TOWN OF DOLORES COLORADO

Independent Accountants' Reports
and
Basic Financial Statements

December 31, 2025

TOWN OF DOLORES, COLORADO

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December 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Town of Dolores, Colorado
Dolores, Colorado 81323

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Town of Dolores, Colorado as of and for the year ended December 31, 2025, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Dolores, Colorado, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Dolores, Colorado, and to meet 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 of Dolores, Colorado's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dolores, Colorado's basic financial statements. The accompanying other supplementary information and Local Highway Finance Report, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basis 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 other supplementary information and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Majors and Haley, P.C.
April 28, 2026

FINANCIAL HIGHLIGHTS

Key financial highlights for the Town in 2025 are as follows:

- In total, net position increased by $1,294,056. Net position of governmental activities increased by $989,560, which represents a 16.8 percent increase from 2024. Net position of business type activities increased by $304,496 or 11.9 percent from 2024.

- General revenues accounted for $1,424,175 in revenue or 42 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for $1,989,905 or 58 percent of total revenues of $3,414,080.

- Governmental activities total assets increased by $940,869. Total liabilities and deferred inflows of resources decreased by $48,691.

- The Town incurred $1,485,973 in expenses related to government activities. $1,082,425 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily property taxes, sales taxes, franchise taxes, and mineral leasing revenue) of $1,393,108 were adequate to cover the balance of these programs.

- The General Fund had $2,506,600 in revenues and $2,202,242 in expenditures and other financing uses. It's fund balance increased by $304,358 from $1,992,285 to $2,296,643.

- Net position of the Enterprise Fund increased from $2,539,012 to $2,843,508.

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and supplementary information. The basic financial statements include two kinds of statements that present different views of the Town.

- The first two statements are Town-wide financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the Town-wide statements.
- The governmental funds statements tell how basic services such as general government were financed in the short-term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the Town operates like businesses, such as water and sanitation services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the Town's budget for the year.

Town-wide Statements

The Town-wide statements report information about the Town as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the Town'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 Town-wide statements report the Town's net position and how it has changed. Net position (the difference between the Town's assets and deferred outflows of resources less liabilities and deferred inflows of resources) is one way to measure the Town's financial position.

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

In the Town-wide financial statements, the Town's activities are divided into two categories:

- ***Governmental activities-*** Most of the Town's basic services are included here, such as general government, public safety, public works and culture and recreation. These activities are financed mainly through property taxes and sales taxes.
- ***Business-type activities-*** The Town charges fees to help cover the costs of certain services it provides. The Town's water and sanitation facilities are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds, not the Town as a whole. Funds are accounting devices the Town uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the Town establishes other funds to help it manage and control its finances to achieve certain results.

The Town uses two types of funds:

- ***Governmental funds-*** Most of the Town's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general operations and the services it provides. Governmental fund information helps one 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 Town-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

- ***Proprietary funds-*** Services for which the Town charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Town-wide financial statements. 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 flow analysis.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Total assets increased by $1,226,318. Net capital assets increased $847,575. Current liabilities increased by $98,989. Non-current liabilities decreased by $150,024. Deferred inflows of resources increased by $2,344.

The Town's combined net position was larger on December 31, 2025 than it was at December 31, 2024, increasing by 15.4 percent to $9,716,147. Most of the increase came from its governmental activities, the net position of which increased by $989,560 to $6,872,639. The net position of the Town's business type activities increased by $304,496 to $2,843,508.

Table 1 provides a summary of the Town's net position for 2025 compared to 2024:

Table 1
Condensed Statement of Net Position
(In millions)

	Governmental Activities		Business-type Activities		Total Town	
	2025	2024	2025	2024	2025	2024
Assets						
Current assets	$ 2.434	$ 2.116	$ 1.075	$ 1.014	$ 3.509	$ 3.130
Capital assets	4.901	4.279	1.977	1.752	6.878	6.031
Total assets	7.335	6.395	3.052	2.766	10.387	9.161
Liabilities						
Current liabilities	0.189	0.091	0.032	0.032	0.221	0.123
Noncurrent liabilities	0.173	0.323	0.176	0.195	0.349	0.518
Deferred inflows of resources	0.100	0.098			0.100	0.098
Net Position						
Net investment in capital assets	4.576	3.891	1.784	1.540	6.360	5.431
Restricted	0.090	0.090			0.090	0.090
Unrestricted	2.207	1.902	1.060	0.999	3.267	2.901
Total net position	$ 6.873	$ 5.883	$ 2.844	$ 2.539	$ 9.717	$ 8.422

Table 2 shows the changes in net position for fiscal year 2025 as compared to 2024.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Town	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 119,825	$ 91,141	$ 757,638	$ 606,658	$ 877,463	$ 697,799
Operating grants & contributions	136,425	51,016		1,241	136,425	52,257
Capital grants & contributions	826,175	1,303,752	149,842		976,017	1,303,752
General revenues						
Property taxes	97,951	97,797			97,951	97,797
Sales taxes	1,087,478	939,026			1,087,478	939,026
Other	207,679	336,183	31,067		238,746	336,183
Total revenues	2,475,533	2,818,915	938,547	607,899	3,414,080	3,426,814
Expenses						
General government	651,147	579,653			651,147	579,653
Public safety	275,809	2,809			275,809	2,809
Public works	409,304	458,015	634,051	627,834	1,043,355	1,085,849
Culture and recreation	149,713	164,599			149,713	164,599
Total expenses	1,485,973	1,205,076	634,051	627,834	2,120,024	1,832,910
Increase (decrease) in net position	$ 989,560	$ 1,613,839	$ 304,496	$ (19,935)	$ 1,294,056	$ 1,593,904

Capital grants and sales taxes accounted for most of the Town's total revenue, contributing 28 percent and 32 percent respectively (See Table 3). Another 33 percent came from property taxes, operating grants and charges for services and the remainder from other sources.

The Town's expenses are predominately related to public works (49 percent), general government (31 percent). (See Table 4). The Town's public safety and culture and recreation activities accounted for the balance of total costs.

Table 3
Sources of Revenue for Fiscal Year 2025

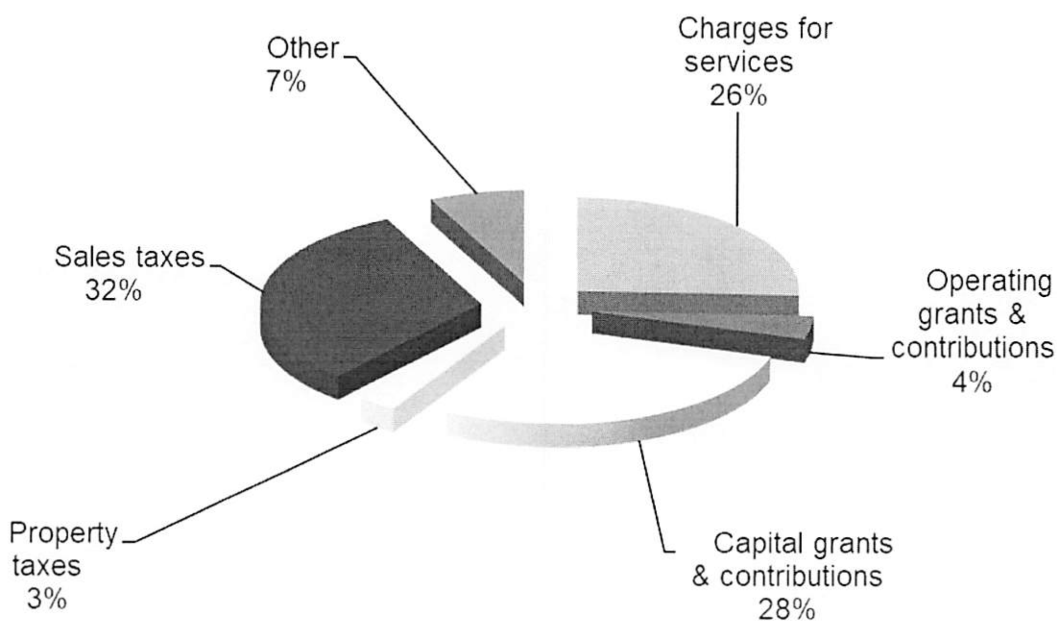
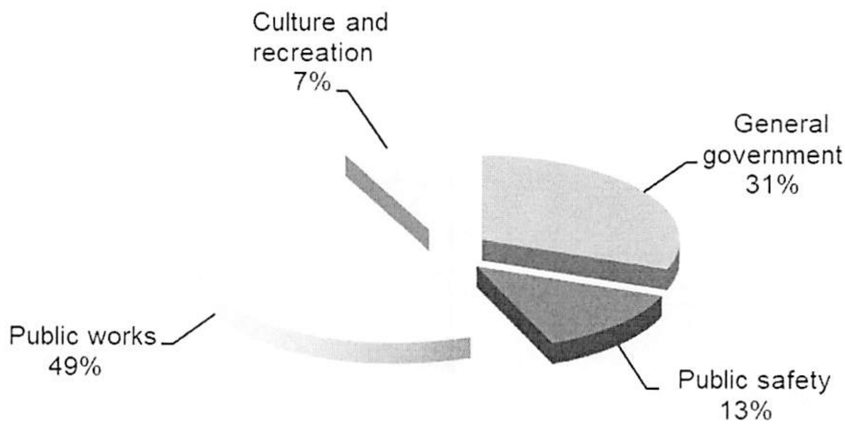


Table 4
Expenses for Fiscal Year 2025



Governmental Activities

The primary sources of operating revenue for the Town come from capital grants and sales taxes. The Town receives approximately 60 percent of this funding from these sources while the remaining amounts come from other sources.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 5 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by general revenues including general property taxes and sales taxes.

Table 5
Government Activities

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
General government	$ 651,147	$ 579,653	$ 422,565	$ 331,259
Public safety	275,809	2,809	262,523	(6,854)
Public works	1,043,355	1,085,849	371,165	420,504
Culture and recreation	149,713	164,599	(652,705)	(985,742)
Total	$ 2,120,024	$ 1,832,910	$ 403,548	$ (240,833)

- The cost of all governmental activities during the year was $2,120,024.
- Some of the cost was financed by the users of the Town's programs ($119,825)
- Federal and state government subsidized certain programs with grants and contributions ($962,600).
- However, $1,393,108 was financed by state and town taxpayers. This portion of governmental activities was financed with $1,087,478 in sales taxes, $113,410 in property and specific ownership taxes, $69,088 in franchise taxes, and $123,132 in other general revenues.

Business-type Activities

Business-type activities are made up of the Water Fund and the Wastewater Fund. These programs had revenues of $938,547 and expenses of $634,051.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Information about the Town's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of $2,506,600 and expenditures and other financing uses of $2,202,242.

General Fund Budgetary Highlights

The Town's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Over the course of the year, the Town made one revision to the annual operating budget.

- Actual expenditures were $114,824 over budget, primarily because the Town incurred additional capital outlay costs that were not budgeted.

CAPITAL ASSET ADMINISTRATION

By the end of 2025, the Town has invested $15.38 million in land, buildings, and equipment (including vehicles), of this total $7.57 million was from governmental activities.

Table 6 shows capital assets for 2025 compared to 2024:

Table 6
Capital Assets at December 31

	Governmental Activities		Business-Type Activities		Total Town	
	2025	2024	2025	2024	2025	2024
Land/Water rights	$ 227,539	$ 171,974	$ 44,096	$ 44,096	$ 271,635	$ 216,070
Buildings/Facilities	6,149,632	5,334,453	7,634,314	7,286,245	13,783,946	12,620,698
Equipment	1,196,513	1,191,617	130,234	130,234	1,326,747	1,321,851
Total	$ 7,573,684	$ 6,698,044	$ 7,808,644	$ 7,460,575	$ 15,382,328	$ 14,158,619

Additional information on the Town's capital assets can be found in the Notes to the Financial Statements on page 30 of this report.

FACTORS BEARING ON THE TOWN'S FUTURE

At the time these financial statements were prepared and audited, the Town is not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Town's citizens, taxpayers, and creditors with 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 the Town of Dolores Administration Office, PO Box 630 Dolores, Colorado 81323.

TOWN OF DOLORES, COLORADO
Statement of Net Position

December 31, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	$ 2,220,502	$ 1,016,041	$ 3,236,543
Property tax receivable	100,231		100,231
Accounts receivable	112,973	42,978	155,951
Due from other governments	1,101		1,101
Inventory		15,529	15,529
Capital assets	7,573,684	7,808,644	15,382,328
Accumulated depreciation	(2,673,046)	(5,831,472)	(8,504,518)
Total capital assets, net of depreciation	4,900,638	1,977,172	6,877,810
Total Assets	7,335,445	3,051,720	10,387,165
Liabilities			
Accounts payable	23,313	3,203	26,516
Unearned revenues	2,750		2,750
Accrued vacation	11,870	11,870	23,740
Long-term liabilities			
Due within one year	151,432	16,899	168,331
Due in more than one year	173,210	176,240	349,450
Total Liabilities	362,575	208,212	570,787
Deferred inflows of resources			
Unearned property tax revenue	100,231		100,231
Net Position			
Net investment in capital assets	4,575,996	1,784,033	6,360,029
Restricted for			
TABOR	90,000		90,000
Unrestricted	2,206,643	1,059,475	3,266,118
Total Net Position	$ 6,872,639	$ 2,843,508	$ 9,716,147

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO
Statement of Activities

For the Year Ended December 31, 2025

		Program Revenues			Net (Expenses) Revenue And Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	$ 651,147	$ 47,946	$ 87,182	$ 93,454	$ (422,565)		$ (422,565)
Public safety	275,809	13,286			(262,523)		(262,523)
Public works	409,304		38,139		(371,165)		(371,165)
Culture and recreation	149,713	58,593	11,104	732,721	652,705		652,705
Total Governmental Activities	1,485,973	119,825	136,425	826,175	(403,548)		(403,548)
Business-Type Activities							
Water operations	367,419	470,848		149,842		$ 253,271	253,271
Sewer operations	266,632	286,790				20,158	20,158
Total Business-Type Activities	634,051	757,638	-	149,842		273,429	273,429
Total Town	$ 2,120,024	$ 877,463	$ 136,425	$ 976,017	(403,548)	273,429	(130,119)

	Governmental Activities	Business-type Activities	Total
General Revenues			
Property taxes	97,951		97,951
Specific ownership taxes	15,459		15,459
Sales tax	1,087,478		1,087,478
Road and bridge tax	11,310		11,310
Franchise tax	69,088		69,088
Severance tax	840		840
Intergovernmental			
Mineral leasing	38,725		38,725
Tobacco taxes	1,173		1,173
Earnings on investments	77,574		77,574
Miscellaneous	24,577		24,577
Transfers	(31,067)	31,067	-
Total General Revenues	1,393,108	31,067	1,424,175
Change in Net Position	989,560	304,496	1,294,056
Net Position Beginning of the Year	5,883,079	2,539,012	8,422,091
Net Position End of the Year	$ 6,872,639	$ 2,843,508	$ 9,716,147

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO
Balance Sheet
Governmental Funds

December 31, 2025

		General Fund
Assets		
Cash and investments	$	2,220,502
Property tax receivable		100,231
Accounts receivable		112,973
Due from other governments		1,101
Total assets	$	2,434,807
Liabilities		
Accounts payable	$	23,313
Unearned revenues		2,750
Accrued vacation		11,870
Total liabilities		37,933
Deferred inflows of resources		
Unearned property tax revenue		100,231
Fund balance		
Restricted		
TABOR		90,000
Unrestricted		
Assigned for subsequent year's expenditures		2,206,643
Total fund balance		2,296,643
Total liabilities, deferred inflows of resources, and fund balance	$	2,434,807

Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position

Total fund balance governmental funds			$	2,296,643
Amounts reported for governmental activities in the Statement of Net Position are different because				
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.				
Capital assets	$	7,573,684		
Accumulated depreciation		(2,673,046)		
				4,900,638
Long term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds balance sheet				
Due within one year		(151,432)		
Due in more than one year		(173,210)		
				(324,642)
Total net position governmental activities			$	6,872,639

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund

For the Year Ended December 31, 2025

	General Fund
Revenues	
Taxes	$ 1,282,344
Intergovernmental revenues	1,003,338
Licenses and permits	37,801
Fines and forfeitures	13,286
Earnings on investments	77,574
Other	92,257
Total revenues	2,506,600
Expenditures	
General government	753,565
Public works	332,712
Public safety	273,000
Culture and recreation	811,898
Total expenditures	2,171,175
Excess (deficit) of revenues over (under) expenditures	335,425
Other financing sources (uses)	
Transfers out	(31,067)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	304,358
Fund Balances beginning of the year	1,992,285
Fund balances end of the year	$ 2,296,643

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, 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, 2025

Net Change in Fund Balances Governmental Funds		$ 304,358
Amounts reported for governmental activities in the Statement of Activities are different because		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital outlay	$ 875,640	
Depreciation expense	(253,513)	
		622,127
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on long-term debt	63,075	
		63,075
Change in Net Position of Governmental Activities		$ 989,560

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO

Statement of Net Position
Proprietary Fund Type-Enterprise Funds
December 31, 2025

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Assets			
Current assets			
Cash	$ 535,144	$ 480,897	$ 1,016,041
Accounts receivable	25,650	17,328	42,978
Inventory	15,099	430	15,529
Total current assets	575,893	498,655	1,074,548
Noncurrent assets			
Capital assets	3,603,481	4,205,163	7,808,644
Accumulated depreciation	(2,047,768)	(3,783,704)	(5,831,472)
Total noncurrent assets	1,555,713	421,459	1,977,172
Total assets	2,131,606	920,114	3,051,720
Liabilities			
Current liabilities			
Accounts payable	2,295	908	3,203
Accrued vacation	5,935	5,935	11,870
Current portion of long-term debt	16,899		16,899
Total current liabilities	25,129	6,843	31,972
Noncurrent liabilities			
Loans payable	176,240		176,240
Total noncurrent liabilities	176,240	-	176,240
Total liabilities	201,369	6,843	208,212
Net position			
Net investment in capital assets	1,362,574	421,459	1,784,033
Unrestricted	567,663	491,812	1,059,475
Total net position	$ 1,930,237	$ 913,271	$ 2,843,508

The accompanying notes are an integral part of this statement

TOWN OF DOLORES, COLORADO
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund Type
Enterprise Funds

For the Year Ended December 31, 2025

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Operating revenues			
Charges for services	$ 451,067	$ 274,790	$ 725,857
Other	7,781		7,781
Total operating revenues	458,848	274,790	733,638
Operating expenses			
Salaries and benefits	186,033	184,069	370,102
Office	1,137		1,137
Subsciptions, dues and permits	1,932		1,932
Professional fees	3,625	3,625	7,250
Laboratory services	4,530	3,365	7,895
Travel and education	1,647	288	1,935
Operator	3,452		3,452
Insurance	12,037	12,037	24,074
Parts and supplies	16,380	3,490	19,870
Chemicals	17,637	429	18,066
Utilities	34,442	9,975	44,417
Miscellaneous	3,234		3,234
Depreciation	73,267	49,354	122,621
Total operating expenses	359,353	266,632	625,985
Operating income (loss)	99,495	8,158	107,653
Non-operating revenues (expenses)			
Grant revenue	149,842		149,842
Tap fees	12,000	12,000	24,000
Transfers in	31,067		31,067
Debt service-interest	(8,066)		(8,066)
Total non-operating revenue	184,843	12,000	196,843
Change in net position	284,338	20,158	304,496
Net position beginning of the year	1,645,899	893,113	2,539,012
Net position end of the year	$ 1,930,237	$ 913,271	$ 2,843,508

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO

Statement of Cash Flows
Proprietary Fund Type
Enterprise Funds

For the Year Ended December 31, 2025

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Cash Flows From Operating Activities			
Cash received from customers	$ 451,051	$ 272,837	$ 723,888
Cash payments to employees for services	(187,298)	(185,334)	(372,632)
Cash payments to suppliers for goods and services	(100,982)	(32,462)	(133,444)
Net Cash Flows provided (used) by Operating Activities	162,771	55,041	217,812
Cash Flows From Capital and Related Financing Activities			
Grant received	149,842		149,842
Tap fees received	12,000	12,000	24,000
Principal paid on debt	(18,378)		(18,378)
Interest paid on debt	(8,066)		(8,066)
Net Cash Flows provided (used) by Capital and Financing Activities	135,398	12,000	147,398
Cash Flows From Noncapital Financing Activities			
Transfers from other funds	31,067		31,067
Equipment and facilities purchased	(348,069)		(348,069)
Net Cash Flows provided (used) by Noncapital Financing Activities	(317,002)	-	(317,002)
Net Increase (Decrease) in Cash and Cash Equivalents	(18,833)	67,041	365,210
Cash and Cash Equivalents - Beginning	553,977	413,856	967,833
Cash and Cash Equivalents - Ending	$ 535,144	$ 480,897	$ 1,333,043
Reconciliation of operating income (loss) to Net Cash provided (used) by Operating Activities			
Operating income (loss)	$ 99,495	$ 8,158	$ 107,653
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	73,267	49,354	122,621
Changes in assets and liabilities related to operations:			
(Increase) Decrease in			
Accounts receivable	(7,797)	(1,953)	(9,750)
Inventory	(2,120)	77	(2,043)
Increase (Decrease) in			
Operating accounts payable	1,191	670	1,861
Accrued vacation	(1,265)	(1,265)	(2,530)
Net Cash provided (used) by Operating Activities	$ 162,771	$ 55,041	$ 217,812

The accompanying notes are an integral part of this statement.

Summary of Significant Accounting Policies - The Town of Dolores, Colorado's (the Town) financial statements are prepared in accordance with U.S. generally accepted accounting principals (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statement of Interpretations).

The following significant accounting policies were applied to the preparation of the accompanying financial statements.

Reporting Entity – Town of Dolores, Colorado is a statutory (non-home-rule) Town and serves as an administrative unit of the State of Colorado.

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that 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 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.

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

Fund Accounting – The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and in the means by which spending activities are controlled. The various funds are grouped into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental Funds – are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds). The following are the Town's major governmental funds.

General Fund – is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes and sales taxes.

Proprietary Funds–

Enterprise Funds – focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The Town's enterprise funds are:

Water Fund- is used to account for the financial transactions related to the water treatment and distribution operations of the Town.

Wastewater Fund- accounts for the sanitation services provided by the Town.

Basis of Presentation-

Town -wide Financial Statements- The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The Town -wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with a brief explanation to better identify the relationship between the Town-wide financial statements and the statements for governmental funds.

The Town -wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function or program of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements- Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting – determines when transactions are recorded in the financial records and reported on the financial statements. Town -wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues- Exchange and Non-exchange Transactions- Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value are recorded on the accrual basis when the exchange takes place. On a modified accrual basis revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when used is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, interest, and certain grants.

Operating Income-Proprietary Funds- operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Unearned Revenue- arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Expenses/Expenditures- On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds

Budgets and Budgetary Accounting – The Town is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (U.S. GAAP basis) as that used for accounting purposes, except for the Proprietary Funds, which are prepared essentially on the modified accrual basis of accounting. This basis of accounting is at variance with U.S. GAAP.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

> Prior to October 15, the Budget Officer submits to the Town Board a proposed operating budget for the fiscal year commencing the following January 1.
>
> The operating budget includes proposed expenditures and the means of financing them.
>
> Public hearings are conducted to obtain comments.
>
> Prior to December 31, the budget is legally adopted through passage of adoption and appropriations resolutions.
>
> Formal budgetary integration is employed as a management control device during the year.

Department directors are authorized to transfer budget amounts within the department. However, the Town Board must approve any revisions that alter the total expenditures of any department.

Appropriations are adopted by resolution for each fund in total and lapse at the end of each year. Over-expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations.

Cash and Cash Equivalents – for the purpose of the Statement of Cash Flows of the Enterprise Funds is considered to be all of the highly liquid investments with a maturity of six months or less.

Capital Assets – General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Town-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the Town -wide statements of net position and in the respective fund financial statements,

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated general fixed assets are valued at their estimated fair value on the date donated. The Town maintains a capitalization threshold of five thousand dollars.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Facilities	15 to 50 Years	15 to 50 Years
Equipment	5 to 15 Years	5 to 15 Years

.

Property Tax Revenue Recognition — Property taxes are billed and collected on behalf of the Town by the Dolores County Treasurer. The property taxes are levied and certified in December of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year. Secured property taxes are due in two equal installments on February 28 and June 15, and are delinquent after February 28 and June 15 respectively. The entire balance can be paid by April 30 without penalty. Property taxes levied are recorded as deferred revenues in the year levied, as they are not due until the following year. An allowance for un-collectible taxes is not provided as the un-collectible amounts were determined to be negligible based upon an analysis of historical trends.

Compensated absences- Compensated absences arise from policies concerning personal time off. Town employees receive 80 hours of personal time off per year for the first five years of employment, 120 hours for years six to ten, and 160 hours for years in excess of ten of personal time off per year. Employees may carryover up to 240 hours of personal time off. As of December 31, 2025, an accrual of $23,740 is reflected in the financial statements. This represents the amount of personal time off eligible for carryover to the next year.

Accrued Liabilities and General Long-Term Obligations- All payables, accrued liabilities and long-term obligations are reported in the Town -wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements.

Governmental Fund Balances- In the governmental fund financial statements, fund balances are classified as follows:

> ***Nonspendable-*** Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
>
> ***Restricted-*** Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. This includes the Town's TABOR reserve for emergencies.
>
> ***Committed-*** Amounts that can be used only for specific purposes determined by a formal action by the Town Board.
>
> ***Assigned-*** Amounts that are designated by the Town Board for a particular purpose but are not spendable until appropriated. This includes assignments for subsequent year's expenditures.

Unassigned- All amounts not included in other spendable classifications.

Use of Restricted Resources- When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and the toward unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other less restrictive classifications- committed and then assigned fund balances before using unassigned fund balances.

Net Position- Net position represents the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating Revenues and Expenses- Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are sales related to water and sanitation services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Inter-fund Transactions- Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Cash and Investments – The Town maintains its cash in the form of deposits in financial institutions.

Deposits- The Colorado Public Deposit Protection Act (PDPA) governs the Town's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a fair market value at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required be statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in collateral pools.

At December 31, the carrying amount of the Town's deposits was $1,441,308 and the bank balance was $1,442,037. The Town's bank balances at December 31, 2025 and during the year then ended were entirely covered by FDIC insurance or pledged collateral held by the Town's agent bank in the name of governmental accounts of which the Town is a part.

Investments- Colorado statutes define eligible investments for local governments. These include bonds and other interest-bearing obligations of or guaranteed by the United States government or its agencies, bonds which are direct obligations of the State of Colorado or any of its political subdivisions, repurchase agreements, commercial paper, guaranteed investment contracts and local government investment pools.

At December 31, 2025 the Town had investments in one local government investment pool, the Colorado Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to the provisions of C.R.S. Title 24, Article 75 and Section 6. The fair value of the investments in COLOTRUST is the same as the value of the pool shares. This type of investment is not categorized because it is not evidenced by securities that exist in physical or book form. COLOTRUST is rated AAA by Standard and Poors. At December 31, 2025 the COLOTRUST balance was $1,795,235.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

Capital Assets – Capital asset activity for the fiscal year ended December 31, 2025 follows:

	Balance Jan 1, 2025	Additions	Deletions	Balance Dec 31, 2025
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 171,974	$ 55,565		$ 227,539
Capital assets, being depreciated:				
Buildings	1,902,521	92,112		1,994,633
Improvements	3,431,932	723,067		4,154,999
Equipment and vehicles	1,191,617	4,896		1,196,513
Total capital assets being depreciated	6,526,070	820,075	-	7,346,145
Less accumulated depreciation	(2,419,533)	(253,513)		(2,673,046)
Net capital assets being depreciated	4,106,537	566,562	-	4,673,099
Govermental Activities Capital Assets, net	$ 4,278,511	$ 622,127	$ -	$ 4,900,638
Business Type Activities				
Capital assets, not being depreciated:				
Water rights	$ 44,096			$ 44,096
Capital assets being depreciated				
Improvements	7,286,245	$ 348,069		7,634,314
Machinery and equipment	130,234			130,234
Total capital assets being depreciated	7,416,479	348,069	-	7,764,548
Less accumulated depreciation	(5,708,851)	(122,621)		(5,831,472)
Net capital assets being depreciated	1,707,628	225,448	-	1,933,076
Business Type Activities Capital Assets net	$ 1,751,724	$ 225,448	$ -	$ 1,977,172

Depreciation expense was charged as a direct expense to the following governmental programs:

Governmental activities		
General government	$	45,269
Public safety		2,809
Public works		139,667
Culture and recreation		65,778
Total depreciation government activities	$	253,523
Business type activities		
Water operations	$	73,267
Sewer operations		49,354
Total depreciation business type activities	$	122,621

Retirement Plans- In 1998, the Town adopted a Savings Incentive Match Plan for Employees of Small Employers under Internal Revenue Code section 408(p). Eligibility is limited to employees who have at least $5,000 in compensation during any six month period preceding the calendar year. An eligible employee may make an election to have their pay reduced by a percentage each pay period. The total amount of the reduction in the employee's compensation is determined by the Internal Revenue Service annually. The Town pays a matching contribution to each employee's account, up to a limit of 3% of the employee's compensation for the calendar year. For the year ending December 31, 2025, the Town's matching contributions totaled $12,508.

General Long-Term Debt- The Town has incurred the following long-term debt.

Governmental Activities:

Financed Purchase Agreements-

In 2018, the Town obtained an annually renewable equipment financed purchase agreement for a John Deere blade. The agreement is payable in 120 monthly installments of $1,904 beginning in January of 2018. The blade is included in the capital assets at a cost of $199,800 with accumulated depreciation of $199,800. The agreement is serviced by the General Fund and the equipment serves as collateral.

In 2020, the Town obtained an annually renewable equipment financed purchase agreement for a Caterpillar blade. The agreement is payable in 72 monthly payments of $1,765 beginning in June of 2020 followed by a balloon payment of $93,120 due in June 2026. The blade is included in the capital assets at a cost of $228,836 with accumulated depreciation of $196,145. The agreement is serviced by the General Fund and the equipment serves as collateral.

In 2024, the Town obtained an annually renewable equipment financed purchase agreement for a Caterpillar backhoe. The agreement is payable in 60 monthly payments of $2,088 beginning in May of 2024 followed by a balloon payment of $31,206 due in May 2029. The blade is included in the capital assets at a cost of $128,300 with accumulated depreciation of $17,107. The agreement is serviced by the General Fund and the equipment serves as collateral.

In 2021, the Town obtained an annually renewable equipment finance purchase agreement for a solar electrical system. The agreement is payable in 10 annual installments of $12,119 beginning in July of 2022. The system is included in the capital assets at a cost of $393,099 with accumulated depreciation of $98,275. The agreement is serviced by the General Fund and the equipment serves as collateral.

Business-type Activities:

Water Fund: The following item is the obligation of and repaid through the Water Fund.

Note Payable- $275,000 loan from the Dolores State Bank to finance improvements to the Town's water system. Interest is computed at 4.00% with monthly payments of $2,034 through 2035. The loan is secured by the Town's water system.

Changes in General Long-Term Debt- A summary of changes in general long-term debt follows:

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025
Governmental Activities				
Financed purchase agreements	$ 387,717		$ (63,075)	$ 324,642
Business Type Activities				
Notes and Bonds from Direct Placement				
Water Fund Loan	211,517		(18,378)	193,139
Total	$ 599,234	$ -	$ (81,453)	$ 517,781

Annual requirements to amortize the long-term debt is as follows:

	Financed Purchase Agreements		Notes and Bonds from Direct Placement	
	Governmental Activities		Business-type Actvities	
Year Ending December 31,	Principal	Interest	Principal	Interest
2026	$ 151,432	$ 12,310	$ 16,899	$ 7,510
2027	52,212	7,816	17,588	6,822
2028	33,737	5,348	18,287	6,123
2029	64,388	2,429	19,049	5,360
2030	11,204	915	19,285	4,584
2031-2035	11,669	467	102,031	8,783
Total	$ 324,642	$ 29,285	$ 193,139	$ 39,182

Fund Balance Restrictions and Assignments – Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates amounts that are designated for a specific purpose by the Town Board but are not spendable until appropriated. If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is Town policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned and unassigned. The Town uses the following restrictions and assignments

Restricted

TABOR – indicates that a portion of the fund balance has been segregated for expenditures for declared emergencies only. Fund balance restricted for TABOR consists of $90,000 in the General Fund.

Assigned

Assigned for future expenditures – indicates anticipated fund balance available for appropriation in the next budget year. Fund balance assigned for future expenditures consists of $2,206,643 in the General Fund.

Commitments and Contingent Liabilities – There appear to be no commitments or contingencies that would pose a threat of significant liability to the Town.

Tax Spending, Revenue and Debt Limitations- Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

On the November 8, 1994 municipal election ballot, the voters authorized the Town, without any increase in property tax mill levies or sales and use tax rates, to increase its revenue and expenditure limitations during 1994 and each subsequent year to receive and expend State grants; and to receive and expend all sales tax, use tax and property tax revenues for capital projects and other basic municipal services without limiting in any year the amount of other revenue that may be collected and spent by the Town of Dolores. The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment. However, the Town has made certain interpretations of the amendment's language in order to determine its compliance.

Risk Management – The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Town has purchased commercial insurance for such risks including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three years.

Compliance with Laws and Regulations-The Town may be in violation of State Statute. Expenditures exceeded appropriations in the General Fund and the Water Fund.

TOWN OF DOLORES, COLORADO
Required Supplementary Information

December 31, 2025

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

Budgetary Comparison Schedules
General Fund

TOWN OF DOLORES, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended December 31, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes				
General property taxes	$ 92,000	$ 100,000	$ 97,951	$ (2,049)
Specific ownership taxes	13,000	13,000	15,459	2,459
Delinquent tax and interest			1,058	1,058
Sales and use taxes	1,000,000	791,000	1,087,478	296,478
Road and bridge fee	11,500	13,000	11,310	(1,690)
Franchise taxes	83,000	83,000	69,088	(13,912)
Total taxes	1,199,500	1,000,000	1,282,344	282,344
Licenses and permits				
Business licenses	10,500	10,500	4,802	(5,698)
Liquor licenses	4,000	4,000	3,680	(320)
Building permits	15,000	15,000	24,340	9,340
Development fees	4,000	4,000	3,979	(21)
Dog licenses	1,500	1,500	1,000	(500)
Total licenses and permits	35,000	35,000	37,801	2,801
Intergovernmental revenues				
Grants	585,000	585,000	913,357	328,357
Lottery funds	30,000	30,000	11,104	(18,896)
Highway users tax	21,000	21,000	38,139	17,139
Mineral leasing	45,000	50,000	38,725	(11,275)
Severance tax	10,000	20,000	840	(19,160)
Tobacco product taxes	1,250	1,250	1,173	(77)
Total intergovernmental revenues	692,250	707,250	1,003,338	296,088
Fines and forfeitures				
Court and dog fines			13,286	13,286
Total fines and forfeitures	-	-	13,286	13,286
Earnings on investments	80,000	80,000	77,574	(2,426)
Other revenues				
Park and community center fees	41,000	41,000	58,593	17,593
Rents			10,145	10,145
Sale of assets			7,025	7,025
Miscellaneous	5,000	5,000	16,494	11,494
Total other revenues	46,000	46,000	92,257	46,257
Total revenues	2,052,750	1,868,250	2,506,600	638,350

TOWN OF DOLORES, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended December 31, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance Favorable (Unfavorable)
Expenditures				
General government				
Salaries and benefits	$ 289,833	$ 289,833	$ 324,576	$ (34,743)
Administrative	340,405	281,755	222,164	59,591
Grants	91,000	91,000	34,048	56,952
Board payments	15,200	15,200	12,550	2,650
Capital outlay	80,000	80,000	148,108	(68,108)
Debt service				
Principal	8,846	8,846	9,209	(363)
Interest	3,273	3,273	2,910	363
Total general government	828,557	769,907	753,565	16,342
Public works				
Salaries and benefits	198,106	198,106	184,082	14,024
Fuel	15,000	15,000	12,599	2,401
Parts, repairs and supplies	20,000	20,000	18,539	1,461
Street maintenance	71,500	49,500	31,629	17,871
Utilities	21,000	21,000	2,913	18,087
Insurance			12,037	(12,037)
Professional fees			3,625	(3,625)
Miscellaneous			279	(279)
Debt service				
Principal	48,000	48,000	53,866	(5,866)
Interest	13,000	13,000	13,143	(143)
Total public works	386,606	364,606	332,712	31,894
Public safety				
Sherrif and jail	275,000	275,000	273,000	2,000
Culture and recreation				
Salaries and benefits	26,000	6,500	14,228	(7,728)
Maintenance and supplies	36,500	36,500	17,149	19,351
Utilities	6,000	5,000	9,520	(4,520)
Community center	53,520	53,520	47,934	5,586
Capital outlay	576,385	576,385	723,067	(146,682)
Total culture and recreation	698,405	677,905	811,898	(133,993)
Total expenditures	2,188,568	2,087,418	2,171,175	(83,757)
Excess (deficit) of revenues over (under) expenditures	(135,818)	(219,168)	335,425	554,593
Other financing sources (uses)				
Transfers out			(31,067)	(31,067)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(135,818)	(219,168)	304,358	523,526
Fund balance, beginning of the year	2,428,091	2,428,091	1,992,285	(435,806)
Fund balance, end of the year	$ 2,292,273	$ 2,208,923	$ 2,296,643	$ 87,720

TOWN OF DOLORES, COLORADO
Other Supplementary Information

December 31, 2025

Other supplementary information includes financial statements and schedules not required by the GASB, or a part of the basic financial statements, but are presented for purposes of additional analysis.

These statements and schedules include:

Budgetary Comparison Schedule- Enterprise fund-Water Fund
Budgetary Comparison Schedule- Enterprise fund-Wastewater Fund

TOWN OF DOLORES, COLORADO
Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual
Proprietary Fund
Enterprise Fund
Water Fund

For the Year Ended December 31, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	(Non GAAP Basis) Actual Amounts	Variance Favorable (Unfavorable)
Operating Revenues				
General water fees	$ 370,000	$ 370,000	$ 421,105	$ 51,105
Water dock	26,000	26,000	29,962	3,962
Other			7,781	7,781
Total operating revenues	396,000	396,000	458,848	62,848
Operating Expenses				
Salaries and benefits	198,108	198,108	186,033	12,075
Office		-	1,137	(1,137)
Subsciptions, dues and permits	500	500	1,932	(1,432)
Professional fees		-	3,625	(3,625)
Laboratory services	4,000	4,000	4,530	(530)
Education	2,000	1,200	1,647	(447)
Operator	3,000	2,500	3,452	(952)
Insurance			12,037	(12,037)
Parts, repairs and supplies	26,750	21,250	16,380	4,870
Chemicals	21,000	21,000	17,637	3,363
Utilities	27,500	27,500	34,442	(6,942)
Miscellaneous	3,000	3,000	3,234	(234)
Capital outlay	80,000	80,000	348,069	(268,069)
Total Operating Expenses	365,858	359,058	634,155	(275,097)
Operating income (loss)	30,142	36,942	(175,307)	(212,249)
Non-Operating Revenue (Expenses)				
Grant revenue	7,363	7,363	149,842	142,479
Tap fees			12,000	12,000
Transfers in			31,067	31,067
Debt service				
Principal	(22,000)	(22,000)	(18,378)	3,622
Interest	(2,000)	(2,000)	(8,066)	(6,066)
Total Non-Operating Revenue	(16,637)	(16,637)	166,465	183,102
Change in net position non GAAP basis	13,505	20,305	(8,842)	(29,147)
Add capital outlay			348,069	348,069
Add debt service-principal			18,378	18,378
Less depreciation expense			(73,267)	(73,267)
Change in net position	13,505	20,305	284,338	264,033
Net position beginning of the year	2,011,896	2,011,896	1,645,899	(365,997)
Net position end of the year	$ 2,025,401	$ 2,032,201	$ 1,930,237	$ (101,964)

TOWN OF DOLORES, COLORADO

Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual

Proprietary Fund

Enterprise Fund

Wastewater Fund

For the Year Ended December 31, 2025

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Operating Revenues				
General sewer fees	$ 230,000	$ 230,000	$ 274,790	$ 44,790
Total operating revenues	230,000	230,000	274,790	44,790
Operating Expenses				
Salaries and benefits	198,108	198,108	184,069	14,039
Chemicals	5,000	1,000	429	571
Parts, repairs and supplies	10,500	10,500	3,490	7,010
Subsciptions, dues and permits	1,600	1,600		1,600
Professional fees	300	300	3,625	(3,325)
Laboratory services	5,000	5,000	3,365	1,635
Travel			288	(288)
Education	2,000	500		500
Insurance			12,037	(12,037)
Utilities	6,000	5,000	9,975	(4,975)
Total Operating Expenses	228,508	222,008	217,278	4,730
Operating income (loss)	1,492	7,992	57,512	49,520
Non-Operating Revenue (Expenses)				
Tap fees			12,000	12,000
Total Non-Operating Revenue	-	-	12,000	12,000
Change in net position non GAAP basis	1,492	7,992	69,512	61,520
Less depreciation expense			(49,354)	(49,354)
Change in net position	1,492	7,992	20,158	12,166
Net position beginning of the year	1,119,238	1,119,238	893,113	(226,125)
Net position end of the year	$ 1,120,730	$ 1,127,230	$ 913,271	$ (213,959)

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

LOCAL HIGHWAY FINANCE REPORT

THIS INFORMATION FROM THE RECORDS OF: Town of Dolores Colorado	**PREPARED BY:** Majors and Haley PC chris@majorshaley.com	**STATE:** COLORADO **REPORT YEAR ENDING DATE(mm/yyyy):** 12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments		a. Interest on investments	402.00
b. Non-property Taxes and Assessments Imposts	430,355.00	b. Other Misc. Local Receipts	1,013.00
c. Total (a + b)	$ 430,355.00	**c. Total (a + b)**	$ 1,415.00

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	38,139.00	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	38,725.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	11,310.00		
c. Total (a + b)	$ 11,310.00		
4. Total (1 + 2 + 3c)	$ 49,449.00	**3. Total (1 + 2)**	$ 38,725.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

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

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LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 430,355.00
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 1,415.00
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 431,770.00
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 49,449.00
D. Receipts from Federal government (from page 1, Item II.D.3)	$ 38,725.00
E. Total receipts (A.7 + B + C + D)	$ 519,944.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ -
2. Maintenance:	232,621.00
3. Road and Street Services:	
a. Snow and Ice Removal	
b. Other & Traffic Control Operations	
c. Total (a + b)	$ -
4. General Administration & Miscellaneous	33,082.00
5. Highway Law Enforcement and Safety	
6. Total (1 through 5)	$ 265,703.00
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
2. Notes:	
a. Interest	13,143.00
b. Redemption	53,866.00
c. Total (a + b)	$ 67,009.00
3. Total (1c + 2c)	$ 67,009.00
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 332,712.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)		$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)	234,326	$ -	$ 53,866.00	$ 180,460.00