# TOWN OF LA JARA, COLORADO

## FINANCIAL STATEMENTS

**December 31, 2025**



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

# TOWN OF LA JARA, COLORADO
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# INDEPENDENT AUDITORS' REPORT

Wall, Smith, Bateman Inc.

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

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of La Jara, Colorado (the Town), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the 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 opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information

for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Enterprise Fund budget to actual comparison schedule and the Local Highway Finance Report are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Enterprise Fund budget to actual comparison schedule and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 29, 2026

# TOWN OF LA JARA, COLORADO

## BASIC FINANCIAL STATEMENTS

# TOWN OF LA JARA, COLORADO
## STATEMENT OF NET POSITION
## December 31, 2025

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | TOTAL |
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash | $ 857,553 | $ 278,687 | $ 1,136,240 |
| Cash with Fiscal Agent | - | 394,400 | 394,400 |
| Certificates of Deposit | 119,304 | 101,970 | 221,274 |
| Property Taxes Receivable | 80,151 | - | 80,151 |
| Accounts Receivable | (474) | 61,353 | 60,879 |
| Due from Other Governments | 93,392 | - | 93,392 |
| Internal Balances | 21,820 | (21,820) | - |
| Inventory | 750 | - | 750 |
| Prepaid Expenses | 20,563 | 1,299 | 21,862 |
| **Total Current Assets** | 1,193,059 | 815,889 | 2,008,948 |
| **Noncurrent Assets** | | | |
| Construction in Progress | - | 1,011,273 | 1,011,273 |
| Land | 92,875 | - | 92,875 |
| Buildings | 577,078 | 14,907 | 591,985 |
| Improvements | 382,900 | - | 382,900 |
| Machinery and Equipment | 481,011 | 224,441 | 705,452 |
| Infrastructure | 99,009 | 10,683 | 109,692 |
| Collection and Transmission System | - | 3,995,485 | 3,995,485 |
| Less: Accumulated Depreciation | (968,996) | (2,109,947) | (3,078,943) |
| Right-to-use Machinery and Equipment | 328,878 | - | 328,878 |
| Less: Accumulated Amortization | (73,373) | - | (73,373) |
| **Total Noncurrent Assets** | 919,382 | 3,146,842 | 4,066,224 |
| **TOTAL ASSETS** | 2,112,441 | 3,962,731 | 6,075,172 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Pensions | 65,598 | - | 65,598 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Accounts Payable | 2,208 | 3,692 | 5,900 |
| Payroll Liabilities | 2,995 | - | 2,995 |
| Notes Payable | - | 73,189 | 73,189 |
| Financed Purchase Agreement | 19,432 | - | 19,432 |
| Lease Agreement | 67,404 | - | 67,404 |
| Compensated Absences | 8,332 | - | 8,332 |
| **Total Current Liabilities** | 100,371 | 76,881 | 177,252 |

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

# TOWN OF LA JARA, COLORADO
## STATEMENT OF NET POSITION
## December 31, 2025

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | TOTAL |
| **Noncurrent Liabilities** | | | |
| Notes Payable | - | 485,697 | 485,697 |
| Financed Purchase Agreement | 105,318 | - | 105,318 |
| Lease Agreement | 177,745 | - | 177,745 |
| Compensated Absences | 4,055 | - | 4,055 |
| Net Pension Liability | - | - | - |
| **Total Noncurrent Liabilities** | 287,118 | 485,697 | 772,815 |
| **TOTAL LIABILITIES** | 387,489 | 562,578 | 950,067 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Pensions | 2,873 | - | 2,873 |
| Unavailable Revenue - Property Taxes | 80,151 | - | 80,151 |
| **TOTAL DEFERRED INFLOWS OF RESOURCES** | 83,024 | - | 83,024 |
| **NET POSITION** | | | |
| Net Investment in Capital Assets | 549,483 | 2,982,356 | 3,531,839 |
| Restricted | | | |
| TABOR Reserve | 26,500 | - | 26,500 |
| Park Projects | 26,853 | - | 26,853 |
| Unrestricted | 1,104,690 | 417,797 | 1,522,487 |
| **TOTAL NET POSITION** | $ 1,707,526 | $ 3,400,153 | $ 5,107,679 |

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

# TOWN OF LA JARA, COLORADO

## STATEMENT OF ACTIVITIES

## For the Year Ended December 31, 2025

| 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 | Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities | Net (Expense) Revenue and Changes in Net Position: Primary Government: TOTAL |
|---|---|---|---|---|---|---|---|
| **Primary Government:** | | | | | | | |
| **Governmental Activities:** | | | | | | | |
| General Government | $ 209,637 | $ 12,125 | $ - | $ - | $ (197,512) | $ - | $ (197,512) |
| Public Safety | 429,507 | 68,262 | - | - | (361,245) | - | (361,245) |
| Public Works | 210,140 | - | 74,279 | - | (135,861) | - | (135,861) |
| Health and Welfare | 11,929 | - | - | - | (11,929) | - | (11,929) |
| Culture and Recreation | - | - | 8,528 | - | 8,528 | - | 8,528 |
| Interest on Long-Term Debt | 27,989 | - | - | - | (27,989) | - | (27,989) |
| **Total Governmental Activities** | 889,202 | 80,387 | 82,807 | - | (726,008) | - | (726,008) |
| **Business-Type Activities:** | | | | | | | |
| Water | 277,849 | 224,324 | - | - | - | (53,525) | (53,525) |
| Sewer | 218,815 | 298,813 | - | 32,878 | - | 112,877 | 112,877 |
| **Total Business-Type Activities** | 496,663 | 523,137 | - | 32,878 | - | 59,352 | 59,352 |
| **Total Primary Government** | $ 1,385,865 | $ 603,524 | $ 82,807 | $ 32,878 | (726,008) | 59,352 | (666,656) |
| | | **General Revenues:** | | | | | |
| | | Taxes: | | | | | |
| | | Property Taxes | | | 110,332 | - | 110,332 |
| | | Sales Taxes | | | 528,989 | - | 528,989 |
| | | Franchise Taxes | | | 28,612 | - | 28,612 |
| | | Other Taxes | | | 1,673 | - | 1,673 |
| | | Payment in Lieu of Taxes | | | 3,847 | - | 3,847 |
| | | Interest on Accounts | | | 5,513 | 1,450 | 6,963 |
| | | Gain on Sale of Fixed Assets | | | 25,122 | - | 25,122 |
| | | Miscellaneous | | | 18,889 | - | 18,889 |
| | | **Total General Revenues** | | | 722,977 | 1,450 | 724,427 |
| | | Change in Net Position | | | (3,031) | 60,802 | 57,771 |
| | | **Net Position - Beginning of Year** | | | 1,710,557 | 3,339,351 | 5,049,908 |
| | | **Net Position - End of Year** | | | $ 1,707,526 | $ 3,400,153 | $ 5,107,679 |

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

# TOWN OF LA JARA, COLORADO
## GOVERNMENTAL FUNDS
## BALANCE SHEET
## December 31, 2025

| | GENERAL FUND | CONSERVATION TRUST FUND | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and Cash Equivalents | $ 830,700 | $ 26,853 | $ 857,553 |
| Certificates of Deposit | 119,304 | - | 119,304 |
| Property Taxes Receivable | 80,151 | - | 80,151 |
| Accounts Receivable | (474) | - | (474) |
| Due from Other Governments | 93,392 | - | 93,392 |
| Due from Other Funds | 21,820 | - | 21,820 |
| Inventory | 750 | - | 750 |
| Prepaid Expenses | 20,563 | - | 20,563 |
| **TOTAL ASSETS** | $ 1,166,206 | $ 26,853 | $ 1,193,059 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE** | | | |
| **LIABILITIES** | | | |
| Accounts Payable | $ 2,208 | $ - | $ 2,208 |
| Payroll Liabilities | 2,995 | - | 2,995 |
| **TOTAL LIABILITIES** | 5,203 | - | 5,203 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Unavailable Revenue - Property Taxes | 80,151 | - | 80,151 |
| **FUND BALANCE** | | | |
| Nonspendable | 21,313 | - | 21,313 |
| Restricted | 26,500 | 26,853 | 53,353 |
| Assigned | 43,594 | - | 43,594 |
| Unassigned | 989,445 | - | 989,445 |
| **TOTAL FUND BALANCE** | 1,080,852 | 26,853 | 1,107,705 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE** | $ 1,166,206 | $ 26,853 | $ 1,193,059 |

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

# TOWN OF LA JARA, COLORADO
## RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
## December 31, 2025

| | | |
|---|---|---|
| **Total governmental fund balances** | | $ 1,107,705 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets and leased assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and therefore are not reported in the funds. | | 919,382 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| Financed Purchase Agreements | (124,750) | |
| Lease Agreements | (245,149) | |
| Compensated Absences | (12,387) | |
| | | (382,286) |
| Deferred results and contributions to pension plans made after the measurement date are not recorded as expenditures in the governmental funds but must be deferred in the statement of net position. | | 65,598 |
| Net pension liabilities (assets) are not due and payable in the current period and are not reported in the funds. | | - |
| Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds. | | (2,873) |
| **Net position of governmental activities** | | $ 1,707,526 |

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

# TOWN OF LA JARA, COLORADO
## GOVERNMENTAL FUNDS
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
## For the Year Ended December 31, 2025

| | GENERAL FUND | CONSERVATION TRUST FUND | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|
| **REVENUES** | | | |
| Property Taxes | $ 84,695 | $ - | $ 84,695 |
| Sales and Use Taxes | 530,523 | - | 530,523 |
| Specific Ownership Taxes | 25,637 | - | 25,637 |
| Franchise Taxes | 28,612 | - | 28,612 |
| Fees and Fines | 68,262 | - | 68,262 |
| Licenses and Permits | 10,050 | - | 10,050 |
| Intergovernmental | 78,923 | 8,528 | 87,451 |
| Interest Earnings | 5,502 | 11 | 5,513 |
| Miscellaneous | 20,306 | - | 20,306 |
| **TOTAL REVENUES** | 852,510 | 8,539 | 861,049 |
| **EXPENDITURES** | | | |
| Current- | | | |
| General Government | 182,368 | - | 182,368 |
| Public Safety | 366,196 | - | 366,196 |
| Public Works | 162,712 | - | 162,712 |
| Health and Welfare | 11,119 | - | 11,119 |
| Capital Outlay | 78,173 | 1,057 | 79,230 |
| Debt Service | 130,283 | - | 130,283 |
| **TOTAL EXPENDITURES** | 930,851 | 1,057 | 931,908 |
| Excess (Deficiency) of Revenues Over Expenditures | (78,341) | - | (78,341) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Proceeds from sale of capital assets | 25,122 | - | 25,122 |
| Proceeds from long-term liabilities | 75,073 | - | 75,073 |
| **TOTAL OTHER FINANCING SOURCES (USES)** | 100,195 | - | 100,195 |
| Net Change in Fund Balance | 21,854 | 7,482 | 29,336 |
| **Fund Balances at Beginning of Year** | 1,058,998 | 19,371 | 1,078,369 |
| **Fund Balances at End of Year** | $ 1,080,852 | $ 26,853 | $ 1,107,705 |

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

# TOWN OF LA JARA, COLORADO
## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
### For the Year Ended December 31, 2025

| | | |
|---|---|---|
| **Net change in fund balances - total governmental funds** | | $ 29,336 |
| 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 and lease asset additions | $ 75,073 | |
| Depreciation and amortization expense | (127,533) | |
| | | (52,460) |
| Debt proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the activity in debt in the current period. | | |
| Proceeds from long-term liabilities | (75,073) | |
| Payments on long-term liabilities | 102,294 | |
| | | 27,221 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| Compensated absences | | 4,388 |
| Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension expense. | | (11,516) |
| **Change in net position of governmental activities** | | $ (3,031) |

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

# TOWN OF LA JARA, COLORADO
## PROPRIETARY FUNDS
## STATEMENT OF NET POSITION
## December 31, 2025

| | WATER AND SEWER FUND |
|---|---|
| **ASSETS** | |
| **Current Assets** | |
| Cash and Cash Equivalents | $ 278,687 |
| Cash with Fiscal Agent | 394,400 |
| Certificates of Deposit | 101,970 |
| Accounts Receivable | 61,353 |
| Prepaid Expenses | 1,299 |
| **Total Current Assets** | 837,709 |
| **Noncurrent Assets** | |
| Construction in Progress | 1,011,273 |
| Buildings | 14,907 |
| Infrastructure | 10,683 |
| Collection and Transmission System | 3,995,485 |
| Machinery and Equipment | 224,441 |
| Less: Accumulated Depreciation | (2,109,947) |
| **Total Noncurrent Assets** | 3,146,842 |
| **TOTAL ASSETS** | 3,984,551 |
| **LIABILITIES** | |
| **Current Liabilities** | |
| Accounts Payable | 3,692 |
| Due to Other Funds | 21,820 |
| Notes Payable | 73,189 |
| **Total Current Liabilities** | 98,701 |
| **Noncurrent Liabilities** | |
| Notes Payable | 485,697 |
| **TOTAL LIABILITIES** | 584,398 |
| **NET POSITION** | |
| Net Investment in Capital Assets | 2,982,356 |
| Restricted - TABOR Reserve | - |
| Unrestricted | 417,797 |
| **TOTAL NET POSITION** | $ 3,400,153 |

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

# TOWN OF LA JARA, COLORADO
## PROPRIETARY FUNDS
## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
## For the Year Ended December 31, 2025

| | WATER AND SEWER FUND |
|---|---|
| **OPERATING REVENUES** | |
| Charges for Services | $ 519,619 |
| Miscellaneous Income | 3,518 |
| **Total Operating Revenues** | 523,137 |
| **OPERATING EXPENSES** | |
| Salaries | 153,436 |
| Payroll Taxes and Employee Benefits | 20,598 |
| Professional Services | 102,744 |
| Utilities | 20,739 |
| Monitoring Fees | 10,850 |
| Office Supplies | 16,169 |
| Repairs and Maintenance | 4,908 |
| Gas and Oil | 7,700 |
| Insurance | 7,703 |
| Traveling and Training | 15,520 |
| Miscellaneous | 20,595 |
| Depreciation | 115,701 |
| **Total Operating Expenses** | 496,663 |
| Operating Income (Loss) | 26,474 |
| **NONOPERATING REVENUES (EXPENSES)** | |
| Grant Revenue | 32,878 |
| Interest Income | 3,950 |
| Interest Expense | (2,500) |
| **Total Nonoperating Revenues (Expenses)** | 34,328 |
| Change in Net Position | 60,802 |
| **Net Position, Beginning of Year** | 3,339,351 |
| **Net Position, End of Year** | $ 3,400,153 |

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

# TOWN OF LA JARA, COLORADO
## PROPRIETARY FUND
## STATEMENT OF CASH FLOWS
## For the Year Ended December 31, 2025

| | | WATER/SEWER FUND |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash Received from Customers | $ | 526,937 |
| Cash Payments to Suppliers for Goods and Services | | (197,483) |
| Cash Payments to Employees | | (132,227) |
| Cash Payments for Employee Benefits and Taxes | | (36,118) |
| **NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | | 161,109 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | - |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Grant Proceeds | | 32,878 |
| Purchase of Fixed Assets | | (7,230) |
| Interest Income | | 166 |
| **NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES** | | 25,814 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Debt Proceeds | | - |
| Payments on Notes and Financed Purchase Agreements | | (85,297) |
| **NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES** | | (85,297) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | 101,626 |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | | 571,461 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ | 673,087 |
| **OPERATING INCOME (LOSS)** | $ | 26,474 |
| **Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities** | | |
| Depreciation Expense | | 115,701 |
| Change in Assets and Liabilities | | |
| (Increase) Decrease in Accounts Receivable | | 3,800 |
| Increase (Decrease) in Accounts Payable | | (6,075) |
| Increase (Decrease) in Due to Other Funds | | 21,209 |
| **NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | $ | 161,109 |
| **SUPPLEMENTAL DISCLOSURES** | | |
| Reconciliation to the statement of net position | | |
| Cash and cash equivalents | $ | 278,687 |
| Cash with fiscal agent | | 394,400 |
| | $ | 673,087 |

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

### *Reporting Entity*

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

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

### *Government-wide and Fund Financial Statements*

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

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

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

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

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

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

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

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

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

*Governmental Funds*

The Town reports the following major governmental funds:

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

*Proprietary Fund*

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

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

### *Cash and Cash Equivalents*

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

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

### *Property Taxes*

Property taxes were levied on December 11, 2025 based on the assessed value of property as certified by the County Assessor the previous October. Assessed values are a percentage of actual values. A reappraisal of all property must be made every two years.

The taxes levied on December 11, 2025 reflect 2025 property taxes that will be collected in 2026 by the Conejos County Treasurer. Taxes collected by the Treasurer are remitted to the Town on a monthly basis. These taxes are due January 1, 2026 and may be paid in two installments (February 28 and June 15) or they may be paid in full April 30. Taxes not paid in accordance with this schedule accrue interest and penalty charges and are subject to liens if not paid by November, 2026.

### *Inventory*

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

### *Capital Assets*

Capital assets, which include land, buildings, improvements, infrastructure, machinery and equipment, and collection and transmission systems are reported in the applicable governmental or business-type activity columns on the government-wide financial statements. The capitalization level was established at $5,000 and the criteria for capitalization also includes (1) increasing the capacity or operating efficiency or (2) extending the useful life of the asset. Leases with annual payments exceeding $100,000 for infrastructure, $10,000 for equipment, and $25,000 for subscription-based information technology arrangements are capitalized. These levels and criteria were set so as to maintain a balance between accountability and managing the costs of recording and tracking these assets. Capital assets are defined as assets with an initial individual cost or estimated cost that equals or exceeds the limits identified above and have a useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at acquired value at the time received. Normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activity is included as part of the capitalized value of the assets constructed when material.

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

| | Governmental Activity | Business-Type Activity |
|---|---|---|
| Buildings | 10-20 | 25 |
| Improvements | 10-20 | - |
| Infrastructure | 15 | 15 |
| Collection and transmission system | - | 15-20 |
| Machinery and equipment | 5-20 | 5-15 |

***Compensated Absences***

The Town adopted a policy as of January 1, 2023 for eligible employees to accrue paid time off. Employees will accrue paid time off at the rate of 4.92 to 10.46 hours per pay period with a maximum of 144 to 384 hours based on years of service. Employees who are terminated or leave are paid for all earned and unused paid time off. A liability for accrued compensated absences is included in the government-wide financial statements.

***Long-term Liabilities***

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

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

***Leases***

Lessee: The Town recognizes a lease liability and intangible right-to-use lease assets in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease terms, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the leases. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

### *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 revenue.

### *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 that applied 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 balance sheet reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Certain amounts related to pensions must be deferred.

### *Fire and Police Pension Association of Colorado (FPPA)*

For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Statewide Retirement Plan (SWRP) administered by FPPA, and additions to/deductions from this plans' fiduciary net pension have been determined on the same basis as they are reported by FPPA. FPPA follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA. Employer contributions in FPPA's financial statements are recognized in the period in which the contributions are due. Benefit payments are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value. All employees who participate in the plans are funded through the General Fund and, therefore, the net pension liability (asset) is recorded at the government-wide level only.

### *Fund Equity*

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

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

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

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

*Assigned* - includes amounts intended to be used by the Town for specific purposes that are neither restricted nor committed. Intent is expressed by the Town's manager to which the assigned amounts are to be used

for specific purposes. Assigned amounts include appropriations of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget.

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

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

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

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

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

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

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

### *Interfund Transactions*

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

### *Estimates*

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

## NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### *Budgetary Principles*

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

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

Expenditure estimates in the annual budgets are enacted into law through the passage of an appropriation resolution. The board of trustees may amend the original adopted budget during the year by passing a new resolution to reflect current needs and during 2025 the expenditure estimates were not amended. For each legally adopted annual

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

***Stewardship***

Total expenditures exceeded budgeted appropriations in the General Fund and Conservation Trust Fund by $6,275 and $1,057, respectively. This may be a violation of Colorado Revised Statutes 29-1-110.

## NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

At December 31, 2025 cash, deposits, and certificates of deposit consisted of the following.

| | Governmental Activities | Business-Type Activities | TOTAL |
|---|---|---|---|
| Cash on hand | $ 304 | $ 101 | $ 405 |
| Cash deposited in banks | 857,249 | 278,586 | 1,135,835 |
| | 857,553 | 278,687 | 1,136,240 |
| Cash with fiscal agent | - | 394,400 | 394,400 |
| Total cash and cash equivalents | 857,553 | 673,087 | 1,530,640 |
| Certificates of deposit | 119,304 | 101,970 | 221,274 |
| Total cash, deposits, and investments | $ 976,857 | $ 775,057 | $ 1,751,914 |

***Deposits***

At December 31, 2025, the carrying amount of the Town's deposits, including certificates of deposit, was $1,357,514 and the bank balance was $1,385,628. Of the bank balance, $472,971 was covered by federal depository insurance and $912,657 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public fund monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The fair value of the collateral that each institution pledges must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution.

***Credit Risk***

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

Cash and Investments Restricted for Unspent Debt Proceeds -The Town had $394,400 of unspent note proceeds restricted to pay construction costs for the lagoon project.

## NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

### *Interfund Receivables/Payables*

Interfund receivable and payable balances at December 31, 2025, were as follows:

| | Interfund Receivable | Interfund Payable |
|---|---|---|
| Governmental funds - | | |
| General fund | $ 21,820 | $ - |
| Enterprise fund - | | |
| Water and sewer fund | - | (21,820) |
| | $ 21,820 | $ (21,820) |

The balance of $21,820 due to the General Fund from the Water Fund resulted from payment for payroll expenses.

## NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

| | Balance 12/31/2024 | Additions | Deletions | Balance 12/31/2025 |
|---|---|---|---|---|
| *Governmental Activities:* | | | | |
| Capital assets not being depreciated | | | | |
| Land | $ 92,875 | $ - | $ - | $ 92,875 |
| Construction in progress | - | - | - | - |
| Total capital assets not being depreciated | 92,875 | - | - | 92,875 |
| Capital assets being depreciated | | | | |
| Buildings | 577,078 | - | - | 577,078 |
| Improvements | 382,900 | - | - | 382,900 |
| Infrastructure | 99,009 | - | - | 99,009 |
| Machinery and equipment | 559,294 | - | 78,283 | 481,011 |
| Total capital assets being depreciated | 1,618,281 | - | 78,283 | 1,539,998 |
| Less accumulated depreciation for: | | | | |
| Buildings | 380,720 | 21,138 | - | 401,858 |
| Improvements | 177,361 | 17,798 | - | 195,159 |
| Infrastructure | 22,830 | 4,838 | - | 27,668 |
| Machinery and equipment | 400,122 | 22,472 | 78,283 | 344,311 |
| Total accumulated depreciation | 981,033 | 66,246 | 78,283 | 968,996 |
| Total capital assets being depreciated, net | 637,248 | (66,246) | - | 571,002 |
| Lease assets being amortized | | | | |
| Machinery and equipment | 253,805 | 75,073 | - | 328,878 |
| Less accumulated amortization | (12,086) | (61,287) | - | (73,373) |
| Total lease assets being amortized, net | 241,719 | 13,786 | - | 255,505 |
| Governmental Activities Capital Assets, Net | $ 971,842 | $ (52,460) | $ - | $ 919,382 |

| | Balance 12/31/2024 | Additions | Deletions | Balance 12/31/2025 |
|---|---|---|---|---|
| *Business-type activity:* | | | | |
| Capital assets not being depreciated | | | | |
| Construction in progress | $ 1,004,043 | $ 7,230 | $ - | $ 1,011,273 |
| Capital assets being depreciated | | | | |
| Collection and transmission system | 3,995,485 | - | - | 3,995,485 |
| Building | 14,907 | - | - | 14,907 |
| Infrastructure | 10,683 | - | - | 10,683 |
| Machinery and equipment | 240,965 | - | 16,524 | 224,441 |
| Total capital assets being depreciated | 4,262,040 | - | 16,524 | 4,245,516 |
| Less accumulated depreciation for: | | | | |
| Collection and transmission system | 1,814,382 | 102,930 | - | 1,917,312 |
| Building | 7,972 | 358 | - | 8,330 |
| Infrastructure | 10,504 | - | - | 10,504 |
| Machinery and equipment | 177,912 | 12,413 | 16,524 | 173,801 |
| Total accumulated depreciation | 2,010,770 | 115,701 | 16,524 | 2,109,947 |
| Total capital assets being depreciated, net | 2,251,270 | (115,701) | - | 2,135,569 |
| Business-type Activities Capital Assets, Net | $ 3,255,313 | $ (108,471) | $ - | $ 3,146,842 |

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

| | |
|---|---|
| *Governmental activities:* | |
| General government | $ 27,893 |
| Public Safety | 51,795 |
| Highways and Streets | 47,035 |
| Health and Welfare | 810 |
| Total depreciation and amortization expense - governmental activities | $ 127,533 |
| *Business-type activity:* | |
| Water and sewer | $ 115,701 |
| Total depreciation expense - business-type activity | $ 115,701 |

## NOTE 6 LONG-TERM LIABILITIES

### *Changes in Long-term Liabilities*

| | Balance 12/31/2024 | Additions | Repayments | Balance 12/31/2025 | Due Within One Year |
|---|---|---|---|---|---|
| *Governmental Activities* | | | | | |
| Financed Purchase Agreement | $ 143,315 | $ - | $ 18,565 | $ 124,750 | $ 19,432 |
| Lease Agreement | 253,805 | 75,073 | 83,729 | 245,149 | 67,404 |
| Compensated Absences | 16,775 | - | 4,388 | 12,387 | 8,332 |
| Governmental Activities Total | $ 413,895 | $ 75,073 | $ 106,682 | $ 382,286 | $ 95,168 |
| *Business-type Activity* | | | | | |
| Notes Payable | | | | | |
| CWRPDA Loan | $ 74,915 | $ - | $ 37,415 | $ 37,500 | $ 37,500 |
| CWRPDA Loan | 9,915 | - | 9,915 | - | - |
| CWRPDA Loan | 180,639 | - | 15,630 | 165,009 | 15,715 |
| CWRPDA Loan | 376,214 | - | 19,837 | 356,377 | 19,974 |
| Business-type Activities Total | $ 641,683 | $ - | $ 82,797 | $ 558,886 | $ 73,189 |

### *Governmental Activities*

*Financed Purchase Agreements*

During 2021, the Town entered into a 10 year, $100,000, 3.99% interest financed purchase agreement with the proceeds to be used to construct and equip the Town maintenance building. At December 31 2025, the maintenance building is included in capital assets at a cost of $128,116, with accumulated depreciation of $25,623. Payments are due in semi-annual installments continuing through September 2031 from the General Fund. Principal balance at December 31, 2025 was $64,669.

During 2024, the Town entered into a 7 year, $73,700, 3.99% interest financed purchase agreement with the proceeds to be used to pay off a 2022 John Deere Cab Utility Tractor. At December 31, 2025, the Tractor is included in capital assets at a cost of $73,700, with accumulated depreciation of $7,370. Payments are due in semi-annual installments continuing through April 2031 from the General Fund. Principal balance at December 31, 2025 was $60,087.

Minimum annual lease purchase payments are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 19,432 | $ 5,511 | $ 24,943 |
| 2027 | 20,340 | 4,603 | 24,943 |
| 2028 | 21,286 | 3,657 | 24,943 |
| 2029 | 22,288 | 2,655 | 24,943 |
| 2030 | 23,332 | 1,611 | 24,943 |
| 2031 | 18,072 | 518 | 18,590 |
| | $ 124,750 | $ 18,555 | $ 143,305 |

*Lease Agreement*

During 2024, the Town entered into a 5 year, $253,805, 5.96% lease agreement with Unified Fleet Services for three Ford Interceptors. The terms of the lease consist of twelve-monthly payments per year with the final payment due December 2029. The machinery and equipment are recorded in the lease machinery and equipment of the government-wide financial statements at $253,805 less accumulated amortization of $60,430, at December 31, 2025. Principal balance at December 31, 2025 was $188,040.

During 2025, the Town entered into a 5 year, $75,073, 6.26% lease agreement with Unified Fleet Services for a 2024 Ram 2500. The terms of the lease consist of twelve-monthly payments per year with the final payment due October 2029. The machinery and equipment are recorded in the lease machinery and equipment of the government-wide financial statements at $75,073 less accumulated amortization of $12,944, at December 31, 2025. Principal balance at December 31, 2025 was $57,109.

The following is a schedule of the future minimum annual payments as of December 31, 2025:

| | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 67,404 | $ 13,107 | $ 80,511 |
| 2027 | 71,722 | 9,056 | 80,778 |
| 2028 | 65,574 | 4,662 | 70,236 |
| 2029 | 40,449 | 813 | 41,262 |
| | $ 245,149 | $ 27,638 | $ 272,787 |

***Business-Type Activities***

*Notes payable*

| | |
|---|---|
| $200,000 interest-free loan with Colorado Water Resources and Power Development Authority series 2005; due in semi-annual installments of $5,000 through November, 2025; debt is serviced by the water and sewer fund and on which revenue is pledged as collateral | $ - |
| $750,000 interest-free loan with Colorado Water Resources and Power Development Authority, series 2006; due in semi-annual installments of $18,750 through November, 2026; debt is serviced by the water and sewer fund and on which revenue is pledged as collateral | 37,500 |
| $350,000 interest-free loan with Colorado Water Resources and Power Development Authority, series 2015; due in semi-annual installments of $7,858 through May, 2036; debt is serviced by the water and sewer fund on which revenue is pledged as collateral | 165,009 |
| $407,391 0.6% interest rate loan with Colorado Water Resources and Power Development Authority, series 2022; due in semi-annual installments of $11,041 through November, 2042; debt is serviced by the water and sewer fund on which revenue is pledged as collateral | 356,377 |
| Total business-type activity | $ 558,886 |

Minimum annual payments are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 73,189 | $ 2,108 | $ 75,297 |
| 2027 | 35,809 | 1,988 | 37,797 |
| 2028 | 35,929 | 1,868 | 37,797 |
| 2029 | 36,051 | 1,746 | 37,797 |
| 2030 | 36,173 | 1,624 | 37,797 |
| 2031-2035 | 182,725 | 6,261 | 188,986 |
| 2036-2040 | 115,174 | 3,094 | 118,268 |
| 2041-2042 | 43,836 | 329 | 44,165 |
| | $ 558,886 | $ 19,018 | $ 577,904 |

*Debt Covenants*

Debt covenants require that the water and sewer fund maintain a net income to debt ratio of 1.10 after excluding depreciation. For the year ended December 31, 2025, the Town was in compliance with debt covenant requirements.

## NOTE 7 DEFINED BENEFIT PENSION PLAN

*Police Pension*

*Plan description.* The Statewide Retirement Plan is a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at http://www.FPPAco.org.

*Benefits provided.* The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for normal retirement pension. Members with combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

The annual retirement benefit for the Defined Benefit Component is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member's highest three years' base salary for each year of service thereafter.

Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to then years plus 1.25 percent of the average of the member's highest three years' based salary for each year thereafter. Prior to 2007,

the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62.

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost of living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range for 0 percent to the higher of 3 percent of the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, a member may elect to have contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

*Contributions.* Contribution rates for the Plan are set by state statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election of both employers and members.

Members of the Defined Benefit Component contribution 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 22.0 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined rate of 25.2 percent in 2030. In 2024, the total combined member and employer contribution rate was 22.2 percent.

Contributions to the Plan from the Town were $15,661 for the year ended December 31, 2025.

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

At December 31, 2025, the Town reported a liability (asset) of $0 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2025. The Town's proportion of the net pension liability (asset) was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined as of December 31, 2024, based upon the January 1, 2024 actuarial valuation. At December 31, 2024, the Town's proportion was 0.009 percent, which was a decrease of 0.002 from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Town increased pension expense by $11,516. At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 21,500 | $ 673 |
| Net difference between projected and actual earnings on pension plan investments | 3,054 | - |
| Change in assumptions | 7,695 | - |
| Change in proportionate share | 17,687 | 2,200 |
| Contributions subsequent to the measurement date | 15,662 | - |
| Total | $ 65,598 | $ 2,873 |

$15,662 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a decrease (increase) of the net pension liability (asset) in the year ended December 31, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended December 31, | |
|---|---|
| 2026 | $ 12,528 |
| 2027 | 16,037 |
| 2028 | 3,699 |
| 2029 | 4,177 |
| 2030 | 4,218 |
| Thereafter | 6,405 |
| | $ 47,064 |

*Actuarial assumptions.* The actuarial valuations for the SWRP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2024. The valuations used the following actuarial assumption and other inputs:

| | Total Pension Liability | Actuarial Determined Contributions |
|---|---|---|
| Actuarial Valuation Date | January 1, 2025 | January 1, 2024 |
| Actuarial Method | Entry Age Normal | Entry Age Normal |
| Amortization Method | N/A | Level % of Payroll, Open |
| Amortization Period | N/A | 30 years |
| Long-term Investment Rate of Return* | 7.00% | 7.00% |
| Projected Salary Increases* | 4.25% - 11.75% | 4.25% - 11.75% |
| Cost of Living Adjustments (COLA) | 0.00% | 0.00% |
| *Includes inflation at | 2.50% | 2.50% |

For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and projected with the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub2010 Safety healthy Employee Mortality Tables for males and females,

amount-weighted, and then projected with MP-2020 Ultimate projection scale. The pre-retirement mortality tables are adjusted to 60%. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2023 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2024. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Rate of Return |
|---|---|---|
| Global Equity | 33.0% | 7.0% |
| Equity Long/Short | 6.0% | 6.2% |
| Private Markets | 34.0% | 8.8% |
| Fixed Income - Rates | 7.0% | 5.0% |
| Fixed Income - Credit | 7.0% | 6.5% |
| Absolute Return | 9.0% | 5.7% |
| Cash | 4.0% | 4.2% |
| Total | 100.0% | |

The discount rate used to measure the total pension liability (asset) was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

The COLA assumption, which was previously reflects the true nature of Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Boards's policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00% then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.08 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

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

| 1% Decrease (6.00%) | Single Discount Rate Assumption (7.00%) | 1% Increase (8.00%) |
|---|---|---|
| $ 43,662 | $ - | $ - |

## NOTE 8 NET POSITION AND FUND BALANCES

### *Net Position*

Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2025 is as follows:

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| TABOR | $ 26,500 | $ - | $ 26,500 |
| Park Projects | 26,853 | - | 26,853 |
| | $ 53,353 | $ - | $ 53,353 |

*Restricted for TABOR* - represents approximately 3% of the Town's fiscal year spending, as that term is defined in the Colorado Constitution. Under these provisions of the Colorado Constitution, this portion of the Town's net position may be used only for declared emergencies, and the Town is required to maintain 3% or more of its fiscal year spending in this reserve. The Water and Sewer Fund is normally considered a TABOR-exempt enterprise because the majority of its revenues are derived from user fees and federal grants. During 2025, state grant revenues did not exceed 10% of the Water and Sewer Fund's annual revenue. Therefore, the Water and Sewer Fund qualified for TABOR enterprise status and was not required to reserve 3% of its fiscal year spending for the year ended December 31, 2025.

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

***Fund Balance***

| | Governmental Activities | | |
|---|---|---|---|
| | General Fund | Conservation Trust Fund | Total |
| Nonspendable - | | | |
| Prepaid items | $ 20,563 | $ - | $ 20,563 |
| Inventory | 750 | - | 750 |
| Restricted - | | | |
| Tabor | 26,500 | - | 26,500 |
| Park Projects | - | 26,853 | 26,853 |
| Assigned | 43,594 | - | 43,594 |
| Unassigned | 989,445 | - | 989,445 |
| Total fund balances | $ 1,080,852 | $ 26,853 | $ 1,107,705 |

## NOTE 9 RISK MANAGEMENT

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

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

## NOTE 10 TABOR EMERGENCY RESERVE

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

## NOTE 11 COMMITMENTS AND CONTINGENCIES

### *Notice of Violation*

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

The Town responded to the notice of violation on September 24, 2019 and hired an engineering company to perform an evaluation of the facility and recommend measures to ensure that adequate treatment is provided such that the facility complies with all terms and conditions of the Town's discharge permit. As of the issuance of this report, the plan was accepted and approved by the State, the design and engineering portion of the project was complete, and the physical improvements are nearly complete. The Town is awaiting final approval in 2026 with minimal cost left to be incurred.

Funding for project was provided by a 2022 CWRPDA Design and Engineering loan of $147,150, a 2022 CWRPDA Loan of $850,994 and a Small Communities Grant of $400,000. As of December 31, 2025 total project costs were $1,011,273.

# TOWN OF LA JARA, COLORADO

## REQUIRED SUPPLEMENTARY INFORMATION

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

# TOWN OF LA JARA, COLORADO
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
## GENERAL FUND
## For the Year Ended December 31, 2025

| | BUDGETED AMOUNTS | | | VARIANCE WITH FINAL BUDGET POSITIVE |
|---|---|---|---|---|
| | ORIGINAL | FINAL | ACTUAL | (NEGATIVE) |
| **REVENUES** | | | | |
| Property Taxes | $ 82,200 | $ 82,200 | $ 84,695 | $ 2,495 |
| Sales and Use Taxes | 533,875 | 533,875 | 530,523 | (3,352) |
| Specific Ownership Taxes | 25,000 | 25,000 | 25,637 | 637 |
| Franchise Taxes | 30,050 | 30,050 | 28,612 | (1,438) |
| Fees and Fines | 144,200 | 144,200 | 68,262 | (75,938) |
| Licenses and Permits | 30,400 | 30,400 | 10,050 | (20,350) |
| Intergovernmental | 64,400 | 64,400 | 78,923 | 14,523 |
| Interest Earnings | 2,801 | 2,801 | 5,502 | 2,701 |
| Miscellaneous | 11,650 | 11,650 | 20,306 | 8,656 |
| **TOTAL REVENUES** | 924,576 | 924,576 | 852,510 | (72,066) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General Government | 249,924 | 249,924 | 182,368 | 67,556 |
| Public Safety | 344,850 | 344,850 | 366,196 | (21,346) |
| Public Works | 204,950 | 204,950 | 162,712 | 42,238 |
| Health and Welfare | 16,400 | 16,400 | 11,119 | 5,281 |
| Capital Outlay | 20,200 | 20,200 | 78,173 | (57,973) |
| Debt Service | 88,252 | 88,252 | 130,283 | (42,031) |
| **TOTAL EXPENDITURES** | 924,576 | 924,576 | 930,851 | (6,275) |
| Excess (deficiency) revenues over expenditures | - | - | (78,341) | (78,341) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Proceeds from sale of capital assets | - | - | 25,122 | 25,122 |
| Proceeds from long-term liabilities | - | - | 75,073 | 75,073 |
| **TOTAL OTHER FINANCING SOURCES (USES)** | - | - | 100,195 | 100,195 |
| Net Change in Fund Balance | - | - | 21,854 | 21,854 |
| **Fund Balance at Beginning of Year** | 894,180 | 894,180 | 1,058,998 | 164,818 |
| **Fund Balance at End of Year** | $ 894,180 | $ 894,180 | $ 1,080,852 | $ 186,672 |

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

# TOWN OF LA JARA, COLORADO
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
## CONSERVATION TRUST FUND
## For the Year Ended December 31, 2025

| | BUDGETED AMOUNTS | | | VARIANCE WITH FINAL BUDGET POSITIVE |
|---|---|---|---|---|
| | ORIGINAL | FINAL | ACTUAL | (NEGATIVE) |
| **REVENUES** | | | | |
| Intergovernmental Revenue | | | | |
| Lottery Funds | $ 9,500 | $ 9,500 | $ 8,528 | $ (972) |
| Interest on Accounts | 15 | 15 | 11 | (4) |
| **TOTAL REVENUES** | 9,515 | 9,515 | 8,539 | (976) |
| **EXPENDITURES** | | | | |
| Grant Expense | - | - | - | - |
| Capital Outlay | - | - | 1,057 | (1,057) |
| **TOTAL EXPENDITURES** | - | - | 1,057 | (1,057) |
| Net Change in Fund Balance | 9,515 | 9,515 | 7,482 | (2,033) |
| **Fund Balance at Beginning of Year** | 10,947 | 10,947 | 19,371 | 8,424 |
| **Fund Balance at End of Year** | $ 20,462 | $ 20,462 | $ 26,853 | $ 6,391 |

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

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

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Town's proportion of the net pension liability (asset) | 0.00895% | 0.01143% | 0.01580% | 0.01665% | 0.01538% | 0.02203% | 0.02208% | 0.02200% | 0.02500% | 0.03100% |
| Town's proportionate share of the net pension liability (asset) | $ - | $ - | $ 14,026 | $ (90,247) | $ (33,394) | $ (12,457) | $ 28,077 | $ (31,061) | $ 9,101 | $ (541) |
| Town's covered payroll | $ 151,178 | $ 97,765 | $ 112,576 | $ 137,482 | $ 134,054 | $ 162,333 | $ 143,891 | $ 126,413 | $ 128,900 | $ 148,875 |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 0.00% | 0.00% | 12.46% | -65.64% | -24.91% | -7.67% | 19.51% | -24.57% | 7.06% | 0% |
| Plan fiduciary net position as a percentage of the total pension lliability (asset) | 100.0% | 100.0% | 97.6% | 116.2% | 106.7% | 101.9% | 95.2% | 106.3% | 98.2% | 100.1% |

*Prior to 2024, data reflects information related to FPPA Statewide Defined Benefit Plan (SWDB)

See notes to the required supplementary information

# TOWN OF LA JARA, COLORADO
## SCHEDULE OF TOWN CONTRIBUTIONS
## FPPA - STATEWIDE RETIREMENT PLAN
## For the Years Ended December 31,

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 15,661 | $ 9,756 | $ 10,688 | $ 12,373 | $ 11,395 | $ 9,884 | $ 12,987 | $ 11,511 | $ 10,113 | $ 14,312 |
| Contributions in relation to the contractually required contribution | (15,661) | (9,756) | (10,688) | (12,373) | (11,395) | (9,884) | (12,987) | (11,511) | (10,113) | (14,312) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Town's covered payroll | 151,178 | 97,765 | 112,576 | 137,482 | 134,054 | 123,555 | 162,333 | 143,891 | 126,413 | 128,900 |
| Contributions as a percentage of covered payroll | 10.36% | 9.98% | 9.49% | 9.00% | 8.50% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |

*Prior to 2024, data reflects information related to FPPA Statewide Defined Benefit Plan (SWDB)

See notes to the required supplementary information.

# TOWN OF LA JARA, COLORADO
## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
## CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
## For the Year Ended December 31, 2025

**NOTE 1 FPPA STATEWIDE RETIREMENT PLAN**

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

*2024*

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

*2023*

- Statewide Defined Benefit Plan and the Statewide Hybrid Plan have merged to form the Statewide Retirement Plan
- Decreased the municipal bond rate from 4.05% to 3.77%

*2022*

Post-retirement mortality assumptions were changed to the Pub-2010 Safely Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees.

- The municipal bond rate increased from 1.84 perecent ot 4.05 percent.

*2021* There were no changes in assumptions or other inputs this measurement period compared to prior year.

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

*2019*

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

*2018*

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

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

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

*2015*

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

# TOWN OF LA JARA, COLORADO

## SUPPLEMENTARY INFORMATION

# TOWN OF LA JARA, COLORADO
## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
## BUDGET AND ACTUAL (NON-GAAP)
## WATER AND SEWER FUND
## Year Ended December 31, 2025

| | ACTUAL - BUDGET BASIS | | | ORIGINAL AND FINAL BUDGET | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|---|
| | Water Activities | Sewer Activities | Total | | |
| **REVENUES AND OTHER FINANCING SOURCES** | | | | | |
| Service Charges | $ 220,870 | $ 298,749 | $ 519,619 | $ 539,325 | $ (19,706) |
| Grant Revenue | - | 32,878 | 32,878 | 1,500,000 | (1,467,122) |
| Interest Income | 3,866 | 84 | 3,950 | 1,160 | 2,790 |
| Other Income | 3,454 | 64 | 3,518 | 2,350 | 1,168 |
| **TOTAL REVENUES AND OTHER FINANCING SOURCES** | 228,190 | 331,775 | 559,965 | 2,042,835 | (1,482,870) |
| **EXPENDITURES** | | | | | |
| Salaries | 76,718 | 76,718 | 153,436 | 199,830 | 46,394 |
| Payroll Taxes and Employee Benefits | 10,112 | 10,486 | 20,598 | 27,300 | 6,702 |
| Professional Services | 72,013 | 30,731 | 102,744 | 1,535,000 | 1,432,256 |
| Utilities | 17,623 | 3,116 | 20,739 | 25,200 | 4,461 |
| Monitoring Fees | 1,559 | 9,291 | 10,850 | 10,813 | (37) |
| Office Supplies | 8,311 | 7,858 | 16,169 | 15,000 | (1,169) |
| Repairs and Maintenance | 2,805 | 2,103 | 4,908 | 27,200 | 22,292 |
| Gas and Oil | 5,829 | 1,871 | 7,700 | 8,900 | 1,200 |
| Insurance- General | 4,561 | 3,142 | 7,703 | 6,800 | (903) |
| Traveling and Training | 7,760 | 7,760 | 15,520 | 3,000 | (12,520) |
| Capital Outlay | - | - | - | - | - |
| Miscellaneous | 12,707 | 7,888 | 20,595 | 95,350 | 74,755 |
| Debt Service | | | - | | |
| Loan Payments | 4,958 | 77,840 | 82,798 | 85,357 | 2,559 |
| Interest Expense | - | 2,500 | 2,500 | - | (2,500) |
| **TOTAL EXPENDITURES** | 224,956 | 241,304 | 466,260 | 2,039,750 | 1,573,490 |
| NET CHANGE IN FUND BALANCE | $ 3,234 | $ 90,471 | 93,705 | $ 3,085 | $ 90,620 |
| GAAP ADJUSTMENTS | | | | | |
| Depreciation | | | (115,701) | | |
| Principal Payments | | | 82,798 | | |
| NET CHANGE IN FUND BALANCE | | | $ 60,802 | | |

# TOWN OF LA JARA, COLORADO

## OTHER SCHEDULES AND REPORTS

# LOCAL HIGHWAY FINANCE REPORT

| STATE: | |
|---|---|
| COLORADO | |

| THIS INFORMATION FROM THE RECORDS OF: | PREPARED BY: | REPORT YEAR ENDING DATE(mm/yyyy): |
|---|---|---|
| Town of La Jara | Kerrissa Romero-Quintana townclerk@townoflajara.com | 12/2025 |

## 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. Total (1 - (2 through 4)) | | | | |

## II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|---|---|---|
| **A.3. Other Local Imposts:** | | **A.4. Miscellaneous Local Receipts:** | |
| a. Property Taxes and Assesments | 0 | a. Interest on investments | 0 |
| b. Non-property Taxes and Assessments Imposts | 25,637 | b. Other Misc. Local Receipts | 67,283 |
| **c. Total (a + b)** | 25,637 | **c. Total (a + b)** | 67,283 |
| **ITEM** | **AMOUNT** | **ITEM** | **AMOUNT** |
| **C. Receipts from State Government** | | **D. Receipts from Federal Government** | |
| 1. Highway-user Taxes (from Item I.C.5.) | 66,412 | 1. FHWA (from Item I.D.5.) | |
| 2. State General Funds | | 2. Other Federal Agencies: | |
| 3. Other State funds: | | | |
| a. State Bond Proceeds | | | |
| b. Non-State Bond Proceeds | 43,434 | | |
| **c. Total (a + b)** | 43,434 | | |
| **4. Total (1 + 2 + 3c)** | 109,846 | **3. Total (1 + 2)** | 0 |

## III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

| ITEM | AMOUNT |
|---|---|
| **A.1. Capital outlay:** | |
| a. Right-Of-Way Costs | |
| b. Engineering Costs | |
| c. Construction Costs | 8,704 |
| **d. Total Capital Outlay (a+ b + c)** | 8,704 |

# LOCAL HIGHWAY FINANCE REPORT

**STATE:** COLORADO

**REPORT YEAR ENDING DATE(mm/yyyy):** 12/2025

## 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. Amount 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.1) | |
| b. Motor Vehicle (from Item I.B.1) | |
| **c. Total (a + b)** | |
| 2. General Fund Appropriations | 146,162 |
| 3. Other Local Imposts (from page 1, Item II.A3.c) | $ 25,637 |
| 4. Miscellaneous Local Receipts (from page 1, Item II.A4.c) | $ 67,283 |
| 5. Transfers from Toll Facilities | |
| 6. Proceeds of Sale of Bonds and Notes: | |
| a. Bonds - Original Issues | |
| b. Bonds - Refunding Issues | |
| c. Notes | |
| **d. Total (a + b + c)** | $ - |
| **7. Total (1 through 6)** | $ 239,082 |
| B. Private Contributions | |
| C. Receipts from State government (from page 1, Item II.C.4) | $ 109,846 |
| D. Receipts from Federal government (from page 1, Item II.D.3) | $ - |
| **E. Total receipts (A.7 + B + C + D)** | $ 348,928 |

## III. EXPENDITURES FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT |
|---|---|
| **A. Local highway expenditures:** | |
| 1. Capital Outlay (from page 1, Item III.A1.d) | $ 8,704 |
| 2. Maintenance: | 37,546 |
| 3. Road and Street Services: | |
| a. Snow and Ice Removal | |
| b. Other & Traffic Control Operations | 102,337 |
| **c. Total (a + b)** | 102,337 |
| 4. General Administration & Miscellaneous | 0 |
| 5. Highway Law Enforcement and Safety | 200,340 |
| **6. Total (1 through 5)** | 348,927 |
| **B. Debt Service on Local Obligations:** | |
| 1. Bonds: | |
| a. Interest | |
| b. Redemption | |
| **c. Total (a + b)** | $ - |
| 2. Notes: | |
| a. Interest | |
| b. Redemption | |
| **c. Total (a + b)** | $ - |
| **3. Total (1c + 2c)** | $ - |
| C. Payments to State for Highways | |
| D. Payments to Toll Facilities | |
| **E. Total Expenditures (A6 + B3 + C + D)** | $ 348,927 |

## IV. LOCAL HIGHWAY DEBT STATUS

*(Show all entries at par)*

| ITEM | OPENING DEBT | AMOUNT ISSUED | REDEMPTIONS | CLOSING DEBT |
|---|---|---|---|---|
| A. Bonds (Total) | | $ - | $ - | $ - |
| 1. Bonds (Refunding Portion) | | $ - | | |
| B. Notes (Total) | | $ - | $ - | $ - |