

TOWN OF MANZANOLA, COLORADO

Financial Statements

December 31, 2024

TOWN OF MANZANOLA, COLORADO

ANNUAL FINANCIAL REPORT

Town Council

**Shirley Adams
Amy Holland
Jay Alexander
Danny Chavez
Beverly Jimenez**

**Mayor
Mayor Pro-Tem
Trustee
Trustee
Trustee**

Town Officials

Kris Baylor

Town Clerk

TOWN OF MANZANOLA, COLORADO

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INDEPENDENT AUDITOR'S REPORT



Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Town Council
Town of Manzanola, Colorado
Otero County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, of the Town of Manzanola, Colorado (the Town), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund, of the Town, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages V–XVIII and 27–31, respectively, 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 Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The Other Information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the Other Information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the Other Information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Duggio & Associates, P.C.

July 10, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF MANZANOLA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

This section of the Town of Manzanola, Colorado's annual financial report presents the discussion and analysis of the Town's financial performance during the fiscal year that ended on December 31, 2024. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The Town's total net position decreased \$39,749 over the course of this year's operations.
- During the year, the Town's expenses for governmental programs exceeded revenue by \$35,348. Revenues decreased \$24,948 and expenses decreased \$9,392 from the prior year.
- In the Town's business-type activities, total charges for services were \$272,686, which is an increase of \$35,914 from last year. Operating and capital grants and contributions decreased \$393,810. Expenses decreased \$12,744. Expenses exceeded revenues by \$4,401.
- The Town continued work on a project to replace the wastewater treatment facility and construct a non-discharging lagoon system.
- The General Fund reported an ending fund balance of \$336,085, an increase of \$39,058 from the prior year.

Overview of Financial Statements

This annual report consists of five parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, *supplementary information* and *other information*. The basic financial statements include two kinds of statements that present different views of the Town:

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's *overall* financial status.

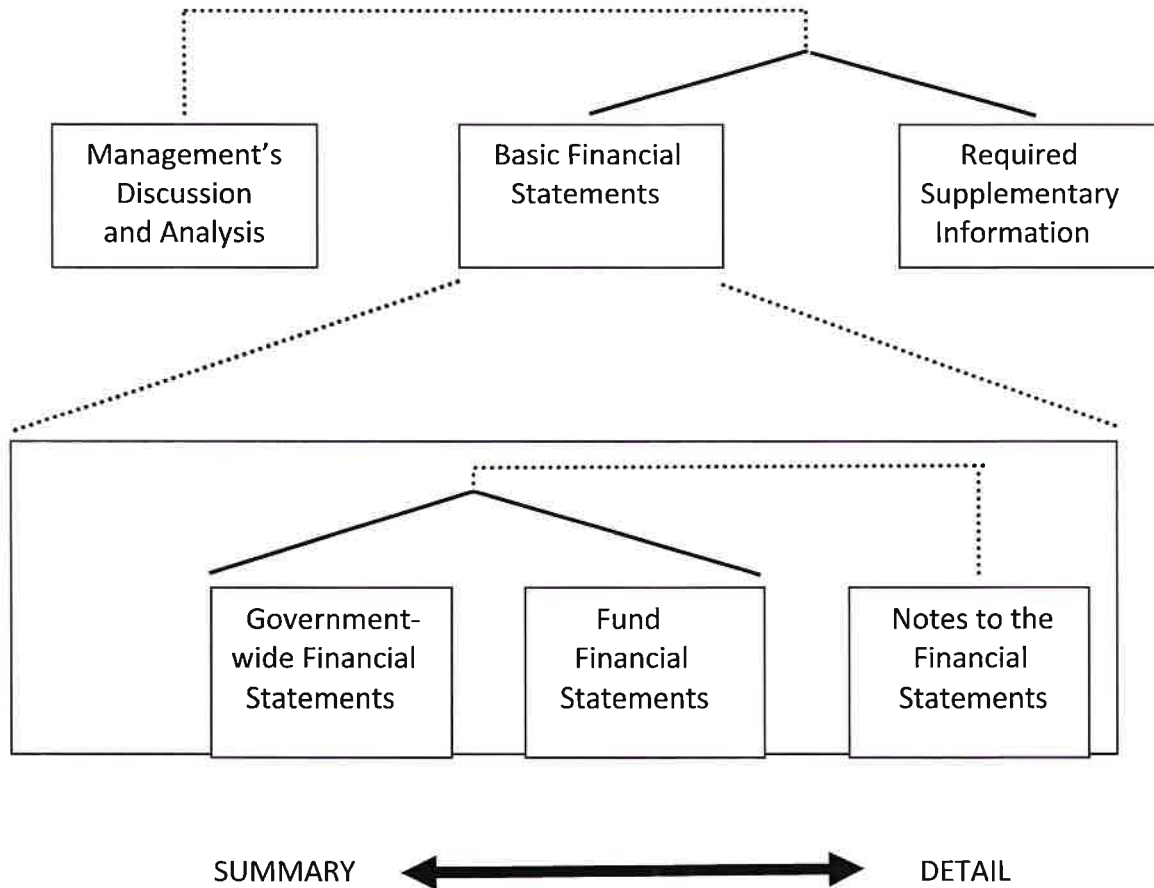
The remaining statements are *fund financial statements* that focus on *individual parts* of the Town government, reporting the Town's operations in *more detail* than the government-wide statements.

The *governmental funds* statements tell how *general government* services like public works were financed in the *short term* as well as what remains for future spending. *Proprietary fund* statements offer *short* and *long-term* financial information about the activities the government operates *like* businesses, such as water and sewer systems.

TOWN OF MANZANOLA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Figure 1

Organization of the Town of Manzanola's Annual Financial Reports



The financial statements also include *notes* that explain some of the information in the financial statements and provide data that are more detailed. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and related to one another. In addition to these required elements, there are sections that provide information related to how the Town's enterprise funds performed in comparison to budget and other information on the Town's debt service requirements.

Figure 2 summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each statement.

TOWN OF MANZANOLA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Figure 2

	-----Fund Statements-----		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire Town Government	The activities of the Town that are not proprietary, such as police, public works, and parks and recreation	Activities the Town operates similar to private business: The water and sewer system
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net position • Statement of revenues, expenses, and changes in net position • Statements of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

TOWN OF MANZANOLA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's *net position* and how they have changed.

Net position – the difference between the Town's assets and liabilities is one way to measure the Town's financial health, or *position*.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, additional non-financial factors need to be considered, such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided in two categories:

Governmental activities – Most of the Town's basic services are included here, such as the police, public works and parks and recreation departments, and the general administration. Sales and use taxes, property taxes, and charges for services finance most of these activities.

Business-type activities – The Town charges fees to customers to recover most of the cost of certain services provided. The Town's water and sewer system are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant *funds* – not the Town as a whole. Funds are accounting devices that the Town used to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants (like the Conservation Trust Fund).

TOWN OF MANZANOLA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

The Town has two kinds of funds:

- *Governmental funds* – Most of the Town's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long and short-term financial information.

The *Town's enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

Government-wide Financial Analysis

Analysis of Net Position

Table 1 presents an analysis of the Town's net position as of December 31. The Town's assets exceeded liabilities and deferred inflows of resources by \$4,975,547 at the close of 2024. Governmental activities make up \$1,923,621 (39%) of these assets, with business-type activities making up the remaining \$3,051,926 (61%). Total net position decreased by \$39,749 in 2024. The decrease is comprised of the following:

- Total governmental activities assets decreased \$30,130 to \$1,967,295. This was mainly due to depreciation on the capital assets of \$72,694. Business-type activities assets increased \$33,586 to \$3,172,928. This was due to a partial payment of \$52,799 for installing solar panels at the water plant. The solar panels were activated during 2024. Depreciation on capital assets was \$80,561 for 2024.
- Total Government-wide liabilities and deferred inflows of resources increased \$43,205 to \$164,676. The Town entered into a draw-down loan for the solar panels mentioned above. \$52,799 of the loan was drawn during 2024. The Town made all scheduled payments on its existing long-term debt.

TOWN OF MANZANOLA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

The Town's combined net position was \$4,975,547 as follows.

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current Assets	\$ 364,613	\$ 322,049	\$ 518,632	\$ 457,284	\$ 883,245	\$ 779,333
Capital Assets	1,602,682	1,675,376	2,654,296	2,682,058	4,256,978	4,357,434
Total Assets	1,967,295	1,997,425	3,172,928	3,139,342	5,140,223	5,136,767
Liabilities						
Long-term Liabilities	18,212	14,129	86,936	59,337	105,148	73,466
Other Liabilities	1,600	1,000	34,066	23,678	35,666	24,678
Total Liabilities	19,812	15,129	121,002	83,015	140,814	98,144
Deferred Inflows of Resources	23,862	23,327	-	-	23,862	23,327
Net Position						
Net Investment in Capital Assets	1,602,682	1,675,376	2,540,981	2,599,043	4,143,663	4,274,419
Restricted	10,366	7,195	18,432	16,167	28,798	23,362
Unrestricted	310,573	276,398	492,513	441,117	803,086	717,515
Total Net Position	\$ 1,923,621	\$ 1,958,969	\$ 3,051,926	\$ 3,056,327	\$ 4,975,547	\$ 5,015,296

The largest portion of the Town's net position (83%) reflects its investment of \$4,143,663 in capital assets. Net capital assets are reported less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$28,798 (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$803,086 (16%) may be used to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF MANZANOLA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Changes in Net Position

Table 2
Changes in Net Position

As presented in Table 2 the Town's overall net position decreased \$39,749 during 2024. This decrease is explained in the governmental and business-type activities discussion below.

Table 2
Town of Manzanola, Colorado
Summary of Changes in Net Position
For Years as Stated

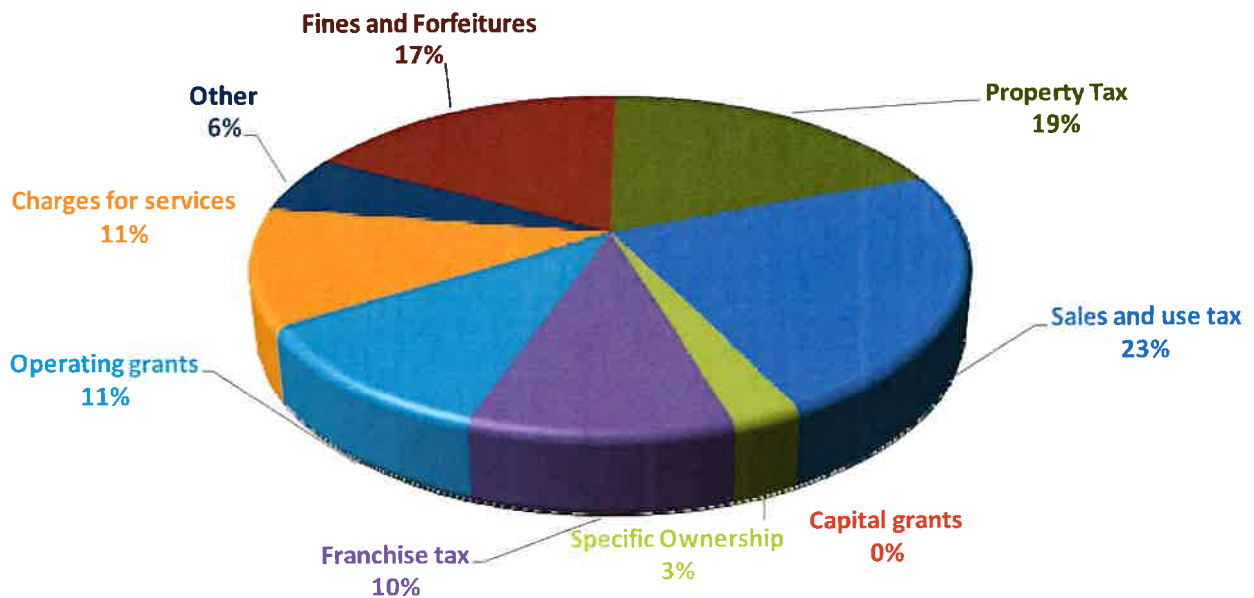
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues						
Permits, Fees, Fines and Charges For Services	\$ 55,502	\$ 58,561	\$ 272,686	\$ 236,772	\$ 328,188	\$ 295,333
Operating Grants and Contributions	21,191	22,729	9,420	5,999	30,611	28,728
Capital Grants and Contributions	-	27,025	-	397,231	-	424,256
General Revenues						
Taxes	107,771	101,337	-	-	107,771	101,337
Interest Income	8,888	6,089	-	-	8,888	6,089
Other	1,940	4,499	-	-	1,940	4,499
Total Revenues	195,292	220,240	282,106	640,002	477,398	860,242
Expenses						
General Government	46,481	49,178	-	-	46,481	49,178
Public Safety	76,609	81,126	-	-	76,609	81,126
Public Works	27,881	27,653	-	-	27,881	27,653
Health and Welfare	1,325	143	-	-	1,325	143
Parks and Recreation	2,836	3,887	-	-	2,836	3,887
Sanitation	2,814	4,971	-	-	2,814	4,971
Depreciation	72,694	73,074	-	-	72,694	73,074
Water	-	-	187,384	208,640	187,384	208,640
Sewer	-	-	91,665	83,050	91,665	83,050
Wastewater	-	-	7,458	7,561	7,458	7,561
Total Expenses	230,640	240,032	286,507	299,251	517,147	539,283
Income (Loss) Before Transfers	(35,348)	(19,792)	(4,401)	340,751	(39,749)	320,959
Transfers	-	(20,000)	-	20,000	-	-
Change In Net Position	(35,348)	(39,792)	(4,401)	360,751	(39,749)	320,959
Net Position - Beginning	1,958,969	1,998,761	3,056,327	2,695,576	5,015,296	4,694,337
Net Position - Ending	\$ 1,923,621	\$ 1,958,969	\$ 3,051,926	\$ 3,056,327	\$ 4,975,547	\$ 5,015,296

TOWN OF MANZANOLA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Governmental Activities.

Net position of governmental activities decreased \$35,348 in 2024. Governmental revenues decreased \$24,948 compared to 2023. The main decrease in revenues was due to \$27,025 received in 2023 from insurance for various losses.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



TOWN OF MANZANOLA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Governmental expenses decreased \$9,392 compared to 2023.

**EXPENSES BY FUNCTION - GOVERNMENTAL
ACTIVITIES**

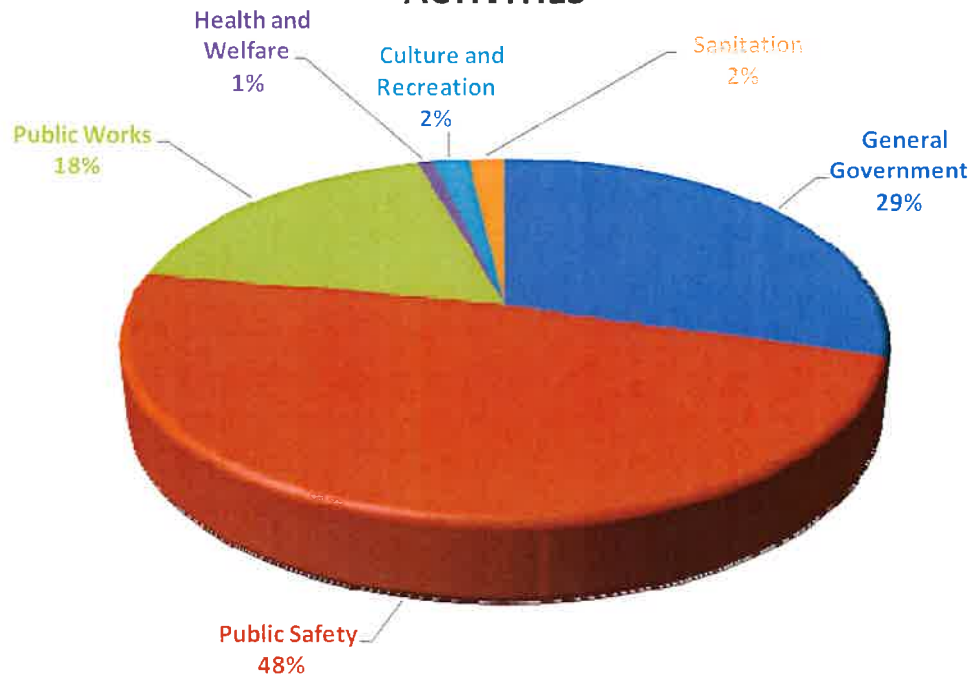


Table 3 presents the cost of each of the Town's programs – General Government, Public Safety, Public Works, Health & Welfare and Culture & Recreation – as well as each program's *net cost* (total cost less fees generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
General Government	\$ 46,481	\$ 49,178	\$ (39,223)	\$ (13,660)
Public Safety	76,609	81,126	(42,584)	(50,701)
Public Works	27,881	27,653	(243)	(3,707)
Health and Welfare	1,325	143	2,331	3,482
Culture and Recreation	2,836	3,887	1,280	866
Sanitation	2,814	4,971	(2,814)	5,077
Total	<u>\$ 157,946</u>	<u>\$ 166,958</u>	<u>\$ (81,253)</u>	<u>\$ (58,643)</u>

TOWN OF MANZANOLA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Business-type Activities

Net position of business-type activities decreased \$4,401 in 2024. In 2024, revenues decreased \$377,896 and expenses decreased \$12,744 (4.3%) compared to 2023. Service fees increased \$35,914 in 2024 while capital grants decreased \$397,231.

The Water Fund experienced a decrease in net position of \$25,239 compared to an increase in 2023 of \$42,145. This decrease was caused by the sale of water shares amounting to \$86,100 and a transfer from the General Fund of \$20,000 in 2023, which was offset by depreciation on capital assets of \$55,215. Operating revenues increased \$17,278 and operating expenses decreased \$23,864. Water rates increased approximately 14% on August 1, 2023.

The Sewer Fund experienced a decrease in net position of \$1,123 compared to an increase in 2023 of \$310,573. The decrease was due to a \$300,000 loan from the Colorado Water Resources and Power Development Authority that was 100% forgiven when the loan closed in 2023. The funds were used for design and engineering costs associated with the wastewater treatment project. Operating revenues increased \$8,050 and operating expenses increased \$8,615. On January 30, 2025, the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA), Water Pollution Control Revolving Loan Fund, in the original amount of \$2,728,225. The proceeds of the note are being used to fund construction of a new evaporative non-discharging lagoon wastewater treatment facility. At Loan Closing, the CWRPDA forgave \$1,000,000 of the principal amount of the Loan. Sewer base rates were increased on September 1, 2024 by \$25.00 to provide funds to service the loan.

The Wastewater Fund experienced an increase in net position of \$21,961 compared to a decrease in 2023 of \$8,033. Revenue to the fund consists of a portion of the sewer usage fee amounting to \$6.50 per account per month billed.

Financial Analysis of the Town's Funds

Governmental funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of *spendable resources*. This information is necessary to assess the Town's financing requirements. The governmental funds reported by the Town include the General Fund and the Conservation Trust Fund. *Unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

TOWN OF MANZANOLA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

As the Town completed the year, the governmental funds reported a combined fund balance of \$340,751, an increase of \$42,029 over last year. \$317,022 constitutes unassigned fund balance, which is available for spending at the Town's discretion.

The remainder of fund balance is restricted to indicate that it is not available for new spending as follows:

Restricted for Parks and Recreation \$4,666
Restricted for TABOR Emergencies \$5,700

The General Fund is the primary operating fund of the Town. At the end of 2024, unassigned fund balance of the General Fund was \$317,022, while total fund balance was \$336,085. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 207% of total General Fund expenditures (compared to 135% in 2023).

The fund balance of the Town's General Fund increased \$39,058 during 2024. Key factors are as follows:

- A decrease in revenues of \$16,222. The decrease was due to the following:
 - Property taxes increased \$7,571 from 2023, mainly due to funds from the State of Colorado to "backfill" lost property taxes because of changes to assessed valuation and assessment rates in tax year 2023.
 - Insurance reimbursements in 2023 the Town received \$27,025 in insurance reimbursements for hail damage.
- Expenditures decreased \$12,460 to \$152,866. The decrease is general in nature, and not attributed to any specific events.

Proprietary funds.

The Town's proprietary funds provide the same type of information in the government-wide financial statements, but in more detail. Net position of the enterprise operations at December 31, 2024 follow:

	Net Position	Change in Net Position
Water	\$1,606,411	\$ (25,239)
Sewer	1,210,003	(1,123)
Wastewater	235,512	21,961
	<u>\$3,051,926</u>	<u>\$ (4,401)</u>

TOWN OF MANZANOLA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Other factors concerning the finances of the enterprise funds have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital Assets

The following table provides comparative information on the Town's capital assets for 2024 and 2023:

Table 4
Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 16,221	\$ 16,221	\$ 56,000	\$ 56,000	\$ 72,221	\$ 72,221
Construction in Process	-	-	846,075	793,276	846,075	793,276
Land Improvements	933,090	971,651	-	-	933,090	971,651
Roads and Bridges	567,332	583,091	-	-	567,332	583,091
Buildings and Improvements	33,487	35,474	-	-	33,487	35,474
Vehicles and Equipment	52,552	68,939	-	-	52,552	68,939
Water System	-	-	1,413,543	1,468,758	1,413,543	1,468,758
Sewer and Wastewater Systems	-	-	338,678	364,024	338,678	364,024
	<u>\$ 1,602,682</u>	<u>\$ 1,675,376</u>	<u>\$ 2,654,296</u>	<u>\$ 2,682,058</u>	<u>\$ 4,256,978</u>	<u>\$ 4,357,434</u>

Additional information on capital assets can be found in the notes to the financial statements (Note 4).

Long-term Debt

The following table provides comparative information on the Town's long-term debt for 2024 and 2023:

Table 5
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Estimated Closure and Postclosure Costs	\$ 13,363	\$ 12,615	\$ -	\$ -	\$ 13,363	\$ 12,615
Water Notes Payable	-	-	91,715	56,615	91,715	56,615
Sewer Notes Payable	-	-	21,600	26,400	21,600	26,400
Compensated Absences	6,449	2,514	7,687	-	14,136	2,514
	<u>\$ 19,812</u>	<u>\$ 15,129</u>	<u>\$ 121,002</u>	<u>\$ 83,015</u>	<u>\$ 140,814</u>	<u>\$ 98,144</u>

TOWN OF MANZANOLA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

Additional information on long-term debt can be found in the notes to the financial statements (Note 5).

Next Year's Budgets and Rates

The Town budgeted for 2025 property tax revenue of \$23,862, based on an assessed valuation for the Town of \$884,095 and a mill levy of 26.990 mills for the General Fund.

The Town's budget for 2025 is as follows:

	Budgeted Revenue	Budgeted Expenditures	Net Increase (Decrease)
General Fund	\$ 178,300	\$ 176,068	\$ 2,232
Conservation Trust Fund	4,000	2,000	2,000
Water Fund	220,625	218,802	1,823
Sewer Fund	2,476,460	2,485,110	(8,650)
Wastewater Fund	-	20,850	(20,850)
Total	<u>\$ 2,879,385</u>	<u>\$ 2,902,830</u>	<u>\$ (23,445)</u>

The Town of Manzanola has several major projects:

The Wastewater Plant project is scheduled to proceed in November of 2025 with the contractor selected on July 16, 2025. A Wastewater Plant Loan with Colorado Water Resources and Power Development Authority (CWR&PDA) for \$1,728,000 was finalized on January 30, 2025. The Project is being funded by the CWR&PDA loan, a CWR&PDA Forgiveness Loan of one million dollars and various grants. The CWR&PDA loan required a sewer rate increase that was adopted on September 1, 2024.

Solar Power at the Water Plant was finalized with grid service activated on December 19, 2024. Due to the extended timeline of Black Hills Energy activating the grid, the Town made Loan payments of \$2,500 starting on May 30, 2024, before the reduced electrical costs were realized. The Solar Power Project was a success with monthly electrical cost now averaging \$19 compared to \$1,500 upwards to \$3,600 per month. The "Inflation Reduction Act of 2022" reports are now being filed with the IRS. This should give the Town a direct tax credit of \$57,000 which will be placed on the Fowler State Bank Solar Loan. The Inflation Reduction Act of 2022 is in effect until December 31, 2025.

The Arkansas Valley Conduit (AVC) is slowly progressing and should reach the Town in 2026 or 2027 with the conduit meter vault to be placed on North Beaty Street. The Town is under a CDPHE enforcement order to connect to the AVC to meet regulations on radium 226 & 228 and high uranium levels.

TOWN OF MANZANOLA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024

In May 2025, the Town received ownership of an abandoned burnt house on S. Canal, accounting for a 5-year project. The Town has been designated for Proposition 123 (State Affordable Housing Fund) funding in the amount of \$50,000 towards clean-up costs.

GMS is working on a preliminary engineering report (PER) for the Water Plant to determine how the Town should move ahead on the 2024 Water Plant Sanitary Survey.

Requests for Information

This financial report is designed to provide the citizens, taxpayers, customers and investors and creditors of the Town of Manzanola a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Town of Manzanola Clerk/Treasurer
P.O. Box 187
Manzanola, CO. 81058

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BASIC FINANCIAL STATEMENTS

TOWN OF MANZANOLA, COLORADO

STATEMENT OF NET POSITION
December 31, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 323,900	\$ 427,121	\$ 751,021
Cash and Cash Equivalents - Restricted	4,666	-	4,666
Receivable from County Treasurer	660	-	660
Property Taxes Receivable	23,862	-	23,862
Accounts Receivable	11,525	31,511	43,036
Loan Receivable	-	60,000	60,000
Capital Assets Not Being Depreciated	16,221	902,075	918,296
Capital Assets, Net of Accumulated Depreciation	1,586,461	1,752,221	3,338,682
Total Assets	<u>1,967,295</u>	<u>3,172,928</u>	<u>5,140,223</u>
Liabilities			
Noncurrent Liabilities:			
Due Within One Year	1,600	34,066	35,666
Due In More Than One Year	18,212	86,936	105,148
Total Liabilities	<u>19,812</u>	<u>121,002</u>	<u>140,814</u>
Deferred Inflows of Resources			
Unavailable Property Taxes	<u>23,862</u>	<u>-</u>	<u>23,862</u>
Net Position			
Net Investment in Capital Assets	1,602,682	2,540,981	4,143,663
Restricted			
Operations and Maintenance	-	18,432	18,432
Parks and Recreation	4,666	-	4,666
Labor Emergencies	5,700	-	5,700
Unrestricted	310,573	492,513	803,086
Total Net Position	<u>\$ 1,923,621</u>	<u>\$ 3,051,926</u>	<u>\$ 4,975,547</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

Function/Program Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	Permits, Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 46,481	\$ -	\$ -	\$ (39,223)	\$ -	\$ (39,223)
Public Safety	76,609	-	-	(42,584)	-	(42,584)
Public Works	27,881	17,075	-	(243)	-	(243)
Health and Welfare	1,325	-	-	2,331	-	2,331
Culture and Recreation	2,836	4,116	-	1,280	-	1,280
Sanitation	2,814	-	-	(2,814)	-	(2,814)
Unallocated Depreciation	72,694	-	-	(72,694)	-	(72,694)
Total Governmental Activities	230,640	21,191	-	(153,947)	-	(153,947)
Business-type Activities						
Water	187,384	9,420	-	-	(25,239)	(25,239)
Sewer	91,665	-	-	-	(1,123)	(1,123)
Wastewater	7,458	-	-	-	21,961	21,961
Total Business-type Activities	286,507	9,420	-	-	(4,401)	(4,401)
Total	\$ 517,147	\$ 30,611	\$ -	(153,947)	(4,401)	(158,348)
General Revenues:						
Property Taxes				37,334	-	37,334
Specific Ownership Tax				5,243	-	5,243
Sales and Use Taxes				45,170	-	45,170
Franchise Tax and Other Taxes				20,024	-	20,024
Interest Income				8,888	-	8,888
Miscellaneous				1,940	-	1,940
Total General Revenues				118,599	-	118,599
Change In Net Position				(35,348)	(4,401)	(39,749)
Net Position - Beginning				1,958,969	3,056,327	5,015,296
Net Position - Ending				\$ 1,923,621	\$ 3,051,926	\$ 4,975,547

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024**

	General Fund	Conservation Trust Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 323,900	\$ -	\$ 323,900
Cash and Cash Equivalents - Restricted	-	4,666	4,666
Receivable from County Treasurer	660	-	660
Property Taxes Receivable	23,862	-	23,862
Accounts Receivable	11,525	-	11,525
Total Assets	\$ 359,947	\$ 4,666	\$ 364,613
Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
Deferred Inflows of Resources			
Unavailable Property Taxes	23,862	-	23,862
Fund Balances			
Restricted			
Parks and Recreation	-	4,666	4,666
TABOR Emergencies	5,700	-	5,700
Assigned			
OCLI Closure and Postclosure Fund	13,363	-	13,363
Unassigned	317,022	-	317,022
Total Fund Balances	336,085	4,666	340,751
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 359,947	\$ 4,666	\$ 364,613

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2024**

Total Fund Balance - Governmental Funds			\$ 340,751
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Those assets consist of:			
Land	\$	16,221	
Land Improvements, Net of \$609,331 accumulated depreciation		933,090	
Roads and Bridges, Net of \$63,036 accumulated depreciation		567,332	
Buildings and Improvements, Net of \$49,046 accumulated depreciation		33,487	
Vehicles and Equipment, Net of \$196,803 accumulated depreciation		52,552	1,602,682
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.			
Balances at December 31, 2024 are:			
Compensated Absences		(6,449)	
Estimated Closure and Postclosure Costs		(13,363)	(19,812)
Net Position - Governmental Activities			\$ 1,923,621

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2024

	General Fund	Conservation Trust Fund	Total Governmental Funds
Revenues			
Taxes	\$ 107,771	\$ -	\$ 107,771
Intergovernmental Revenue	17,075	4,116	21,191
Charges for Services	20,519	-	20,519
Licenses and Permits	958	-	958
Fines and Forfeitures	34,025	-	34,025
Interest Income	8,888	-	8,888
Proceeds from Sale of Assets	150	-	150
Other	2,538	-	2,538
Total Revenues	<u>191,924</u>	<u>4,116</u>	<u>196,040</u>
Expenditures			
Current			
General Government	45,646	-	45,646
Public Safety	73,509	-	73,509
Public Works	27,881	-	27,881
Health and Welfare	1,325	-	1,325
Culture and Recreation	1,691	1,145	2,836
Sanitation	2,814	-	2,814
Total Expenditures	<u>152,866</u>	<u>1,145</u>	<u>154,011</u>
Net Change in Fund Balances	39,058	2,971	42,029
Fund Balances - Beginning	297,027	1,695	298,722
Fund Balances - Ending	<u>\$ 336,085</u>	<u>\$ 4,666</u>	<u>\$ 340,751</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2024

Net Change in Fund Balance - Governmental Funds	\$ 42,029
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 are allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation	(72,694)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Adjustment to compensated absences liability	(3,935)
Adjustment to estimated closure and postclosure costs	(748)
Change in Net Position - Governmental Activities	<u>\$ (35,348)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2024**

	Water	Sewer	Wastewater	Total
Assets				
Current assets				
Cash and Cash Equivalents	\$ 163,781	\$ 184,034	\$ 79,306	\$ 427,121
Accounts Receivable	15,339	16,172	-	31,511
Loan Receivable	-	60,000	-	60,000
Total Current Assets	<u>179,120</u>	<u>260,206</u>	<u>79,306</u>	<u>518,632</u>
Noncurrent Assets				
Capital Assets Not Being Depreciated	109,369	792,706	-	902,075
Capital Assets, Net of Accumulated Depreciation	<u>1,413,543</u>	<u>160,872</u>	<u>177,806</u>	<u>1,752,221</u>
Total Assets	<u>1,702,032</u>	<u>1,213,784</u>	<u>257,112</u>	<u>3,172,928</u>
Liabilities				
Current Liabilities				
Compensated Absences	1,000	900	-	1,900
Notes Payable - Current	<u>27,366</u>	<u>-</u>	<u>4,800</u>	<u>32,166</u>
Total Current Liabilities	<u>28,366</u>	<u>900</u>	<u>4,800</u>	<u>34,066</u>
Noncurrent Liabilities				
Compensated Absences	2,906	2,881	-	5,787
Notes Payable	<u>64,349</u>	<u>-</u>	<u>16,800</u>	<u>81,149</u>
Total Noncurrent Liabilities	<u>67,255</u>	<u>2,881</u>	<u>16,800</u>	<u>86,936</u>
Total Liabilities	<u>95,621</u>	<u>3,781</u>	<u>21,600</u>	<u>121,002</u>
Net Position				
Net Investment in Capital Assets	1,431,197	953,578	156,206	2,540,981
Restricted:				
Operations and Maintenance Reserve	-	-	18,432	18,432
Unrestricted	<u>175,214</u>	<u>256,425</u>	<u>60,874</u>	<u>492,513</u>
Total Net Position	<u>\$ 1,606,411</u>	<u>\$ 1,210,003</u>	<u>\$ 235,512</u>	<u>\$ 3,051,926</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

For the Year Ended December 31, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Wastewater</u>	<u>Total</u>
Operating Revenues				
Charges for Sales and Services				
Service Fees	\$ 152,725	\$ 90,542	\$ 29,419	\$ 272,686
Total Operating Revenues	<u>152,725</u>	<u>90,542</u>	<u>29,419</u>	<u>272,686</u>
Operating Expense				
Salaries and Benefits	60,205	54,190	-	114,395
System Operations	43,355	5,095	-	48,450
Water Analysis	1,760	512	-	2,272
Commodities and Services	11,108	4,551	50	15,709
Insurance	9,379	9,379	-	18,758
Conduit	3,454	-	-	3,454
Depreciation	55,215	17,938	7,408	80,561
Total Operating Expense	<u>184,476</u>	<u>91,665</u>	<u>7,458</u>	<u>283,599</u>
Operating Income (Loss)	<u>(31,751)</u>	<u>(1,123)</u>	<u>21,961</u>	<u>(10,913)</u>
Nonoperating Revenues (Expense)				
Interest Income	381	-	-	381
Grants	3,239	-	-	3,239
Interest Expense	(2,908)	-	-	(2,908)
Other, Net	5,800	-	-	5,800
Total Nonoperating Revenues (Expense)	<u>6,512</u>	<u>-</u>	<u>-</u>	<u>6,512</u>
Change In Net Position	<u>(25,239)</u>	<u>(1,123)</u>	<u>21,961</u>	<u>(4,401)</u>
Net Position - Beginning	<u>1,631,650</u>	<u>1,211,126</u>	<u>213,551</u>	<u>3,056,327</u>
Net Position - Ending	<u><u>\$ 1,606,411</u></u>	<u><u>\$ 1,210,003</u></u>	<u><u>\$ 235,512</u></u>	<u><u>\$ 3,051,926</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2024**

	<u>Water</u>	<u>Sewer</u>	<u>Wastewater</u>	<u>Total</u>
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 151,091	\$ 83,448	\$ 30,379	\$ 264,918
Cash Payments to Suppliers for Goods and Services	(69,056)	(19,537)	(50)	(88,643)
Cash Payments to Employees for Services	(56,299)	(50,409)	-	(106,708)
Other Cash Received	5,800	-	-	5,800
Net Cash Provided by Operating Activities	<u>31,536</u>	<u>13,502</u>	<u>30,329</u>	<u>75,367</u>
Cash Flows from Noncapital Financing Activities				
Operating Grants Received	<u>3,239</u>	<u>-</u>	<u>-</u>	<u>3,239</u>
Cash Flows from Capital and Related Financing Activities				
Note Proceeds	52,824	-	-	52,824
Acquisition and Construction of Capital Assets	(52,799)	-	-	(52,799)
Principal Paid on Long-Term Debt	(17,724)	-	(4,800)	(22,524)
Interest Paid on Long-Term Debt	(2,908)	-	-	(2,908)
Net Cash (Used) by Capital and Related Financing Activities	<u>(20,607)</u>	<u>-</u>	<u>(4,800)</u>	<u>(25,407)</u>
Cash Flows from Investing Activities				
Interest Income	<u>381</u>	<u>-</u>	<u>-</u>	<u>381</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>14,549</u>	<u>13,502</u>	<u>25,529</u>	<u>53,580</u>
Cash and Cash Equivalents - Beginning	<u>149,232</u>	<u>170,532</u>	<u>53,777</u>	<u>373,541</u>
Cash and Cash Equivalents - Ending	<u>\$ 163,781</u>	<u>\$ 184,034</u>	<u>\$ 79,306</u>	<u>\$ 427,121</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating (Loss)	<u>\$ (31,751)</u>	<u>\$ (1,123)</u>	<u>\$ 21,961</u>	<u>\$ (10,913)</u>
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	55,215	17,938	7,408	80,561
Miscellaneous Nonoperating Income	5,800	-	-	5,800
Effect of Changes In Operating Assets and Liabilities:				
Accounts Receivable	(1,634)	(7,094)	960	(7,768)
Compensated Absences	3,906	3,781	-	7,687
Total Adjustments	<u>63,287</u>	<u>14,625</u>	<u>8,368</u>	<u>86,280</u>
Net Cash Provided by Operating Activities	<u>\$ 31,536</u>	<u>\$ 13,502</u>	<u>\$ 30,329</u>	<u>\$ 75,367</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

The financial statements of the Town of Manzanola, Colorado (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The following notes to the financial statements are an integral part of the Town's financial statements.

Note 1 – Definition of Reporting Entity

The Town of Manzanola, Colorado was incorporated in 1900 in Otero County and is governed by a five-member elected Town Council. The Town provides police protection, public works (roads and streets), culture and recreation, sanitation, health and welfare, water, sewer and general administrative services. Fire protection is provided by the Manzanola Volunteer Fire Department.

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.

Based upon the above criteria, the Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

Otero County Landfill Joint Venture

The Town is a participant along with six other entities within the County in a joint venture known as the Otero County Landfill, Inc ("OCLI"). As a participant, the Town is responsible for a portion of closure and post closure costs of the landfill. As of December 31, 2024, the Town's share of the cost is estimated at \$13,363, or approximately 0.7% of the total (see Note 5). A complete financial report may be obtained from the administrative offices of Otero County.

TOWN OF MANZANOLA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

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 the activities of the Town. 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 user fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

The statement of activities demonstrates the degree to which the direct 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by given function or segment; fines and forfeitures; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported in 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 *accrual basis of accounting*, as are 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.

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

TOWN OF MANZANOLA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

collected within 60 days after year-end. Property taxes, sales taxes, franchise taxes and interest are susceptible to accrual and so have been recognized as revenues in the current period. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The Town reports the following major governmental funds:

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 for in another fund.

The *Conservation Trust Fund* accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.

The Town reports the following major proprietary funds:

The *Water Fund* accounts for revenues and expenses associated with providing water services to Town residents.

The *Sewer Fund* and the *Wastewater Fund* account for revenues and expenses associated with providing wastewater services to Town residents.

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 Town's water and waste water functions and various other functions of 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 applicant for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all Town levied taxes.

TOWN OF MANZANOLA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

Proprietary funds distinguish between 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 principle ongoing operations. The principle operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Town's water and waste water enterprise funds recognize as capital contributions the entire portion of tap fees, as they are intended to recover the cost of the capital investment in the water and waste water distribution systems.

Pooled Cash and Investments

The Town follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Cash and investments are presented in the basic financial statements at fair value.

For purposes of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

Property Taxes

Property taxes are levied by December 15 of each year and are due in full the following year. The lien date is January 1 following the levy. Taxes may be paid in two equal installments, on or before February 28 and June 15; or in full, on or before April 30. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. Property taxes are collected by Otero County and then remitted, net of a 1% collection fee, to the Town.

Taxes are recorded as a receivable and a deferred inflow of resources when levied, and subsequently recorded as revenue in the year they are available or collected.

TOWN OF MANZANOLA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town currently capitalizes expenditures that cost more than \$5,000 and have a life of one year or more. Such capital assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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 capital assets because 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. Generally accepted accounting principles requires the Town to report general infrastructure assets obtained subsequent to January 1, 2004 but allows the Town to retroactively capitalize general infrastructure assets obtained prior to that date. The Town elected to not report general infrastructure assets retroactively.

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. Major outlays for capital assets and improvements are capitalized as projects are constructed and depreciated over their remaining useful lives.

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

Buildings	40 years
Land Improvements	40 years
Roads and Bridges	40 years
Water and Sewer Systems	20 - 40 years
Vehicles and Equipment	5 - 10 years

TOWN OF MANZANOLA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position/balance sheet 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports unavailable revenue for property taxes to be collected in the subsequent period and therefore not yet available.

Compensated Absences

Vacation leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any accrued general leave earned.

It is the Town's policy to permit employees to accumulate earned but unused vacation leave benefits. All leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if it is expected to be liquidated with expendable available financial resources.

Long-term Obligations

In the government-wide financial statements, and 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. Bond premiums and discounts are deferred and amortized over the term of the bonds. The balance of these deferrals is combined with the corresponding long-term debt in the financial statements.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as 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, even if withheld from the actual new proceeds received, are reported as debt service expenditures.

TOWN OF MANZANOLA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

Net Position and Fund Equity

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation

Unrestricted net position represents assets that do not have any third-party limitations on their use.

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

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: nonspendable, 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:

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

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

TOWN OF MANZANOLA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

The Town reports the following Restricted Fund Balances:

Restricted for TABOR Emergencies – Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

Restricted for Parks and Recreation – Represents the balance of funds remaining from the Conservation Trust (State Lottery) Fund proceeds.

Committed fund balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Town Council. The constraint may be removed or changed only through formal action of the Town Council.

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 Council 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.

The following fund balances are assigned:

OCLI Closure and Postclosure Fund – used to account for the Town's estimated share of the OCLI closure and postclosure cost (see Note 5).

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

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

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. An example of such an estimate that has been made by management is depreciation expense.

TOWN OF MANZANOLA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

Note 3 –Cash and Investments

Cash and investments at December 31, 2024 are presented in the accompanying financial statements as follows:

	Governmental Activities	Business- type Activities	Total
Cash and Cash Equivalents	\$ 323,900	\$ 427,121	\$ 751,021
Cash and Cash Equivalents - Restricted	4,666	-	4,666
Total	<u>\$ 328,566</u>	<u>\$ 427,121</u>	<u>\$ 755,687</u>

Cash and investments as of December 31, 2024 consist of the following:

	Governmental Activities	Business- type Activities	Total
Deposits with Financial Institutions	\$ 146,821	\$ 409,054	\$ 555,875
Certificates of Deposit	181,745	18,067	199,812
Total	<u>\$ 328,566</u>	<u>\$ 427,121</u>	<u>\$ 755,687</u>

Deposits with Financial Institutions

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. 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 (\$250,000) must be collateralized. 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 institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions 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.

TOWN OF MANZANOLA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

At December 31, 2024, the District's cash deposits had a bank balance of \$767,335 and a carrying balance of \$755,687.

Investments

The Town has not adopted a formal investment policy; however, the Town follows state statutes regarding investments. Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Town Council, such actions are generally associated with a debt service reserve or sinking fund requirements.

The Town generally limits its concentration of investments to obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the Town is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Town Council, such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- General obligation and revenue bonds of US local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The Town had no investments at December 31, 2024.

TOWN OF MANZANOLA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows for the Town's governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 16,221	\$ -	\$ -	\$ 16,221
Total Capital Assets Not Being Depreciated	16,221	-	-	16,221
Capital Assets Being Depreciated:				
Land Improvements	1,542,421	-	-	1,542,421
Roads and Bridges	630,368	-	-	630,368
Buildings and Improvements	82,533	-	-	82,533
Vehicles and Equipment	249,355	-	-	249,355
Total Capital Assets Being Depreciated	2,504,677	-	-	2,504,677
Less Accumulated Depreciation For:				
Land Improvements	(570,770)	(38,561)	-	(609,331)
Roads and Bridges	(47,277)	(15,759)	-	(63,036)
Buildings and Improvements	(47,059)	(1,987)	-	(49,046)
Vehicles and Equipment	(180,416)	(16,387)	-	(196,803)
Total Accumulated Depreciation	(845,522)	(72,694)	-	(918,216)
Total Capital Assets Being Depreciated, Net	1,659,155	(72,694)	-	1,586,461
Governmental Activities Capital Assets, Net	\$ 1,675,376	\$ (72,694)	\$ -	\$ 1,602,682

Depreciation expense is not allocated to specific departments or activities.

TOWN OF MANZANOLA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

Capital asset activity for the year ended December 31, 2024 was as follows for the Town's business-type activities:

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 56,000	\$ -	\$ -	\$ 56,000
Construction in Process - Water	56,570	52,799	-	109,369
Construction in Process - Sewer	736,706	-	-	736,706
Total Capital Assets Not Being Depreciated	849,276	52,799	-	902,075
Capital Assets Being Depreciated:				
Water	2,647,066	-	-	2,647,066
Sewer	708,381	-	-	708,381
Wastewater	302,455	-	-	302,455
Total Capital Assets Being Depreciated	3,657,902	-	-	3,657,902
Less Accumulated Depreciation For:				
Water	(1,178,308)	(55,215)	-	(1,233,523)
Sewer	(529,571)	(17,938)	-	(547,509)
Wastewater	(117,241)	(7,408)	-	(124,649)
Total Accumulated Depreciation	(1,825,120)	(80,561)	-	(1,905,681)
Total Capital Assets Being Depreciated, Net	1,832,782	(80,561)	-	1,752,221
Business-type Activities Capital Assets, Net	\$ 2,682,058	\$ (27,762)	\$ -	\$ 2,654,296

TOWN OF MANZANOLA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

Note 5 – Long-term Obligations

The following is an analysis of changes in long-term debt for the year ended December 31, 2024:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Estimated Closure and Postclosure Costs	\$ 12,615	\$ 748	\$ -	\$ 13,363	\$ -
Compensated Absences	2,514	3,935	-	6,449	1,600
Total Governmental Activities	<u>\$ 15,129</u>	<u>\$ 4,683</u>	<u>\$ -</u>	<u>\$ 19,812</u>	<u>\$ 1,600</u>
Business-type Activities					
Direct Borrowings					
Water Fund					
Promissory Note	\$ 56,615	\$ 52,824	\$ 17,724	\$ 91,715	\$ 27,366
Wastewater Fund					
CWR&PDA Sewer Loan, 2008	26,400	-	4,800	21,600	4,800
Compensated Absences	-	7,687	-	7,687	7,687
Total Business-type Activities	<u>\$ 83,015</u>	<u>\$ 60,511</u>	<u>\$ 22,524</u>	<u>\$ 121,002</u>	<u>\$ 39,853</u>

Estimated Closure and Postclosure Care Costs

In 1995, the Town entered into an intergovernmental agreement with Otero County and five other municipalities within the County to form the Otero County Landfill, Inc. ('OCLI') to operate the landfill within the County. The agreement transfers the liability for closure and postclosure costs to the new organization. The Town and all participating entities are responsible for a portion of the costs based on an average of the population and assessed valuation of each entity to the total of all entities. Based on the current allocation the Town's share is approximately 0.80% of the total estimated \$1,881,000 in closure and postclosure costs amounting to \$13,363. These amounts are based on estimates of what it would cost to perform all closure and post closure care in 2024. Actual costs may be higher due to inflation or deflation, changes in technology, or changes in applicable laws or regulations.

TOWN OF MANZANOLA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

Promissory Note

On October 31, 2023, the Town entered into a loan agreement with Fowler State Bank in the amount of \$188,613 (the 2023 Note). Proceeds of the loan are used to install solar power to the Town's water plant. The 2023 Note bears interest at 3.29%. The initial draw at issuance was \$56,615. During the year ended December 31, 2024, an additional draw was made in the amount of \$52,824. Interest-only payments began on November 30, 2023, and continue through April 30, 2024. Subsequently, monthly payments of \$2,500 consisting of principal and interest begin on May 30, 2024, and continue to the maturity date of May 30, 2031, or until the outstanding principal is paid in full. The final draw in the amount of \$79,174 was made on January 8, 2025.

The 2023 Note matures as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 27,366	\$ 2,634	\$ 30,000
2026	28,284	1,716	30,000
2027	29,242	758	30,000
2028	6,823	36	6,859
	<u>\$ 91,715</u>	<u>\$ 5,144</u>	<u>\$ 96,859</u>

Colorado Water Resources and Power Development Authority (CWRPDA) – 2023 Sewer Note

On September 7, 2023, the Town issued a note with the Colorado Water Resources and Power Development Authority, Water Pollution Control Revolving Loan Fund, in the original amount of \$300,000. The proceeds of the note are being used to fund the design and engineering of a new, non-discharging treatment plant west of the current facility. The new facility will consist of two stabilization cells followed by an evaporation cell. At Loan Closing, the CWRPDA forgave 100% of the principal amount of the Loan.

Colorado Water Resources and Power Development Authority (CWRPDA) – 2008 Wastewater Note

On July 24, 2008, the Town issued a note with the Colorado Water Resources and Power Development Authority, Water Pollution Control Revolving Loan Fund, in the original amount of \$96,000. The proceeds of the note were used to replace wastewater collection line segments, manholes and general wastewater treatment facility improvements. The note is noninterest bearing, payable in semi-annual installments of \$2,400 beginning on November 1, 2009 through May 1, 2029.

TOWN OF MANZANOLA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

A provision of the note with the CWRPDA requires the net revenues (total revenues less operating expenses) be at least 110% of the annual debt service due in any one year. During the year ended December 31, 2024, the Town was in compliance with the rate covenant. The 2008 Wastewater Note requires the Town to maintain an operations and reserve fund in an amount equal to three months of operations and maintenance expenses, excluding depreciation, as set forth in the annual budget for the current fiscal year. Accordingly, the District has restricted \$18,432 of the Wastewater Fund's net position, calculated as follows:

Total Operating Expenses	\$ 91,665
Less Depreciation	<u>(17,938)</u>
Operations and Maintenance Expenses	<u>\$ 73,727</u>
3 Months of Operations and Maintenance	<u>\$ 18,432</u>

The Town has pledged the revenue from the operation and use of the sewer system and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the note.

The note matures as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,800	\$ -	\$ 4,800
2026	4,800	-	4,800
2027	4,800	-	4,800
2028	4,800	-	4,800
2029	2,400	-	2,400
	<u>\$ 21,600</u>	<u>\$ -</u>	<u>\$ 21,600</u>

Note 6 – Risk Management

The Town of Manzanola is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; claims relating to professional liability; and natural disasters. These risks are covered by commercial insurance purchases from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage the past three years.

TOWN OF MANZANOLA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

Note 7 – Commitments and Contingencies

Grant Programs

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Note 8 – Employee Retirement Plans

Defined Contribution Plan

All employees are covered under social security. On May 15, 1991, the Town established a SEP-IRA (Simplified Employee Pension) Plan described in Section 408(k) of the Internal Revenue Code of 1986. The plan was amended on May 21, 2007. The plan is administered by Waddell & Reed and is a single-employer defined contribution plan. Benefit terms, including contribution requirements for the plan, are established and may be amended by the Town Council.

All employees are eligible to participate in the plan after 90 days of continuous employment. All contributions vest immediately. The Town contributes 6% of each employee's salary and wages to the plan. Employees are not allowed to contribute.

For the year ended December 31, 2024, the Town recognized pension expense of \$8,500, equal to their required contributions.

There is no liability for benefits under the plan beyond the Town's payments.

Note 9 – Tax Spending and Debt Limitations

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.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TOWN OF MANZANOLA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

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's management 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, may require judicial interpretation.

On April 2, 1996, a majority of the Town's electors authorized the Town to collect, retain and expend all revenues and other funds collected during 1995 and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution, effective January 1, 1995, provided that no local tax rate or mill levy shall be increased without further voter approval.

Note 10 – Subsequent Event

On January 30, 2025, the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority, Water Pollution Control Revolving Loan Fund, in the original amount of \$2,728,225. The proceeds of the note will be used to fund construction of a new evaporative non-discharging lagoon wastewater treatment facility. At Loan Closing, the CWRPDA forgave \$1,000,000 of the principal amount of the Loan. Principal and interest, at the rate of 1.75%, is payable in semi-annual installments beginning November 1, 2025 through May 1, 2055.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MANZANOLA, COLORADO

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2024
(With Comparative Totals for the Year Ended December 31, 2023)**

	Original and Final Budget	Actual Amounts	Variance with Final Budget	2023 Actual
Revenues				
Taxes				
Property Tax	\$ 23,500	\$ 23,452	\$ (48)	\$ 29,763
Property Tax - State Backfill	-	13,882	13,882	-
Specific Ownership Tax	6,000	5,243	(757)	5,976
Sales Tax	40,000	45,170	5,170	44,813
Cigarette Tax	150	98	(52)	185
Franchise Tax	18,000	18,321	321	18,788
Other Taxes	1,900	1,605	(295)	1,812
Subtotal Taxes	89,550	107,771	18,221	101,337
Intergovernmental				
County Road and Bridge	2,500	1,795	(705)	2,278
Severance Tax	250	42	(208)	61
Highway Users Tax	13,000	15,238	2,238	13,587
State Grants	-	-	-	2,050
Subtotal Intergovernmental	15,750	17,075	1,325	17,976
Charges for Services				
Sanitation Fees	-	-	-	2,757
Infrastructure Fees	9,500	10,563	1,063	8,020
Mosquito Control	3,600	3,656	56	3,625
Rents	6,300	6,300	-	6,300
Subtotal Charges for Services	19,400	20,519	1,119	20,702
Licenses and Permits	200	958	758	143
Fines and Forfeitures				
Fines and Forfeitures	40,000	26,740	(13,260)	25,650
Deferral Fees	-	7,285	7,285	4,775
Subtotal Fines and Forfeitures	40,000	34,025	(5,975)	30,425
Donations	-	-	-	-
Interest Income	5,000	8,888	3,888	6,089
Insurance Recovery	-	-	-	27,025
Proceeds from Sale of Assets	-	150	150	-
Miscellaneous	2,000	2,538	538	4,449
Total Revenues	171,900	191,924	20,024	208,146

(Continued)

TOWN OF MANZANOLA, COLORADO

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2024
(With Comparative Totals for the Year Ended December 31, 2023)
(Continued)**

Expenditures	Original and Final Budget	Actual Amounts	Variance with Final Budget	2023 Actual
Current:				
General Government				
Salaries and Benefits	\$ 12,783	\$ 15,767	\$ (2,984)	\$ 17,196
Office	9,000	11,704	(2,704)	11,728
Insurance	10,362	10,989	(627)	9,814
Training/Travel	-	615	(615)	64
County Treasurer Fees	600	760	(160)	572
Audit	5,000	5,300	(300)	5,000
Legal	1,000	90	910	705
Workers Comp Insurance	100	101	(1)	95
Donations and Contributions	200	125	75	50
Miscellaneous	27,024	195	26,829	3,924
Subtotal General Government	66,069	45,646	20,423	49,148
Public Safety				
Wages and Benefits	78,120	46,479	31,641	51,880
Vehicle Expenses	3,000	2,890	110	3,539
Judge/Legal	2,600	2,400	200	2,000
Rocky Ford Dispatch Center	10,000	10,000	-	10,000
Uniforms/Training/Supplies	2,000	888	1,112	780
Office	600	200	400	285
Insurance	7,600	7,675	(75)	9,813
Workers Comp Insurance	1,225	1,243	(18)	1,178
Radio/Radar	7,000	1,734	5,266	1,651
Subtotal Public Safety	112,145	73,509	38,636	81,126
Public Works				
Wages and Benefits	5,770	-	5,770	-
Building Expense	2,500	1,217	1,283	1,373
Street Lighting	20,000	17,958	2,042	18,967
Street Repairs	3,000	41	2,959	768
Equipment Repairs	7,500	8,665	(1,165)	6,545
Subtotal Public Works	38,770	27,881	10,889	27,653
Health and Welfare				
Cemetery	1,500	1,325	175	143
Mosquito Control	3,800	-	3,800	-
Subtotal Health and Welfare	5,300	1,325	3,975	143

(Continued)

TOWN OF MANZANOLA, COLORADO

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2024
(With Comparative Totals for the Year Ended December 31, 2023)
(Continued)**

	Original and Final Budget	Actual Amounts	Variance with Final Budget	2023 Actual
Culture and Recreation				
Parks	\$ 2,000	\$ 1,691	\$ 309	\$ 2,285
Subtotal Culture and Recreation	2,000	1,691	309	2,285
Sanitation				
Sanitation	2,660	1,770	890	4,366
OCLI Landfill Liability	-	1,044	(1,044)	605
Subtotal Sanitation	2,660	2,814	(154)	4,971
Reserves	262,070	-	262,070	-
Total Expenditures	489,014	152,866	336,148	165,326
Excess Revenues Over (Under) Expenditures	(317,114)	39,058	356,172	42,820
Other Financing Sources (Uses)				
Transfers Out	-	-	-	(20,000)
Net Change in Fund Balance	(317,114)	39,058	356,172	22,820
Fund Balance - Beginning	317,114	297,027	(20,087)	274,207
Fund Balance - Ending	\$ -	\$ 336,085	\$ 336,085	\$ 297,027

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

**CONSERVATION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2024
(With Comparative Totals for the Year Ended December 31, 2023)**

	Original and Final Budget	Actual Amounts	Variance with Final Budget	2023 Actual
Revenues				
Lottery	\$ 4,000	\$ 4,116	\$ 116	\$ 4,753
Miscellaneous	-	-	-	50
Total Revenues	<u>4,000</u>	<u>4,116</u>	<u>116</u>	<u>4,803</u>
Expenditures				
Current				
General Government	-	-	-	6
Culture and Recreation	4,000	1,145	2,855	1,602
Capital Outlay	-	-	-	4,700
Reserves	1,935	-	1,935	-
Total Expenditures	<u>5,935</u>	<u>1,145</u>	<u>4,790</u>	<u>6,308</u>
Net Change in Fund Balance	<u>(1,935)</u>	<u>2,971</u>	<u>4,906</u>	<u>(1,505)</u>
Fund Balance - Beginning	<u>1,935</u>	<u>1,695</u>	<u>(240)</u>	<u>3,200</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 4,666</u>	<u>\$ 4,666</u>	<u>\$ 1,695</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MANZANOLA, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2024

Note 1: Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. The Enterprise funds adopt budgets on the Non-GAAP basis wherein tap fees are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. All annual appropriations lapse at fiscal year-end.

By October 15, the Budget Officer (not an elected official) of the Town submits a proposed operating budget for the fiscal year commencing the following January 1 to the Trustees (elected officials). The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing.

Public hearings are held at the regular Trustee meetings to obtain taxpayer input. Prior to December 15, the budget is legally enacted through passage of a budget ordinance. Expenditures may not exceed appropriations at the fund level.

The Town Treasurer is authorized to transfer budgeted amounts within a department of any fund. The Trustees must approve revisions that change total expenditures of any fund or department within a fund.

The appropriation can only be modified upon completion of notification and publication requirements.

SUPPLEMENTARY INFORMATION

TOWN OF MANZANOLA, COLORADO

WATER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL (BUDGETARY BASIS)**

For the Year Ended December 31, 2024

(With Comparative Totals for the Year Ended December 31, 2023)

	Original and Final Budget	Actual Amounts	Variance with Final Budget	2023 Actual
Revenues				
Water Sales	\$ 117,000	\$ 145,663	\$ 28,663	\$ 131,672
Interest Income	125	381	256	199
Late Fees	-	7,062	7,062	7,014
Water Lease - Highline	5,000	5,800	800	5,800
Grant Revenues - Operating	-	3,239	3,239	-
Catlin Water Shares (10) Sold	-	-	-	86,100
Note Proceeds	131,997	52,824	(79,173)	56,615
Transfers In	-	-	-	20,000
Total Revenues	<u>254,122</u>	<u>214,969</u>	<u>(39,153)</u>	<u>307,400</u>
Expenditures				
Salaries and Benefits	42,325	60,205	(17,880)	52,694
System Operations	162,608	43,355	119,253	73,641
Water Analysis	4,000	1,760	2,240	3,456
Commodities and Services	13,750	11,108	2,642	12,934
Insurance	9,289	9,379	(90)	8,387
Conduit	26,500	3,454	23,046	2,013
Capital Outlay	-	52,799	(52,799)	114,784
Debt Principal	-	17,724	(17,724)	-
Debt Interest	2,700	2,908	(208)	300
Reserves	181,707	-	181,707	-
Total Expenditures	<u>442,879</u>	<u>202,692</u>	<u>240,187</u>	<u>268,209</u>
Funds Available - Beginning	<u>188,757</u>	<u>162,937</u>	<u>(25,820)</u>	<u>123,746</u>
Funds Available - Ending	<u>\$ -</u>	<u>\$ 175,214</u>	<u>\$ 175,214</u>	<u>\$ 162,937</u>

Funds Available is Computed as Follows:

Current Assets	\$ 179,120	\$ 162,937
Current Liabilities	(31,272)	(18,878)
Add Current Portion of Long-Term Debt	27,366	18,878
	<u>\$ 175,214</u>	<u>\$ 162,937</u>

See the Independent Auditor's Report

TOWN OF MANZANOLA, COLORADO

SEWER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL (BUDGETARY BASIS)**

For the Year Ended December 31, 2024

(With Comparative Totals for the Year Ended December 31, 2023)

	Original and Final Budget	Actual Amounts	Variance with Final Budget	2023 Actual
Revenues				
Service Fees	\$ 85,000	\$ 90,542	\$ 5,542	\$ 82,492
Grant Revenues	360,000	-	(360,000)	11,131
Loan Proceeds - Sewer Lagoon	-	-	-	300,000
Total Revenues	<u>445,000</u>	<u>90,542</u>	<u>(354,458)</u>	<u>393,623</u>
Expenditures				
Salaries and Benefits	50,747	54,190	(3,443)	47,069
System Operations	9,600	5,095	4,505	5,822
Commodities and Services	2,350	4,551	(2,201)	2,708
Insurance	9,289	9,379	(90)	8,387
Sewer Analysis	1,500	512	988	682
Capital Outlay	360,000	-	360,000	251,131
Reserves	188,714	-	188,714	-
Total Expenditures	<u>622,200</u>	<u>73,727</u>	<u>548,473</u>	<u>315,799</u>
Funds Available - Beginning	<u>177,200</u>	<u>239,610</u>	<u>62,410</u>	<u>161,786</u>
Funds Available - Ending	<u>\$ -</u>	<u>\$ 256,425</u>	<u>\$ 256,425</u>	<u>\$ 239,610</u>

Funds Available is Computed as Follows:

Current Assets	\$ 260,206	\$ 239,610
Current Liabilities	(3,781)	-
	<u>\$ 256,425</u>	<u>\$ 239,610</u>

See the Independent Auditor's Report

TOWN OF MANZANOLA, COLORADO

WASTEWATER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL (BUDGETARY BASIS)**

For the Year Ended December 31, 2024

(With Comparative Totals for the Year Ended December 31, 2023)

	Original and Final Budget	Actual Amounts	Variance with Final Budget	2023 Actual
Revenues				
Service Fees	\$ 15,500	\$ 29,419	\$ 13,919	\$ 15,594
Expenditures				
Commodities and Services	50	50	-	50
Sewer Line Cleaning	31,000	-	31,000	-
Debt Principal	4,800	4,800	-	4,800
Reserves	34,387	-	34,387	-
Total Expenditures	70,237	4,850	65,387	4,850
Funds Available - Beginning	54,737	54,737	-	43,993
Funds Available - Ending	\$ -	\$ 79,306	\$ 79,306	\$ 54,737
Funds Available is Computed as Follows:				
Current Assets		\$ 79,306		\$ 54,737
Current Liabilities		(4,800)		(4,800)
Add Current Portion of Long-Term Debt		4,800		4,800
		<u>\$ 79,306</u>		<u>\$ 54,737</u>

See the Independent Auditor's Report

LOCAL HIGHWAY FINANCE REPORT	City or County:
	YEAR ENDING : December 31, 2024
This Information From The Records Of: Town of Manzanola, Otero County	
Prepared By: Kris Baylor Phone: 719-462-5544	

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	0
3. Other local imposts (from page 2)	5,243
4. Miscellaneous local receipts (from page 2)	18,964
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	24,207
B. Private Contributions	
C. Receipts from State government (from page 2)	16,632
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	40,839

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	15,938
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	
c. Other street lights	10,708
d. Total (a. through c.)	10,708
4. General administration & miscellaneous	2,573
5. Highway law enforcement and safety	11,620
6. Total (1 through 5)	40,839
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	40,839

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
		40,839	40,839		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): 12/24

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	17,169
1. Sales Taxes	0	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	5,243	g. Other Misc. Receipts	
6. Total (1. through 5.)	5,243	h. Other: Road & Bridge	1,795
c. Total (a. + b.)	5,243	i. Total (a. through h.)	18,964
(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	15,238	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	1,394	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	
e. Other (Specify) - CDOT Grant	0	f. Other Federal	
f. Total (a. through e.)	1,394	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	16,632	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	0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		0	0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments:

OTHER INFORMATION

TOWN OF MANZANOLA, COLORADO

SCHEDULES OF FUTURE DEBT SERVICE REQUIREMENTS
December 31, 2024

**\$96,000 Colorado Water Resources and
Power Development Authority
Sewer Fund - Dated July 24, 2008**

Year	Rate	Principal	Interest	Total
2025	-	\$ 4,800	\$ -	\$ 4,800
2026	-	4,800	-	4,800
2027	-	4,800	-	4,800
2028	-	4,800	-	4,800
2029	-	2,400	-	2,400
		<u>\$ 21,600</u>	<u>\$ -</u>	<u>\$ 21,600</u>

**\$188,613 Fowler State Bank
Promissory Note**

Water Fund - Dated October 31, 2023

Year	Rate	Principal	Interest	Total
2025	3.290	\$ 27,366	\$ 2,634	\$ 30,000
2026	3.290	28,284	1,716	30,000
2027	3.290	29,242	758	30,000
2028	3.290	6,823	36	6,859
		<u>\$ 91,715</u>	<u>\$ 5,144</u>	<u>\$ 96,859</u>

TOWN OF MANZANOLA, COLORADO

Summary of Assessed Valuation, Mill Levy and Property Taxes Collected December 31, 2024

Levy Year	Collection Year	Assessed Valuation	Mills Levied	Total Levy	Current Collection	Collection Rate
2010	2011	\$ 813,313	26.990	\$ 21,951	\$ 21,260	96.85%
2011	2012	815,603	26.990	22,013	21,891	99.45%
2012	2013	846,985	26.990	22,860	22,354	97.79%
2013	2014	864,905	26.990	23,344	23,455	100.48%
2014	2015	874,821	26.990	23,611	23,716	100.44%
2015	2016	975,212	25.543	24,910	25,008	100.39%
2016	2017	986,814	26.632	26,281	26,167	99.57%
2017	2018	954,816	26.990	25,770	25,672	99.62%
2018	2019	978,283	26.990	26,404	26,251	99.42%
2019	2020	1,024,659	26.990	27,656	27,919	100.95%
2020	2021	1,053,746	26.990	28,440	28,406	99.88%
2021	2022	1,116,534	26.990	30,136	30,212	100.25%
2022	2023	1,097,010	26.990	29,609	29,763	100.52%
2023	2024	864,267	26.990	23,328	23,452	100.53%
Estimated for year ending December 31, 2025		\$ 884,095	26.990	\$ 23,862		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the Otero County Treasurer does not permit identification of specific year of levy.

Source: Otero County Assessor and Treasurer