

TOWN OF YAMPA, COLORADO
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF YAMPA, COLORADO

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Independent Auditors' Report

The Honorable Mayor and Board
Yampa, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Yampa, Colorado, 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 as listed in the table of contents.

In our opinion, the accompanying financial statements 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 of Yampa, Colorado, 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 (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Yampa, Colorado 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

The Town of Yampa, Colorado's 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 of Yampa, Colorado's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Yampa, Colorado'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 of Yampa, Colorado's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as found 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 of Yampa, Colorado's basic financial statements. The budgetary comparison schedules, combining schedules, and loan requirement disclosures are presented for purposes of additional analysis as required by the State of Colorado 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 budgetary comparison schedules, combining schedules, and loan requirement disclosures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Local Highway Finance Report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2026, on our consideration of the Town of Yampa, Colorado'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 of Yampa, Colorado's internal control over financial reporting and compliance.

Squire & Company, PC
St. George, Utah
April 13, 2026

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TOWN OF YAMPA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2024

As management of the Town of Yampa (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2024. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total combined governmental and business-type net position increased from \$6.13 million to \$7.90 million during 2024.
- The general fund unassigned fund balance at the end of 2024 was \$454,528, which is 76% of total General fund expenditures.
- General fund revenues increased by \$28,549 in 2024 mostly related to an increase in tax revenues.
- General fund expenditures increased by \$33,110 in 2024 mostly related to increased wages and public work activities.
- Total business-type net position increased by \$1,761,016 to an ending net position of \$5.93 million.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Town as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. (3) Notes to the financial statements.

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in net position. Net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the condition of the Town's roads to accurately assess the overall health of the Town.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the Town's basic services are considered to be governmental activities, including general government, public safety, public works/streets, parks and recreation, and interest on long-term debt. Sales taxes, property taxes, franchise taxes, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The Town charges a fee to customers to cover most of the cost of the services provided.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the Town's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in footnote 2.
- Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined assets exceed liabilities by \$7.90 million as of December 31, 2024 as shown in the following condensed statement of net position. Of this amount, \$176,922 is unrestricted and available to meet the Town's ongoing financial obligations.

By far the largest portion of net position is the investment in capital assets (net of related debt) of \$7,395,757 (93.60% of total net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The Town has chosen to account for its water and sewer operations in enterprise funds which are shown as Business Activities.

The following table summarizes the Town's governmental and business-type net assets as of December 31, 2024 and 2023:

TOWN OF YAMPA, COLORADO Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Current and other assets	\$ 916,286	\$ 866,828	\$ 195,691	\$ 5,857	\$ 1,111,977	\$ 872,685
Capital assets	1,198,754	1,220,589	7,022,565	4,774,671	8,221,319	5,995,260
Total assets	<u>2,115,040</u>	<u>2,087,417</u>	<u>7,218,256</u>	<u>4,780,528</u>	<u>9,333,296</u>	<u>6,867,945</u>
Long-term liabilities outstanding	45,102	24,617	810,187	394,557	855,289	419,174
Other liabilities	11,941	21,176	473,209	212,127	485,150	233,303
Total liabilities	<u>57,043</u>	<u>45,793</u>	<u>1,283,396</u>	<u>606,684</u>	<u>1,340,439</u>	<u>652,477</u>
Deferred inflows of resources	91,785	81,528	-	-	91,785	81,528
Net position:						
Net investment in capital assets	1,183,379	1,203,665	6,212,378	4,380,114	7,395,757	5,583,779
Restricted	159,953	159,953	168,440	83,773	328,393	243,726
Unrestricted	622,880	596,478	(445,958)	(290,043)	176,922	306,435
Total net position	<u>\$ 1,966,212</u>	<u>\$ 1,960,096</u>	<u>\$ 5,934,860</u>	<u>\$ 4,173,844</u>	<u>\$ 7,901,072</u>	<u>\$ 6,133,940</u>

An additional portion of net position, \$328,393, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$176,922 (2.24% of total net position), may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities

The cost of all Governmental activities this year was \$659,639. As shown in the Changes in Net Position statement below. \$16,217 of this cost was paid for by those who directly benefited from the programs. \$205,200 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$221,417. General taxes, investment earnings, and other revenues totaled \$444,338.

The Town's programs include: General Government, Public Works/Streets, and Parks & Recreation. Each program's revenues and expenses are presented below.

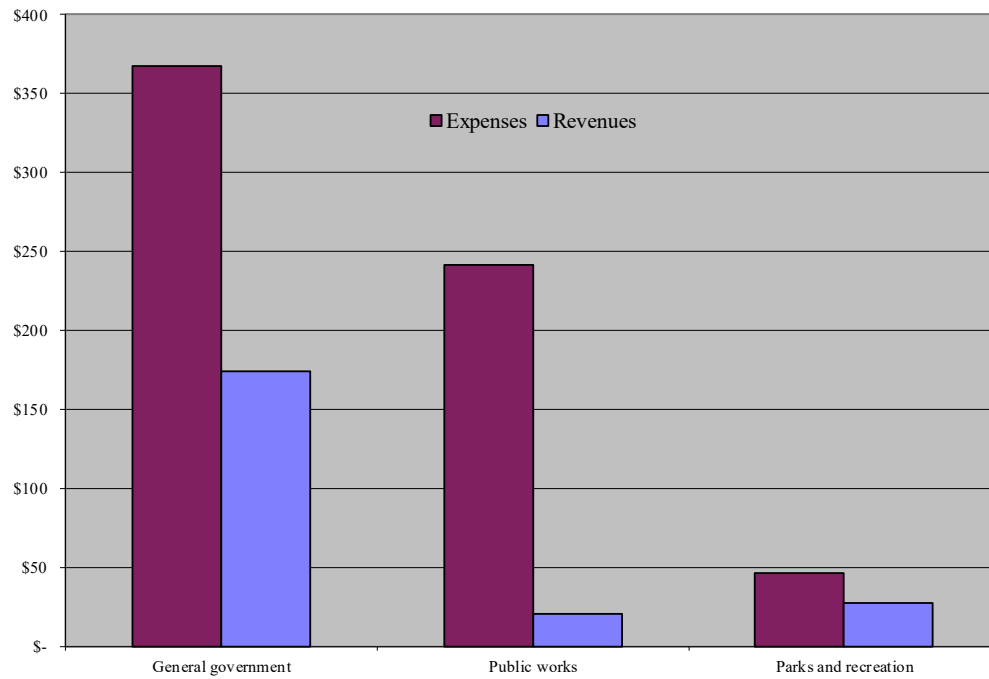
TOWN OF YAMPA, COLORADO Changes in Net Position

	Governmental activities		Business-type activities		Combined Total	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Revenues:						
Program revenues:						
Charges for services	\$ 16,217	\$ 18,855	\$ 422,194	\$ 399,696	\$ 438,411	\$ 418,551
Operating grants and contributions	187,650	180,506	-	-	187,650	180,506
Capital grants and contributions	17,550	-	1,807,189	265,913	1,824,739	265,913
General revenues:						
Taxes	428,651	248,454	-	-	428,651	248,454
Investment earnings	15,687	13,760	-	3,008	15,687	16,768
Total revenues	<u>665,755</u>	<u>461,575</u>	<u>2,229,383</u>	<u>668,617</u>	<u>2,895,138</u>	<u>1,130,192</u>
Expenses:						
General government	367,481	374,821	-	-	367,481	374,821
Public works/Streets	241,183	202,425	-	-	241,183	202,425
Parks and recreation	46,134	33,880	-	-	46,134	33,880
Interest on long-term debt	4,841	390	-	-	4,841	390
Water	-	-	330,054	317,935	330,054	317,935
Sewer	-	-	138,313	142,321	138,313	142,321
Total expenses	<u>659,639</u>	<u>611,516</u>	<u>468,367</u>	<u>460,256</u>	<u>1,128,006</u>	<u>1,071,772</u>
Increase (Decrease) in net position before transfers	6,116	(149,941)	1,761,016	208,361	1,767,132	58,420
Transfers	-	(39,999)	-	39,999	-	-
Net position, beginning	<u>1,960,096</u>	<u>2,150,036</u>	<u>4,173,844</u>	<u>3,925,484</u>	<u>6,133,940</u>	<u>6,075,520</u>
Net position, ending	<u>\$ 1,966,212</u>	<u>\$ 1,960,096</u>	<u>\$ 5,934,860</u>	<u>\$ 4,173,844</u>	<u>\$ 7,901,072</u>	<u>\$ 6,133,940</u>

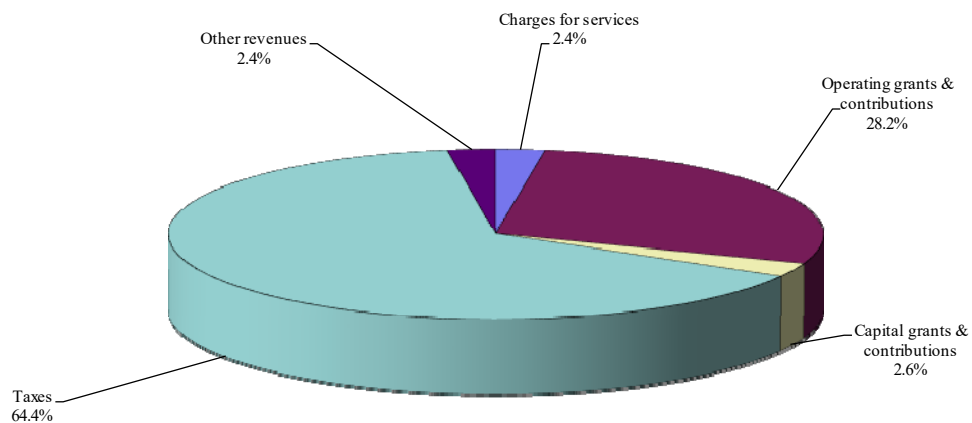
Total resources available during the year to finance governmental operations were \$2,625,851 consisting of Net position as adjusted at January 1, 2024 of \$1,960,096, program revenues of \$221,417 and General Revenues of \$444,338. Total Governmental Activities expenses during the year were \$659,639 and transfers out were \$0; thus Governmental Net Position was increased by \$6,116 resulting in an ending net position of \$1,966,212.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all governmental activities:

Expenses and Program Revenues - Governmental Activities
(in Thousands)



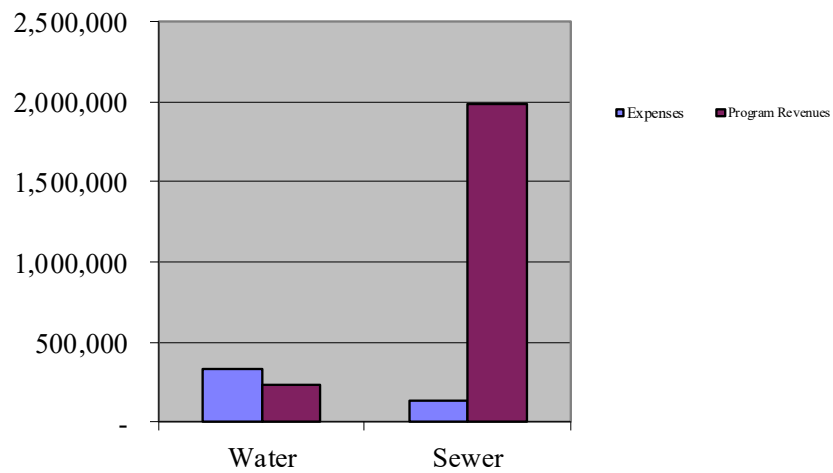
Revenue By Source - Governmental Activities



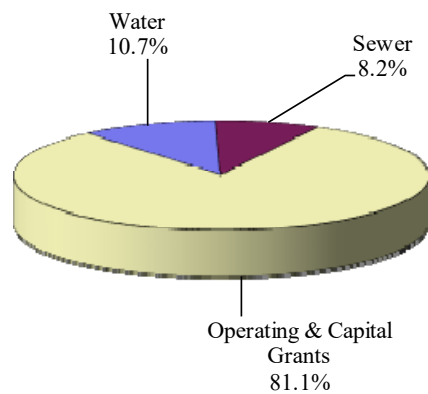
Business Type Activities

Net position of the Business Type activities at December 31, 2024, as reflected in the Statement of Net Position was \$5.93 million. The cost of providing all Proprietary (Business Type) activities this year was \$468,367. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$422,194 and there was \$1,807,189 subsidized by capital grants and contributions. Investment earnings and other revenues were \$0. The Net Position increased by \$1,761,016.

Expenses and Program Revenues - Business-type Activities



Revenue By Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$816,113 an increase of \$43,276 in comparison with the prior year. Approximately 55.69%, or \$454,528 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted or committed to indicate that it is not available for new spending because it has already been committed for emergency reserves of \$17,414, for parks and recreation of \$142,539, operating reserves of \$47,997, or debt service of \$153,635.

The Town has one major governmental fund, the General Fund, which is the primary operating fund for the Town.

At December 31, 2024, unassigned fund balance in the General Fund was \$454,528. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 76% and total fund balance represents 111% of total General fund expenditures. The fund balance of the Town's General fund decreased by \$110,359 for the year ended December 31, 2024. General fund revenues increased by \$28,549 compared to the prior year mainly due to increases from tax revenues.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position and changes in net position for the year-ended December 31, 2024 for the Town's two enterprise funds (Water and Sewer) are as follows:

	Water	Sewer	Total
Unrestricted net position	\$ (180,112)	\$ (265,846)	\$ (445,958)
Total net position	3,586,924	2,347,936	5,934,860
Change in net position	(90,509)	1,851,525	1,761,016

Budgetary Highlights

General fund revenues of \$490,124 were less than budgeted revenues by \$96,585. The most significant factor contributing to this decrease is related to intergovernmental revenues which were less than budget by \$100,697. Actual expenditures were \$33,983 less than appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital Assets include equipment, buildings, land, system improvements, park facilities and roads. At the end of 2024, net capital assets of the government activities totaled \$1.20 million and the net capital assets of the business-type activities totaled \$7.02 million. The most significant capital additions were for the waste water system improvements project totaling \$2,356,480. Depreciation on capital assets for both government activities and business-type activities is recognized in the Government-Wide financial statements. (See note 5 to the financial statements.)

Debt

At year-end, the Town had governmental type debt of \$15,375, and \$810,187 in proprietary debt. During the current fiscal year, the Town's total debt increased by \$414,081. See note 6 for more information.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the Town Budget for fiscal year 2025, the Town Board of Trustees and management were cautious as to the growth of revenues and expenditures due to a slowing economy. Overall General Fund operating expenditures were budgeted to maintain the current level of service at an increased cost mostly due to additional public work projects.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact: Town Treasurer, 101 Main Street, Yampa, Colorado 80483.

BASIC FINANCIAL STATEMENTS

TOWN OF YAMPA, COLORADO
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 313,418	\$ 303,824	\$ 617,242
Receivables (net of allowance)	167,868	158,427	326,295
Internal balances	435,000	(435,000)	-
Temporarily restricted assets:			
Cash and cash equivalents	-	168,440	168,440
Capital assets (net of accumulated depreciation):			
Land	253,967	159,504	413,471
Construction in progress	-	2,908,775	2,908,775
Buildings	830,664	-	830,664
System improvements	-	3,940,375	3,940,375
Furniture, equipment & vehicles	78,749	13,911	92,660
Infrastructure/Roads	35,374	-	35,374
Total assets	<u>2,115,040</u>	<u>7,218,256</u>	<u>9,333,296</u>
Liabilities			
Accounts payable and other current liabilities	9,718	197,867	207,585
Retainage payable	-	95,342	95,342
Unearned revenue	2,223	180,000	182,223
Noncurrent liabilities:			
Due within one year	16,454	28,993	45,447
Due in more than one year	28,648	781,194	809,842
Total liabilities	<u>57,043</u>	<u>1,283,396</u>	<u>1,340,439</u>
Deferred Inflows of Resources			
Deferred revenue-property taxes	<u>91,785</u>	<u>-</u>	<u>91,785</u>
Net Position			
Net investment in capital assets	1,183,379	6,212,378	7,395,757
Restricted for:			
Parks and recreation	142,539	-	142,539
Emergencies	17,414	-	17,414
Debt service	-	168,440	168,440
Unrestricted	<u>622,880</u>	<u>(445,958)</u>	<u>176,922</u>
Total Net Position	<u><u>\$ 1,966,212</u></u>	<u><u>\$ 5,934,860</u></u>	<u><u>\$ 7,901,072</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF YAMPA, COLORADO
Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 367,481	\$ 16,217	\$ 140,233	\$ 17,550	\$ (193,481)	\$ -	\$ (193,481)
Public works	241,183	-	20,417	-	(220,766)	-	(220,766)
Parks and recreation	46,134	-	27,000	-	(19,134)	-	(19,134)
Interest on long-term debt	4,841	-	-	-	(4,841)	-	(4,841)
Total governmental activities	659,639	16,217	187,650	17,550	(438,222)	-	(438,222)
Business-type activities:							
Water	330,054	239,545	-	-	-	(90,509)	(90,509)
Sewer	138,313	182,649	-	1,807,189	-	1,851,525	1,851,525
Total business-type activities	468,367	422,194	-	1,807,189	-	1,761,016	1,761,016
Total Primary Government	1,128,006	438,411	187,650	1,824,739	(438,222)	1,761,016	1,322,794
General Revenues:							
Taxes:							
Property tax					89,466	-	89,466
Sales and use tax					317,889	-	317,889
Specific ownership					5,399	-	5,399
Franchise fees					15,897	-	15,897
Unrestricted investment earnings					15,687	-	15,687
Total general revenues & transfers					444,338	-	444,338
Change in net position					6,116	1,761,016	1,767,132
Net position - beginning					1,960,096	4,173,844	6,133,940
Net position - ending					\$ 1,966,212	\$ 5,934,860	\$ 7,901,072

The accompanying notes are an integral part of the financial statements.

TOWN OF YAMPA, COLORADO
Balance Sheet
Governmental Funds
December 31, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 188,770	\$ 124,648	\$ 313,418
Receivables, net:			
Taxes receivable	91,785	-	91,785
Intergovernmental	43,358	28,987	72,345
Other	3,738	-	3,738
Due from other funds	435,000	-	435,000
Total assets	<u>\$ 762,651</u>	<u>\$ 153,635</u>	<u>\$ 916,286</u>
Liabilities			
Accounts payable	\$ 6,165	\$ -	\$ 6,165
Unearned revenue	2,223	-	2,223
Total liabilities	<u>8,388</u>	<u>-</u>	<u>8,388</u>
Deferred Inflows of Resources			
Deferred revenue-property taxes	91,785	-	91,785
Total deferred inflows	<u>91,785</u>	<u>-</u>	<u>91,785</u>
Fund Balance			
Restricted for:			
Parks and recreation	142,539	-	142,539
Emergencies	17,414	-	17,414
Committed	47,997	153,635	201,632
Unassigned	454,528	-	454,528
Total fund balances	<u>662,478</u>	<u>153,635</u>	<u>816,113</u>
Total Liabilities, deferred inflows of resources, and fund balances	<u>\$ 762,651</u>	<u>\$ 153,635</u>	<u>\$ 916,286</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF YAMPA, COLORADO
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2024

Total fund balances - governmental funds	\$ 816,113
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Amounts reported for governmental activities in the statement of
net assets are different because:

Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the funds.

Governmental capital assets	1,927,035	
Accumulated depreciation	<u>(728,281)</u>	1,198,754

Other liabilities are not due and payable in the current period and therefore are not reported in the funds.	(3,553)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(45,102)
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Total net position - governmental activities	<u><u>\$ 1,966,212</u></u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF YAMPA, COLORADO
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Year Ended December 31, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 254,673	\$ 158,081	\$ 412,754
Intergovernmental	164,341	17,550	181,891
Franchise fees	15,897	-	15,897
Interest revenue	23,538	-	23,538
Other revenues	31,675	-	31,675
Total Revenues	490,124	175,631	665,755
EXPENDITURES			
Current:			
General government	324,762	-	324,762
Public works	226,809	-	226,809
Parks and recreation	44,509	-	44,509
Capital outlay	-	20,009	20,009
Debt Service:			
Principal retirement	1,549	-	1,549
Interest on long-term debt	395	4,446	4,841
Total Expenditures	598,024	24,455	622,479
Excess of Revenues Over Expenditures	(107,900)	151,176	43,276
Other Financing Sources (Uses):			
Transfers out	(2,459)	2,459	-
Total Other Financing Sources (Uses)	(2,459)	2,459	-
Net change in fund balances	(110,359)	153,635	43,276
Fund balances, beginning of year	772,837	-	772,837
Fund balances, end of year	\$ 662,478	\$ 153,635	\$ 816,113

The accompanying notes are an integral part of the financial statements.

TOWN OF YAMPA, 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

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

Net change in fund balances - total governmental funds	\$	43,276
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation and capital outlays in the current period.		
Capital outlay	20,009	
Depreciation expense	<u>(41,844)</u>	(21,835)
Repayment of long term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		1,549
Health reimbursement 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.		5,160
Compensated absences 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.		(22,034)
Change in net position of governmental activities	<u>\$</u>	<u>6,116</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF YAMPA, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2024

	Water Fund	Sewer Fund	Combined Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 56,249	\$ 247,575	\$ 303,824
Receivables (net of allowance)	6,030	5,296	11,326
Due from other governments	-	147,101	147,101
Total current assets	<u>62,279</u>	<u>399,972</u>	<u>462,251</u>
Noncurrent assets:			
Restricted cash and investments	84,220	84,220	168,440
Land	119,505	39,999	159,504
Construction in progress	-	2,908,775	2,908,775
Utility systems and improvements	5,578,607	431,843	6,010,450
Machinery, equipment and vehicles	40,446	27,074	67,520
Accumulated depreciation	(1,677,721)	(445,963)	(2,123,684)
Total noncurrent assets	<u>4,145,057</u>	<u>3,045,948</u>	<u>7,191,005</u>
Total Assets	<u><u>\$ 4,207,336</u></u>	<u><u>\$ 3,445,920</u></u>	<u><u>\$ 7,653,256</u></u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 24,891	\$ 172,976	\$ 197,867
Retainage payable	-	95,342	95,342
Due to other funds	217,500	217,500	435,000
Unearned revenue	-	180,000	180,000
Note payable - current	16,702	12,291	28,993
Total current liabilities	<u>259,093</u>	<u>678,109</u>	<u>937,202</u>
Noncurrent liabilities:			
Note payable, net of current portion	361,319	419,875	781,194
Total long-term debt	<u>361,319</u>	<u>419,875</u>	<u>781,194</u>
Total Liabilities	<u>620,412</u>	<u>1,097,984</u>	<u>1,718,396</u>
Net Position			
Net investment in capital assets	3,682,816	2,529,562	6,212,378
Restricted	84,220	84,220	168,440
Unrestricted	(180,112)	(265,846)	(445,958)
Total net position	<u><u>\$ 3,586,924</u></u>	<u><u>\$ 2,347,936</u></u>	<u><u>\$ 5,934,860</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF YAMPA, COLORADO
Statement Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	Water Fund	Sewer Fund	Combined Total
Operating Revenues			
Charges for services	\$ 235,194	\$ 180,046	\$ 415,240
Other revenues	4,351	2,603	6,954
Total Operating Revenues	<u>239,545</u>	<u>182,649</u>	<u>422,194</u>
Operating Expenses			
Salaries	68,528	52,533	121,061
Employee benefits	20,301	13,192	33,493
Outside services	2,484	2,519	5,003
Repairs and maintenance	31,242	103	31,345
Water storage	31,466	-	31,466
Utilities	8,113	15,265	23,378
Other operating	47,281	43,853	91,134
Depreciation	116,735	2,991	119,726
Total Operating Expenses	<u>326,150</u>	<u>130,456</u>	<u>456,606</u>
Operating Income (Loss)	<u>(86,605)</u>	<u>52,193</u>	<u>(34,412)</u>
Non-operating Revenues (Expenses)			
Interest expense and fiscal charges	<u>(3,904)</u>	<u>(7,857)</u>	<u>(11,761)</u>
Total Non-Operating Revenue (Expense)	<u>(3,904)</u>	<u>(7,857)</u>	<u>(11,761)</u>
Income (loss) before contributions and transfers	(90,509)	44,336	(46,173)
Contributions and Transfers:			
Capital contributions and grants	-	1,807,189	1,807,189
Total contributions and transfers	<u>-</u>	<u>1,807,189</u>	<u>1,807,189</u>
Change in net position	(90,509)	1,851,525	1,761,016
Net position, beginning of year	<u>3,677,433</u>	<u>496,411</u>	<u>4,173,844</u>
Net position, end of year	<u><u>\$ 3,586,924</u></u>	<u><u>\$ 2,347,936</u></u>	<u><u>\$ 5,934,860</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF YAMPA, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Water Fund	Sewer Fund	Combined Total
Cash Flows From Operating Activities:			
Cash received from customers, service fees	\$ 243,638	\$ 175,076	\$ 418,714
Cash received from customers, other	4,351	2,603	6,954
Cash paid to suppliers	(98,986)	(81,407)	(180,393)
Cash paid to employees	(88,829)	(65,725)	(154,554)
Net cash flows from operating activities	<u>60,174</u>	<u>30,547</u>	<u>90,721</u>
Cash Flows From Noncapital Financing Activities:			
Proceeds/(payments) to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash flows from noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:			
Purchase of capital assets	(11,140)	(2,097,331)	(2,108,471)
Principal paid on long-term debt	(16,536)	(15,611)	(32,147)
Interest paid	(3,904)	(7,857)	(11,761)
Debt proceeds	-	447,777	447,777
Capital grants	<u>-</u>	<u>1,689,271</u>	<u>1,689,271</u>
Net cash flows from capital and related financing activities	<u>(31,580)</u>	<u>16,249</u>	<u>(15,331)</u>
Cash Flows From Investing Activities:			
Interest on investments	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	28,594	46,796	75,390
Cash and cash equivalents, beginning of year	<u>111,875</u>	<u>284,999</u>	<u>396,874</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 140,469</u></u>	<u><u>\$ 331,795</u></u>	<u><u>\$ 472,264</u></u>
Reconciliation of operating income to net cash provided by operating activities:			
Net operating income/(loss)	\$ (86,605)	\$ 52,193	\$ (34,412)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:			
Depreciation/amortization	116,735	2,991	119,726
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables	8,444	(4,970)	3,474
Increase/(decrease) in payables	<u>21,600</u>	<u>(19,667)</u>	<u>1,933</u>
Net cash flows from operating activities	<u><u>\$ 60,174</u></u>	<u><u>\$ 30,547</u></u>	<u><u>\$ 90,721</u></u>
Supplemental Schedule of Non-cash Financing and Investing Activities:			
Purchase of capital assets on account	-	259,149	259,149

The accompanying notes are an integral part of the financial statements.

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 1. Summary of Significant Accounting Policies

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

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

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

The government is a statutory municipality with a mayor – board form of government with five elected board members. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. However, there are no blended or discretely presented component units that are applicable in defining the Town's reporting entity.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental fund:

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

The Town reports the following major proprietary funds:

The **Water Fund** accounts for the activities related to the Town's water wells, treatment facilities and distribution operations.

The **Sewer Fund** accounts for the activities related to the Town's sewer collection and treatment operations.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 1. Summary of Significant Accounting Policies, Continued

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, other taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

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

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from other funds. All trade accounts receivable in the enterprise funds are shown net of an allowance for uncollectible accounts. Due to the nature of the accounts receivable in governmental type activities, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented.

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Capital Assets

Capital assets include property, water and sewer systems, vehicles, equipment and infrastructure assets. Capital assets are defined by the Town as assets with an initial cost of \$1,000 or more and an estimated useful life more than one year. Such assets are recorded at historical cost if purchased or estimated fair value if donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Utility systems and improvements	40 to 50 years
Furniture, equipment and vehicles	3 to 25 years
Infrastructure - Streets and sidewalks	50 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item, which arises under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *deferred revenue – property taxes*, is reported in both the governmental funds balance sheet and the statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Town Manager is authorized to assign amounts to a specific purpose in accordance with the Town’s budget policy. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Revenues and expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid. Property taxes levied in the current year and not collected within 60 days of year-end are not deemed available to pay current liabilities and therefore the receivable is recorded as deferred revenue in the governmental funds. Property taxes for the current year are levied by the County and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. The County also levies various personal property taxes during the year.

Compensated Absences

For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

Proprietary funds operating and nonoperating revenues and expenses

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. The principal operating revenues of the proprietary are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 1. Summary of Significant Accounting Policies, Continued

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

New Pronouncements

For the year ended December 31, 2024, the Town implemented the provisions of GASB Statement No. 101, *Compensated Absences*, which provides updated recognition and measurement guidance for compensated absences.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and the net position of governmental activities as reported in the government-wide statement of net position. These differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation as listed in the table of contents.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation as listed in the table of contents.

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 3. Stewardship, Compliance, and Accountability

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the Town. The use of budgets and monitoring of equity status facilitate the Town's compliance with legal requirements.

Budgets and Budgetary Accounting

The Town Council adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- By September of each year, the Town Clerk gives public notice of the budget calendar for the next fiscal year. The Town Clerk asks that all Town departments, boards, commissions or citizens submit within thirty days from the notice, any request for funds under the budget being prepared. The Town Clerk prepares a proposed budget for the ensuing fiscal year and submits it to the Board no later than forty-five days prior to any date required by state law for the certification to the County of the tax levy.
- The budget provides a complete financial plan of all Town funds and activities for the ensuing fiscal year indicating anticipated revenues, proposed operating and capital expenditures, a provision for contingencies, and anticipated net surplus or deficit for the ensuing fiscal year.
- A public hearing on the proposed budget is held by the Board in early December.
- The Board adopts the budget by resolution on or before the final day established by law for the certification of the ensuing year's tax levy to the County. Adoption of the budget by the Board shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.
- If during the fiscal year the Town Clerk determines that there are expenses in excess of those estimated in the budget, the Board by resolution may make supplemental appropriations for the year up to the amount of such excess. To meet an emergency affecting public property, health, peace or safety, the Board may make emergency appropriations. If at any time during the fiscal year it appears probable to the Town Clerk that the revenues available will be insufficient to meet the amount appropriated, the Town Clerk reports to the Board, indicating the estimated amount of deficit, any remedial action already taken, and a recommendation as to any other steps to be taken. At any time during the fiscal year the Town Clerk may transfer part of all of any unencumbered appropriation balance within a department.
- Budgetary appropriations lapse at the end of each year.

Budget amounts included in the financial statements report both the original and final amended budget. There was one revision made to the original budget during the year.

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 3. Stewardship, Compliance, and Accountability, Continued

Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except for long-term receivables and advances and capital lease financing which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.

Expenditures over Appropriations

Per C.R.S. 29-1-108(2), appropriations are made by fund or spending agency (e.g. department) within a fund at the discretion of the Town Board. The Board by Resolution has made appropriations at the fund level and thus, expenditures may not legally exceed budgeted appropriations at the fund level. The individual Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual reports as listed in the table of contents.

Tax, Spending and Debt Limitations

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, excluding “enterprises.”

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending (excluding bonded debt service). A portion of the General Fund’s fund balance is classified as restricted for emergencies as required by the Amendment. The Town is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the Amendment. However, the entity has made certain interpretations in the Amendment’s language in order to determine its compliance.

Debt Covenants

See supplementary information as listed in the table of contents for compliance with debt covenants.

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 4. Cash and Investments

A summary of cash and investments as shown on the statement of net position as follows:

Cash on hand	\$ 200
Cash in bank	327,876
Colorado Trust	<u>457,606</u>
Total cash and investments	<u><u>\$ 785,682</u></u>

Deposits

Custodial Credit Risk

The carrying amount of the Town's deposits as of December 31, 2024 was \$327,877 and the bank balance was \$842,977. Of the bank balance, \$285,958 was covered by federal deposit insurance and \$557,019 was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA).

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

Investments

As of December 31, 2024, the Town had \$457,606 invested in the COLOTRUST PLUS+ fund. COLOTRUST PLUS+ is a short-term money market fund organized in conformity with Part 7 of Article 75 of Title 24, CRS. The portfolio offers Colorado governmental entities a convenient and efficient means to pool their funds to take advantage of short-term investments and maximize net interest earnings. COLOTRUST PLUS+'s investment objective is to obtain as high a level of current income as is consistent with the preservation of capital and liquidity. The investment adviser for COLOTRUST PLUS+ is Public Trust Advisors LLC, a Colorado-based investment adviser, registered with the SEC. The portfolio manager is responsible for making all of the investment decisions for the portfolio. Wells Fargo Bank, N.A. is custodian of the portfolio's securities and cash. COLOTRUST PLUS+ portfolio invests in U.S. Treasury securities, federal instrumentality securities, agency securities, repurchase agreements, tri-party repurchase agreements, collateralized bank deposits, the highest rated commercial paper, and highly-rated corporate bonds. The portfolio's weighted average maturity to reset is kept under 60 days, which helps to enhance liquidity and limits market price exposure. The COLOTRUST PLUS+ fund holds a 'AAAm' rating by Standard and Poor's.

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

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 5. Capital Assets

The following table summarizes the changes to capital assets for governmental activities during the year.

Governmental Activities:	Balance 12/31/23	Additions	Deletions	Transfers	Balance 12/31/24
Capital assets, not being depreciated:					
Land	\$ 253,967	\$ -	\$ -		\$ 253,967
Total capital assets, not being depreciated	<u>253,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,967</u>
Capital assets, being depreciated:					
Buildings	1,296,553	20,009	-	-	1,316,562
Furniture, equipment & vehicles	226,339	-	-	-	226,339
Infrastructure	130,167	-	-	-	130,167
Total capital assets, being depreciated	<u>1,653,059</u>	<u>20,009</u>	<u>-</u>	<u>-</u>	<u>1,673,068</u>
Less accumulated depreciation for:					
Buildings	(452,371)	(33,527)	-	-	(485,898)
Furniture, equipment & vehicles	(141,755)	(5,835)	-	-	(147,590)
Infrastructure	(92,311)	(2,482)	-	-	(94,793)
Total accumulated depreciation	<u>(686,437)</u>	<u>(41,844)</u>	<u>-</u>	<u>-</u>	<u>(728,281)</u>
Total capital assets, being depreciated, net	<u>966,622</u>	<u>(21,835)</u>	<u>-</u>	<u>-</u>	<u>944,787</u>
Governmental activities capital assets, net	<u>\$ 1,220,589</u>	<u>\$ (21,835)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,198,754</u>

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

Governmental Activities:	
General government	\$ 33,527
Public works/streets	7,953
Parks & recreation	<u>364</u>
Total depreciation expense - governmental activities	<u>\$ 41,844</u>

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 5. Capital Assets, Continued

The following table summarizes the changes to capital assets for business-type activities during the year.

Business Type Activities:	Balance 12/31/23	Additions	Deletions	Transfers	Balance 12/31/24
Capital assets not being depreciated:					
Land and water rights	\$ 159,504	\$ -	\$ -		159,504
Construction in progress	552,295	2,356,480	-	-	2,908,775
Total capital assets, not being depreciated	711,799	2,356,480	-	-	3,068,279
Capital assets being depreciated:					
Water system and improvements	5,567,467	11,140	-		5,578,607
Sewer system and improvements	431,843		-	-	431,843
Furniture, equipment & vehicles	67,520	-	-	-	67,520
Total capital assets, being depreciated	6,066,830	11,140	-	-	6,077,970
Less accumulated depreciation for:					
Water system and improvements	(1,528,772)	(115,548)	-	-	(1,644,320)
Sewer system and improvements	(424,130)	(1,625)	-	-	(425,755)
Furniture, equipment & vehicles	(51,056)	(2,553)	-	-	(53,609)
Total accumulated depreciation	(2,003,958)	(119,726)	-	-	(2,123,684)
Total capital assets, being depreciated, net	4,062,872	(108,586)	-	-	3,954,286
Business-type activities capital assets, net	\$ 4,774,671	\$ 2,247,894	\$ -	\$ -	\$ 7,022,565

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

Business-Type Activities:	
Water	\$ 116,735
Sewer	2,991
Total depreciation expense - business-type activities	<u>\$ 119,726</u>

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 6. Long-Term Liabilities

The following is a summary of changes in long-term obligations for the year ended December 31, 2024:

	Balance 12/31/23	Additions	Retirements	Balance 12/31/24	Current Portion
Governmental Activities:					
BOC Lease-Purchase	\$ 16,924	\$ -	\$ (1,549)	\$ 15,375	\$ 1,587
Compensated Absences	7,693	22,034	-	29,727	14,867
Total Governmental activity					
Long-term liabilities	<u>\$ 24,617</u>	<u>\$ 22,034</u>	<u>\$ (1,549)</u>	<u>\$ 45,102</u>	<u>\$ 16,454</u>
Business-Type Activities:					
2014 CWRPDA Note Payable	\$ 394,557	\$ -	\$ (16,536)	\$ 378,021	\$ 16,702
2024 CWRPDA Note Payable	-	447,777	(15,611)	432,166	12,291
Total Business-type activity					
Long-term liabilities	<u>\$ 394,557</u>	<u>\$ 447,777</u>	<u>\$ (32,147)</u>	<u>\$ 810,187</u>	<u>\$ 28,993</u>

The change in compensated absences is presented as a net change.

Note Payable – 2014 CWRPDA

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

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

The loan agreement requires the Town to maintain an operations and maintenance reserve fund equal to three months of system operation and maintenance expenses. The Town has reserved \$84,220 of its Water Fund net position for this purpose as of December 31, 2024.

Note Payable – 2024 CWRPDA

The Town entered into a loan agreement on February 22, 2024 with the Colorado Water Resources and Power Development Authority for a loan of \$1,059,000 with an up-front principal forgiveness of \$552,057 leaving a principal to be repaid of \$506,943; however, only \$447,777 had been drawn down as of December 31, 2024.

The loan is to be repaid in semi-annual principal and interest installments of \$11,693 over 30 years starting May 1, 2024 and going through May 1, 2054 at an interest rate of 2.25%

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 6. Long-Term Liabilities, Continued

The loan agreement requires the Town to maintain an operations and maintenance reserve fund equal to three months of system operation and maintenance expenses. The Town has reserved \$84,220 of its Sewer Fund net position for this purpose as of December 31, 2024.

Lease-Purchase Agreement

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

Debt service requirements as of December 31, 2024 are as follows:

Years ending June 30:	Direct Borrowings Business-Type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2025	\$ 28,993	\$ 14,832	\$ 1,587	\$ 361
2026	29,438	14,387	1,623	324
2027	29,892	13,934	1,674	253
2028	30,439	13,472	1,708	219
2029	30,824	13,003	1,743	184
2030-2034	161,469	57,661	7,040	376
2035-2039	174,561	44,569	-	-
2040-2044	188,895	30,235	-	-
2045-2049	110,674	16,390	-	-
2050	25,002	1,882	-	-
	<u>\$ 810,187</u>	<u>\$ 220,365</u>	<u>\$ 15,375</u>	<u>\$ 1,717</u>

The Town has no unused lines of credit as of December 31, 2024.

Note 7. Interfund Balances and Transfers

As of December 31, 2024, the Town had the following interfund balances:

	Due from Other Funds	Due to Other Funds
General fund	\$ 435,000	\$ -
Water fund	-	217,500
Sewer fund	-	217,500
	<u>\$ 435,000</u>	<u>\$ 435,000</u>

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 7. Interfund Balances and Transfers, Continued

This interfund balance is an advance that was primarily for the establishment of a loan that is not due within one year. The loan is to improve the Water and Sewer Fund's operational liquidity. As of the issue date of the financial statements, the Town's Board is still in the process of establishing repayment terms for this loan.

Interfund balances can result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The Town had the following interfund transfers for the year ended December 31, 2024.

	<u>Transfers In:</u>	
	Capital Improvement Fund	Total
<u>Transfers Out:</u>		
General Fund	\$ 2,459	\$ 2,459
	<u>\$ 2,459</u>	<u>\$ 2,459</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 8. Restricted Assets & Fund Balances

The Town has set aside funds for the Operation and Maintenance Reserve Fund as required by the Colorado Water Resources and Power Development Authority Loan Agreements. The water fund reserve at year-end is \$84,220 and is equal to the \$84,220 required for three months of operations and maintenance excluding depreciation, of the system as set forth in the Town's annual budget. The sewer fund reserve at year-end is \$84,220 and is equal to the \$84,220 required for three months of operations and maintenance excluding depreciation, of the system as set forth in the Town's annual budget.

The Town has restricted fund balances as of December 31, 2024 for the following:

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

The Town has committed fund balances of \$47,997 as of December 31, 2024 as an operating reserve.

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

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 9. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town maintains commercial insurance for these risks of loss, including workers compensation. Settled claims have not exceeded coverage in the past three fiscal years.

The Town is insured by Workers Compensation for potential worker related accidents.

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by an intergovernmental agreement by member municipalities pursuant to the provision of 24-10-1155, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability and property coverage's and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.

All Colorado municipalities who are members of the Colorado Municipal League and own property, are eligible to participate. The general objectives of the Agency are to provide member municipalities defined liability and property coverage through joint self-insurance and to assists members in loss prevention measures. Any member may withdraw from the Agency by giving written notice to the Board of Directors of the prospective effective date of its withdrawal.

The Town recognizes an expense for coverage for the amount paid to CIRSA annually for these coverage's. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the Town. It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against liability or loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage's at reasonable costs. All income and assets of CIRSA shall at all times be dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA. The Board of Directors of the Agency is composed of seven directors elected by the members at the annual meeting to be scheduled in December each year.

TOWN OF YAMPA, COLORADO
Notes to the Financial Statements
December 31, 2024

Note 10. Contingencies and Commitments

Yamcolo Reservoir Storage Agreement

The Town entered into an extension and amendment agreement with the Upper Yampa Water Conservancy District effective July 15, 2011 for 300-acre feet of storage water in the Yamcolo Reservoir for thirty years terminating July 15, 2041. The purchase price for the storage water is subject to an annual CPI increase. The Town paid \$103.01 per acre foot of storage water for the year ended December 31, 2024.

Water Tank Access Road

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

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TOWN OF YAMPA, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING MAJOR FUNDS:

General Fund – Detail Budget and Actual

The **General Fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

TOWN OF YAMPA, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual
For the Year Ended December 31, 2024

REVENUES:	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Taxes:				
Property tax	\$ 81,528	\$ 81,528	\$ 89,466	\$ 7,938
Sales and use tax	162,000	162,000	159,808	(2,192)
Specific ownership	4,500	4,500	5,399	899
Intergovernmental	265,038	265,038	164,341	(100,697)
Franchise fees	20,000	20,000	15,897	(4,103)
Interest	14,000	14,000	23,538	9,538
Other	39,643	39,643	31,675	(7,968)
TOTAL REVENUES	\$ 586,709	\$ 586,709	\$ 490,124	\$ (96,585)
EXPENDITURES:				
General Government:				
Administrative				
Wages and benefits	131,276	131,276	133,381	(2,105)
Other administrative	249,338	249,338	183,235	66,103
Legislative				
Law enforcement	11,000	11,000	7,701	3,299
Other legislative	3,300	3,300	445	2,855
Total General Government	394,914	394,914	324,762	70,152
Public Works:				
Wages and benefits	120,411	120,411	117,652	2,759
Street improvements	13,000	13,000	8,461	4,539
Other public works	66,147	66,147	100,696	(34,549)
Total Public Works	199,558	199,558	226,809	(27,251)
Parks and Recreation:				
Wages and benefits	13,525	13,525	13,256	269
Parks and recreation	22,010	22,010	31,253	(9,243)
Total Parks & Recreation	35,535	35,535	44,509	(8,974)
Capital Outlay:				
Capital outlay	-	-	-	-
Total Capital Outlay	-	-	-	-
Debt Service:				
Principal	2,000	2,000	1,549	451
Interest	-	-	395	(395)
Total Debt Service	2,000	2,000	1,944	56
TOTAL EXPENDITURES	632,007	632,007	598,024	33,983
Excess of Revenues Over (Under) Expenditures	(45,298)	(45,298)	(107,900)	(62,602)
Other Financing Sources (Uses):				
Transfer out	(7,024)	(7,024)	(2,459)	4,565
Total Other Financing Sources (Uses)	(7,024)	(7,024)	(2,459)	4,565
Net change in fund balance	(52,322)	(52,322)	(110,359)	(58,037)
Fund balance, beginning of year	772,837	772,837	772,837	-
Fund balance, end of year	\$ 720,515	\$ 720,515	\$ 662,478	\$ (58,037)

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
FOR THE FOLLOWING FUNDS:

Nonmajor Governmental Funds

- The **Capital Improvement Fund** accounts for acquisition or construction of major capital projects.
- The **Debt Service Fund** is used to account for resources to meet current and future debt service requirements.

Major Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The budgets for the enterprise funds have been prepared and presented on a modified accrual basis which is an accounting basis other than GAAP for enterprise funds.

- The **Water Fund** is used to account for the Town's water wells, treatment facilities and distribution system.
- The **Sewer Fund** is used to account for the Town's sewer collection and treatment services.

TOWN OF YAMPA, COLORADO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024

	Capital Improvement Fund	Debt Service Fund	Total
Assets			
Cash	\$ -	\$ 124,648	\$ 124,648
Due from other governments	-	28,987	28,987
	<u>-</u>	<u>28,987</u>	<u>28,987</u>
Total assets	<u>\$ -</u>	<u>\$ 153,635</u>	<u>\$ 153,635</u>
Liabilities and Fund Balance			
Liabilities:			
Due to other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Committed for:			
Debt service	-	153,635	153,635
	<u>-</u>	<u>153,635</u>	<u>153,635</u>
Total fund balance	<u>-</u>	<u>153,635</u>	<u>153,635</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 153,635</u>	<u>\$ 153,635</u>

TOWN OF YAMPA, COLORADO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

	Capital Improvement Fund	Debt Service Fund	Total
Revenues			
Sales taxes	\$ -	\$ 158,081	\$ 158,081
Intergovernmental revenue	17,550	-	17,550
Total revenues	17,550	158,081	175,631
Expenditures			
Capital outlay	20,009	-	20,009
Debt service			
Principal retirement	-	-	-
Interest on long-term debt	-	4,446	4,446
Total expenditures	20,009	4,446	24,455
Excess of revenue and other sources over (under) expenditures and other uses	(2,459)	153,635	151,176
Other financing sources (uses):			
Transfers in	2,459	-	2,459
Total other financing sources (uses):	2,459	-	2,459
Net change in fund balance	-	153,635	153,635
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ 153,635	\$ 153,635

TOWN OF YAMPA, COLORADO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Capital Improvement Fund
Budget and Actual
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Sales taxes	\$ 35,000	\$ 35,000	\$ -	\$ (35,000)
Intergovernmental revenue	1,848,000	1,848,000	17,550	(1,830,450)
Total revenue	1,883,000	1,883,000	17,550	(1,865,450)
Expenditures				
Capital outlay	2,499,000	2,499,000	20,009	2,478,991
Total expenditures	2,499,000	2,499,000	20,009	2,478,991
Excess of revenue and other sources over (under) expenditures and other uses	(616,000)	(616,000)	(2,459)	613,541
Other financing sources (uses):				
Debt proceeds	602,500	602,500	-	(602,500)
Transfers in	48,500	48,500	2,459	(46,041)
Total other financing sources (uses):	651,000	651,000	2,459	(648,541)
Net change in fund balance	35,000	35,000	-	35,000
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ 35,000	\$ 35,000	\$ -	\$ 35,000

TOWN OF YAMPA, COLORADO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Fund
Budget and Actual
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Sales taxes	\$ 125,000	\$ 125,000	\$ 158,081	\$ 33,081
Total revenue	125,000	125,000	158,081	33,081
Expenditures				
Debt service				
Principal	25,666	25,666	-	25,666
Interest	13,251	13,251	4,446	8,805
Total expenditures	38,917	38,917	4,446	34,471
Excess of revenue and other sources over (under) expenditures and other uses	86,083	86,083	153,635	67,552
Other financing sources (uses):				
Transfers in	38,918	38,918	-	(38,918)
Total other financing sources (uses):	38,918	38,918	-	(38,918)
Net change in fund balance	125,001	125,001	153,635	28,634
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ 125,001	\$ 125,001	\$ 153,635	\$ 28,634

TOWN OF YAMPA, COLORADO
Schedule of Revenues, Expenses and Changes in Available Resources
Water Fund
Budget and Actual
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Operating Revenues				
Charges for services				
Water	\$ 223,167	\$ 223,167	\$ 235,194	\$ 12,027
Other revenues	19,063	19,063	4,351	(14,712)
Total Operating Revenues	242,230	242,230	239,545	(2,685)
Operating Expenses				
Salaries	71,140	71,140	68,528	2,612
Employee benefits	17,286	17,286	20,301	(3,015)
Outside services	5,000	5,000	2,484	2,516
Repairs and maintenance	12,500	12,500	31,242	(18,742)
Water storage	31,000	31,000	31,466	(466)
Utilities	13,950	13,950	8,113	5,837
Other operating	61,366	61,366	47,281	14,085
Total Operating Expenses	212,242	212,242	209,415	2,827
Operating Income excluding depreciation	29,988	29,988	30,130	142
Non-operating Revenues (Expenses)				
Interest income	-	-	-	-
Total Non-Operating Revenue (Expense)	-	-	-	-
Income (loss) before contributions, transfers and capital and related financing activities	29,988	29,988	30,130	142
Contributions, Transfers and Capital and Related Financing Activities:				
Capital outlay	-	-	(11,140)	(11,140)
Debt service	-	-	(20,440)	(20,440)
Transfers out	(60,965)	(60,965)	-	60,965
Change in available resources	(30,977)	(30,977)	(1,450)	29,527
Available resources, beginning of year	188,704	188,704	188,704	-
Available resources, end of year	<u>\$ 157,727</u>	<u>\$ 157,727</u>	<u>\$ 187,254</u>	<u>\$ 29,527</u>

TOWN OF YAMPA, COLORADO
Schedule of Revenues, Expenses and Changes in Available Resources
Sewer Fund
Budget and Actual
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Operating Revenues				
Charges for services				
Sewer	\$ 188,149	\$ 188,149	\$ 180,046	\$ (8,103)
Other revenues	8,680	9,680	2,603	(7,077)
Total Operating Revenues	196,829	197,829	182,649	(15,180)
Operating Expenses				
Salaries	54,367	71,140	52,533	18,607
Employee benefits	13,847	17,286	13,192	4,094
Outside services	5,000	5,000	2,519	2,481
Repairs and maintenance	7,500	7,500	103	7,397
Utilities	14,527	14,527	15,265	(738)
Other operating	46,512	46,512	43,853	2,659
Total Operating Expenses	141,753	161,965	127,465	34,500
Operating Income excluding depreciation	55,076	35,864	55,184	19,320
Non-operating Revenues (Expenses)				
Interest income	-	-	-	-
Total Non-Operating Revenue (Expense)	-	-	-	-
Income (loss) before contributions, transfers and capital and related financing activities	55,076	35,864	55,184	19,320
Contributions, Transfers and Capital and Related Financing Activities:				
Debt proceeds	-	-	447,777	447,777
Capital outlay	-	-	(2,192,673)	(2,192,673)
Capital contributions and grants	-	-	1,807,189	1,807,189
Transfers out	(19,429)	(19,429)	-	19,429
Change in available resources	35,647	16,435	94,009	77,574
Available resources, beginning of year	260,269	260,269	260,269	-
Available resources, end of year	<u>\$ 295,916</u>	<u>\$ 276,704</u>	<u>\$ 354,278</u>	<u>\$ 77,574</u>

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TOWN OF YAMPA, COLORADO

SUPPLEMENTARY INFORMATION

**COLORADO WATER RESOURCES AND
POWER DEVELOPMENT AUTHORITY
LOAN COVENANTS AND REQUIREMENTS**

The Colorado Water Resources and Power Development Authority Loan Agreements set forth certain covenants and restrictions. As of December 31, 2024, the Town appears to be in compliance with all covenants and restrictions as set forth in Exhibit F, Additional Covenants and Requirements. See footnote 6 for details on the loan. The following are additional disclosures required by the loan agreement.

- **Rate Covenant:** The Town shall establish and collect such rates, fees, and charges for the use or the sale of the products and services of the System as, together with other moneys available therefore, are expected to produce Gross revenue for each calendar year that will be at least sufficient for such calendar year to pay the sum of estimated operation and maintenance expenses, 110% of the debt service coming due on the bonds during the calendar year and other debt service requirements. Gross revenue as defined in Para (3) of Exhibit A to the Loan Agreements is all income and revenues directly or indirectly derived by the government agency for the operation and use of the system, including investment income, but excluding, property taxes and grants received for capital improvements.

Summary of 2024 Gross Revenue Requirement	Water & Sewer
Total Gross Revenue requirement	\$ 385,178
Total water fund revenues, excluding capital grants	\$ 415,240
Excess (deficiency) of gross revenues	\$ 30,062

Rate covenant calculation

Net revenue (Exp) before depreciation and interest expense	78,362
Debt service	43,909
Percentage of net revenue to debt svc	178.47%

- **Lien Representation:** Except for the debt service on any bonds, notes or other evidence of indebtedness of the Town issued, or contractual obligations incurred, having a lien on the Pledged Property equal or superior to the lien and charge on the Pledged Property of the Governmental Agency Bond that have been disclosed in writing to the Authority, the Pledged Property, after the payment of all costs of operating and maintaining the System, is free and clear of any pledge, lien, charge or encumbrance thereon, or with respect thereto, prior to, or of equal rank with, the obligation of the Governmental Agency Bond.
- **Operations and Maintenance Reserve Fund Covenant:** It appears the Town has set aside sufficient funds to meet the Reserve Fund covenants for the Water and Sewer Funds. See footnote 8 for more details regarding the reserve fund amounts.

SUPPLEMENTARY INFORMATION
LOCAL HIGHWAY FINANCE REPORT

Section 43-2-132 of the Colorado Revised Statutes requires municipalities receiving Highway User Tax Funds to include a schedule of highway receipts and expenditures with the audit report. The said report is presented on the following two pages.

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

OMB No. 2125-0032

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO	
		YEAR ENDING (mm/yy): 12/2024	
This Information From The Records Of: Yampa		Prepared By: Sheila Symons Clerk@townofyampa.com	

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. EXPENDITURES FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ -
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 23,500.00
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 15,600.00
2. General fund appropriations	\$ 199,558.00	b. Snow and ice removal	
3. Other local imposts (from page 2)	\$ -	c. Other	\$ 40,047.00
4. Miscellaneous local receipts (from page 2)	\$ -	d. Total (a. through c.)	\$ 55,647.00
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 120,411.00
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 199,558.00
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 199,558.00	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	\$ -
C. Receipts from State government (from page 2)	\$ -	2. Notes:	
D. Receipts from Federal Government (from page 2)	\$ -	a. Interest	
E. Total receipts (A.7 + B + C + D)	\$ 199,558.00	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ -
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 199,558.00

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

V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		\$ 199,558.00	\$ 199,558.00		\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO	
		YEAR ENDING (mm/yy): 12/2024	
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 Assesments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ -	h. Other	
c. Total (a. + b.)	\$ -	i. Total (a. through h.)	\$ -
(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 (from Item I.C.5.)		1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal ARPA	
f. Total (a. through e.)	\$ -	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ -	3. Total (1. + 2.g)	\$ -
(Carry forward to page 1)		(Carry forward to page 1)	
III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs			\$ -
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation			\$ -
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ -	\$ -
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ -	\$ -
(Carry forward to page 1)			
Notes and Comments:			



**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***

The Honorable Mayor and Board
Yampa, 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 the Town of Yampa, Colorado, 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 April 13, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Yampa, Colorado's internal control over financial reporting (internal control) as a basis for designing 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 of Yampa, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Yampa, Colorado'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies or material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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*.

We noted certain other matters that we have reported to the management of the Town in a separate letter dated April 13, 2026.

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.

Squire & Company, PC

St. George, Utah

April 13, 2026



April 13, 2026

To the Honorable Mayor and Town Council
Town of Yampa, Colorado

We have audited the financial statements of the Town of Yampa, Colorado as of and for the year ended December 31, 2024 and have issued our report thereon dated April 13, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 23, 2025, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Town of Yampa solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistently with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. Safeguards have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

Significant Risks Identified

According to Generally Accepted Auditing Standards, significant risks should include management override of controls. Accordingly, we have considered this a significant risk.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Town of Yampa is included in Note 1 to the financial statements. As described in Note 1, the Town of Yampa changed accounting policies related to the application of compensated absences reporting requirements by adopting GASB Statement No. 101, *Compensated Absences* in 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is:

Management's estimate of the useful lives of capital assets is based on reasonable expectations of the remaining lives of the Town's fixed assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified significant misstatements and a list of the adjustments noted during the audit has been provided to management. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management: see the audit adjustments provided to management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Town of Yampa's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There are no unusual circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated April 13, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Town of Yampa, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Town of Yampa's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Town of Yampa's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

Applied certain limited procedures to Management's Discussion and Analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, as listed in the table of contents of the financial statements. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing body and management of the Town of Yampa and is not intended to be and should not be used by anyone other than these specified parties.

Squire & Company, PC



Findings and Recommendations For the Year Ended December 31, 2024

The Honorable Mayor and
Town Board of Trustees
Yampa, Colorado

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. We wish to commend the Town for their administrative achievements and oversight of the Town's accounting and budget system. During our audit of the funds of the Town of Yampa for the year ended December 31, 2024 we noted a few improvements from the prior year and we noted a few areas that may need corrective action in order for the Town to be in compliance with laws and regulations and we found a few circumstances that, if improved, would strengthen the Town's accounting system and control over its assets. These items are discussed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

None noted

COMPLIANCE AND OTHER MATTERS:

Compliance:

2023-001 Financial Statement Submission - Reissued

Criteria: State law requires that the Town's financial statements are audited and prepared in accordance with GAAP and submitted to the Colorado State Auditor's office on or before July 31.

Condition: The Town's audited financial statement for 2024 was not submitted to the State Auditor's office on or before July 31 plus the 60-day extension.

Cause: Management experienced delays in completing the audit due to contracting issues with the auditor selected.

Effect: The Town is not in compliance with State code Section 29-1-601 et seq., C.R.S.

Recommendation: We recommend that the management continue its efforts to close out the accounting records and submit the audit on or before July 31 each year.

2023-002

Budgetary Compliance – Reworded and Reissued

Criteria: Colorado revised statutes (C.R.S.) require the Town to include in its budget a *Financed Purchase of an Asset or Certificate of Participation Agreement Supplemental Schedule*. The adopted budget must separately set forth the total amount to be expended during the budget year for payment obligations under all financed purchase of an asset or certificate of participation agreements for real property and for all other property. It must also show the total maximum payment liability under the agreement, and all optional renewal terms. (29-1-103(3)(d), C.R.S.)

Criteria: Per CRS 29-1-113(1) a certified copy of the Town's budget must be submitted to the Division of Local Governments by January 31 of the budget year.

Condition: The Town has financed purchases, but the 2024 budget prepared and submitted by the Town didn't include a *Financed Purchase of an Asset or Certificate of Participation Agreement Supplemental Schedule* for those purchases.

Condition: The Town's 2024 budget was submitted to the Division of Local Government on February 5, 2024.

Cause: Management for the Town was unaware of the requirement to include a *Financed Purchase of an Asset or Certificate of Participation Agreement Supplemental Schedule* in the budget submission for financed purchases.

Cause: Management did not design and implement controls to ensure that the budget was submitted timely to the Division of Local Government.

Effects: The Town's budget submission didn't comply with Section 29-1-106(3) of the C.R.S. for 2024. The Town submitted the 2024 budget after the required deadline.

Recommendation: We recommend the Town design and implement controls to ensure that all required budgetary forms are included in the Town's annual budget submission and the budget is submitted timely to the Division of Local Government.

Other Matters:

None noted

Responses

Please respond to the above Findings and Recommendations in letter form.

This report is intended solely for the information and use of the Town Board, management, and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

It has been a pleasure to be of service to the Town this past year. We would like to express special thanks to all those who assisted us so efficiently in this year's audit. We invite you to ask questions of us throughout the year as you feel necessary. We look forward to a continued professional relationship.

Sincerely,

Squire & Company, PC

April 13, 2026



EST. FEBRUARY 28, 1906



GATEWAY TO THE FLATTOPS

April 15, 2026

Squire & Company PC
63 South 300 East, Suite 100
St. George, Utah 84770

RE: Response to Findings and Recommendations
FY Ending December 31, 2024 Audit

In response to the Compliance and Other Matters detailed in your letter presented to the Town on April 15, 2026 concerning the Town of Yampa's 2024 Audit and the recommendations therein, we offer the following:

2023-001 Financial Statement Submission – Reissued

The Town continues to move forward with its efforts to close out the account records annually and submit the audit to the Office of the State Auditor (OSA) on or before July 21st of each year. With the completion, acceptance and approval of the 2024 Audit on April 15, 2026 and submission of the same to the OSA on April 16, 2026, the Town will be moving forward with the 2025 Audit and anticipates being in full compliance with CRS §29-1-601 et seq no later than July 31, 2026.

2023-002 Budgetary Compliance – Reworded and Reissued

Effective with the 2026 Budget, the Town has included the required *Financed Purchase of an Asset or Certificate of Participation Agreement Supplemental Schedule* for any financed purchase of an asset or certificate of participation agreements for real or other property. Town staff implemented measures to assure that the annual budget submission is submitted by the January 31st deadline to the Division of Local Government beginning in 2025's budget submission.

Thank you for the opportunity to respond to these Findings and Recommendations.

Sincerely,

Mary Alice Page-Allen
Treasurer

:map

xc:file