57,662 to \$406,763.
- General Fund expenditures increased in 2022 by \$79,667 to \$398,522.
- At the end of 2022 unrestricted net position for the Enterprise Fund (business-type activities) was in a deficit position of (\$280,930) compared to the fiscal year 2021 balance of (\$306,100).
- Enterprise Fund 2022 operating revenues increased by \$25,372 to \$343,630. Non-operating revenues netted \$146,399 in 2022 compared to the fiscal year 2021 of a deficit of (\$4,321).
- Enterprise Fund operating expenses increased in 2022 by \$9,039 to \$429,335.
- At the close of fiscal year 2022, the Town's Enterprise Fund reported income of \$60,694 compared to a loss of (\$106,359) in fiscal year 2021.

Using the Basic Financial Statements

The Basic Financial Statements consists of the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Town of Yampa as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the Town's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail. The governmental fund statements tell how general Town services were financed in the short term as well as what remains for future spending. There is a single proprietary (enterprise) fund statement that offers short and long-term financial information about the water and sewer system operations that the Town operates as a business.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the Town as a Whole

The Town's total net position was \$6,075,521 as of December 31, 2022 and \$6,032,445 as of December 31, 2021. This represents an increase of \$43,076 or 0.7%.

Government-Wide Financial Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private businesses. The statements include all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how it has changed. The change in net position is important because it tells the reader that for the Town as a whole, the financial position of the Town has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions, and state or federal government required programs.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town include general government and public works including parks. The Business-type Activities of the Town of Yampa consist of water and sewer services.

Net Position

Net position might serve over time as a useful indicator of a government's financial position. In the case of the Town of Yampa, assets exceeded liabilities by approximately \$6 million at the close of 2022. Net position of the Town at December 31, 2022 was as follows:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current assets	\$ 1,026,188	\$ 1,003,059	\$ (10,570)	\$ (216,282)	\$ 1,015,618	\$ 786,777
Capital assets, net	1,292,338	1,319,795	4,541,795	4,524,743	5,834,133	5,844,538
Total assets	2,318,526	2,322,854	4,531,225	4,308,461	6,849,751	6,631,315
Current liabilities	18,503	8,228	11,029	12,532	29,532	20,760
Long-term liabilities	18,478	20,076	410,929	427,139	429,407	447,215
Total liabilities	36,981	28,304	421,958	439,671	458,939	467,975
Deferred inflows	131,508	126,895	183,783	4,000	315,291	130,895
Net position:						
Invested in capital assets, net of debt	1,273,860	1,299,719	4,130,866	4,097,604	5,404,726	5,397,323
Restricted	158,600	156,705	75,548	73,286	234,148	229,991
Unrestricted	717,577	711,231	(280,930)	(306,100)	436,647	405,131
Total net position	\$ 2,150,037	\$ 2,167,655	\$ 3,925,484	\$ 3,864,790	\$ 6,075,521	\$ 6,032,445

The statement of net position reflects a cash position totaling \$891,816 or approximately 13% of total assets. The bulk of the Town's resources, \$5.8 million or 85% of total assets, are invested in capital assets. These assets consist of land and improvements, buildings, equipment, and utility system assets. The remaining 2% of total assets are receivables.

The Town of Yampa uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Yampa's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to repay this debt must be provided from other sources since, in general, the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position

Governmental activities decreased the Town of Yampa's net position by \$17,618. Business activities increased the Town's net position by \$60,694.

A summary of the changes in net position are as follows:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue:						
Program revenue:						
Charges for services	\$ 45,381	\$ 8,698	\$ 343,630	\$ 318,258	\$ 389,011	\$ 326,956
Operating grants	76,257	-	-	-	76,257	-
Capital grants	-	54,596	147,645	10,000	147,645	64,596
General revenue:						
Tax revenues	233,358	244,384	-	-	233,358	244,384
Intergovernmental	32,911	26,406	-	-	32,911	26,406
Other	18,856	37,550	2,985	71	21,841	37,621
Total revenue	406,763	371,634	494,260	328,329	901,023	699,963
Expenses:						
General government	283,259	144,202	-	-	283,259	144,202
Public works	141,122	142,826	-	-	141,122	142,826
Water and sewer	-	-	433,566	424,688	433,566	424,688
Total expenses	424,381	287,028	433,566	424,688	857,947	711,716
Change in net position	(17,618)	84,606	60,694	(96,359)	43,076	(11,753)
Net position, beginning	2,167,655	2,083,049	3,864,790	3,961,149	6,032,445	6,044,198
Net position, ending	\$ 2,150,037	\$ 2,167,655	\$ 3,925,484	\$ 3,864,790	\$ 6,075,521	\$ 6,032,445

Financial Analysis of the Town's Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

General Fund – The General Fund went from a balance of \$867,936 to \$876,177. This increase is principally the result of additional revenues including grant funding.

Proprietary Fund – The proprietary fund has historically operated as an enterprise fund using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the business-type activities of the Town as a whole. The proprietary fund statements, however, will provide a greater level of detail than the information found in the government-wide statements.

The enterprise fund net position increased by \$60,694 compared to a decrease of \$96,359 in 2021.

Capital Assets

The majority of the value of the Town's capital assets are invested in land, buildings and improvements.

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 293,966	\$ -	\$ -	\$ 293,966
Total Capital Assets not being depreciated	293,966	-	-	293,966
Capital Assets being depreciated:				
Buildings & Improvements	1,416,115	-	-	1,416,115
Vehicles & Equipment	215,052	13,194	(1,907)	226,339
Total Capital Assets	1,631,167	13,194	(1,907)	1,642,454
Less Accumulated Depreciation				
Buildings & Improvements	(473,346)	(34,816)	-	(508,162)
Vehicles & Equipment	(131,992)	(5,835)	1,907	(135,920)
Total Accumulated Depreciation	(605,338)	(40,651)	1,907	(644,082)
Net Capital Assets	\$ 1,319,795	\$ (27,457)	\$ -	\$ 1,292,338

The Town's business-type capital assets consist of its investment in its utility systems and related equipment.

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
Business-Type Activities:				
Capital Assets:				
Land	\$ 54,956	\$ -	\$ -	\$ 54,956
Equipment	47,389	20,131	-	67,520
Water System	5,599,370	2,500	-	5,601,870
Sewer System	578,747	121,564	-	700,311
Total Capital Assets	6,280,462	144,195	-	6,424,657
Less Accumulated Depreciation				
Equipment	(45,588)	(2,734)	-	(48,322)
Water System	(1,291,967)	(120,238)	-	(1,412,205)
Sewer System	(418,164)	(4,171)	-	(422,335)
Total Accumulated Depreciation	(1,755,719)	(127,143)	-	(1,882,862)
Net Capital Assets	\$ 4,524,743	\$ 17,052	\$ -	\$ 4,541,795

Long-Term Debt

The Town's governmental long-term debt consists of a capital lease. Governmental activities debt transactions for the year were as follows:

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Current Portion
BOC Lease-Purchase	\$ 20,076	\$ -	\$ (1,598)	\$ 18,478	\$ 1,516
Totals	\$ 20,076	\$ -	\$ (1,598)	\$ 18,478	\$ 1,516

The Town's business-type activities long-term debt consists of a loan through the Colorado Water Resources and Power Development Authority (CWRPDA) that was used for water system improvements. Business-type activities debt transactions for the year were as follows:

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Current Portion
CWRPDA Note Payable	\$ 427,139	\$ -	\$ (16,210)	\$ 410,929	\$ 16,372
Totals	\$ 427,139	\$ -	\$ (16,210)	\$ 410,929	\$ 16,372

General Fund Budget

The General Fund accounts for all of the general government services provided by the Town of Yampa including public works including parks and general government services. The Town's General Fund revenues were \$53,069 more than planned, having received insurance proceeds and sales taxes coming in at 4% more than budgeted. The Town's expenditures were \$131,864 less than originally budgeted related mainly to limited planned capital expenditures.

ECONOMIC FACTORS AND FUTURE BUDGETS AND RATES

- The Town of Yampa's economic drivers continue to be regional recreation and tourism, agriculture and energy. Both Stagecoach State Park/Reservoir and businesses related to the Steamboat Ski Area provide employment opportunities. Agricultural products such as hay, grain, sheep, horses and cattle from the region are local exports. Significant low-sulfur coal reserves located in Routt and Moffat Counties provide some well-paying jobs and another high-value export, though the current transition from coal-powered energy will have local and regional employment impacts and, in particular for Yampa, on related railroad jobs.
- The estimated population for Yampa is 477 according the State Demography Office. While this number reflects a steady rate of growth, Yampa now holds its largest historical population since incorporation. There are signs, particularly evidenced by a significantly tightening and costly housing market, that the expected +/-1% increase/decrease growth forecasts may no longer be reliable and 2-3% is more relevant.
- In 2013, the Town undertook a major capital project with the construction of a new water treatment facility and associated transmission line and access road work. Due to funding constraints, only 75% of the transmission line work was completed at that time, and the remaining work will be finished as funding allows.
- The Town contracted with a consulting engineer to evaluate and plan work related to the Town's wastewater collection and treatment facilities. Funding for this work is supplied by a \$130,000 Energy Impact Assistance Fund (EIAF) program grant, matched with \$41,000 of Town funds. The current system has not been updated or improved, other than limited maintenance work, since the 1980s and current and pending regulatory requirements have created compliance issues. The Town is seeking outside funding from various sources as well as considering a sales tax increase ballot question in anticipation of a significant engineering and construction project beginning sometime in 2024.
- In 2022, Yampa saw sales tax revenues remain relatively stable over 2021 collections. It is expected that sales tax revenues will continue to increase as the Town is seeing increased economic activity and supporting related incentives.
- While 2022 was a property tax reassessment year, the County Assessor is required to look at the period ending June, 2022. There has been very limited commercial growth in the last couple years; the major rise in housing sales prices seen in this timeframe will be reflected in the Town's assessed valuation going forward.
- The Town is finishing up work on the Yampa Comprehensive Plan. Work included an update to the 1997 Yampa Master Plan and the creation of a Yampa Economic Development Plan and Capital Improvements Plan (CIP). These Plans will provide Yampa with a roadmap in addressing issues related to updating existing systems and properly managing growth in and around Town. Funding for the work was provided by the Colorado Office of Just Transition (\$100,000), an EIAF grant (\$25,000) and Town matching funds (\$25,000).
- A rate study to assess the proper levels for water and sewer rates is underway in conjunction with the CIP and wastewater treatment facility upgrades planning. Current rates cannot sustain the water and sewer enterprise operations, and rate increases are likely going to be needed annually to bring things into alignment.
- Unknowns that may impact Town operations or revenues that bear watching include the regulatory environment concerning air, water and energy resources and the uncertain political environments.

Request for Information

The financial statements are designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the Town's finances. Questions concerning this or any additional information.

TOWN OF YAMPA, COLORADO
Statement of Net Position
December 31, 2022
(with summarized financial information as of December 31, 2021)

	2022			2021 Total
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 476,656	\$ 415,160	\$ 891,816	\$ 686,718
Accounts receivable	3,755	9,270	13,025	5,661
Due from other governments	35,277	-	35,277	21,816
Property taxes receivable	75,500	-	75,500	72,582
Capital assets, net of accumulated depreciation	1,292,338	4,541,795	5,834,133	5,844,538
Internal balances	435,000	(435,000)	-	-
Total assets	2,318,526	4,531,225	6,849,751	6,631,315
Liabilities:				
Accounts payable and other current liabilities	18,503	11,029	29,532	20,760
Noncurrent liabilities:				
Due within one year	1,516	16,372	17,888	17,806
Due in more than one year	16,962	394,557	411,519	429,409
Total liabilities	36,981	421,958	458,939	467,975
Deferred inflows of resources:				
Deferred property taxes	75,500	-	75,500	72,582
Deferred grant revenue	56,008	183,783	239,791	58,313
Total deferred inflows of resources	131,508	183,783	315,291	130,895
Net position:				
Net investment in capital assets	1,273,860	4,130,866	5,404,726	5,397,323
Restricted for:				
Operations and maintenance reserve	-	75,548	75,548	73,286
Open space and parks	138,294	-	138,294	138,020
Emergencies	20,306	-	20,306	18,685
Unrestricted	717,577	(280,930)	436,647	405,131
Total net position	\$ 2,150,037	\$ 3,925,484	\$ 6,075,521	\$ 6,032,445

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Statement of Activities
For the Year Ended December 31, 2022
(with summarized financial information for the year ended December 31, 2021)

Functions/Programs	2022							
	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			2021 Total
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:								
Administrative	\$ 214,207	\$ 45,381	\$ -	\$ 76,257	\$ (92,569)	\$ -	\$ (92,569)	\$ (49,632)
Legislative	15,986	-	-	-	(15,986)	-	(15,986)	(85,872)
Public works	141,122	-	-	-	(141,122)	-	(141,122)	(50,372)
Parks and recreation	12,069	-	-	-	(12,069)	-	(12,069)	(50,371)
Unallocated depreciation	40,651	-	-	-	(40,651)	-	(40,651)	(37,858)
Interest expense	346	-	-	-	(346)	-	(346)	(37,857)
Total governmental activities	424,381	45,381	-	76,257	(302,743)	-	(302,743)	(311,962)
Business-type activities:								
Water	310,405	193,217	147,645	-	-	30,457	30,457	(99,483)
Sewer	123,161	150,413	-	-	-	27,252	27,252	3,053
Total business-type activities	433,566	343,630	147,645	-	-	57,709	57,709	(96,430)
Total primary government	\$ 857,947	\$ 389,011	\$ 147,645	\$ 76,257	(302,743)	57,709	(245,034)	(408,392)
General revenues:								
Taxes:								
Property					72,332	-	72,332	70,297
Sales and use					156,032	-	156,032	169,060
Specific ownership					4,994	-	4,994	5,027
Intergovernmental					32,911	-	32,911	26,406
Franchise fees					15,222	-	15,222	14,896
Interest					3,634	2,985	6,619	192
Transfer from policemen's pension fund					-	-	-	22,533
Total general revenues					285,125	2,985	288,110	308,411
Change in net position					(17,618)	60,694	43,076	(99,981)
Net position, beginning of year					2,167,655	3,864,790	6,032,445	6,044,198
Net position, end of year					\$ 2,150,037	\$ 3,925,484	\$ 6,075,521	\$ 5,944,217

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
General Fund
Balance Sheet
December 31, 2022
(with summarized financial information as of December 31, 2021)

	2022	2021
Assets:		
Cash and cash equivalents	\$ 476,656	\$ 908,661
Accounts receivable	3,755	-
Due from other governments	35,277	21,816
Property taxes receivable	75,500	72,582
Advance to enterprise fund	435,000	-
Total assets	\$ 1,026,188	\$ 1,003,059
Liabilities, deferred inflows of resources and fund balance:		
Liabilities:		
Accounts payable	\$ 18,503	\$ 8,228
Total liabilities	18,503	8,228
Deferred inflows of resources:		
Deferred property taxes	75,500	72,582
Deferred grant revenue	56,008	54,313
Total deferred inflows of resources	131,508	126,895
Fund balance:		
Restricted for:		
Open space and parks	138,294	138,020
Emergencies	20,306	18,685
Committed	16,056	-
Unassigned	701,521	711,231
Total fund balance	876,177	867,936
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,026,188	\$ 1,003,059

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Reconciliation of the General Fund Balance Sheet
to the Statement of Net Position
December 31, 2022

General fund balance	\$ 876,177
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 governmental funds.	1,292,338
Long-term liabilities are not due and payable in the current period and are not reported as liabilities in the general fund.	<u>(18,478)</u>
Governmental activities net position	<u>\$ 2,150,037</u>

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2022
(with summarized financial information for the year ended December 31, 2021)

	2022	2021
Revenues:		
Taxes:		
Property	\$ 72,332	\$ 70,297
Sales	156,032	169,060
Specific ownership	4,994	5,027
Intergovernmental	32,911	26,406
Franchise fees	15,222	14,896
Grants	76,257	54,596
Interest	3,634	121
Other	45,381	8,698
	406,763	349,101
Expenditures:		
Administrative	214,207	58,330
Legislative	15,986	85,872
Public works	141,122	104,968
Parks and recreation	12,069	-
Capital outlay	13,194	69,685
Debt service:		
Principal	1,598	-
Interest	346	-
	398,522	318,855
Total expenditures	398,522	318,855
Excess of revenues over expenditures	8,241	30,246
Other Financing Sources:		
Transfer from policemen's pension fund	-	22,533
Proceeds from lease-purchase	-	20,076
	-	42,609
Total other financing sources	-	42,609
Net change in fund balance	8,241	72,855
Fund balance, beginning of year	867,936	795,081
Fund balance, end of year	\$ 876,177	\$ 867,936

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in
General Fund Balance to the Statement of Activities
For the Year Ended December 31, 2022

Change in fund balance - general fund	\$	8,241
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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:</p>		
Capitalized expenditures		13,194
Depreciation		(40,651)
<p>Repayment of debt principal is an expenditure in the general fund, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		1,598
Change in net position of governmental activities	\$	(17,618)

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Enterprise Fund
Statement of Net Position
December 31, 2022

(with summarized financial information for the year ended December 31, 2021)

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 415,160	\$ -
Accounts receivable	9,270	5,661
Total current assets	424,430	5,661
Noncurrent assets:		
Capital assets, net of accumulated depreciation	4,541,795	4,524,743
Total noncurrent assets	4,541,795	4,524,743
Total assets	4,966,225	4,530,404
Liabilities:		
Current liabilities:		
Cash overdraft	-	221,943
Accounts payable and accrued liabilities	11,029	12,532
Note payable, current portion	16,372	16,210
Total current liabilities	27,401	250,685
Noncurrent liabilities:		
Note payable, net of current portion	394,557	410,929
Advance from general fund	435,000	-
Total liabilities	856,958	661,614
Deferred inflows of resources:		
Deferred grant revenue	183,783	4,000
Total deferred inflows of resources	183,783	4,000
Net position:		
Net investment in capital assets	4,130,866	4,097,604
Restricted for:		
Operations and maintenance reserve	75,548	73,286
Unrestricted (deficit)	(280,930)	(306,100)
Total net position	\$ 3,925,484	\$ 3,864,790

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Enterprise Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2022
(with summarized financial information for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Charges for services	\$ 332,125	\$ 312,549
Other income	<u>11,505</u>	<u>5,709</u>
Total operating revenues	<u>343,630</u>	<u>318,258</u>
Operating expenses:		
Legislative:		
Wages and benefits	98,353	152,226
Public works:		
Repairs and maintenance	43,107	24,136
Utilities	26,721	28,298
Water storage	28,550	27,186
Other operating	105,461	61,297
Depreciation	<u>127,143</u>	<u>127,153</u>
Total operating expenses	<u>429,335</u>	<u>420,296</u>
Operating income (loss)	<u>(85,705)</u>	<u>(102,038)</u>
Non-operating revenues (expenses):		
Capital grants	147,645	-
Interest income	2,985	71
Interest expense	<u>(4,231)</u>	<u>(4,392)</u>
Net non-operating revenues (expenses)	<u>146,399</u>	<u>(4,321)</u>
Income (loss) before other revenues, expenses, gains and losses	<u>60,694</u>	<u>(106,359)</u>
Other revenues, expenses, gains and losses:		
Tap fees	<u>-</u>	<u>10,000</u>
Other revenues, expenses, gains and losses	<u>-</u>	<u>10,000</u>
Change in net position	60,694	(96,359)
Net position, beginning of year	<u>3,864,790</u>	<u>3,961,149</u>
Net position, end of year	<u>\$ 3,925,484</u>	<u>\$ 3,864,790</u>

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Enterprise Fund
Statement of Cash Flows
For the Year Ended December 31, 2022
(with summarized financial informatioin for the year ended December 31, 2021)

	2022	2021
Cash flows from operating activities:		
Cash received from customers	\$ 328,516	\$ 312,278
Cash received from other sources	11,505	5,709
Cash payments to vendors for goods and services	(218,496)	(165,150)
Cash payments to employees for services	(85,199)	(125,238)
Net cash provided by operating activities	36,326	27,599
Cash flows from noncapital financing activities:		
Advance from general fund	435,000	-
Net cash provided by noncapital financing activities	435,000	-
Cash flows from capital and related financing activities:		
Proceeds from capital grants	327,428	4,000
Cash paid for capital assets	(144,195)	(7,225)
Principal paid on note payable	(16,210)	(16,049)
Interest paid on note payable	(4,231)	(4,392)
Collection of tap fees	-	10,000
Net cash provided (used) by capital and related financing activities	162,792	(13,666)
Cash flows from investing activities:		
Interest received	2,985	71
Net cash provided by investing activities	2,985	71
Net change in cash and cash equivalents	637,103	14,004
Cash and cash equivalents (overdraft), beginning of year	(221,943)	(235,947)
Cash and cash equivalents (overdraft), end of year	\$ 415,160	\$ (221,943)
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (85,705)	\$ (102,038)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	127,143	127,153
(Increase) decrease in:		
Accounts receivable	(3,609)	(271)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(1,503)	2,755
Net cash provided by operating activities	\$ 36,326	\$ 27,599

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2022
(with summarized financial information as of and for the year ended December 31, 2021)

Note 1: Summary of Significant Accounting Policies

The Town of Yampa, Colorado (the Town) was incorporated on April 17, 1906 in Routt County and is governed by a publicly elected Board of Trustees. The Town provides general government, public works, water and sewer services for the Town's residents.

The Town's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for the establishment of GAAP in governmental entities. The following summary of the more significant accounting policies of the Town is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the Town, and (b) organizations for which the Town is financially accountable. The Town does not have any component units for which it is financially accountable.

Measurement Focus and Basis of Accounting

The government-wide financial statements and proprietary (enterprise) fund financial statements use a flow of economic resources measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to businesses in the private sector and maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements use a current financial resources measurement focus and are maintained on the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Revenues are available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenues collected within 60 days after year end to be available and thus recognizes them as revenues in the current year.

Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Financial Statement Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities report information about the nonfiduciary activities of the Town. The Town's activities are categorized as either governmental activities or business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental functions and business-type activities. The governmental functions are supported by general revenues (e.g., taxes, interest). The statement of activities reduces gross expenses (including depreciation) by related program revenues. Direct expenses are those that are clearly identified with a specific program. Program revenues include (a) charges for services and (b) grants and contributions that are restricted for the operating or capital requirements of a specific program. All taxes and other revenues not meeting the criteria for classification as program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements report information about the Town's funds.

The Town reports the following major governmental fund:

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

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2022
(with summarized financial information as of and for the year ended December 31, 2021)

Note 1: Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

The Town reports the following major proprietary or business-type fund:

The *Enterprise Fund* accounts for the activities of the water and sewer utilities of the Town that are provided to its residents. The major sources of revenue are from user fees, which are used for operations, and from tap fees, which are used for capital improvements.

Fund Balance Presentation

Fund balances of the governmental fund are classified as follows:

- Non-spendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.
- Committed – includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the Town. Such formal action may be in form of an ordinance or resolution and may only be modified or rescinded by a subsequent formal action.
- Assigned – includes amounts that are intended by the Town to be used for specific purposes, but are neither restricted nor committed. Assignments may be made only by the Board of Trustees.
- Unassigned – represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned.

Assets, Liabilities, Deferred Inflows of Resources, and Net Position

Cash and Investments

The Town's cash includes cash on hand and demand deposits. The Town's investment in the Colorado Local Government Liquid Asset Trust (COLOTRUST) PLUS+ fund is measured at net asset value, equal to \$1.00 per share.

Accounts Receivable

Receivables consist of amounts due from residents for water and sewer utilities and amounts due from other governments for taxes and reimbursable grants. Management reviews receivables periodically to establish an allowance for uncollectible accounts. The Town considers all receivables to be fully collectible as of December 31, 2022 and 2021. Therefore, an allowance for uncollectible accounts has not been established.

Interfund Advances

Activity between funds that are representative of lending and borrowing arrangements outstanding at year end are referred to as "advances to/from other funds".

Balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2022
(with summarized financial information as of and for the year ended December 31, 2021)

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

Capital Assets

Capital assets include property, water and sewer systems, vehicles, equipment and infrastructure assets. Capital assets are defined by the Town as assets with an initial cost of \$1,000 or more and an estimated useful life more than one year. Such assets are recorded at historical cost if purchased or estimated fair value if donated. 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:

	Years
Infrastructure	50
Water and sewer systems	40-50
Buildings	40
Vehicles	5
Equipment	3-25

Deferred Inflows of Resources

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Town's deferred inflows of resources consist of unavailable revenues from property taxes and proceeds from grants for future years.

Operating and Non-Operating Revenues and Expenses

The proprietary fund financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses are those that result from providing services associated with the principal activities of the Town's business-type activities. Operating expenses include the cost of ongoing operations, related administrative expenses, and depreciation. Non-operating revenues and expenses are all those that do not meet the criteria described previously.

Property Taxes

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The Routt County Treasurer's office collects property taxes and remits collections to the Town monthly. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as receivable and as deferred inflows of resources as property taxes are assessed in one year as a lien on the property but not collected by the Town until the subsequent year.

Use of Estimates

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

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Town's audited financial statements for the year ended December 31, 2021, from which the summarized information was derived.

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2022
(with summarized financial information as of and for the year ended December 31, 2021)

Note 1: Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

GASB Statement No. 87, *Leases*, was effective for the Town beginning January 1, 2022. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are the financing of the right to use an underlying asset. This standard requires a lessee to recognize a lease liability and an intangible right-to-use lease asset and requires a lessor to recognize a lease receivable and a deferred inflow of resources.

The Town has no leases that qualify for recognition under this standard.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

The annual budget is adopted on a basis consistent with GAAP for the General Fund. The Enterprise Fund adopts a budget on a non-GAAP basis wherein depreciation is not budgeted; capital expenditures and principal payments on debt are budgeted and recorded as expenditures. All annual appropriations lapse at year end.

The Town conforms to the following procedures, in compliance with CRS, Title 29, Article 1, in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the Town Clerk submits to the Board of Trustees a proposed operating 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.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures must be approved by the Board of Trustees.
- All appropriations lapse at the end of each fiscal year.

The Town adopted the following supplemental appropriations for the year ended December 31, 2022:

- General Fund expenditure appropriations were increased by \$36,952 for expenditures funded from revenues collected in 2022.
- Enterprise Fund expenditure appropriations were increased by \$169,982 for capital expenditures funded from grant revenues in 2022.

Compliance

The Town did not have expenditures in excess of final appropriations in any fund for the year ended December 31, 2022.

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains tax spending, revenue and debt limitations which apply to the State of Colorado and all local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2022
(with summarized financial information as of and for the year ended December 31, 2021)

Note 2: Stewardship, Compliance and Accountability (continued)

Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue more than the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The Town has reserved \$20,306 of the December 31, 2022 fund balance in the General Fund for this purpose.

The Town's voters passed a ballot question in April 1998, permitting the Town to collect, retain and expend all revenues and other funds collected during 1997 and each subsequent year. The ballot question also stipulated that no property tax mill levy shall be increased at any time, nor shall any new tax be imposed without the prior approval of the Town's voters.

The Town's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

Note 3: Cash and Investments

Deposits

The carrying amount of the Town's deposits as of December 31, 2022 and 2021 was \$503,660 and \$321,040, respectively, and bank balances were \$524,680 and \$330,958, respectively. Of the bank balances, \$266,633 and \$267,428 as of December 31, 2022 and 2021, respectively, was covered by federal deposit insurance and \$258,047 and \$63,530, respectively, was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA).

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

Investments

As of December 31, 2022 and 2021, the Town had \$889,477 and \$333,256, respectively, invested in the COLOTRUST PLUS+ fund. COLOTRUST PLUS+ is a short-term money market fund organized in conformity with Part 7 of Article 75 of Title 24, CRS. The portfolio offers Colorado governmental entities a convenient and efficient means to pool their funds to take advantage of short-term investments and maximize net interest earnings. COLOTRUST PLUS+'s investment objective is to obtain as high a level of current income as is consistent with the preservation of capital and liquidity. The investment adviser for COLOTRUST PLUS+ is Public Trust Advisors LLC, a Colorado-based investment adviser, registered with the SEC. The portfolio manager is responsible for making all of the investment decisions for the portfolio. Wells Fargo Bank, N.A. is custodian of the portfolio's securities and cash. COLOTRUST PLUS+ portfolio invests in U.S. Treasury securities, federal instrumentality securities, agency securities, repurchase agreements, tri-party repurchase agreements, collateralized bank deposits, the highest rated commercial paper, and highly-rated corporate bonds. The portfolio's weighted average maturity to reset is kept under 60 days, which helps to enhance liquidity and limits market price exposure. The COLOTRUST PLUS+ fund holds a 'AAAm' rating by Standard and Poor's.

TOWN OF YAMPA, COLORADO

Notes to Financial Statements

December 31, 2022

(with summarized financial information as of and for the year ended December 31, 2021)

Note 3: Cash and Investments (continued)

The Town's investments are subject to interest rate, credit risk, and concentration of credit risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town currently invests only in highly liquid investment pools which may be redeemed at any time.

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2022 is summarized below:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Land	\$ 293,966	\$ -	\$ -	\$ 293,966
Other capital assets:				
Buildings	1,285,948	-	-	1,285,948
Equipment	200,512	13,194	(1,907)	211,799
Vehicles	14,540	-	-	14,540
Infrastructure	130,167	-	-	130,167
Total other capital assets at cost	1,631,167	13,194	(1,907)	1,642,454
Less accumulated depreciation for:				
Buildings	(385,999)	(32,334)	-	(418,333)
Equipment	(117,452)	(5,835)	1,907	(121,380)
Vehicles	(14,540)	-	-	(14,540)
Infrastructure	(87,347)	(2,482)	-	(89,829)
Total accumulated depreciation	(605,338)	(40,651)	1,907	(644,082)
Other capital assets, net	1,025,829	(27,457)	-	998,372
Governmental activities capital assets, net	<u>\$ 1,319,795</u>	<u>\$ (27,457)</u>	<u>\$ -</u>	<u>\$ 1,292,338</u>
Business-type activities:				
Land	\$ 54,956	\$ -	\$ -	\$ 54,956
Other capital assets:				
Buildings and systems	6,178,117	124,064	-	6,302,181
Equipment	47,389	20,131	-	67,520
Total other capital assets at cost	6,225,506	144,195	-	6,369,701
Less accumulated depreciation for:				
Buildings and systems	(1,710,131)	(124,409)	-	(1,834,540)
Equipment	(45,588)	(2,734)	-	(48,322)
Total accumulated depreciation	(1,755,719)	(127,143)	-	(1,882,862)
Business-type activities capital assets, net	<u>\$ 4,524,743</u>	<u>\$ 17,052</u>	<u>\$ -</u>	<u>\$ 4,541,795</u>

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2022

(with summarized financial information as of and for the year ended December 31, 2021)

Note 4: Capital Assets (continued)

Depreciation expense was charged to functions of the Town as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Governmental activities:		
Unallocated	\$ 40,651	\$ 37,858
Total - governmental activities	\$ 40,651	\$ 37,858
Business-type activities:		
Water	\$ 121,605	\$ 122,136
Sewer	5,538	5,017
Total - business-type activities	\$ 127,143	\$ 127,153

Note 5: Long-Term Liabilities

Note Payable

The Town entered into a \$1,370,241 loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) on May 6, 2014. Terms of the loan agreement include principal forgiveness of \$847,920 by CWRPDA to a reduced principal amount of \$522,321 and the loan carries a 1.0% interest rate. Proceeds of the loan were used for water treatment plant improvements that included filtration and chlorination upgrades, an additional finished water storage tank, source protection of infiltration gallery, and replacement of transmission lines.

The first loan payment of \$1,683, including principal and interest, was paid on November 1, 2015. Remaining principal and interest payments of \$10,220 are due semi-annually on May 1 and November 1 until maturity on May 1, 2045

The loan agreement requires the Town to maintain an operations and maintenance reserve fund equal to three months of system operation and maintenance expenses. The Town has reserved \$75,548 of its Enterprise Fund net position for this purpose as of December 31, 2022.

Lease-Purchase Agreement

On July 15, 2021, the Town entered into a \$20,330 governmental lease-purchase agreement with Bank of Colorado. Proceeds totaling \$20,076 from the lease were used to purchase solar equipment as of December 31, 2021. The lease term is twelve years, subject to annual appropriation of lease expenditure by the Town. The lease requires annual payments of \$1,944 including interest at 2.27% beginning April 15, 2022 through maturity on April 15, 2033. The interest rate is subject to adjustment every five years to the 5 Year Treasury Rate plus 0.75%, subject to an interest rate floor of 2.00%.

Long-term liabilities' activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
BOC lease-purchase	\$ 20,076	\$ -	\$ (1,598)	\$ 18,478	\$ 1,516
Business-type activities:					
CWRPDA note payable	\$ 427,139	\$ -	\$ (16,210)	\$ 410,929	\$ 16,372

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2022

(with summarized financial information as of and for the year ended December 31, 2021)

Note 5: Long-Term Liabilities (continued)

The CWRPDA loan agreement also includes a rate covenant whereby the Town's Enterprise Fund's water and sewer system net revenue, after meeting operation and maintenance expenses, is required to be sufficient to cover 110% of the debt service coming due. The following is the Town's calculation of the rate covenant for the year ended December 31, 2022:

Gross system revenues:	
Charges for services:	
Water	\$ 181,712
Sewer	150,413
Tap fees	-
Gross system revenues	332,125
System operating expenses:	
Water	306,174
Sewer	123,161
Less depreciation	(127,143)
Total system operating expenses	302,192
Net system revenues	\$ 29,933
Annual debt service payments	\$ 20,441
Net system revenues / annual debt service payments	146%

The Town's net system revenues were sufficient to meet the rate covenant requirements for the year ended December 31, 2022.

Debt service requirements as of December 31, 2022 were as follows:

Year Ending December 31,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 1,516	\$ 431	\$ 1,947	\$ 16,372	\$ 4,069	\$ 20,441
2024	1,550	397	1,947	16,536	3,904	20,440
2025	1,587	361	1,948	16,702	3,739	20,441
2026	1,623	324	1,947	16,869	3,571	20,440
2027	1,674	253	1,927	17,039	3,402	20,441
2028-2032	8,894	741	9,635	87,790	14,413	102,203
2033-2037	1,634	38	1,672	92,279	9,924	102,203
2038-2042	-	-	-	96,998	5,205	102,203
2043-2045	-	-	-	50,344	757	51,101
	\$ 18,478	\$ 2,545	\$ 21,023	\$ 410,929	\$ 48,984	\$ 459,913

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2022
(with summarized financial information as of and for the year ended December 31, 2021)

Note 6: Interfund Transactions

Advances to/from as of December 31, 2022 are as follows:

<u>Funds</u>	<u>Advance to Other Fund</u>	<u>Advance from Other Fund</u>
General Fund	\$ 435,000	\$ -
Enterprise Fund	-	435,000
 Total	 <u>\$ 435,000</u>	 <u>\$ 435,000</u>

The purpose of this advance was primarily for the establishment of a loan that is not due within one year. The loan is to improve the Enterprise Fund's operational liquidity.

Note 7: Governmental Fund Balances

The Town has restricted fund balances as of December 31, 2022 for the following:

- Emergency reserve required by TABOR
- Accumulated conservation trust funds from net proceeds of the Colorado Lottery to be used for parks, recreation facilities, open space, environmental education, and wildlife habitat.

The Town has committed fund balances of \$16,056 as of December 31, 2022 for Fourth of July celebration activities.

When expenditures are incurred and both restricted and unrestricted resources are available, it is the Town's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

Note 8: Commitments

Yamcolo Reservoir Storage Agreement

The Town entered into an extension and amendment agreement with the Upper Yampa Water Conservancy District effective July 15, 2011 for 300-acre feet of storage water in the Yamcolo Reservoir for thirty years terminating July 15, 2041. The purchase price for the storage water is subject to an annual CPI increase. The Town paid \$91.42 per acre foot of storage water for the year ended December 31, 2022.

Water Tank Access Road

The Town purchased land for its water tank improvement project in 2015 and agreed to pay the seller an annual access road user fee over the life of the use of the access road. The annual fee, due January 1st, was \$1,639 in 2017 and increases 3% compounded annually until January 1, 2065 when the annual fee will remain at \$6,575.

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. The Town maintains commercial insurance for these risks of loss, including workers compensation. Settled claims have not exceeded coverage in the past three fiscal years.

Note 10: Subsequent Events

The Town has evaluated subsequent events through July 12, 2023, the date these financial statements were available to be issued.

TOWN OF YAMPA, COLORADO
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes:				
Property	\$ 72,582	\$ 72,582	\$ 72,332	\$ (250)
Sales and use	150,000	150,000	156,032	6,032
Specific ownership	4,000	4,000	4,994	994
Intergovernmental	31,100	31,100	32,911	1,811
Franchise fees	12,000	12,000	15,222	3,222
Grants	75,000	75,000	76,257	1,257
Interest	1,300	1,300	3,634	2,334
Other	7,712	7,712	45,381	37,669
Total revenues	353,694	353,694	406,763	53,069
Expenditures:				
Administrative:				
Wages and benefits	76,145	76,145	90,243	(14,098)
Other administrative	50,891	87,843	123,964	(36,121)
Legislative:				
Wages and benefits	2,601	2,601	3,210	(609)
Law enforcement	7,000	7,000	12,047	(5,047)
Other legislative	3,300	3,300	729	2,571
Public works:				
Wages and benefits	102,212	102,212	91,720	10,492
Street improvements	11,200	11,200	9,013	2,187
Other public works	46,085	46,085	40,389	5,696
Parks and recreation	-	-	12,069	(12,069)
Capital outlay	169,000	169,000	13,194	155,806
Debt service:				
Principal	25,000	25,000	1,598	23,402
Interest	-	-	346	(346)
Total expenditures	493,434	530,386	398,522	131,864
Excess (deficiency) of revenues over expenditures	(139,740)	(176,692)	8,241	184,933
Other Financing Sources (Uses):				
Transfer to Enterprise Fund	(410,000)	(410,000)	-	410,000
Total other financing sources	(410,000)	(410,000)	-	410,000
Net change in fund balance	(549,740)	(586,692)	8,241	<u>\$ 594,933</u>
Fund balance, beginning of year	867,936	867,936	867,936	
Fund balance, end of year	<u>\$ 318,196</u>	<u>\$ 281,244</u>	<u>\$ 876,177</u>	

TOWN OF YAMPA, COLORADO
Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Net Position
Budget (Non-GAAP Basis) and Actual
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Charges for services:				
Water	\$ 175,710	\$ 175,710	\$ 181,712	\$ 6,002
Sewer	152,085	152,085	150,413	(1,672)
Grants	-	-	147,645	147,645
Interest	200	200	2,985	2,785
Tap fees:				
Water	10,000	10,000	-	(10,000)
Sewer	10,000	10,000	-	(10,000)
Other	23,500	23,500	11,505	(11,995)
Total revenues	371,495	371,495	494,260	122,765
Expenditures:				
Legislative:				
Wages and benefits	140,831	140,831	98,353	42,478
Public works:				
Repairs and maintenance	24,000	24,000	43,107	(19,107)
Utilities	19,000	19,000	26,721	(7,721)
Water storage	32,000	32,000	28,550	3,450
Other operating	83,642	83,642	105,461	(21,819)
Capital outlay	16,500	186,482	144,195	42,287
Debt service:				
Principal	16,210	16,210	16,210	-
Interest	4,231	4,231	4,231	-
Total expenditures	336,414	506,396	466,828	39,568
Other Financing Sources:				
Advance from general fund	410,000	410,000	435,000	25,000
Total other financing sources	410,000	410,000	435,000	25,000
Change in fund net position	\$ 445,081	\$ 275,099	462,432	\$ 187,333
Reconciliation to GAAP basis:				
Debt service principal payments			16,210	
Advance from general fund			(435,000)	
Capitalized expenditures			144,195	
Depreciation			(127,143)	
Change in net position - GAAP basis			60,694	
Net position, beginning of year			3,864,790	
Net position, end of year			\$ 3,925,484	

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

STATE:
COLORADO
YEAR ENDING (mm/yy):
12/22

LOCAL HIGHWAY FINANCE REPORT

This Information From The Records Of:
Yampa

Prepared By:
Eric Ehrbar recreated on behalf of Sheila Symons

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)	\$ -
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 75,196.60
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 50,774.94
2. General fund appropriations	\$ 133,421.00	b. Snow and ice removal	\$ 5,641.66
3. Other local imposts (from page 2)	\$ -	c. Other	\$ -
4. Miscellaneous local receipts (from page 2)	\$ -	d. Total (a. through c.)	\$ 56,416.60
5. Transfers from toll facilities	\$ -	4. General administration & miscellaneous	\$ 7,548.80
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	\$ 8,842.00
a. Bonds - Original Issues	\$ -	6. Total (1 through 5)	\$ 148,004.00
b. Bonds - Refunding Issues	\$ -	B. Debt service on local obligations:	
c. Notes	\$ -	1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	\$ -
7. Total (1 through 6)	\$ 133,421.00	b. Redemption	\$ -
B. Private Contributions	\$ -	c. Total (a. + b.)	\$ -
C. Receipts from State government (from page 2)	\$ 14,583.00	2. Notes:	
D. Receipts from Federal Government (from page 2)	\$ -	a. Interest	\$ -
E. Total receipts (A.7 + B + C + D)	\$ 148,004.00	b. Redemption	\$ -
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ -
		C. Payments to State for highways	\$ -
		D. Payments to toll facilities	\$ -
		E. Total disbursements (A.6 + B.3 + C + D)	\$ 148,004.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ -	\$ 148,004.00	\$ 148,004.00	\$ -	\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE:	
		COLORADO	
		YEAR ENDING (mm/yy):	
		12/22	

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	\$ -
1. Sales Taxes	\$ -	c. Parking Garage Fees	\$ -
2. Infrastructure & Impact Fees	\$ -	d. Parking Meter Fees	\$ -
3. Liens	\$ -	e. Sale of Surplus Property	\$ -
4. Licenses	\$ -	f. Charges for Services	\$ -
5. Specific Ownership &/or Other	\$ -	g. Other Misc. Receipts	\$ -
6. Total (1. through 5.)	\$ -	h. Other	\$ -
c. Total (a. + b.)	\$ -	i. Total (a. through h.)	\$ -
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	\$ 14,583.00	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	\$ -
a. State bond proceeds		b. FEMA	\$ -
b. Project Match		c. HUD	\$ -
c. Motor Vehicle Registrations	\$ -	d. Federal Transit Admin	\$ -
d. Other (Specify) - DOLA Grant	\$ -	e. U.S. Corps of Engineers	\$ -
e. Other (Specify)	\$ -	f. Other Federal	\$ -
f. Total (a. through e.)	\$ -	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 14,583.00	3. Total (1. + 2.g)	
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: