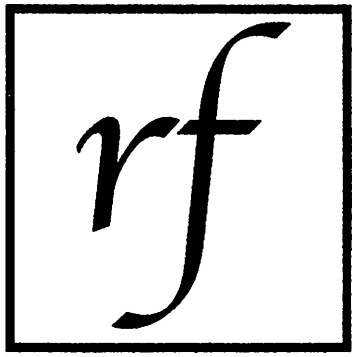


Town of Bethune, Colorado

Financial Statements

December 31, 2025

**Town of Bethune, Colorado**
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**December 31, 2025**


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*Independent Auditor's Report*

Governing Board
Town of Bethune, 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 Bethune, Colorado (the "Town") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the 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, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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



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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information presented on page 22 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.

Management has elected to omit the management's discussion and analysis. Although not required by generally accepted accounting principles, the Governmental Accounting Standards Board consider it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. The omission of this information does not affect our opinion on the basic financial statements.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information on pages 23-29 and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2026 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*rfarmer, llc*

September 18, 2026

# Basic Financial Statements

**Town of Bethune**
**Statement of Net Position**
**December 31, 2025**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Current Assets: | | | |
| Cash and cash equivalents | $ 57,910 | $ 251,046 | $ 308,956 |
| Receivables | 9,796 | 111,301 | 121,097 |
| Non-Current Assets: | | | |
| Capital asset, not being depreciated: | | | |
| Land | 12,500 | 47,010 | 59,510 |
| Construction in progress | - | 3,361,768 | 3,361,768 |
| Capital asset, net of accumulated depreciation | - | 802,272 | 802,272 |
| Total Non-Current Assets | 12,500 | 4,211,050 | 4,223,550 |
| Total Assets | 80,206 | 4,573,397 | 4,653,603 |
| **LIABILITIES** | | | |
| Accounts payable | 1,023 | 53,183 | 54,206 |
| Due within one year: | | | |
| Loans payable | - | 13,933 | 13,933 |
| Due in more than one year: | | | |
| Loans payable | - | 1,648,265 | 1,648,265 |
| Total liabilities | 1,023 | 1,715,381 | 1,716,404 |
| Deferred inflow of resources: | | | |
| Deferred property taxes | 8,500 | - | 8,500 |
| Total deferred inflows | 8,500 | - | 8,500 |
| **NET POSITION** | | | |
| Net investment in capital assets | 12,500 | 2,595,863 | 2,608,363 |
| Restricted for: | | | |
| TABOR | 725 | - | 725 |
| Unrestricted | 57,458 | 309,163 | 366,621 |
| Total net position | $ 70,683 | $ 2,905,026 | $ 2,975,709 |

The accompanying notes to financial statements
are an integral part of these statements.

**Town of Bethune**
**Statement of Activities**
**For the Year Ended December 31, 2025**

| Functions/Programs | Expenses | Program Revenue: Charges for Services | Program Revenue: Operating Grants and Contributions | Program Revenue: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Primary Government: Business-type Activities | Primary Government: Total |
|---|---|---|---|---|---|---|---|
| Primary government | | | | | | | |
| Governmental Activities | | | | | | | |
| General Government | $ 9,571 | $ 1,153 | $ - | $ - | $ (8,418) | $ - | $ (8,418) |
| Public Works | 12,233 | - | - | - | (12,233) | - | (12,233) |
| Culture, Recreation and Parks | 2,360 | - | 2,189 | - | (171) | - | (171) |
| Total governmental activities | 24,164 | 1,153 | 2,189 | - | (20,822) | - | (20,822) |
| Business-type activities: | | | | | | | |
| Water | 59,547 | 56,110 | - | - | - | (3,437) | (3,437) |
| Sewer Fund | 28,304 | 53,278 | - | 1,945,640 | - | 1,970,614 | 1,970,614 |
| Total business-type activities | 87,851 | 109,388 | - | 1,945,640 | - | 1,967,177 | 1,967,177 |
| Total primary government | 112,015 | 110,541 | 2,189 | 1,945,640 | (20,822) | 1,967,177 | 1,946,355 |
| **General revenues:** | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, including SO taxes | | | | | $ 7,972 | $ - | $ 7,972 |
| Franchise and highway users trust fund fees | | | | | 15,215 | - | 15,215 |
| Unrestricted investment earnings | | | | | 122 | - | 122 |
| Miscellaneous | | | | | 55 | - | 55 |
| Total general revenues, special items, and transfers | | | | | 23,364 | - | 23,364 |
| Change in net position | | | | | 2,542 | 1,967,177 | 1,969,719 |
| Net position - beginning | | | | | 68,141 | 937,849 | 1,005,990 |
| Net position - ending | | | | | $ 70,683 | $ 2,905,026 | $ 2,975,709 |

The accompanying notes to financial statements
are an integral part of these statements.

**Town of Bethune**
**Balance Sheet**
**Governmental Funds**
**December 31, 2025**

| | General Fund | Non-major Governmental Fund - Conservation Trust | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 33,228 | $ 24,682 | $ 57,910 |
| Taxes receivable, net | 8,500 | - | 8,500 |
| Other receivables | 1,296 | - | 1,296 |
| Total assets | 43,024 | 24,682 | 67,706 |
| **LIABILITIES AND FUND BALANCES** | | | |
| Liabilities: | | | |
| Accounts payable | 1,023 | - | 1,023 |
| Total liabilities | 1,023 | - | 1,023 |
| Deferred inflow of resources: | | | |
| Deferred property taxes | 8,500 | - | 8,500 |
| Fund balances: | | | |
| Restricted: | | | |
| TABOR | 725 | - | 725 |
| Conservation Trust | - | 24,682 | 24,682 |
| Unassigned | 32,776 | - | 32,776 |
| Total fund balances | 33,501 | 24,682 | 58,183 |
| Total liabilities and fund balances | $ 43,024 | $ 24,682 | $ 67,706 |

The accompanying notes to financial statements
are an integral part of these statements.

**Town of Bethune**
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**
**December 31, 2025**

| | | |
|---|---|---|
| Total fund balance, governmental funds | $ | 58,183 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position. | | 12,500 |
| Net Position of Governmental Activities in the Statement of Net Position | $ | 70,683 |

The accompanying notes to financial statements
are an integral part of these statements.

**Town of Bethune**
**Statement of Revenues, Expenditures and Changes in Fund Balances**
**Governmental Funds**
**For the Year Ended December 31, 2025**

| | General Fund | Non-major Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **REVENUES** | | | |
| Property Taxes | $ 7,230 | $ - | $ 7,230 |
| Sales and use taxes | 915 | - | 915 |
| Franchise tax | 2,433 | - | 2,433 |
| Intergovernmental | 12,603 | 2,189 | 14,792 |
| Licenses and permits | 1,153 | - | 1,153 |
| Investment earnings | 5 | 122 | 127 |
| Miscellaneous | 56 | - | 56 |
| Total revenues | 24,395 | 2,311 | 26,706 |
| **EXPENDITURES** | | | |
| General government | 8,948 | - | 8,948 |
| Culture and recreation | - | 2,360 | 2,360 |
| Public works | 12,856 | - | 12,856 |
| Total Expenditures | 21,804 | 2,360 | 24,164 |
| Excess (deficiency) of revenues over expenditures | 2,591 | (49) | 2,542 |
| Net change in fund balances | 2,591 | (49) | 2,542 |
| Fund balances - beginning | 30,910 | 24,731 | 55,641 |
| Fund balances - ending | $ 33,501 | $ 24,682 | $ 58,183 |

The accompanying notes to financial statements
are an integral part of these statements.

**Town of Bethune**
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities**
**For the Year Ended December 31, 2025**

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds: | $ | 2,542 |
| Amounts reported for Governmental Activities in the Statement of Activities are different because: | | |
| Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of $0 was more than depreciation of $0 in the current period. | | - |
| Change in net position of governmental activities | $ | 2,542 |

The accompanying notes to financial statements are an integral part of these statements.

**Town of Bethune**
**Statement of Net Position**
**Proprietary Funds**
**December 31, 2025**

| | Water Fund | Sewer Fund | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 75,130 | $ 175,916 | $ 251,046 |
| Accounts receivable, net | 4,601 | 106,700 | 111,301 |
| Total current assets | 79,731 | 282,616 | 362,347 |
| Capital Assets: | | | |
| Capital assets, not being depreciated | | | |
| Land | - | 47,010 | 47,010 |
| Construction in progress | - | 3,361,768 | 3,361,768 |
| Capital assets, being depreciated | 675,209 | 174,073 | 849,282 |
| Total non-current assets | 675,209 | 3,582,851 | 4,258,060 |
| Total assets | 754,940 | 3,865,467 | 4,620,407 |
| **LIABILITIES** | | | |
| Current Liabilities: | | | |
| Accounts payable | 880 | 52,303 | 53,183 |
| Loans payable, current portion | 13,933 | - | 13,933 |
| Total current liabilities | 14,813 | 52,303 | 67,116 |
| Non-current liabilities: | | | |
| Loans payable | 125,265 | 1,523,000 | 1,648,265 |
| Total non-current liabilities | 125,265 | 1,523,000 | 1,648,265 |
| Total liabilities | 140,078 | 1,575,303 | 1,715,381 |
| **NET POSITION** | | | |
| Net investment in capital assets | 536,011 | 2,059,852 | 2,595,863 |
| Unrestricted | 78,851 | 230,312 | 309,163 |
| Total net position | $ 614,862 | $ 2,290,164 | $ 2,905,026 |

The accompanying notes to financial statements
are an integral part of these statements.

**Town of Bethune**
**Statement of Revenues, Expenses and Changes in Fund Net Position**
**Proprietary Fund**
**For the Year Ended December 31, 2025**

| | Water Fund | Sewer Fund | Total |
|---|---|---|---|
| **REVENUES** | | | |
| Charges for services | $ 56,110 | $ 53,278 | $ 109,388 |
| Total operating revenues | 56,110 | 53,278 | 109,388 |
| **OPERATING EXPENSES** | | | |
| Wages and benefits | 12,853 | 9,300 | 22,153 |
| System operations | 8,686 | 3,208 | 11,894 |
| Supplies | 42 | - | 42 |
| Utilities | - | 498 | 498 |
| Administrative and general | 7,468 | 5,533 | 13,001 |
| Depreciation | 30,497 | 9,766 | 40,263 |
| Total Operating Expenses | 59,546 | 28,305 | 87,851 |
| Operating income (loss) | (3,436) | 24,973 | 21,537 |
| Income (loss) before contributions and transfers | (3,436) | 24,973 | 21,537 |
| Capital grants | - | 1,945,640 | 1,945,640 |
| Change in net position | (3,436) | 1,970,613 | 1,967,177 |
| Total net position - beginning | 618,298 | 319,551 | 937,849 |
| Total net position - ending | $ 614,862 | $ 2,290,164 | $ 2,905,026 |

The accompanying notes to financial statements
are an integral part of these statements.

**Town of Bethune**
**Statement of Cash Flows**
**Proprietary Funds**
**For the Year Ended December 31, 2025**

| | Water | Sewer | Total |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Cash received from customers | $ 56,028 | $ 55,025 | $ 111,053 |
| Cash paid to suppliers | (16,119) | (11,053) | (27,172) |
| Cash paid for personnel costs | (12,853) | (9,300) | (22,153) |
| Net cash flows from Operating Activities | 27,056 | 34,672 | 61,728 |
| **Cash flows from capital and related financing activities:** | | | |
| Grants and contributions | - | 1,841,740 | 1,841,740 |
| Long term borrowings | - | 1,523,000 | 1,523,000 |
| Cash outflow for fixed assets | (11,315) | (3,310,016) | (3,321,331) |
| Principal payment on long term debt | (13,973) | - | (13,973) |
| Net cash flows from capital and financing activities | (25,288) | 54,724 | 29,436 |
| Net increase (decrease) in cash and cash equivalents | 1,768 | 89,396 | 91,164 |
| Beginning of year | 73,362 | 86,520 | 159,882 |
| **End of year** | 75,130 | 175,916 | 251,046 |
| **Reconciliation of operating income (loss) to net cash flows from operating activities:** | | | |
| Operating income (loss) | (3,436) | 24,973 | 21,537 |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: | | | |
| Depreciation | 30,497 | 9,766 | 40,263 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in: | | | |
| Accounts receivable | (82) | 1,747 | 1,665 |
| Increase (decrease) in: | | | |
| Accounts payable | 77 | (1,814) | (1,737) |
| **Net cash flows from operating activities** | $ 27,056 | $ 34,672 | $ 61,728 |

The accompanying notes to financial statements
are an integral part of these statements.

## Note 1 Definition of Reporting Entity

### Reporting Entity

The Town of Bethune, (the "Town"), was organized as a statutory Town in Colorado by court order in 1926. The Town provides general government, public works, community service, water and sewer services for the geographical area organized as the Town.

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

## Note 2 Summary of Significant Accounting Policies

The more significant accounting policies of the Town are described as follows:

### Government-wide and Fund 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 activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the Town. The difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the Town is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property, equipment and infrastructure are shown as increases in assets, and redemptions of bonds are recorded as a reduction in liabilities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues, rather than as program revenues. Likewise, general revenues include all taxes.

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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes and franchise fees. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

*Conservation Trust Fund* – The Conservation Trust Fund accounts for all financial activity related to parks and recreation.

The Town reports the following major proprietary funds:

*Water Fund* – The Water Fund was established to account for the acquisition, operation and maintenance of the Town's water facilities and infrastructure.

*Sewer Fund* – The Sewer Fund was established to account for the acquisition, operation and maintenance of the Town's sewer facilities and infrastructure.

Proprietary funds are used to account for ongoing activities that are financed and operated in a manner similar to private business enterprises. Proprietary funds distinguish operating revenues and expenses from non-operating 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 are

charges to customers for water and sewer service. Operating expenses include the costs of the services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**Cash Equivalents**

For the purpose of the statement of cash flows of the proprietary funds, cash and cash equivalents include operating and restricted cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition.

**Accounts Receivable, Allowance for Credit Losses**

The Town writes off bad debts when accounts are deemed uncollectible. Receivables are reviewed annually to determine uncollectible accounts.

**Long-Term Obligations**

In the government-wide financial statements, proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Leases**

Leases are defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus any applicable periods covered by any renewable options that are reasonably certain to be exercised, or option to terminate that are not reasonably certain to be exercised. Contracts that transfer ownership of the underlying asset are recognized as financed purchases in the financial statements. Leases that have a maximum term of less than 12 months are considered short-term leases. Short-term lease payments are recognized in the period of payment.

As a lessor, the Town recognizes a lease receivable and a corresponding deferred inflow of resources, if material. At the commencement of a lease, the lease receivable is recorded at the net present value of the future fixed lease payments, discounted at either the explicit interest rate in the agreement or the Town's incremental borrowing rate at lease inception. The account "deferred inflow-leases" is recognized as inflows (revenue) on a straight-line basis over the term of the lease.

As a lessee, the Town recognizes a lease payable and an intangible right-to-use lease asset. At the commencement of a lease, the lease payable is recorded at the net present value of the future fixed lease payments, discounted at either the explicit interest rate in the agreement or the Town's incremental borrowing rate at lease inception. The right-to-use asset is initially

recorded at the amount of the lease liability plus any prepayments less lease incentives received prior to lease commencement. The right-to-use leased asset to amortized on a straight-line bases over the term of the lease or the asset's useful life for leases where the Town is reasonably certain that the bargain purchase option will be exercised.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of two or more years and for which the initial, individual value equals or exceeds the following dollar amounts:

| Asset Class | Dollar Value |
|---|---|
| Land | No Minimum |
| Buildings | No Minimum |
| Building & other improvements | $ 5,000 |
| Furniture and equipment | $ 5,000 |
| Infrastructure | $ 5,000 |

All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at acquisition value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation expense is included in program expense in the government-wide statement of activities. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| Asset Class | Useful Life |
|---|---|
| Equipment | 5-30 years |
| Building & Plant | 15-40 years |

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets since their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

**Property Taxes**

Property taxes are levied by the Town's Board of Trustees. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June.

Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the Town.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred inflows are recorded as revenue in the year they are available or collected.

**Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net 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 and so will not be recognized as an inflow of resources (revenue) until that time. The Town has property tax revenue that qualifies for this category. Accordingly, the property taxes are deferred and will be recognized as an inflow of resources in the period that the amount becomes available.

**Fund Balances**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, restricted, committed, assigned and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Non-spendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid items or inventory) or is legally or contractually required to be maintained intact.

*Restricted fund balance* – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

*Committed fund balance* – The portion of fund balance constrained for specific purposes according to limitations imposed by the Town's highest level of decision-making authority, the Board of Trustees. The constraint may be removed or changed only through formal action of the Town's Board of Trustees.

*Assigned fund balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Town's Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above criteria.

If more than one classification of fund balance is available for use when expenditure is incurred, it is the Town's policy to use the most restrictive classification first.

### Budgets

The Town follows these procedures in establishing the budgetary data reflected in the supplementary information:

- By October 15, the Town Administrator submits to the Board of Trustees, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them. The appropriation is at the total fund expenditures level.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Trustees through passage of a resolution.
- The Town legally adopts budgets for all of the funds. The budget includes each fund on its basis of accounting unless otherwise indicated.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Trustees. All appropriations lapse at year end.

The Town's Board of Trustees can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements.

### Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the various funds. All encumbrances lapse at the end of the year.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that the Town's management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## Note 3 Cash

Cash is reflected on the December 31, 2025 Statement of Net Position as $308,956.

### Deposits with Financial Institutions

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. At year-end, the federal insurance limit was $250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's cash deposit and investment policy adopts state statutes regarding custodial credit risk for deposits.

## Note 4 Capital Assets

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 12,500 | $ - | $ - | $ 12,500 |
| Capital assets being depreciated: | | | | |
| Buildings | 22,985 | - | - | 22,985 |
| Machinery & Equipment | 97,894 | - | - | 97,894 |
| Infrastructure | 43,233 | - | - | 43,233 |
| Total capital assets being depreciated: | 164,112 | - | - | 164,112 |
| Less accumulated depreciation | (164,112) | - | - | (164,112) |
| Total capital assets being depreciated, net | - | - | - | - |
| Capital Assets, Net | $ 12,500 | $ - | $ - | $ 12,500 |

Business-Type capital asset activity for the year ended December 31, 2025 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Business-Type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 47,010 | $ - | $ - | $ 47,010 |
| Construction in progress | - | 3,361,768 | - | 3,361,768 |
| | 47,010 | 3,361,768 | - | 3,408,778 |
| Capital assets being depreciated: | | | | |
| Buildings | 6,344 | - | - | 6,344 |
| Machinery & Equipment | 22,508 | 30,877 | (19,563) | 33,822 |
| Utility Delivery Systems | 1,573,390 | - | - | 1,573,390 |
| Total capital assets being depreciated: | 1,602,242 | 30,877 | (19,563) | 1,613,556 |
| Less accumulated depreciation | (724,011) | (40,263) | - | (764,274) |
| Total capital assets being depreciated, net | 878,231 | (9,386) | (19,563) | 849,282 |
| Capital Assets, Net | $ 925,241 | $ 3,352,382 | $ (19,563) | $ 4,258,060 |

## Note 5 Long-Term Debt

### Sewer Fund

During 2025, the Town was awarded grants and long term financing to improve their sanitation distribution system. The Town received a loan from CoBank in the amount of $1,523,000 and capital grants totaling $1,945,640. The CoBank Construction loan is for a period not to exceed three years. Subsequent to year-end, the Town received long term financing from United States Department of Agriculture (USDA) in the amount of $1,523,000. The amount was used to pay the construction loan obtained from CoBank. For planning purposes USDA has estimated that their loan will require monthly payments of $4,722 at an interest rate of 2.125% for a period of 40 years.

### Water Fund

During 2006, the Town borrowed $418,000 from Colorado Water Resources and Power Authority. The terms of the loan require annual payments of $13,933 at no interest for 30 years. The loan is anticipated to be paid in full during 2035.

The following is a summary of the changes in long-term liabilities of the Town for the year ended December 31, 2025:

| | Beginning Balance | Increases | Decreases | Ending Balance | Current Portion |
|---|---|---|---|---|---|
| Water Fund | $ 153,273 | $ - | $ (13,933) | $ 139,340 | $ 13,933 |
| Sewer Fund | - | 1,523,000 | - | 1,523,000 | - |
| Total | $ 153,273 | $ 1,523,000 | $ (13,933) | $ 1,662,340 | $ 13,933 |

## Note 6 Risk Management

The Town is exposed to various risks of loss related to torts, thefts of, damages to, or destruction of assets; errors or omissions; injuries to employees or acts of God.

The Town maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

## Note 7 Tax, Spending and Debt Limitation

Article X, Section 20 of the Colorado constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Town's management believes the Enterprise funds of the Town qualify for this exclusion.

Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues

in excess of the fiscal year spending limit must be refunded unless retention of such revenue has been approved by the voters.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending ( excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

The Town believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation.

The Town passed a ballot question on November 4, 1997. The ballot question permitted the Town to collect, retain and expend, without imposing any new taxes or increases in its present mill levy on general property or its sales and use tax rates, the full revenues generated by the Town's sales and use tax, non-federal grants, its existing mill levy and any other excess revenues, commencing January 1, 1997, and each subsequent year, notwithstanding any state restrictions of Article X, Section 20, of the Colorado Constitution, and spend as a voter- approved change and exception to the limits which would otherwise apply for: (a) street construction, repair, and maintenance; (b) capital improvements; (c) parks and recreation; (d) police protection; (e) storm drainage; (f) snow removal; (g) street sweeping; and (h) other municipal services.

# Required Supplementary Information

**Town of Bethune**
**Budget and Actual**
**General Fund**
**For the year ended December 31, 2025**

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | | |
| **REVENUES** | | | | |
| Property taxes | $ 8,800 | $ 8,800 | $ 7,230 | $ (1,570) |
| SO and franchise tax | 2,850 | 2,850 | 2,433 | (417) |
| Sales and use taxes | - | - | 915 | 915 |
| Licenses and permits | 20 | 20 | 1,153 | 1,133 |
| Intergovernmental | 12,000 | 12,000 | 12,603 | 603 |
| Interest earnings | - | - | 5 | 5 |
| Miscellaneous | 200 | 200 | 56 | (144) |
| Total revenues | 23,870 | 23,870 | 24,395 | 525 |
| **EXPENDITURES** | | | | |
| General government | 13,900 | 13,900 | 8,948 | 4,952 |
| Public works | 15,100 | 15,100 | 12,856 | 2,244 |
| Capital outlay | 1,000 | 1,000 | - | 1,000 |
| Total Expenditures | 30,000 | 30,000 | 21,804 | 8,196 |
| Excess (deficiency) of revenues over expenditures | (6,130) | (6,130) | 2,591 | 8,721 |
| Net change in fund balances | (6,130) | (6,130) | 2,591 | 8,721 |
| Fund balances - beginning | 12,526 | 12,526 | 30,910 | (18,384) |
| Fund balances - ending | $ 6,396 | $ 6,396 | $ 33,501 | $ 51,779 |

# Supplementary Information

**Town of Bethune**
**Budget and Actual**
**Conservation Trust**
**For the year ended December 31, 2025**

| | Budgeted Amounts | | Actual Amounts, Budgetary Basis | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | | |
| **REVENUES** | | | | |
| Intergovernmental | $ 2,200 | $ 2,200 | $ 2,189 | $ (11) |
| Interest earnings | 100 | 100 | 122 | 22 |
| Total revenues | 2,300 | 2,300 | 2,311 | 11 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Culture and recreation | 3,000 | 3,000 | 2,360 | 640 |
| Total Expenditures | 3,000 | 3,000 | 2,360 | 640 |
| Excess (deficiency) of revenues over expenditures | (700) | (700) | (49) | 651 |
| Net change in fund balances | (700) | (700) | (49) | 651 |
| Fund balances - beginning | 24,731 | 24,731 | 24,731 | - |
| Fund balances - ending | $ 24,031 | $ 24,031 | $ 24,682 | $ 651 |

**Town of Bethune**
**Budget and Actual**
**Water Fund**
**For the year ended December 31, 2025**

| | Budgeted Amounts | | Actual Amounts, Budgetary Basis | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | | |
| **REVENUES** | | | | |
| Charges for services | $ 57,500 | $ 57,500 | $ 56,110 | $ (1,390) |
| Total revenues | 57,500 | 57,500 | 56,110 | (1,390) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Wages and benefits | 19,000 | 19,000 | 12,853 | 6,147 |
| System Operations | 17,500 | 17,500 | 8,686 | 8,814 |
| Supplies | - | - | 42 | (42) |
| Administrative and general | 2,900 | 2,900 | 7,468 | (4,568) |
| Debt Service: | | | | |
| Principal | 13,934 | 13,934 | 13,933 | 1 |
| Capital Outlay | 8,500 | 8,500 | 11,316 | (2,816) |
| Total Expenditures | 61,834 | 61,834 | 54,298 | 7,536 |
| Excess (deficiency) of revenues over expenditures | (4,334) | (4,334) | 1,812 | 6,146 |
| Net change in fund balances | (4,334) | (4,334) | 1,812 | 6,146 |
| Fund balances - beginning | 73,445 | 73,445 | 618,298 | (544,853) |
| Adjustment to GAAP capital outlay | - | - | 11,316 | (11,316) |
| Adjustment to GAAP principal | - | - | 13,933 | (13,933) |
| Adjustment to GAAP depreciation | - | - | (30,497) | 30,497 |
| Fund balances - ending | $ 69,111 | $ 69,111 | $ 614,862 | $ (533,459) |

**Town of Bethune**
**Budget and Actual**
**Sewer Fund**
**For the year ended December 31, 2025**

| | Budgeted Amounts | | Actual Amounts, Budgetary Basis | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | | |
| **REVENUES** | | | | |
| Charges for services | $ 46,000 | $ 46,000 | $ 53,278 | 7,278 |
| Total revenues | 46,000 | 46,000 | 53,278 | 7,278 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Wages and benefits | 16,500 | 16,500 | 9,300 | 7,200 |
| System operations | 12,500 | 12,500 | 3,208 | 9,292 |
| Utilities | - | - | 498 | (498) |
| Administration and general | - | - | 5,533 | (5,533) |
| Capital Outlay | 4,996,474 | 4,996,474 | 3,361,768 | 1,634,706 |
| Total Expenditures | 5,025,474 | 5,025,474 | 3,380,307 | 1,637,967 |
| Excess (deficiency) of revenues over expenditures | (4,979,474) | (4,979,474) | (3,327,029) | 1,645,245 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Loan | 1,523,000 | 1,523,000 | 1,523,000 | - |
| Capital grants | 3,473,474 | 3,473,474 | 1,945,640 | 1,527,834 |
| Total other financing sources and uses | 4,996,474 | 4,996,474 | 3,468,640 | 1,527,834 |
| Net change in fund balances | 17,000 | 17,000 | 141,611 | 124,611 |
| Fund balances - beginning | 73,445 | 73,445 | 319,551 | 246,106 |
| Reconciling to GAAP--capital outlay | - | - | 3,361,768 | 3,361,768 |
| Reconciling to GAAP--loan | - | - | (1,523,000) | (1,523,000) |
| Reconciling to GAAP--depreciation | - | - | (9,766) | (9,766) |
| Fund balances - ending | $ 90,445 | $ 90,445 | $ 2,290,164 | $ 2,199,719 |

# LOCAL HIGHWAY FINANCE REPORT

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

| THIS INFORMATION FROM THE RECORDS OF: | PREPARED BY: | REPORT YEAR ENDING DATE(mm/yyyy): |
|---|---|---|
| TOWN OF BEHTUNE | SHERRI STPEHEN SHERR.STEPHEN62@GMAIL.COM | 12/2025 |

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

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

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

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|---|---|---|
| **A.3. Other Local Imposts:** | | **A.4. Miscellaneous Local Receipts:** | |
| a. Property Taxes and Assesments | 7,235.01 | a. Interest on investments | |
| b. Non-property Taxes and Assessments Imposts | 737.23 | b. Other Misc. Local Receipts | 9,907.00 |
| **c. Total (a + b)** | $ 7,972.24 | **c. Total (a + b)** | $ 9,907.00 |
| **ITEM** | **AMOUNT** | **ITEM** | **AMOUNT** |
| **C. Receipts from State Government** | | **D. Receipts from Federal Government** | |
| 1. Highway-user Taxes (from Item I.C.5.) | 12,603.32 | 1. FHWA (from Item I.D.5.) | |
| 2. State General Funds | | 2. Other Federal Agencies: | |
| 3. Other State funds: | | | |
| a. State Bond Proceeds | | | |
| b. Non-State Bond Proceeds | | | |
| **c. Total (a + b)** | $ - | | |
| **4. Total (1 + 2 + 3c)** | $ 12,603.32 | **3. Total (1 + 2)** | $ - |

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

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

*Form FHWA-536 (Rev. 02-2025) Page2*

# LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO

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

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

| ITEM | A. Local Motor-Fuel Taxes | B. Local Motor-Vehicle Taxes | C. Receipts from State Highway-User Taxes | D. Receipts from Federal Highway Administration |
|---|---|---|---|---|
| 1. Amount used for highway purposes | | | | |

## II. RECEIPTS FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT |
|---|---|
| A. Receipts from Local Sources: | |
| 1. Local Highway-user Taxes | |
| a. Motor Fuel (from Item I.A.1) | |
| b. Motor Vehicle (from Item I.B.1) | |
| c. Total (a + b) | |
| 2. General Fund Appropriations | |
| 3. Other Local Imposts (from page 1, Item II.A3.c) | $ 7,235.01 |
| 4. Miscellaneous Local Receipts (from page 1, Item II.A4.c) | $ 737.23 |
| 5. Transfers from Toll Facilities | |
| 6. Proceeds of Sale of Bonds and Notes: | |
| a. Bonds - Original Issues | |
| b. Bonds - Refunding Issues | |
| c. Notes | |
| d. Total (a + b + c) | $ - |
| 7. Total (1 through 6) | $ 7,972.24 |
| B. Private Contributions | |
| C. Receipts from State government (from page 1, Item II.C.4) | $ 12,603.32 |
| D. Receipts from Federal government (from page 1, Item II.D.3) | $ - |
| E. Total receipts (A.7 + B + C + D) | $ 20,575.56 |

## III. EXPENDITURES FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT |
|---|---|
| A. Local highway expenditures: | |
| 1. Capital Outlay (from page 1, Item III.A1.d) | $ - |
| 2. Maintenance: | 11,651.67 |
| 3. Road and Street Services: | |
| a. Snow and Ice Removal | |
| b. Other & Traffic Control Operations | 5,266.80 |
| c. Total (a + b) | $ 5,266.80 |
| 4. General Administration & Miscellaneous | |
| 5. Highway Law Enforcement and Safety | 2,450.89 |
| 6. Total (1 through 5) | $ 19,369.36 |
| B. Debt Service on Local Obligations: | |
| 1. Bonds: | |
| a. Interest | |
| b. Redemption | |
| c. Total (a + b) | $ - |
| 2. Notes: | |
| a. Interest | |
| b. Redemption | |
| c. Total (a + b) | $ - |
| 3. Total (1c + 2c) | $ - |
| C. Payments to State for Highways | |
| D. Payments to Toll Facilities | |
| E. Total Expenditures (A6 + B3 + C + D) | $ 19,369.36 |

## IV. LOCAL HIGHWAY DEBT STATUS

*(Show all entries at par)*

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

**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***

*Independent Auditor's Report*

Governing Board
Town of Bethune, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bethune, Colorado (the "Town") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 18, 2026.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Town'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



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***Report on Compliance and Other Matters***

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

**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 Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

rfarmer, llc

September 18, 2026

# Single Audit

**Town of Bethune, Colorado**
**Schedule of Findings and Questioned Costs**
**December 31, 2025**

## Section I: Summary of Auditor's Results

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **unmodified**

| | | |
|---|---|---|
| Internal control over financial reporting: | | |
| • Material weakness(es) identified? | ____ Yes | _X_ No |
| • Significant deficiency(ies) identified? | ____ Yes | _X_ None Reported |
| Noncompliance material to financial statements noted? | ____ Yes | _X_ No |

***Federal Awards***

| | | |
|---|---|---|
| Internal control over major federal programs: | | |
| • Material weakness(es) identified? | ____ Yes | _X_ No |
| • Significant deficiency(ies) identified? | ____ Yes | _X_ None Reported |
| Type of auditor's report issued on compliance for major federal programs: | **unmodified** | |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | ____ Yes | _X_ No |
| Identification of major federal programs: | | |
| Assistance Listing Number(s) | 10.766 | |
| Name of Federal Program or Cluster | Community Facilities Loans and Grants | |
| Dollar threshold used to distinguish between type A and type B programs: | $ 1,000,000 | |
| Auditee qualified as a low-risk auditee? | ____ Yes | _X_ No |

## Section II: Financial Statement Findings

There are not any findings to report.

## Section III: Federal Awards Findings

There are not any findings to report.

**Town of Bethune, Colorado**
**Schedule of Expenditure of Federal Awards**
**For the Year Ended December 31, 2025**

| GRANT TITLE | PASS-THRU | FEDERAL ALN | AMOUNT OF AWARD EXPENDED | |
|---|---|---|---|---|
| **U S DEPARTMENT OF AGRICULTURE** | | | | |
| Community Facilities Loans and Grants | NA | 10.766 | $ 2,808,640 | |
| Total | | | | 2,808,640 |
| | | | | |
| **COLORADO DEPT OF LOCAL AFFAIRS** | | | | |
| Department of Local Affairs | DOLA | 15.437 | 600,000 | |
| Total | | | | 600,000 |
| | | | | |
| **TOTAL FEDERAL AWARDS EXPENDED** | | | | $3,408,640 |

**Town of Bethune, Colorado**
**Notes to Schedule of Expenditures of Federal Awards**
**December 31, 2025**

## General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Bethune, Colorado (the "Town"). The Town's reporting entity is defined in Note I to the general-purpose financial statements. All federal financial assistance received by the primary government directly from federal agencies, as well as federal financial assistance passed through other government agencies, including the State of Colorado, is included on the schedule.

## Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

The Town received federal awards indirectly through pass-through entities. Federal financial assistance provided to a sub-recipient, if any, is treated as an expenditure when it is paid to the sub-recipient.

The Town has elected not to use the 10 percent de minim is indirect cost rate allowed under the Uniform Guidance.

## Note 2 Federal Financial Assistance Listing

Federal Financial Assistance Listing (ALN) is managed and administered by the General Services Administration, formerly known as the Catalog of Federal Domestic Assistance (CFDA).

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

*Independent Auditor's Report*

Governing Board
Town of Bethune, Colorado

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Town of Bethune, Colorado's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2025. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.



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***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Report on Internal Control Over Compliance**

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

weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

*rfarmer, llc*

September 18, 2026