TOWN OF DEL NORTE, COLORADO

FINANCIAL STATEMENTS

December 31, 2024

Wall,
Smith,
Bateman Inc.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Wall,
Smith,
Bateman Inc.

To the Honorable Mayor and Board of Trustees
Town of Del Norte
Del Norte, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Del Norte, Colorado (the Town) as of and for the year ended of December 31, 2024, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Del Norte as of December 31, 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 and *Government*

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 and *Government 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 opinions on the basic financial statements are not affected by this missing information.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial schedules, other budgetary schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements, for Federal Awards*, and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial schedules, other budgetary schedules, the schedule of expenditures of federal awards, and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2025 on our consideration of the Town’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting compliance.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

May 27, 2025

TOWN OF DEL NORTE, COLORADO

BASIC FINANCIAL STATEMENTS

TOWN OF DEL NORTE, COLORADO
STATEMENT OF NET POSITION
December 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 4,953,965	$ 2,909,172	$ 7,863,137
Accounts Receivable	7,736	123,396	131,132
Grants Receivable	436,262	-	436,262
Due from Other Governments	185,235	-	185,235
Property Taxes Receivable	159,283	-	159,283
Inventories	-	44,046	44,046
Other Assets	555	-	555
Total Current Assets	5,743,036	3,076,614	8,819,650
Capital Assets			
Construction in Progress	2,706,442	-	2,706,442
Land	313,410	-	313,410
Land Improvements	1,079,149	-	1,079,149
Buildings and Improvements	1,244,287	-	1,244,287
Utility System	-	12,323,661	12,323,661
Infrastructure	491,951	1,119,994	1,611,945
Machinery and Equipment	883,727	714,763	1,598,490
Vehicles	562,497	-	562,497
Less: Accumulated Depreciation	(2,166,220)	(4,241,251)	(6,407,471)
Total Capital Assets	5,115,243	9,917,167	15,032,410
TOTAL ASSETS	10,858,279	12,993,781	23,852,060
LIABILITIES			
Current Liabilities			
Accounts Payable	463,909	1,920	465,829
Compensated Absences	23,356	23,356	46,712
Unearned Revenue - Grant Revenue	20,699	-	20,699
Notes Payable	-	127,641	127,641
Total Current Liabilities	507,964	152,917	660,881
Long-Term Liabilities			
Compensated Absences	32,302	21,468	53,770
Notes Payable	-	4,160,000	4,160,000
Total Long-Term Liabilities	32,302	4,181,468	4,213,770
TOTAL LIABILITIES	540,266	4,334,385	4,874,651
DEFERRED INFLOWS OF RESOURCES - CURRENT			
Unavailable Revenue - Property Tax	159,283	-	159,283
TOTAL DEFERRED INFLOWS OF RESOURCES	159,283	-	159,283

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

TOWN OF DEL NORTE, COLORADO
STATEMENT OF NET POSITION
December 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	TOTAL
NET POSITION			
Net Investment in Capital Assets	5,115,243	5,629,526	10,744,769
Restricted for:			
TABOR	63,000	-	63,000
Debt Service	104,826	169,161	273,987
Unrestricted	4,875,661	2,860,709	7,736,370
TOTAL NET POSITION	$ 10,158,730	$ 8,659,396	$ 18,818,126

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

TOWN OF DEL NORTE, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position – Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants & Contributions**	**Capital Grants & Contributions**	**Governmental Activities**	**Business-Type Activities**	**TOTAL**
Primary Government							
Governmental Activities							
General Government	$ 490,992	$ 62,753	$ 154,806	$ 1,947,315	$ 1,673,882	$ -	$ 1,673,882
Public Safety	473,936	26,883	-	-	(447,053)	-	(447,053)
Highways and Streets	284,743	380	88,444	-	(195,919)	-	(195,919)
Health and Welfare	7,589	5,175	-	-	(2,414)	-	(2,414)
Culture and Recreation	46,902	-	11,701	-	(35,201)	-	(35,201)
Total Governmental Activities	1,304,162	95,191	254,951	1,947,315	993,295	-	993,295
Business-Type Activities							
Water	567,745	567,639	-	-	-	(106)	(106)
Sewer	602,736	651,824	-	-	-	49,088	49,088
Total Business-Type Activities	1,170,481	1,219,463	-	-	-	48,982	48,982
Total Primary Government	$ 2,474,643	$ 1,314,654	$ 254,951	$ 1,947,315	993,295	48,982	1,042,277
	General Revenues:						
	Taxes:						
	General Property Taxes - Net				185,860	-	185,860
	Sales Taxes				1,203,397	-	1,203,397
	Franchise Taxes				83,292	-	83,292
	Other Taxes				26,072	-	26,072
	Interest on Investments				63,369	34,246	97,615
	Miscellaneous				4,904	3,854	8,758
	Total General Revenues				1,566,894	38,100	1,604,994
	Change in Net Position				2,560,189	87,082	2,647,271
	Net Position - Beginning				7,598,541	8,572,314	16,170,855
	Net Position - Ending				$ 10,158,730	$ 8,659,396	$ 18,818,126

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

TOWN OF DEL NORTE, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2024

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	$ 1,729,210	$ 3,008,120	$ 216,635	$ 4,953,965
Accounts Receivable	7,736	-	-	7,736
Due from Other Governments	115,945	69,290	-	185,235
Property Taxes Receivable	159,283	-	-	159,283
Grant Receivable	-	436,262	-	436,262
Other Assets	-	-	555	555
TOTAL ASSETS	$ 2,012,174	$ 3,513,672	$ 217,190	$ 5,743,036
LIABILITIES				
Accounts Payable	$ 3,798	$ 460,094	$ 17	$ 463,909
Unearned Revenue - Grant Income	20,699	-	-	20,699
TOTAL LIABILITIES	24,497	460,094	17	484,608
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	159,283	-	-	159,283
TOTAL DEFERRED INFLOWS OF RESOURCES	159,283	-	-	159,283
FUND BALANCE				
Restricted:				
TABOR	63,000	-	-	63,000
Debt Service	-	-	104,826	104,826
Committed:				
Capital Improvements	-	3,053,578	-	3,053,578
Culture and Recreation	-	-	112,347	112,347
Assigned - Designated for Subsequent Years	73,549	-	-	73,549
Unassigned	1,691,845	-	-	1,691,845
TOTAL FUND BALANCE	1,828,394	3,053,578	217,173	5,099,145
TOTAL LIABILITIES, DEFERRED INFLOWS, OF RESOURCES AND FUND BALANCE	$ 2,012,174	$ 3,513,672	$ 217,190	$ 5,743,036

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

TOWN OF DEL NORTE, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2024

Total Governmental Fund Balances	$ 5,099,145
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,115,243
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(55,658)
Net Position of Governmental Activities	$ 10,158,730

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

TOWN OF DEL NORTE, COLORADO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2024

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	$ 953,874	$ 544,747	$ -	$ 1,498,621
Licenses and Permits	6,179	-	-	6,179
Intergovernmental Revenue	264,905	1,910,660	8,748	2,184,313
Charges for Services	61,879	-	-	61,879
Fines and Forfeits	26,883	-	-	26,883
Interest on Accounts	36,527	22,480	4,362	63,369
Miscellaneous Revenue	8,107	15,000	-	23,107
TOTAL REVENUES	1,358,354	2,492,887	13,110	3,864,351
EXPENDITURES				
General Government	450,473	334,342	-	784,815
Public Safety	461,014	-	-	461,014
Highways and Streets	214,644	12,081	-	226,725
Health and Welfare	7,589	-	-	7,589
Culture and Recreation	22,430	-	12,337	34,767
Capital Outlay	116,235	2,463,910	-	2,580,145
TOTAL EXPENDITURES	1,272,385	2,810,333	12,337	4,095,055
Excess (Deficiency) of Revenues Over Expenditures	85,969	(317,446)	773	(230,704)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,000,000	-	1,000,000
Transfers Out	(1,000,000)	-	-	(1,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,000,000)	1,000,000	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(914,031)	682,554	773	(230,704)
Fund Balance at Beginning of Year	2,742,425	2,371,024	216,400	5,329,849
Fund Balance at End of Year	$ 1,828,394	$ 3,053,578	$ 217,173	$ 5,099,145

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

TOWN OF DEL NORTE, 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, 2024

Net Changes in Fund Balances - Total Governmental Funds		$ (230,704)
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. This is the difference between capital outlay and depreciation in the current period.		
Fixed asset additions	$ 2,966,133	
Depreciation expense	(154,207)	
		2,811,926
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		(21,033)
Change in Net Position of Governmental Activities		$ 2,560,189

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

TOWN OF DEL NORTE, COLORADO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2024

	WATER FUND	SEWER FUND	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 1,327,546	$ 1,581,626	$ 2,909,172
Accounts Receivable	50,189	73,207	123,396
Inventories	36,870	7,176	44,046
Total Current Assets	1,414,605	1,662,009	3,076,614
Capital Assets			
Utility System	2,770,264	9,553,397	12,323,661
Machinery and Equipment	298,083	416,680	714,763
Infrastructure	1,119,994	-	1,119,994
Less: Accumulated Depreciation	(2,530,806)	(1,710,445)	(4,241,251)
Total Capital Assets	1,657,535	8,259,632	9,917,167
TOTAL ASSETS	3,072,140	9,921,641	12,993,781
LIABILITIES			
Current Liabilities			
Accounts Payable	(1,075)	2,995	1,920
Notes Payable	36,236	91,405	127,641
Total Current Liabilities	35,161	94,400	129,561
Noncurrent Liabilities			
Compensated Absences	24,111	20,713	44,824
Notes Payable	126,821	4,033,179	4,160,000
Total Noncurrent Liabilities	150,932	4,053,892	4,204,824
TOTAL LIABILITIES	186,093	4,148,292	4,334,385
NET POSITION			
Net Investment in Capital Assets	1,494,478	4,135,048	5,629,526
Restricted- USDA Reserve	-	169,161	169,161
Unrestricted	1,391,569	1,469,140	2,860,709
TOTAL NET POSITION	$ 2,886,047	$ 5,773,349	$ 8,659,396

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

TOWN OF DEL NORTE, COLORADO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2024

	WATER FUND	SEWER FUND	TOTAL
OPERATING REVENUES			
Charges for Services			
Service Charges	$ 527,789	$ 651,824	$ 1,179,613
Miscellaneous Revenue	39,850	3,854	43,704
Total Operating Revenues	567,639	655,678	1,223,317
OPERATING EXPENSES			
Salaries	147,527	135,071	282,598
Benefits	61,332	46,075	107,407
Supplies	41,526	9,268	50,794
Professional Services	27,002	69,732	96,734
Utilities, Gas and Oil	45,769	43,847	89,616
Equipment Repairs & Maintenance	69,490	4,129	73,619
Insurance and Bonds	21,654	18,121	39,775
Administration - Police Department	27,097	-	27,097
Miscellaneous	1,317	50	1,367
Depreciation	125,031	224,274	349,305
Total Operating Expenses	567,745	550,567	1,118,312
Operating Income (Loss)	(106)	105,111	105,005
NONOPERATING REVENUES (EXPENSES)			
Interest on Accounts	25,578	8,668	34,246
Grant Revenue	-	-	-
Interest Expense	-	(52,169)	(52,169)
Total Nonoperating Revenues (Expenses)	25,578	(43,501)	(17,923)
Net Income (Loss)	25,472	61,610	87,082
Net Position at Beginning of Year	2,860,575	5,711,739	8,572,314
Net Position at End of Year	$ 2,886,047	$ 5,773,349	$ 8,659,396

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

TOWN OF DEL NORTE, COLORADO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024

	WATER FUND	SEWER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ 560,021	$ 644,301	$ 1,204,322
Cash Payments to Suppliers for Goods and Services	(216,919)	(143,890)	(360,809)
Cash Payments to Employees	(147,527)	(135,071)	(282,598)
Cash Payments for Employee Benefits and Taxes	(54,772)	(36,622)	(91,394)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	140,803	328,718	469,521
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Fixed Assets	(8,358)	-	(8,358)
Grant Proceeds	-	-	-
Interest Paid on Notes and Bonds	-	(52,169)	(52,169)
Principal Paid on Notes and Bonds	(36,236)	(90,271)	(126,507)
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(44,594)	(142,440)	(178,676)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	25,578	8,668	34,246
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	25,578	8,668	34,246
NET INCREASE IN CASH AND CASH EQUIVALENTS	121,787	194,946	316,733
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,205,759	1,386,680	2,592,439
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,327,546	$ 1,581,626	$ 2,909,172
OPERATING INCOME (LOSS)	$ (106)	$ 105,111	$ 105,005
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation Expense	125,031	224,274	349,305
Change in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(7,618)	(11,377)	(18,995)
(Increase) Decrease in Inventory	18,123	-	18,123
Increase (Decrease) in Accounts Payable	(1,187)	1,257	70
Increase (Decrease) in Compensated Absences	6,560	9,453	16,013
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 140,803	$ 328,718	$ 469,521

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

TOWN OF DEL NORTE, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Primary Government

The Town of Del Norte was originally incorporated on December 14, 1873, and became a statutory Town under State Statute (CRS 31-1-101) on July 3, 1877. The Town operates under a Town Council form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, insect control, culture and recreation, planning and zoning, water and sewer systems, and general administrative services.

Component Units

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

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

Based on the aforementioned criteria, the Town does not have any component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the Town, except for Town fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

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

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and

- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

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

The Town reports the following major governmental funds:

- The ***General Fund*** is the general operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The ***Capital Improvement Fund*** is used for the aggregation of monies for future capital purchases. Sources of revenue are derived from transfers from other funds and sales taxes assigned for capital improvements.

The Town reports the following major enterprise funds:

- The ***Water Fund*** is used to account for user charges and expenses for operating, financing, and maintaining the Town's water system.
- The ***Sewer Fund*** is used to account for user charges and expenses for operating, financing, and maintaining the Town's sewer system.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

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

Cash and Investments

The Town's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with a maturity of three months or less from the date of acquisition. All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The Town's property taxes are collected by the County Treasurer who remits monthly receipts to the Town. Property tax revenue is recognized by the Town to the extent it results in a current receivable.

The 2024 property tax levy due January 1, 2025, has been recorded in the financial statements as a receivable and corresponding deferred inflows of resources in the financial statements.

Inventory

Inventories held by all funds, except the Water and Sewer Funds, have been recorded as expenditures at the time of purchase. Water and Sewer Fund inventories are stated at the lower of cost or market value.

Capital Assets

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

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

Assets	Years
Buildings and Improvements	5-50
Equipment	3-15
Utility System	10-40
Infrastructure	10-20
Vehicles	5-10

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town.

Compensated Absences

The Town employees may earn and accumulate unused vacation and overtime benefits. All vacation and overtime pay is accrued when incurred in the government-wide financial statements. A liability is reported in governmental funds only if they have matured, for example as a result of employee resignations or retirements.

Long-Term Obligations

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

Unearned Revenue

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

Deferred Inflows of Resources

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

Interest Capitalization

Interest costs are capitalized when incurred by proprietary funds and similar component units on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. No interest was capitalized in the current period.

Encumbrances

The Town records purchase orders in the accounting system upon approval of administration. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Net Position

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

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

- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

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

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

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

Use of Estimates

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

New Accounting Pronouncements

During fiscal year 2024, the Town adopted the provisions of GASB Statement No. 101, *Compensated Absences*, that aligns the recognition and measurement guidance for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means under a unified model. In addition, it amended certain previously required disclosures. There is no effect on beginning net position as a result of the implementation of this standard.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- Preparation of budget documents by administrative staff shall be submitted to the Board no later than October 15 of each year.

- Publication of a notice stating that the budget is available for public inspection.
- Discussion of the budget in a meeting open to the public.
- Adoption of the budget in a public meeting by appropriate resolution, no later than December 31.
- Ordinance to adopt supplemental appropriations.

Formal budgetary integration is employed as a management control device for all funds of the Town. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP), except for the Water and Sewer funds.

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Town did adopt supplemental appropriations during 2024. All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

At December 31, 2024 cash, deposits, and investments consisted of the following:

Cash on Hand	$ 454
Cash in Banks	6,487,815
Investment in ColoTrust	1,374,868
Total cash, deposits, and investments on the Statement of Net Position	$ 7,863,137

CASH AND DEPOSITS

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

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. All deposits in 2024 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. At December 31, 2024, $5,750,588 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

INVESTMENTS

The Town’s investments are subject to interest rate risk, credit risk, and concentration of credit risk. The types of investments which are authorized to be made with Town funds are controlled by state statute and the investment policies of the Town. Colorado statutes and the Town’s investment policies specify investment instruments meeting defined rating and risk criteria in which the Town may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities

- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

Credit Risk

The Town's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The Town's investment policy allows for the Town to invest in local government investment pools. As of December 31, 2024, the local government investment pool (COLOTRUST) in which the Town had invested, was rated AAAm by Standard and Poor's.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates. The Town has no investments with maturities past five years.

The Colorado Government Liquid Asset Trust (COLOTRUST) is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to $1.00. The fair value of the position in the pool is the same as the value of the pool investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes, and note strips and repurchase agreements collateralized by U.S. Treasury Notes.

Investments in local government investment pools or money market funds are not categorized by risk because they are not evidenced by securities that exist in physical or book entry form.

NOTE 4 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

As of December 31, 2024, the Town had $185,235 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

NOTE 5 INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2024, were as follows:

Transfer In	Transfer Out	Amount
Capital Improvement Fund	General Fund	$ 1,000,000

The General Fund transferred funds to the Capital Improvement fund to cover additional costs related to the downtown project.

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024, was as follows:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
Governmental Activities				
Capital assets not being depreciated				
Construction in Progress	$ 187,912	$ 2,518,530	$ -	$ 2,706,442
Land	212,507	100,903	-	313,410
Total capital assets not being depreciated	400,419	2,619,433	-	3,019,852
Capital assets being depreciated				
Land Improvements	1,079,149	-	-	1,079,149
Buildings and Improvements	1,204,287	40,000	-	1,244,287
Infrastructure	491,951	-	-	491,951
Machinery and Equipment	577,027	306,700	-	883,727
Vehicles	562,497	-	-	562,497
Total capital assets being depreciated	3,914,911	346,700	-	4,261,611
Less accumulated depreciation for:				
Land Improvements	158,660	39,665	-	198,325
Buildings and Improvements	594,998	34,250	-	629,248
Infrastructure	364,745	28,501	-	393,246
Machinery and Equipment	529,092	22,785	-	551,877
Vehicles	364,518	29,006	-	393,524
Total accumulated depreciation	2,012,013	154,207	-	2,166,220
Total capital assets being depreciated, net	1,902,898	192,493	-	2,095,391
Governmental Activities Capital Assets, Net	$ 2,303,317	$ 2,811,926	$ -	$ 5,115,243

Business-type Activities				
Capital assets being depreciated				
Property, Plant and Equipment	$ 14,150,060	$ 8,358	$ -	$ 14,158,418
Accumulated Depreciation	(3,891,946)	(349,305)	-	(4,241,251)
Total capital assets being depreciated, net	10,258,114	(340,947)	-	9,917,167
Business-type Capital Assets, Net	$ 10,258,114	$ (340,947)	$ -	$ 9,917,167

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

Governmental Activities	
General Government	$ 36,950
Public Safety	22,917
Highways and Streets	58,018
Culture and Recreation	36,322
Total depreciation expense – governmental activities	$ 154,207
Business-type Activities	
Water Services	$ 125,031
Sewer Services	224,274
Total depreciation expense – business-type activities	$ 349,305

NOTE 7 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

	Balance 12/31/2023	Additions	Repayments	Balance 12/31/2024	Due Within One Year
Governmental Activities					
Compensated Absences	$ 34,625	$ 21,033	$ -	$ 55,658	$ 23,356
Governmental Activities Total	$ 34,625	$ 21,033	$ -	$ 55,658	$ 23,356
Business-type Activities					
Notes Payable					
CWRPDA Loan	$ 199,293	$ -	$ 36,236	$ 163,057	$ 36,236
USDA Loan	4,214,855	-	90,271	4,124,584	91,405
Compensated Absences	28,811	16,013	-	44,824	23,356
Business-type Activities Total	$ 4,442,959	$ 16,013	$ 126,507	$ 4,332,465	$ 150,997

* The change in the compensated absences liability is presented as a net change.

Business-type Activities

Notes Payable

On December 31, 2009, the Colorado Water Resources and Power Development Authority loaned the Town $934,000 at an interest rate of 0.0% annually. This loan was obtained for installation of water meters and replacing service lines. During 2011, the project was completed and the Town had not drawn down the full balance of the loan. The principal balance was adjusted by the Colorado Water Resources and Power Development Authority to $745,642, the amount of total draws. The note is to be repaid in semi-annual installments of $18,118 for a period of 20 years. The initial payment was due November 1, 2009, and the final payment is due May 1, 2029. The loan is secured with "net revenue" from the water enterprise fund pledged to repay the loan.

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

	Principal	Interest	Total
2025	$ 36,236	$ -	$ 36,236
2026	36,236	-	36,236
2027	36,236	-	36,236
2028	36,236	-	36,236
2029	18,113	-	18,113
	$ 163,057	$ -	$ 163,057

On February 10, 2016, the Town entered into a loan with the United States Department of Agriculture (USDA), in the amount of $4,479,000 with an interest rate of 2.125% annually, which was changed to 1.250% annually at closing, to complete the wastewater capital improvement project. On December 18, 2020 the loan was closed out. The loan is to be repaid in monthly installments of $11,870 for a period of 40 years. The initial payment was due January 1, 2021 and the final payment is due December 18, 2060.

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

	Principal	Interest	Total
2025	$ 91,405	$ 51,035	$ 142,440
2026	92,554	49,886	142,440
2027	93,718	48,722	142,440
2028	94,896	47,544	142,440
2029	96,089	46,351	142,440
2030-2034	498,872	213,328	712,200
2035-2039	531,030	181,170	712,200
2040-2044	565,260	146,940	712,200
2045-2049	601,696	110,504	712,200
2050-2054	640,481	71,719	712,200
2055-2059	681,763	30,433	712,196
2060	136,820	901	137,721
	$ 4,124,584	$ 997,632	$ 4,985,396

NOTE 8 DEFINED CONTRIBUTION PENSION PLANS

Profit-Sharing Plan

The Town contributes to the Town of Del Norte Profit Sharing Plan (the Plan), a defined contribution plan for all employees, except sworn police officers. The Plan is administered by the Town of Del Norte and investment funds are managed by Pension Management Associates, Inc. The Plan permits participant self-direction on all accounts. The Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Town Board of Trustees. For each employee in the pension plan, the Town is required to contribute four percent of compensation to an individual employee account. Employees are not permitted to make contributions to the Plan. For the year ended December 31, 2024, the Town recognized pension expense of $34,803.

Employees become vested in Town contributions and earnings beginning in year two of a seven year vesting schedule. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Nonvested Town contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended December 31, 2024, forfeitures reduced the Town's pension expense by $0.

Police Money Purchase Pension Plan

The Town contributes to the Town of Del Norte Police Department Money Purchase Plan (the Plan), a defined contribution plan for all sworn police officers of the Town. The Plan is administered by the Town of Del Norte and investment funds are managed by Pension Management Associates, Inc. The Plan permits participant self-direction on all accounts. The Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Town Board of Trustees. For each employee in the pension plan, the Town is required to contribute eight percent of compensation to an individual employee account. Employees are required to contribute eight percent of compensation to the Plan. For the year ended December 31, 2024, employee contributions totaled $17,788 and the Town recognized pension expense of $17,788.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Town contributions and earnings beginning in year two of a seven year vesting schedule. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Nonvested Town contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended December 31, 2024, forfeitures reduced the Town's pension expense by $0.

NOTE 9 DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by the Town of Del Norte and investment funds are managed by Security Benefit, Inc. The plan, available to all Town employees, upon hire, permits them to defer a portion of their salary until future years. During the year ended December 31, 2024, the employees contributed $11,859. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergencies.

The Town has no other liability other than to make the required monthly contribution.

NOTE 10 TABOR EMERGENCY RESERVE

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

On April 4, 2000, the voters of Del Norte passed a ballot issue to permit the Town of Del Norte "in 1999 and each subsequent year thereafter, to retain and spend Town revenues in excess of the spending, revenue raising, or other limits in Article X, Section 20, of the Colorado constitution, utilizing such revenues for public safety, municipal services, transportation and other public improvements, parks and recreational facilities, and any other lawful purpose as voter-approved revenue change".

The amendment also requires that emergency reserves be established. These reserves must be at least 3 percent of fiscal year spending in 1995 and thereafter. This emergency reserve has been presented as a restricted fund balance in General Fund and restricted net position in the government-wide financial statements. The entity is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Lawsuits

The Town is a party to administrative claims and legal actions brought against it, some of which may ultimately result in settlements or decisions against the Town. No adjustments have been made to the financial statements.

Construction Projects

In December 2020, the Town entered into a grant agreement with the Colorado Department of Transportation for $2,137,151 for the purpose of designing/constructing a new street scape for a portion of the Town. The Town has spent $2,376,451 as of December 31, 2024 towards the project and is expected to finish in 2026 with a total cost of $4,037,241.

In 2023, the Town started the paving of 9th Street. The total cost of the project will be covered by the Town. The Town has spent $329,994 as of December 31, 2024 and is expected to finish in 2025 with a total cost of $730,000.

In March 2024, the Town entered into a grant agreement with the Colorado Department of Local Affairs for $440,275 for the Cherry Street Housing project. The Town has spent $31,998 as of December 31, 2024 towards the project and is expected to finish in 2025 with a total cost of $587,033.

TOWN OF DEL NORTE, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

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

TOWN OF DEL NORTE, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2024

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Taxes	$ 1,010,925	$ 1,010,925	$ 953,874	$ (57,051)
Licenses and Permits	5,480	5,480	6,179	699
Intergovernmental Revenue				
Highway Users Tax	63,052	63,052	73,398	10,346
Additional Motor Vehicle Fees	6,500	6,500	6,791	291
County Road and Bridge Fund	12,500	12,500	8,255	(4,245)
Grants	-	-	176,461	176,461
Charges for Services	62,450	62,450	61,879	(571)
Fines and Forfeits	21,000	21,000	26,883	5,883
Interest on Accounts	30,140	30,140	36,527	6,387
Miscellaneous Revenue	4,220	4,220	8,107	3,887
TOTAL REVENUE	1,216,267	1,216,267	1,358,354	142,087
EXPENDITURES				
General Government	409,667	409,667	450,473	(40,806)
Public Safety	493,256	493,256	461,014	32,242
Highways and Streets	239,925	239,925	214,644	25,281
Health and Welfare	9,900	9,900	7,589	2,311
Culture and Recreation	32,600	32,600	22,430	10,170
Capital Outlay	1,203,000	1,203,000	116,235	1,086,765
TOTAL EXPENDITURES	2,388,348	2,388,348	1,272,385	1,115,963
Excess (Deficiency) of Revenues Over Expenditures	(1,172,081)	(1,172,081)	85,969	(973,876)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(1,000,000)	1,000,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,000,000)	1,000,000
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(1,172,081)	(1,172,081)	(914,031)	26,124
Fund Balance at Beginning of Year	2,430,761	2,430,761	2,742,425	311,664
Fund Balance at End of Year	$ 1,258,680	$ 1,258,680	$ 1,828,394	$ 337,788

Notes to Required Supplementary Information

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

TOWN OF DEL NORTE, COLORADO

SUPPLEMENTARY INFORMATION

TOWN OF DEL NORTE, COLORADO
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to be expended for particular purposes.

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

DEBT SERVICE FUND

Debt service funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest.

Debt Service Fund – This fund is used to make payments on the Town's sales tax revenue bonds. Revenue is from taxes collected by the Town for this specific purpose.

TOWN OF DEL NORTE, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2024

	Special Revenue Fund		
	CONSERVATION TRUST FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL
ASSETS			
Cash and Cash Equivalents	$ 111,809	$ 104,826	$ 216,635
Other Assets	555	-	555
TOTAL ASSETS	$ 112,364	$ 104,826	$ 217,190
LIABILITIES AND FUND BALANCE			
LIABILITIES	$ 17	$ -	$ 17
TOTAL LIABILITIES	17	-	17
FUND BALANCE			
Restricted for:			
Debt Service	-	104,826	104,826
Committed:			
Culture and Recreation	112,347	-	112,347
TOTAL FUND BALANCE	112,347	104,826	217,173
TOTAL LIABILITIES AND FUND BALANCE	$ 112,364	$ 104,826	$ 217,190

TOWN OF DEL NORTE, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2024

	Special Revenue Fund		
	CONSERVATION TRUST FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL
REVENUES			
Intergovernmental Revenue	$ 8,748	$ -	$ 8,748
Interest on Accounts	3,890	472	4,362
TOTAL REVENUES	12,638	472	13,110
EXPENDITURES			
Culture and Recreation	12,337	-	12,337
TOTAL EXPENDITURES	12,337	-	12,337
Change in Fund Balances	301	472	773
Fund Balance at Beginning of Year	112,046	104,354	216,400
Fund Balance at End of Year	$ 112,347	$ 104,826	$ 217,173

TOWN OF DEL NORTE, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
For the Year Ended December 31, 2024

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 611,000	$ 611,000	$ 544,747	$ (66,253)
Interest on Accounts	18,000	18,000	22,480	4,480
Intergovernmental Revenues	2,577,426	2,577,426	1,910,660	(666,766)
Miscellaneous Revenue	-	-	15,000	15,000
TOTAL REVENUES	3,206,426	3,206,426	2,492,887	(713,539)
EXPENDITURES				
General Government	434,121	434,121	334,342	99,779
Highways and Streets	18,000	18,000	12,081	5,919
Capital Outlay	4,554,305	4,554,305	2,463,910	2,090,395
TOTAL EXPENDITURES	5,006,426	5,006,426	2,810,333	2,196,093
Excess (Deficiency) of Revenues Over Expenditures	(1,800,000)	(1,800,000)	(317,446)	1,482,554
OTHER FINANCING SOURCES (USES)				
Transfers In	1,000,000	1,000,000	1,000,000	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,000,000	1,000,000	1,000,000	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(800,000)	(800,000)	682,554	1,482,554
Fund Balance at Beginning of Year	1,907,841	1,907,841	2,371,024	463,183
Fund Balance at End of Year	$ 1,107,841	$ 1,107,841	$ 3,053,578	$ 1,945,737

TOWN OF DEL NORTE, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CONSERVATION TRUST FUND
For the Year Ended December 31, 2024

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Intergovernmental Revenue				
Lottery Proceeds	$ 10,000	$ 10,000	$ 8,748	$ (1,252)
Interest on Accounts	2,800	2,800	3,890	1,090
TOTAL REVENUES	12,800	12,800	12,638	(162)
EXPENDITURES				
Culture and Recreation	12,800	12,800	12,337	463
TOTAL EXPENDITURES	12,800	12,800	12,337	463
Change in Fund Balance	-	-	301	301
Fund Balance at Beginning of Year	110,238	110,238	112,046	1,808
Fund Balance at End of Year	$ 110,238	$ 110,238	$ 112,347	$ 2,109

TOWN OF DEL NORTE, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended December 31, 2024

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Interest on Accounts	$ 475	$ 475	$ 472	$ (3)
TOTAL REVENUES	475	475	472	(3)
EXPENDITURES				
Debt Service				
Trustee Fees	475	475	-	475
Total Debt Service	475	475	-	475
TOTAL EXPENDITURES	475	475	-	475
Change in Fund Balance	-	-	472	472
Fund Balance at Beginning of Year	104,360	104,360	104,354	(6)
Fund Balance at End of Year	$ 104,360	$ 104,360	$ 104,826	$ 466

TOWN OF DEL NORTE, COLORADO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP)
WATER FUND
For the Year Ended December 31, 2024

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for Services				
Service Charges	$ 521,295	$ 521,295	$ 527,789	$ 6,494
Miscellaneous Revenue	5,750	5,750	39,850	34,100
Total Operating Revenues	527,045	527,045	567,639	40,594
OPERATING EXPENSES				
Salaries	139,650	144,650	147,527	(2,877)
Benefits	65,179	65,179	61,332	3,847
Operating Supplies	21,000	21,000	41,526	(20,526)
Other Professional Services	40,810	40,810	27,002	13,808
Utilities, Gas and Oil	64,400	64,400	45,769	18,631
Equipment Repairs & Maintenance	9,500	69,500	69,490	10
Insurance and Bonds	24,800	24,800	21,654	3,146
Administration - Police Department	23,699	23,699	27,097	(3,398)
Miscellaneous	4,675	4,675	1,317	3,358
Depreciation	123,336	123,336	125,031	(1,695)
Reserves	1,260	1,260	-	1,260
Total Operating Expenses	518,309	583,309	567,745	15,564
Operating Income (Loss)	8,736	(56,264)	(106)	56,158
NONOPERATING REVENUES (EXPENSES)				
Interest on Accounts	27,500	27,500	25,578	(1,922)
Debt Payments	(36,236)	(36,236)	(36,236)	-
Total Nonoperating Revenues (Expenses)	(8,736)	(8,736)	(10,658)	(1,922)
Net Income - Budget Basis	-	(65,000)	(10,764)	$ 54,236
Add: Principal Payment on Debt			36,236	
Change in Net Position			25,472	
Net Position at Beginning of Year	2,725,717	2,725,717	2,860,575	
Net Position at End of Year	$ 2,725,717	$ 2,660,717	$ 2,886,047	

TOWN OF DEL NORTE, COLORADO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP)
SEWER FUND
For the Year Ended December 31, 2024

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
OPERATING REVENUES				
Charges for Services				
Service Charges	$ 612,813	$ 612,813	$ 651,824	$ 39,011
Miscellaneous Revenue	-	-	3,854	3,854
Total Operating Revenues	612,813	612,813	655,678	42,865
OPERATING EXPENSES				
Salaries	125,000	125,000	135,071	(10,071)
Benefits	47,549	47,549	46,075	1,474
Operating Supplies	15,000	15,000	9,268	5,732
Professional Services	74,500	74,500	69,732	4,768
Utilities, Gas and Oil	54,500	54,500	43,847	10,653
Equipment Repairs and Maintenance	6,500	6,500	4,129	2,371
Insurance and Bonds	20,000	20,000	18,121	1,879
Miscellaneous	1,850	1,850	50	1,800
Depreciation	222,327	222,327	224,274	(1,947)
Total Operating Expenses	567,226	567,226	550,567	16,659
Operating Income (Loss)	45,587	45,587	105,111	59,524
NONOPERATING REVENUES (EXPENSES)				
Interest on Accounts	6,300	6,300	8,668	2,368
Grant Revenue	-	-	-	-
Debt Payments	(247,440)	(247,440)	(142,440)	105,000
Total Nonoperating Revenues (Expenses)	(241,140)	(241,140)	(133,772)	107,368
Net Income - Budget Basis	(195,553)	(195,553)	(28,661)	$ 166,892
Add: Principal Payment on Debt			90,271	
Change in Net Position			61,610	
Net Position at Beginning of Year	5,605,593	5,605,593	5,711,739	
Net Position at End of Year	$ 5,410,040	$ 5,410,040	$ 5,773,349	

TOWN OF DEL NORTE, COLORADO

OTHER SCHEDULES AND REPORTS

Financial Planning 02/01
The public report burden for this information collection is estimated to average 380 hours annually. Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT	City or County: Rio Grande	Town of Del Norte
	YEAR ENDING : December 2024	
This Information From The Records Of (example - City of _ or County of	Prepared By: Phone:	Ramona Dordan 719-657-2708

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	312,638
4. Miscellaneous local receipts (from page 2)	0
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	312,638
B. Private Contributions	
C. Receipts from State government (from page 2)	88,444
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	401,082

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	55,551
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	
c. Other - MTC Lighting	28,097
d. Total (a. through c.)	28,097
4. General administration & miscellaneous	130,995
5. Highway law enforcement and safety	186,439
6. Total (1 through 5)	401,082
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	401,082

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	401,082	401,082		0

Notes and Comments:

FORM FHWA-536 (Rev. 1-05) PREVIOUS EDITIONS OBSOLETE (Next Page)

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LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2024

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 & Penalities	
1. Sales Taxes	312,638	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.)	312,638	h. Other	
c. Total (a. + b.)	312,638	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	73,398	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	6,791	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	
e. Other (Specify)	8,255	f. Other Federal	
f. Total (a. through e.)	15,046	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	88,444	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments:

FORM FHWA-536 (Rev.1-05) PREVIOUS EDITIONS OBSOLETE

TOWN OF DEL NORTE, COLORADO

SINGLE AUDIT SECTION

TOWN OF DEL NORTE, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024

Federal Grantor/Program or Cluster Title	*Assistance Listing Number*	*Pass-through Grantor and Number*	*Federal Expenditures ($)*
U.S. Department of Transportation			
Highway Planning and Construction	20.205	Colorado Department of Transportation, N/A	$ 1,604,954
Department of the Treasury			
Coronavirus State and Local Fiscal Recovery Funds	21.027	Colorado Department of Local Affairs, N/A	146,556
Total Expenditures of Federal Awards			$ 1,751,510

TOWN OF DEL NORTE, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Del Norte (the Town) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available. The Town did not elect to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance for the year ended December 31, 2024. In addition, the Town did not pass-through federal funds to subrecipients.

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

Wall,
Smith,
Bateman Inc.

To the Honorable Mayor and Board of Trustees
Town of Del Norte
Del Norte, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Del Norte (the Town), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements and have issued our report thereon dated May 27, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2024-001 that we consider to be material a weakness.

Report on Compliance and Other Matters

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

Town of Del Norte's Response to the Finding

Government Auditing Standards require the auditor to perform limited procedures on the Town's response to the finding identified in our audit and described in the accompanying corrective action plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

May 27, 2025

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

Wall, Smith, Bateman Inc.

To the Honorable Mayor and Board of Trustees
Town of Del Norte
Del Norte, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Del Norte's (the Town) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2024. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

May 27, 2025

TOWN OF DEL NORTE, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2024

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? __X__ yes ______ no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? ______ yes __X__ none reported
- Noncompliance material to financial statements noted? ______ yes __X__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______ yes __X__ no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? ______ yes __X__ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? ______ yes __X__ no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as a low-risk auditee? ______ yes __X__ no

Section II – Financial Statement Findings

Finding 2024-001: Internal Control Over Financial Reporting
(Repeat of Finding 2023-001 and 2022-001)

Type of finding: Internal Control (material weakness)

Criteria: A system of internal controls includes the design, documentation, and monitoring of control activities over budgeting, the application of accounting principles, non-routine transactions, and financial statement preparation.

Condition: The Town's system of internal controls did not detect and correct financial misstatements.

Cause: The Town does not have a complete system of internal control to prevent or detect financial misstatements.

Effect: Audit adjustments were proposed to properly state the Town's financial statements in accordance with generally accepted accounting principles as of December 31, 2024.

Recommendation: The Town should strengthen its internal controls with adopted policies and procedures regarding year-end financial close accounting and reconciliation processes for grant activities.

Management's Response: See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None

TOWN OF DEL NORTE, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2024

Section II – Financial Statement Findings

Finding 2023-001: Internal Control Over Financial Reporting (Repeat of Finding 2022-001)

Type of finding: Internal Control (material weakness)

Condition: The Town does not have a complete system of internal control to prevent or detect and correct financial misstatements.

Recommendation: The Town should complete reconciliations at year-end to ensure accrual entries are properly recorded.

Status: Not Implemented. (See Finding 2024-001)

DEL NORTE
EST. 1872

P.O. Box 249 Del Norte, Colorado 81132 **719-657-2708**

CORRECTIVE ACTION PLAN

Oversight Agency - U.S. Department of Transportation

Town of Del Norte respectfully submits the following corrective action plan for the year ended December 31, 2024.

Independent Accountants: Wall, Smith, Bateman Inc.
Certified Public Accountants
3001 Adcock Circle, P.O. Box 809
Alamosa, Colorado 81101

Audit period: Year ended December 31, 2024

The findings from the December 31, 2024 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

Section II – Financial Statement Findings

Finding 2024-001: Internal Control over Financial Reporting
(Repeat of Finding 2023-001 and 2022-001)

Type of finding: Internal Control (material weakness)

Recommendation: The Town should strengthen its internal controls with adopted policies and procedures regarding year-end financial close accounting and reconciliation processes for grant activities.

Action Taken:

The Town Treasurer will post all year-end accruals for current year then submit to Town Administrator for review.

If there are questions regarding this plan, please call the responsible party listed below.

Sincerely yours,

Bernadette Martinez
Town Administrator/Clerk
Town of Del Norte