

**TOWN OF DEL NORTE
FINANCIAL STATEMENTS
December 31, 2022**



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

TOWN OF DEL NORTE

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December 31, 2022

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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Del Norte, Colorado (the Town) as of and for the year ended of December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Del Norte as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it

Certified Public Accountants

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exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

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

Supplementary Information

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

Wall, Smith, Bateman Inc

Wall, Smith, Bateman Inc.
Alamosa, Colorado

June 13, 2023

TOWN OF DEL NORTE
BASIC FINANCIAL STATEMENTS

TOWN OF DEL NORTE
STATEMENT OF NET POSITION
December 31, 2022

	Primary Government		TOTAL
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 4,594,453	\$ 2,357,460	\$ 6,951,913
Accounts Receivable	5,145	99,412	104,557
Due from Other Governments	206,779	-	206,779
Property Taxes Receivable	149,722	-	149,722
Inventories	-	62,169	62,169
Other Assets	555	-	555
Total Current Assets	4,956,654	2,519,041	7,475,695
Capital Assets			
Construction in Progress	93,872	-	93,872
Land	212,507	-	212,507
Land Improvements	1,079,149	-	1,079,149
Buildings and Improvements	1,204,287	-	1,204,287
Utility System	-	12,323,661	12,323,661
Infrastructure	491,951	1,119,994	1,611,945
Machinery and Equipment	565,195	698,501	1,263,696
Vehicles	498,047	-	498,047
Less: Accumulated Depreciation	(1,874,635)	(3,537,899)	(5,412,534)
Total Capital Assets	2,270,373	10,604,257	12,874,630
TOTAL ASSETS	7,227,027	13,123,298	20,350,325
LIABILITIES			
Current Liabilities			
Accounts Payable	29,161	13,217	42,378
Unearned Revenue - Grant Revenue	256,358	-	256,358
Notes Payable	-	125,386	125,386
Total Current Liabilities	285,519	138,603	424,122
Long-Term Liabilities			
Compensated Absences	34,625	28,811	63,436
Notes Payable	-	4,414,149	4,414,149
Total Long-Term Liabilities	34,625	4,442,960	4,477,585
TOTAL LIABILITIES	320,144	4,581,563	4,901,707
DEFERRED INFLOWS OF RESOURCES - CURRENT			
Unavailable Revenue - Property Tax	149,722	-	149,722
TOTAL DEFERRED INFLOWS OF RESOURCES	149,722	-	149,722

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

TOWN OF DEL NORTE
STATEMENT OF NET POSITION
December 31, 2022

	Primary Government		TOTAL
	Governmental Activities	Business-Type Activities	
NET POSITION			
Net Investment in Capital Assets	2,270,373	6,064,722	8,335,095
Restricted for:			
TABOR	51,000	-	51,000
Debt Service	103,885	160,254	264,139
Unrestricted	4,331,903	2,316,759	6,648,662
TOTAL NET POSITION	\$ 6,757,161	\$ 8,541,735	\$ 15,298,896

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

TOWN OF DEL NORTE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	TOTAL
Primary Government							
Governmental Activities							
General Government	\$ 222,410	\$ 48,683	\$ 14,625	\$ -	\$ (159,102)	\$ -	\$ (159,102)
Public Safety	401,501	26,259	-	-	(375,242)	-	(375,242)
Highways and Streets	296,839	270	84,187	-	(212,382)	-	(212,382)
Health and Welfare	5,335	5,925	-	-	590	-	590
Culture and Recreation	83,511	-	12,330	-	(71,181)	-	(71,181)
Interest Expense	1	-	-	-	(1)	-	(1)
Total Governmental Activities	1,009,597	81,137	111,142	-	(817,318)	-	(817,318)
Business-Type Activities							
Water	504,829	602,230	-	60,131	-	157,532	157,532
Sewer	615,231	494,186	-	29,202	-	(91,843)	(91,843)
Total Business-Type Activities	1,120,060	1,096,416	-	89,333	-	65,689	65,689
Total Primary Government	\$ 2,129,657	\$ 1,177,553	\$ 111,142	\$ 89,333	(817,318)	65,689	(751,629)
General Revenues:							
Taxes:							
General Property Taxes - Net					145,076	-	145,076
Sales Taxes					1,220,556	-	1,220,556
Franchise Taxes					80,397	-	80,397
Other Taxes					20,549	-	20,549
Interest on Investments					24,251	17,366	41,617
Miscellaneous					7,406	5,013	12,419
Total General Revenues					1,498,235	22,379	1,520,614
Change in Net Position					680,917	88,068	768,985
Net Position - Beginning					6,076,244	8,453,667	14,529,911
Net Position - Ending					\$ 6,757,161	\$ 8,541,735	\$ 15,298,896

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

**TOWN OF DEL NORTE
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2022**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 2,548,807	\$ 1,832,681	\$ 212,965	\$ 4,594,453
Accounts Receivable	5,145	-	-	5,145
Due from Other Governments	120,508	86,271	-	206,779
Property Taxes Receivable	149,722	-	-	149,722
Other Assets	-	-	555	555
TOTAL ASSETS	<u>\$ 2,824,182</u>	<u>\$ 1,918,952</u>	<u>\$ 213,520</u>	<u>\$ 4,956,654</u>
LIABILITIES				
Accounts Payable	\$ 24,698	\$ 4,372	\$ 91	\$ 29,161
Unearned Revenue - Grant Income	256,358	-	-	256,358
TOTAL LIABILITIES	<u>281,056</u>	<u>4,372</u>	<u>91</u>	<u>285,519</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	149,722	-	-	149,722
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>149,722</u>	<u>-</u>	<u>-</u>	<u>149,722</u>
FUND BALANCE				
Restricted:				
TABOR	51,000	-	-	51,000
Debt Service	-	-	103,885	103,885
Committed:				
Capital Improvements	-	1,914,580	-	1,914,580
Culture and Recreation	-	-	109,544	109,544
Assigned	240,132	-	-	240,132
Unassigned	2,102,272	-	-	2,102,272
TOTAL FUND BALANCE	<u>2,393,404</u>	<u>1,914,580</u>	<u>213,429</u>	<u>4,521,413</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, OF RESOURCES AND FUND BALANCE	<u>\$ 2,824,182</u>	<u>\$ 1,918,952</u>	<u>\$ 213,520</u>	<u>\$ 4,956,654</u>

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

TOWN OF DEL NORTE
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2022

Total Governmental Fund Balances	\$ 4,521,413
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,270,373
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	<u>(34,625)</u>
Net Position of Governmental Activities	<u>\$ 6,757,161</u>

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

TOWN OF DEL NORTE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2022

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 916,755	\$ 549,823	\$ -	\$ 1,466,578
Licenses and Permits	3,997	-	-	3,997
Intergovernmental Revenue	98,812	-	9,330	108,142
Charges for Services	50,862	-	-	50,862
Fines and Forfeits	26,259	-	-	26,259
Interest on Accounts	13,120	9,253	1,878	24,251
Miscellaneous Revenue	10,425	-	-	10,425
TOTAL REVENUES	1,120,230	559,076	11,208	1,690,514
EXPENDITURES				
General Government	185,271	1,522	-	186,793
Public Safety	385,362	-	-	385,362
Highways and Streets	190,677	37,577	-	228,254
Health and Welfare	5,335	-	-	5,335
Culture and Recreation	31,203	-	16,755	47,958
Debt Service	-	-	1	1
Capital Outlay	72,432	212,798	-	285,230
TOTAL EXPENDITURES	870,280	251,897	16,756	1,138,933
Net Change in Fund Balances	249,950	307,179	(5,548)	551,581
Fund Balance at Beginning of Year	2,143,454	1,607,401	218,977	3,969,832
Fund Balance at End of Year	\$ 2,393,404	\$ 1,914,580	\$ 213,429	\$ 4,521,413

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

TOWN OF DEL NORTE
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, 2022

Net Changes in Fund Balances - Total Governmental Funds \$ 551,581

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between capital outlay and depreciation in the current period.

Fixed asset additions	\$	265,270	
Depreciation expense		<u>(135,934)</u>	
			<u>129,336</u>

Change in Net Position of Governmental Activities \$ 680,917

TOWN OF DEL NORTE
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2022

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,009,548	\$ 1,347,912	\$ 2,357,460
Accounts Receivable	38,940	60,472	99,412
Inventories	54,993	7,176	62,169
Total Current Assets	<u>1,103,481</u>	<u>1,415,560</u>	<u>2,519,041</u>
Capital Assets			
Utility System	2,770,264	9,553,397	12,323,661
Machinery and Equipment	281,821	416,680	698,501
Infrastructure	1,119,994	-	1,119,994
Less: Accumulated Depreciation	<u>(2,276,002)</u>	<u>(1,261,897)</u>	<u>(3,537,899)</u>
Total Capital Assets	<u>1,896,077</u>	<u>8,708,180</u>	<u>10,604,257</u>
TOTAL ASSETS	<u>2,999,558</u>	<u>10,123,740</u>	<u>13,123,298</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	3,861	9,356	13,217
Notes Payable	36,236	89,150	125,386
Total Current Liabilities	<u>40,097</u>	<u>98,506</u>	<u>138,603</u>
Noncurrent Liabilities			
Compensated Absences	17,551	11,260	28,811
Notes Payable	199,293	4,214,856	4,414,149
Total Noncurrent Liabilities	<u>216,844</u>	<u>4,226,116</u>	<u>4,442,960</u>
TOTAL LIABILITIES	<u>256,941</u>	<u>4,324,622</u>	<u>4,581,563</u>
NET POSITION			
Net Investment in Capital Assets	1,660,548	4,404,174	6,064,722
Restricted- USDA Reserve	-	160,254	160,254
Unrestricted	1,082,069	1,234,690	2,316,759
TOTAL NET POSITION	<u>\$ 2,742,617</u>	<u>\$ 5,799,118</u>	<u>\$ 8,541,735</u>

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

TOWN OF DEL NORTE
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2022

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for Services			
Service Charges	\$ 543,642	\$ 494,186	\$ 1,037,828
Miscellaneous Revenue	58,588	5,013	63,601
Total Operating Revenues	<u>602,230</u>	<u>499,199</u>	<u>1,101,429</u>
OPERATING EXPENSES			
Salaries	127,774	112,098	239,872
Benefits	54,617	39,968	94,585
Supplies	18,984	10,746	29,730
Professional Services	36,482	98,112	134,594
Utilities, Gas and Oil	63,638	50,898	114,536
Equipment Repairs & Maintenance	28,599	6,923	35,522
Insurance and Bonds	20,000	17,731	37,731
Administration - Police Department	23,108	-	23,108
Miscellaneous	731	85	816
Depreciation	130,896	224,274	355,170
Total Operating Expenses	<u>504,829</u>	<u>560,835</u>	<u>1,065,664</u>
Operating Income (Loss)	<u>97,401</u>	<u>(61,636)</u>	<u>35,765</u>
NONOPERATING REVENUES (EXPENSES)			
Interest on Accounts	14,742	2,624	17,366
Grant Revenue	60,131	29,202	89,333
Interest Expense	-	(54,396)	(54,396)
Total Nonoperating Revenues (Expenses)	<u>74,873</u>	<u>(22,570)</u>	<u>52,303</u>
Net Income (Loss)	172,274	(84,206)	88,068
Net Position at Beginning of Year	<u>2,570,343</u>	<u>5,883,324</u>	<u>8,453,667</u>
Net Position at End of Year	<u>\$ 2,742,617</u>	<u>\$ 5,799,118</u>	<u>\$ 8,541,735</u>

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

TOWN OF DEL NORTE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

	WATER FUND	SEWER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 610,595	\$ 502,736	\$ 1,113,331
Cash Payments to Suppliers for Goods and Services	(191,487)	(179,835)	(371,322)
Cash Payments to Employees	(127,774)	(112,098)	(239,872)
Cash Payments for Employee Benefits and Taxes	(54,617)	(39,968)	(94,585)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	236,717	170,835	407,552
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Fixed Assets	(60,131)	(29,202)	(89,333)
Grant Proceeds	60,131	29,202	89,333
Interest Paid on Notes and Bonds	-	(54,396)	(54,396)
Principal Paid on Notes and Bonds	(36,236)	(88,044)	(124,280)
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(36,236)	(142,440)	(178,676)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	14,742	2,624	17,366
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	14,742	2,624	17,366
NET INCREASE IN CASH AND CASH EQUIVALENTS	215,223	31,019	246,242
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	794,325	1,316,893	2,111,218
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,009,548	\$ 1,347,912	\$ 2,357,460
OPERATING INCOME (LOSS)			
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	\$ 97,401	\$ (61,636)	\$ 35,765
Depreciation Expense	130,896	224,274	355,170
Change in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	8,365	3,537	11,902
(Increase) Decrease in Inventory	-	-	-
Increase (Decrease) in Accounts Payable	55	4,660	4,715
Increase (Decrease) in Compensated Absences	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 236,717	\$ 170,835	\$ 407,552

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

TOWN OF DEL NORTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Primary Government

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

Component Units

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

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

TOWN OF DEL NORTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

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

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise funds:

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

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

TOWN OF DEL NORTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

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

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

Cash and Investments

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

Property Taxes

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

The 2022 property tax levy due January 1, 2023, has been recorded in the financial statements as a receivable and corresponding deferred inflows of resources in the financial statements.

Inventory

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

Capital Assets

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

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

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

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

TOWN OF DEL NORTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

Compensated Absences

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

Long-Term Obligations

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

Unearned Revenue

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

Deferred Inflows of Resources

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

Interest Capitalization

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

Encumbrances

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

Net Position

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

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

TOWN OF DEL NORTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

Fund Balance

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

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

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

Use of Estimates

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

Reclassifications

Certain amounts from 2021 have been reclassified to conform to the 2022 financial statement presentation.

New Accounting Pronouncements

During fiscal year 2022, the Town adopted the provisions of GASB Statement No. 87, Leases, that establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The standard requires the recognition of certain leases assets and liabilities for leases that previously were classified as operating leases. This standard does not have a material effect on the financial statements of the Town.

TOWN OF DEL NORTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- Preparation of budget documents by administrative staff shall be submitted to the Board no later than October 15 of each year.
- Publication of a notice stating that the budget is available for public inspection.
- Discussion of the budget in a meeting open to the public.
- Adoption of the budget in a public meeting by appropriate resolution, no later than December 31.
- Ordinance to adopt supplemental appropriations.

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

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Town did adopt supplemental appropriations during 2022. All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget.

Stewardship

Total expenditures exceeded budgeted appropriations in the Water Fund by \$67,442. This may be a violation of Colorado Revised Statutes 29-1-110.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

At December 31, 2022 cash, deposits, and investments consisted of the following:

Cash on Hand	\$ 650
Cash in Banks	5,713,337
Investment in ColoTrust	1,237,926
Total cash, deposits, and investments on the Statement of Net Position	<u>\$ 6,951,913</u>

CASH AND DEPOSITS

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

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. All deposits in 2022 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

Custodial Credit Risk – Deposits

TOWN OF DEL NORTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. At December 31, 2022, \$4,983,425 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

INVESTMENTS

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

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

Credit Risk

The Town's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The Town's investment policy allows for the Town to invest in local government investment pools. As of December 31, 2022, the local government investment pool (COLOTRUST) in which the Town had invested, was rated AAAM by Standard and Poor's.

Interest Rate Risk

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

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

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

NOTE 4 DUE FROM OTHER GOVERNMENTS

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

TOWN OF DEL NORTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

As of December 31, 2022, the Town had \$206,779 due from Federal, State, and Local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Construction in Progress	\$ -	\$ 93,872	\$ -	\$ 93,872
Land	212,507	-	-	212,507
Total capital assets not being depreciated	<u>212,507</u>	<u>93,872</u>	<u>-</u>	<u>306,379</u>
Capital assets being depreciated				
Land Improvements	1,079,149	-	-	1,079,149
Buildings and Improvements	1,108,286	96,001	-	1,204,287
Infrastructure	491,951	-	-	491,951
Machinery and Equipment	550,221	14,974	-	565,195
Vehicles	437,624	60,423	-	498,047
Total capital assets being depreciated	<u>3,667,231</u>	<u>171,398</u>	<u>-</u>	<u>3,838,629</u>
Less accumulated depreciation for:				
Land Improvements	79,330	39,665	-	118,995
Buildings and Improvements	529,164	32,917	-	562,081
Infrastructure	307,743	28,501	-	336,244
Machinery and Equipment	509,515	9,991	-	519,506
Vehicles	312,949	24,860	-	337,809
Total accumulated depreciation	<u>1,738,701</u>	<u>135,934</u>	<u>-</u>	<u>1,874,635</u>
Total capital assets being depreciated, net	<u>1,928,530</u>	<u>35,464</u>	<u>-</u>	<u>1,963,994</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,141,037</u>	<u>\$ 129,336</u>	<u>\$ -</u>	<u>\$ 2,270,373</u>
<i>Business-type Activities</i>				
Capital assets being depreciated				
Property, Plant and Equipment	\$ 14,052,823	\$ 89,333	\$ -	\$ 14,142,156
Accumulated Depreciation	(3,182,729)	(355,170)	-	(3,537,899)
Total capital assets being depreciated, net	<u>10,870,094</u>	<u>(265,837)</u>	<u>-</u>	<u>10,604,257</u>
Business-type Capital Assets, Net	<u>\$ 10,870,094</u>	<u>\$ (265,837)</u>	<u>\$ -</u>	<u>\$ 10,604,257</u>

TOWN OF DEL NORTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

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

<i>Governmental Activities</i>	
General Government	\$ 35,617
Public Safety	16,139
Highways and Streets	48,625
Culture and Recreation	35,553
Total depreciation expense – governmental activities	\$ 135,934
 <i>Business-type Activities</i>	
Water Services	\$ 130,896
Sewer Services	224,274
Total depreciation expense – business-type activities	\$ 355,170

NOTE 6 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

	Balance 12/31/2021	Additions	Repayments	Balance 12/31/2022	Due Within One Year
<i>Governmental Activities</i>					
Compensated Absences	\$ 34,625	\$ -	\$ -	\$ 34,625	\$ -
Governmental Activities Total	\$ 34,625	\$ -	\$ -	\$ 34,625	\$ -
 <i>Business-type Activities</i>					
Notes Payable					
CWRPDA Loan	\$ 271,765	\$ -	\$ 36,236	\$ 235,529	\$ 36,236
USDA Loan	4,392,050	-	88,044	4,304,006	89,150
Compensated Absences	28,811	-	-	28,811	-
Business-type Activities Total	\$ 4,692,626	\$ -	\$ 124,280	\$ 4,568,346	\$ 125,386

Business-type Activities

Notes Payable

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

TOWN OF DEL NORTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

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

	Principal	Interest	Total
2023	\$ 36,236	\$ -	\$ 36,236
2024	36,236	-	36,236
2025	36,236	-	36,236
2026	36,236	-	36,236
2027	36,236	-	36,236
2028-2029	54,349	-	54,349
	\$ 235,529	\$ -	\$ 235,529

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

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

	Principal	Interest	Total
2023	\$ 89,150	\$ 53,290	\$ 142,440
2024	90,270	52,170	142,440
2025	91,405	51,035	142,440
2026	92,554	49,886	142,440
2027	93,718	48,722	142,440
2028-2032	486,561	225,639	712,200
2033-2037	517,925	194,275	712,200
2038-2042	551,310	160,890	712,200
2043-2047	586,847	125,353	712,200
2048-2052	624,676	87,524	712,200
2053-2057	664,941	47,259	712,200
2058-2060	414,649	7,953	422,602
	\$ 4,304,006	\$1,103,996	\$5,408,002

NOTE 7 DEFINED CONTRIBUTION PENSION PLANS

Profit-Sharing Plan

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

TOWN OF DEL NORTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Town Board of Trustees. For each employee in the pension plan, the Town is required to contribute four percent of compensation to an individual employee account. Employees are not permitted to make contributions to the Plan. For the year ended December 31, 2022, the Town recognized pension expense of \$24,064.

Employees become vested in Town contributions and earnings beginning in year two of a seven year vesting schedule. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Nonvested Town contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended December 31, 2022, forfeitures reduced the Town's pension expense by \$0.

Police Money Purchase Pension Plan

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

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Town Board of Trustees. For each employee in the pension plan, the Town is required to contribute eight percent of compensation to an individual employee account. Employees are required to contribute eight percent of compensation to the Plan. For the year ended December 31, 2022, employee contributions totaled \$11,024 and the Town recognized pension expense of \$14,550.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Town contributions and earnings beginning in year two of a seven year vesting schedule. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Nonvested Town contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended December 31, 2022, forfeitures reduced the Town's pension expense by \$0.

NOTE 8 DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by the Town of Del Norte and investment funds are managed by Security Benefit, Inc. The plan, available to all Town employees, upon hire, permits them to defer a portion of their salary until future years. During the year ended December 31, 2022, the employees contributed \$5,400. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergencies.

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

NOTE 9 TABOR EMERGENCY RESERVE

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

TOWN OF DEL NORTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

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

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

NOTE 10 COMMITMENTS AND CONTINGENCIES

Grant Programs

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

TOWN OF DEL NORTE

REQUIRED SUPPLEMENTARY INFORMATION

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

TOWN OF DEL NORTE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 732,854	\$ 732,854	\$ 916,755	\$ 183,901
Licenses and Permits	5,625	5,625	3,997	(1,628)
Intergovernmental Revenue				
Highway Users Tax	62,029	62,029	64,746	2,717
Additional Motor Vehicle Fees	7,300	7,300	7,293	(7)
County Road and Bridge Fund	12,000	12,000	12,148	148
Grants	197,058	197,058	14,625	(182,433)
Charges for Services	24,945	24,945	50,862	25,917
Fines and Forfeits	28,300	28,300	26,259	(2,041)
Interest on Accounts	4,600	4,600	13,120	8,520
Miscellaneous Revenue	36,375	36,375	10,425	(25,950)
TOTAL REVENUE	1,111,086	1,111,086	1,120,230	9,144
EXPENDITURES				
General Government	399,291	399,291	185,271	214,020
Public Safety	430,208	430,208	385,362	44,846
Highways and Streets	205,718	205,718	190,677	15,041
Health and Welfare	6,695	6,695	5,335	1,360
Culture and Recreation	31,550	31,550	31,203	347
Capital Outlay	250,000	250,000	72,432	177,568
TOTAL EXPENDITURES	1,323,462	1,323,462	870,280	453,182
Net Change in Fund Balance	(212,376)	(212,376)	249,950	462,326
Fund Balance at Beginning of Year	2,313,051	2,313,051	2,143,454	(169,597)
Fund Balance at End of Year	\$ 2,100,675	\$ 2,100,675	\$ 2,393,404	\$ 292,729

Notes to Required Supplementary Information

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

TOWN OF DEL NORTE

SUPPLEMENTARY INFORMATION

**TOWN OF DEL NORTE
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

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

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

DEBT SERVICE FUND

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

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

TOWN OF DEL NORTE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2022

	<u>Special Revenue Fund</u>		
	<u>CONSERVATION TRUST FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 109,080	\$ 103,885	\$ 212,965
Other Assets	555	-	555
TOTAL ASSETS	<u>\$ 109,635</u>	<u>\$ 103,885</u>	<u>\$ 213,520</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES	<u>\$ 91</u>	<u>\$ -</u>	<u>\$ 91</u>
TOTAL LIABILITIES	<u>91</u>	<u>-</u>	<u>91</u>
FUND BALANCE			
Restricted for:			
Debt Service	-	103,885	103,885
Committed:			
Culture and Recreation	<u>109,544</u>	<u>-</u>	<u>109,544</u>
TOTAL FUND BALANCE	<u>109,544</u>	<u>103,885</u>	<u>213,429</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 109,635</u>	<u>\$ 103,885</u>	<u>\$ 213,520</u>

TOWN OF DEL NORTE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2022

	Special Revenue Fund		TOTAL NONMAJOR GOVERNMENTAL
	CONSERVATION TRUST FUND	DEBT SERVICE FUND	
REVENUES			
Intergovernmental Revenue	\$ 9,330	\$ -	\$ 9,330
Interest on Accounts	1,395	483	1,878
TOTAL REVENUES	<u>10,725</u>	<u>483</u>	<u>11,208</u>
EXPENDITURES			
Culture and Recreation	16,755	-	16,755
Debt Service	-	1	1
TOTAL EXPENDITURES	<u>16,755</u>	<u>1</u>	<u>16,756</u>
Change in Fund Balances	(6,030)	482	(5,548)
Fund Balance at Beginning of Year	<u>115,574</u>	<u>103,403</u>	<u>218,977</u>
Fund Balance at End of Year	<u><u>\$ 109,544</u></u>	<u><u>\$ 103,885</u></u>	<u><u>\$ 213,429</u></u>

TOWN OF DEL NORTE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
For the Year Ended December 31, 2022

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 400,800	\$ 400,800	\$ 549,823	\$ 149,023
Interest on Accounts	4,500	4,500	9,253	4,753
TOTAL REVENUES	405,300	405,300	559,076	153,776
EXPENDITURES				
General Government	67,000	67,000	1,522	65,478
Highways and Streets	-	-	37,577	(37,577)
Capital Outlay	700,916	700,916	212,798	488,118
TOTAL EXPENDITURES	767,916	767,916	251,897	516,019
Change in Fund Balance	(362,616)	(362,616)	307,179	669,795
Fund Balance at Beginning of Year	1,504,723	1,504,723	1,607,401	102,678
Fund Balance at End of Year	\$ 1,142,107	\$ 1,142,107	\$ 1,914,580	\$ 772,473

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

TOWN OF DEL NORTE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CONSERVATION TRUST FUND
For the Year Ended December 31, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>(NEGATIVE)</u>
REVENUES				
Intergovernmental Revenue				
Lottery Proceeds	\$ 10,400	\$ 10,400	\$ 9,330	\$ (1,070)
Interest on Accounts	900	900	1,395	495
TOTAL REVENUES	<u>11,300</u>	<u>11,300</u>	<u>10,725</u>	<u>(575)</u>
EXPENDITURES				
Culture and Recreation	<u>11,300</u>	<u>18,500</u>	<u>16,755</u>	<u>1,745</u>
TOTAL EXPENDITURES	<u>11,300</u>	<u>18,500</u>	<u>16,755</u>	<u>1,745</u>
Change in Fund Balance	-	(7,200)	(6,030)	1,170
Fund Balance at Beginning of Year	<u>115,574</u>	<u>115,574</u>	<u>115,574</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 115,574</u>	<u>\$ 108,374</u>	<u>\$ 109,544</u>	<u>\$ 1,170</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

TOWN OF DEL NORTE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended December 31, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Interest on Accounts	\$ 490	\$ 490	\$ 483	\$ (7)
TOTAL REVENUES	<u>490</u>	<u>490</u>	<u>483</u>	<u>(7)</u>
EXPENDITURES				
Debt Service				
Trustee Fees	490	490	1	489
Total Debt Service	490	490	1	489
TOTAL EXPENDITURES	<u>490</u>	<u>490</u>	<u>1</u>	<u>489</u>
Change in Fund Balance	-	-	482	482
Fund Balance at Beginning of Year	<u>103,312</u>	<u>103,312</u>	<u>103,403</u>	<u>91</u>
Fund Balance at End of Year	<u>\$ 103,312</u>	<u>\$ 103,312</u>	<u>\$ 103,885</u>	<u>\$ 573</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

TOWN OF DEL NORTE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL (NON-GAAP)
WATER FUND
For the Year Ended December 31, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
OPERATING REVENUES				
Charges for Services				
Service Charges	\$ 490,054	\$ 490,054	\$ 543,642	\$ 53,588
Miscellaneous Revenue	15,700	15,700	58,588	42,888
Total Operating Revenues	<u>505,754</u>	<u>505,754</u>	<u>602,230</u>	<u>96,476</u>
OPERATING EXPENSES				
Salaries	100,499	120,499	127,774	(7,275)
Benefits	57,693	57,693	54,617	3,076
Operating Supplies	20,300	20,300	18,984	1,316
Other Professional Services	47,000	47,000	36,482	10,518
Utilities, Gas and Oil	55,033	55,033	63,638	(8,605)
Equipment Repairs & Maintenance	21,600	21,600	28,599	(6,999)
Insurance and Bonds	24,800	24,800	20,000	4,800
Administration - Police Department	22,582	22,582	23,108	(526)
Miscellaneous	4,675	4,675	731	3,944
Depreciation	123,336	123,336	130,896	(7,560)
Capital Outlay	-	-	60,131	(60,131)
Total Operating Expenses	<u>477,518</u>	<u>497,518</u>	<u>564,960</u>	<u>(67,442)</u>
Operating Income (Loss)	<u>28,236</u>	<u>8,236</u>	<u>37,270</u>	<u>29,034</u>
NONOPERATING REVENUES (EXPENSES)				
Interest on Accounts	8,000	8,000	14,742	6,742
Grant Revenue	-	-	60,131	60,131
Debt Payments	(36,236)	(36,236)	(36,236)	-
Total Nonoperating Revenues (Expenses)	<u>(28,236)</u>	<u>(28,236)</u>	<u>38,637</u>	<u>66,873</u>
Net Income - Budget Basis	-	(20,000)	75,907	<u>\$ 95,907</u>
Add: Capital Outlay			60,131	
Add: Principal Payment on Debt			<u>36,236</u>	
Change in Net Position			172,274	
Net Position at Beginning of Year	<u>2,537,736</u>	<u>2,537,736</u>	<u>2,570,343</u>	
Net Position at End of Year	<u>\$ 2,537,736</u>	<u>\$ 2,517,736</u>	<u>\$ 2,742,617</u>	

TOWN OF DEL NORTE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL (NON-GAAP)
SEWER FUND
For the Year Ended December 31, 2022

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
OPERATING REVENUES				
Charges for Services				
Service Charges	\$ 485,707	\$ 485,707	\$ 494,186	\$ 8,479
Miscellaneous Revenue	-	-	5,013	5,013
Total Operating Revenues	<u>485,707</u>	<u>485,707</u>	<u>499,199</u>	<u>13,492</u>
OPERATING EXPENSES				
Salaries	102,014	118,930	112,098	6,832
Benefits	43,423	43,423	39,968	3,455
Operating Supplies	14,500	14,500	10,746	3,754
Professional Services	62,000	62,000	98,112	(36,112)
Utilities, Gas and Oil	54,000	54,000	50,898	3,102
Equipment Repairs and Maintenance	6,500	6,500	6,923	(423)
Insurance and Bonds	19,000	19,000	17,731	1,269
Miscellaneous	1,850	1,850	85	1,765
Depreciation	41,080	300,164	224,274	75,890
Capital Outlay	-	-	29,202	(29,202)
Total Operating Expenses	<u>344,367</u>	<u>620,367</u>	<u>590,037</u>	<u>30,330</u>
Operating Income (Loss)	<u>141,340</u>	<u>(134,660)</u>	<u>(90,838)</u>	<u>43,822</u>
NONOPERATING REVENUES (EXPENSES)				
Interest on Accounts	1,100	1,100	2,624	1,524
Grant Revenue	-	-	29,202	29,202
Debt Payments	(142,440)	(142,440)	(142,439)	1
Total Nonoperating Revenues (Expenses)	<u>(141,340)</u>	<u>(141,340)</u>	<u>(110,613)</u>	<u>30,727</u>
Net Income - Budget Basis	-	(276,000)	(201,451)	<u>\$ 74,549</u>
Add: Capital Outlay			29,202	
Add: Principal Payment on Debt			88,043	
Change in Net Position			(84,206)	
Net Position at Beginning of Year	<u>5,940,709</u>	<u>5,940,709</u>	<u>5,883,324</u>	
Net Position at End of Year	<u>\$ 5,940,709</u>	<u>\$ 5,664,709</u>	<u>\$ 5,799,118</u>	

TOWN OF DEL NORTE
OTHER SCHEDULES AND REPORTS

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

LOCAL HIGHWAY FINANCE REPORT		City or County:	Town of Del Norte Rio Grande County
		YEAR ENDING :	December 31, 2022
This Information From The Records Of Town of Del Norte:		Prepared By:	Ramona Dordan
		Phone:	719-657-2708

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	54,821
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	266,861	c. Other	24,967
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	24,967
5. Transfers from toll facilities		4. General administration & miscellaneous	110,889
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	160,372
a. Bonds - Original Issues		6. Total (1 through 5)	351,049
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	266,861	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	84,188	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	351,049	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	351,049

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		351,049	351,049		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 31, 2022

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	266,861	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.)	266,861	h. Other	
c. Total (a. + b.)	266,861	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	64,747	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	7,293	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) Road&Bridge	12,148	f. Other Federal	0
f. Total (a. through e.)	19,441	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	84,188	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: