TOWN OF MANZANOLA, COLORADO

Otero County, Colorado

Financial Statements

December 31, 2025

TOWN OF MANZANOLA, COLORADO

ANNUAL FINANCIAL REPORT

Town Council

Shirley Adams	Mayor
Amy Holland	Mayor Pro-Tem
Jay Alexander	Trustee
Danny Chavez	Trustee
Beverly Jimenez	Trustee

Town Officials

Kris Baylor	Town Clerk

TOWN OF MANZANOLA, COLORADO

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

Basis for Opinions

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

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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 28–32, 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.

Dazzio & Associates, P.C.

July 8, 2026

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MANAGEMENT’S DISCUSSION AND ANALYSIS

TOWN OF MANZANOLA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2025

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, 2025. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The Town's total net position increased $1,497,749 over the course of this year's operations.
- During the year, the Town's expenses for governmental programs exceeded revenue by $52,199. Revenues decreased $22,504 and expenses decreased $5,653 from the prior year.
- In the Town's business-type activities, total charges for services were $307,967, which is an increase of $35,281 from last year. Operating and capital grants and contributions increased $1,537,418. Expenses increased $18,350. Revenue exceeded expenses by $1,549,948.
- 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 $346,717, an increase of $10,632 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:

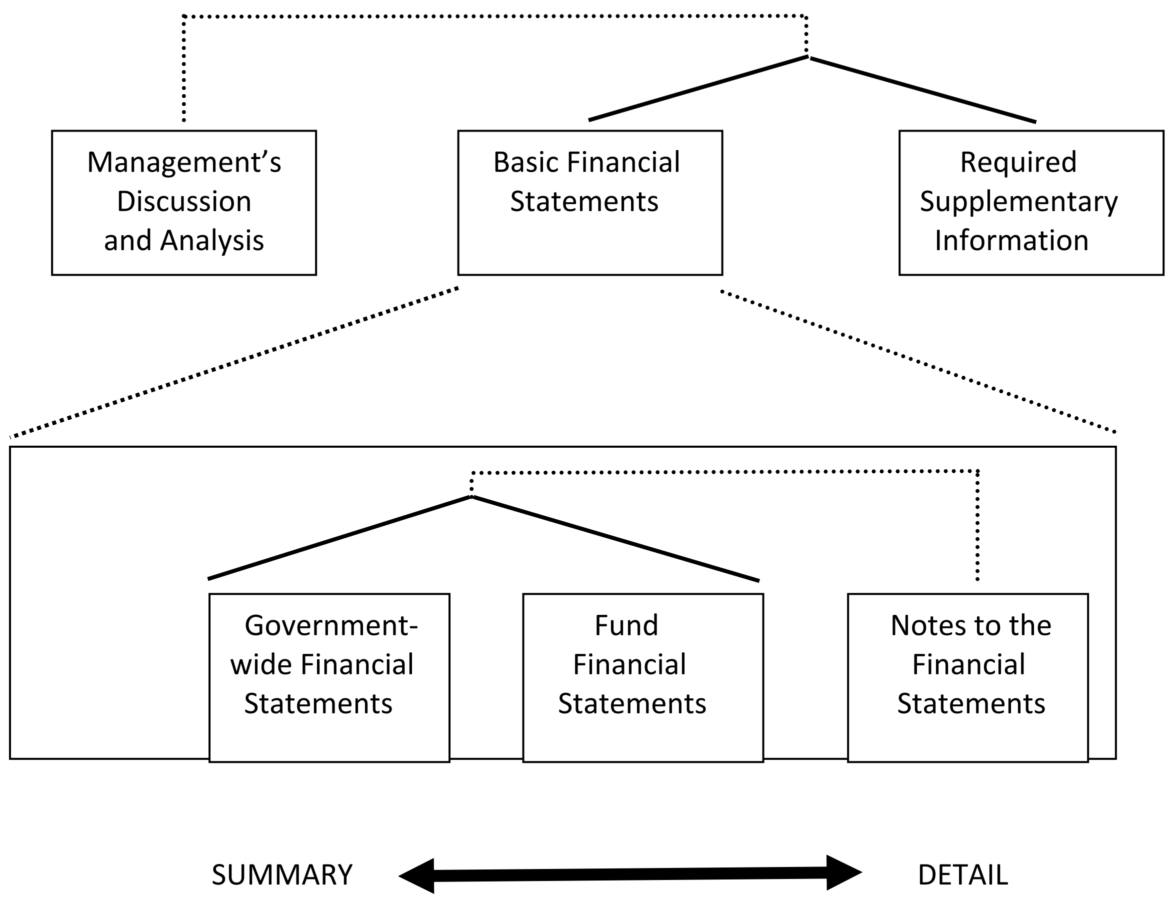
The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's *overall* financial status.

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.

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.

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

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).

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 $6,473,296 at the close of 2025. Governmental activities make up $1,871,422 (29%) of these assets, with business-type activities making up the remaining 4,601,874 (71%). Total net position increased $1,497,749 in 2025. The decrease is comprised of the following:

- Total governmental activities assets decreased $37,259 to $1,930,036. This was mainly due to depreciation on the capital assets of $71,794. Business-type activities assets increased $3,776,432 to $6,949,360. This was due to funds owed the Town amounting to approximately $2.9 million at year-end from granting agencies and loan funds being used for the Town's construction of a new evaporative non-discharging lagoon wastewater treatment facility (Lagoon Project). Approximately $881,000 is recorded as construction in process at December 31, 2025 for project costs incurred in 2025.
- Total government-wide liabilities and deferred inflows of resources increased $2,241,424 to $2,406,100. In 2023, the Town entered into a draw-down loan for solar panels installed at the water plant, which were activated during 2024. The final draw of $79,174 was made in January 2025. On January 30, 2025, the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA), in the amount of

$2,728,225. At loan closing, the CWRPDA forgave $1,000,000 of the principal amount of the Loan. The proceeds of the note are being used to fund the Lagoon Project.

The Town's combined net position was $6,473,296 as follows.

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current Assets	$ 389,148	$ 364,613	$ 3,393,589	$ 518,632	$ 3,782,737	$ 883,245
Capital Assets	1,540,888	1,602,682	3,555,771	2,654,296	5,096,659	4,256,978
Total Assets	1,930,036	1,967,295	6,949,360	3,172,928	8,879,396	5,140,223
Liabilities						
Long-term Liabilities	21,552	18,212	1,759,779	86,936	1,781,331	105,148
Other Liabilities	2,038	1,600	587,707	34,066	589,745	35,666
Total Liabilities	23,590	19,812	2,347,486	121,002	2,371,076	140,814
Deferred Inflows of Resources	35,024	23,862	-	-	35,024	23,862
Net Position						
Net Investment in Capital Assets	1,540,888	1,602,682	3,392,833	2,540,981	4,933,721	4,143,663
Restricted	12,069	10,366	19,900	18,432	31,969	28,798
Unrestricted	318,465	310,573	1,189,141	492,513	1,507,606	803,086
Total Net Position	$ 1,871,422	$ 1,923,621	$ 4,601,874	$ 3,051,926	$ 6,473,296	$ 4,975,547

The largest portion of the Town's net position (76%) reflects its net investment of $4,933,721 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, $31,969 (1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $1,507,606 (23%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position

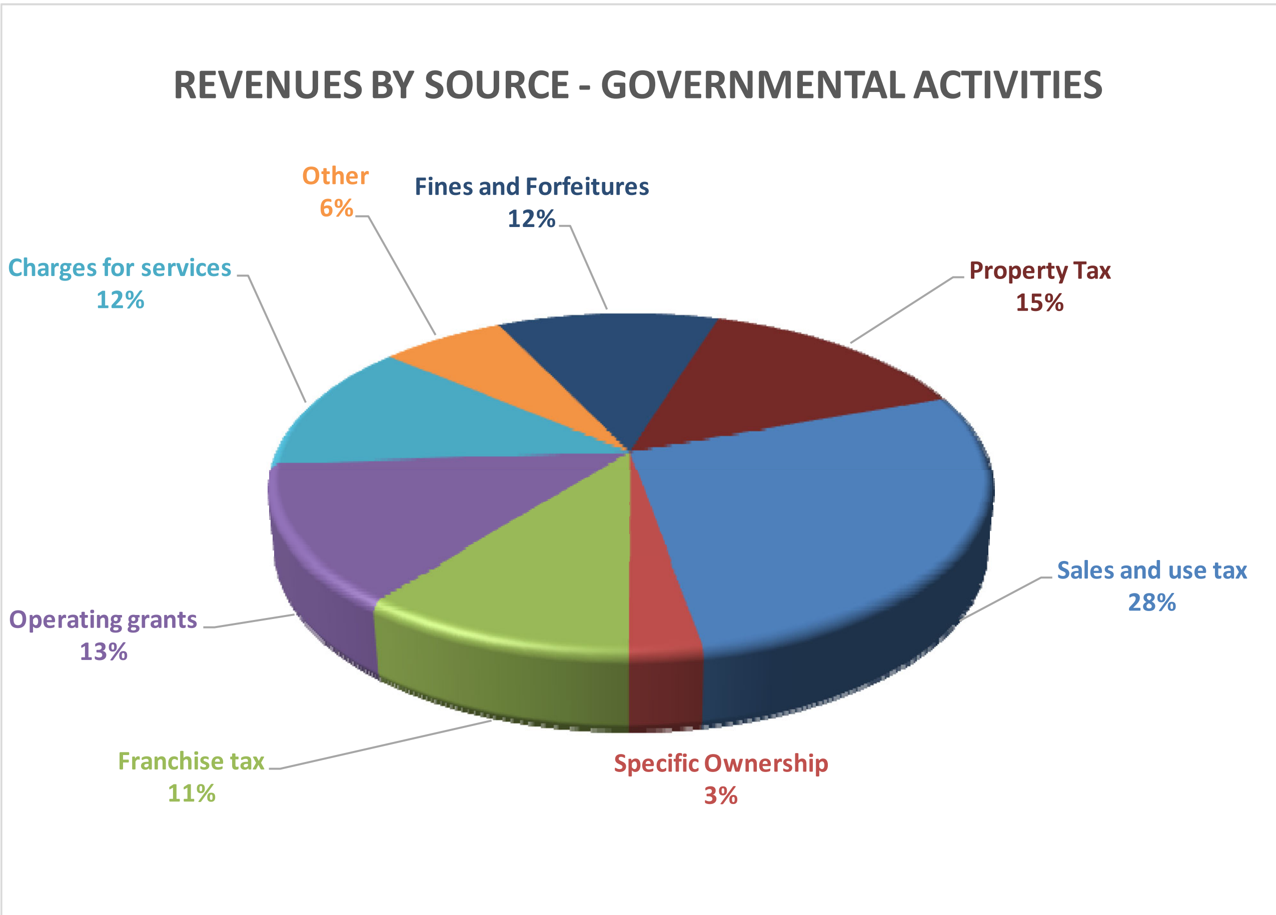
As presented in Table 2 the Town's overall net position decreased $1,497,749 during 2025. This decrease is explained in the governmental and business-type activities discussion below.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
Revenues	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Program Revenues						
Permits, Fees, Fines and Charges For Services	$ 41,909	$ 55,502	$ 307,967	$ 272,686	$ 349,876	$ 328,188
Operating Grants and Contributions	22,707	21,191	6,220	9,420	28,927	30,611
Capital Grants and Contributions	-	-	1,540,618	-	1,540,618	-
General Revenues						
Taxes	96,669	107,771	-	-	96,669	107,771
Interest Income	9,928	8,888	-	-	9,928	8,888
Other	1,575	1,940	-	-	1,575	1,940
Total Revenues	172,788	195,292	1,854,805	282,106	2,027,593	477,398
Expenses						
General Government	32,908	46,481	-	-	32,908	46,481
Public Safety	78,049	76,609	-	-	78,049	76,609
Public Works	30,725	27,881	-	-	30,725	27,881
Health and Welfare	2,128	1,325	-	-	2,128	1,325
Parks and Recreation	3,593	2,836	-	-	3,593	2,836
Sanitation	5,790	2,814	-	-	5,790	2,814
Depreciation	71,794	72,694	-	-	71,794	72,694
Water	-	-	168,047	187,384	168,047	187,384
Sewer	-	-	97,533	91,665	97,533	91,665
Wastewater	-	-	39,277	7,458	39,277	7,458
Total Expenses	224,987	230,640	304,857	286,507	529,844	517,147
Change In Net Position	(52,199)	(35,348)	1,549,948	(4,401)	1,497,749	(39,749)
Net Position - Beginning	1,923,621	1,958,969	3,051,926	3,056,327	4,975,547	5,015,296
Net Position - Ending	$ 1,871,422	$ 1,923,621	$ 4,601,874	$ 3,051,926	$ 6,473,296	$ 4,975,547

Governmental Activities.

Net position of governmental activities decreased $52,199 in 2025. Governmental revenues decreased $22,504 compared to 2024. The main decrease in revenues was due to a decrease in fines of $13,504 and $13,882 received in 2024 from the State of Colorado to "backfill" lost property taxes because of changes to assessed valuation and assessment rates in tax year 2023.



Governmental expenses decreased $4,753 compared to 2024.

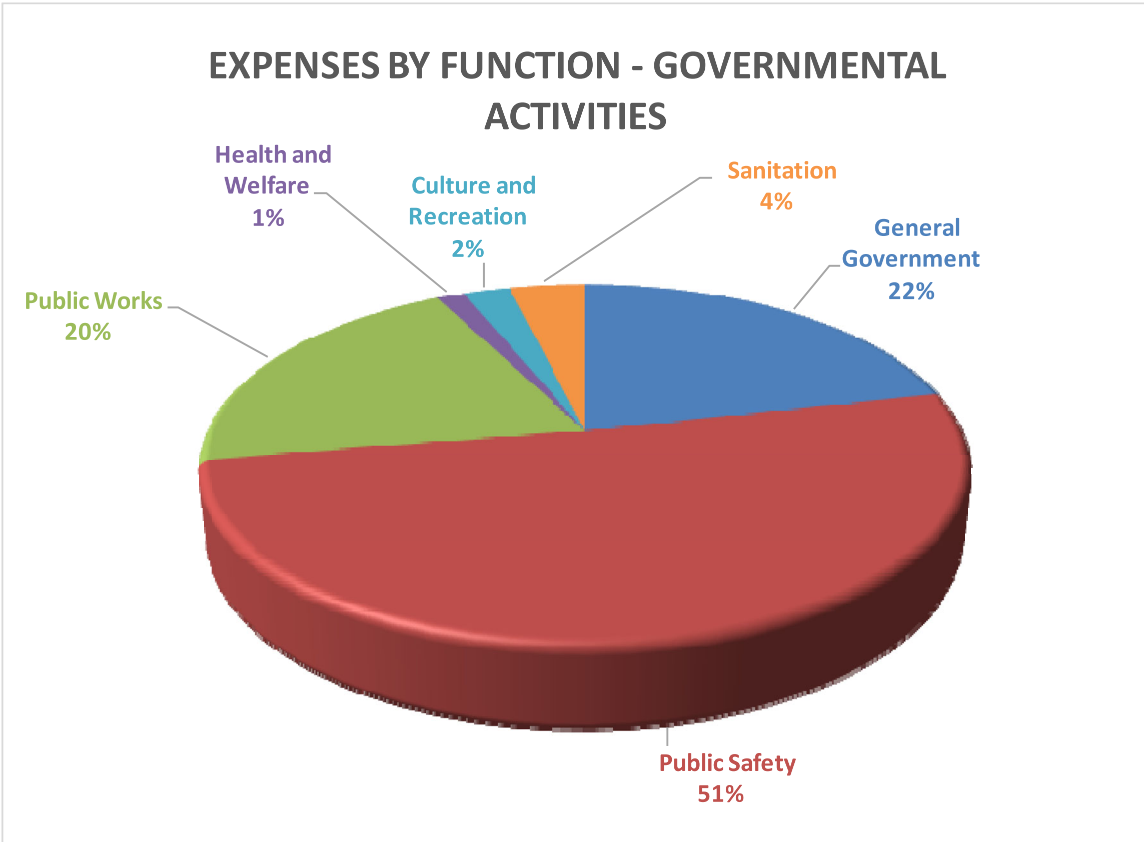


Table 3 presents the cost of each of the Town's programs – General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation and Sanitation – as well as each program's *net cost* (total cost less fees generated by the activities). The net cost shows the financial burden that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

Table 3

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
General Government	$ 32,908	$ 46,481	$ (25,993)	$ (39,223)
Public Safety	78,049	76,609	(57,528)	(42,584)
Public Works	30,725	27,881	(2,759)	(243)
Health and Welfare	2,128	1,325	1,501	2,331
Culture and Recreation	3,593	2,836	1,676	1,280
Sanitation	5,790	2,814	(5,474)	(2,814)
Total	$ 153,193	$ 157,946	$ (88,577)	$ (81,253)

Business-type Activities

Net position of business-type activities increased $1,549,948 in 2025. In 2025, revenues increased $1,572,699 and expenses increased $18,350 (6.4%) compared to 2024. Service fees increased $35,281 in 2025 while capital grants increased $1,540,618.

The Water Fund experienced an increase in net position of $23,423 compared to a decrease in 2024 of $25,239. Operating revenue increased $1,138 and operating expenses decreased $21,678. Utility costs decreased nearly $15,000 because of the solar project completed in late 2024 as well as decreased in maintenance costs of $17,000. These decreases were offset by an increase in depreciation of $9,428. Water rates increased approximately 14% on August 1, 2023.

The Sewer Fund experienced an increase in net position of $1,475,802 compared to a decrease in 2024 of $1,123. The increase was due to a $2,728,225 ($1,000,000 of the debt was forgiven) loan from the Colorado Water Resources and Power Development Authority. The funds are being used for construction of the Lagoon Project. 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 $50,723 compared to an increase in 2024 of $21,961. Revenue to the fund consists of a portion of the sewer usage fee amounting to $90,000 and $29,419 for the years ending December 31, 2025 and December 31, 2024, respectively. The Town spent approximately $29,000 to jet clean the Town's sewer lines in 2025.

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.

As the Town completed the year, the governmental funds reported a combined fund balance of $353,786, an increase of $13,035 over last year. $12,069 is restricted, $41,683 is considered assigned, and $300,034 constitutes unassigned fund balance, which is available for spending at the Town's discretion.

The General Fund is the primary operating fund of the Town. At the end of 2025, total fund balance was $346,717. Restricted fund balance represents fund balance unavailable for spending and consists of amounts restricted for parks and recreation of $7,069 and TABOR emergencies of $5,000. $25,270 is assigned for use in 2026, representing the gap between estimated revenue and appropriations in the subsequent year's appropriated budget. $16,413 is assigned for the Town's estimated proportionate share of closure and post closure costs of the Otero County Landfill. Unassigned fund balance of the General Fund was $300,034. 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 190% of total General Fund expenditures (compared to 207% in 2024).

The fund balance of the Town's General Fund increased $10,632 during 2025. Key factors are as follows:

- A decrease in revenues of $23,105. The decrease was due to the following:
  - Property taxes decreased $11,981 from 2024, mainly due to funds received in 2024 of $13,882 from the State of Colorado to "backfill" lost property taxes because of changes to assessed valuation and assessment rates in tax year 2023.
  - Decrease in fines and forfeitures of $13,504.
- Expenditures increased $5,321 to $158,187. The increase was mainly due to the purchase of a loader for $10,000 as most expenditure categories were consistent with prior year amounts.

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, 2025 follow:

	Net Position	Change in Net Position
Water	$1,629,834	$ 23,423
Sewer	2,685,805	1,475,802
Wastewater	286,235	50,723
	$4,601,874	$ 1,549,948

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 2025 and 2024:

Table 4
Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 16,221	$ 16,221	$ 56,000	$ 56,000	$ 72,221	$ 72,221
Construction in Process	-	-	1,648,971	846,075	1,648,971	846,075
Land Improvements	894,529	933,090	-	-	894,529	933,090
Roads and Bridges	551,573	567,332	-	-	551,573	567,332
Buildings and Improvements	31,500	33,487	-	-	31,500	33,487
Vehicles and Equipment	47,065	52,552	-	-	47,065	52,552
Water System	-	-	1,537,468	1,413,543	1,537,468	1,413,543
Sewer and Wastewater Systems	-	-	313,332	338,678	313,332	338,678
	$ 1,540,888	$ 1,602,682	$ 3,555,771	$ 2,654,296	$ 5,096,659	$ 4,256,978

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 2025 and 2024:

Table 5
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Estimated Closure and Postclosure Costs	$ 16,413	$ 13,363	$ -	$ -	$ 16,413	$ 13,363
Water Notes Payable	-	-	146,138	91,715	146,138	91,715
Sewer Notes Payable	-	-	1,741,354	21,600	1,741,354	21,600
Compensated Absences	6,839	6,449	10,031	7,687	16,870	14,136
	$ 23,252	$ 19,812	$ 1,897,523	$ 121,002	$ 1,920,775	$ 140,814

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 2026 property tax revenue of $35,024, based on an assessed valuation for the Town of $1,297,680 and a mill levy of 26.990 mills for the General Fund.

The Town's budget for 2026 is as follows:

	Budgeted Revenue	Budgeted Expenditures	Net Increase (Decrease)
General Fund	$ 682,826	$ 708,096	$ (25,270)
Conservation Trust Fund	4,000	8,500	(4,500)
Water Fund	540,758	492,221	48,537
Sewer Fund	3,930,704	3,952,717	(22,013)
Wastewater Fund	-	95,850	(95,850)
Total	$5,158,288	$ 5,257,384	$ (99,096)

The Town of Manzanola has several major projects:

The Wastewater Plant project started on November 2025 and is estimated to be completed in August 2026, with the old Wastewater Plant then being removed, which should be finalized by the end of October 2026. The Project is being funded by a loan from the Colorado Water Resources and Power Development Authority (CWR&PDA), a CWR&PDA Forgiveness Loan of $1,000,000 and various grants. The Wastewater Plant Loan of $1,728,000 was finalized on January 30, 2025. The first payment of the loan was made in November 2025 and semi-annual payments of $37,546 will continue through the maturity date of May 1, 2055. The CWR&PDA loan required a sewer rate increase that was adopted on September 1, 2024.

The abandoned burnt house at 112 S. Canal is scheduled for abatement in August 2026, is being supported by a $350,000 Brownfields Grant from the Colorado Department of Public Health and Environment, after which the property will be donated as a Proposition 123 project allowing the house to be built.

The Arkansas Valley Conduit (AVC) is scheduled to reach the Town in 2031 which will fulfill the CDPHE enforcement order on radium and uranium.

GMS is working on preliminary engineering report to determine how the Town should move ahead on the 2024 Water Plant Sanitary Survey and water storage.

Town is working with the Colorado Department of Transportation and is approved for a Multimodal Transportation and Mitigation Options Fund (MMOF) grant of $747,041 to be used on improving Business section sidewalks.

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, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	$ 335,194	$ 406,736	$ 741,930
Cash and Cash Equivalents - Restricted	7,069	-	7,069
Receivable from County Treasurer	582	-	582
Property Taxes Receivable	35,024	-	35,024
Accounts Receivable	11,279	28,863	40,142
Loan Receivable	-	2,462,769	2,462,769
Grant Receivable	-	495,221	495,221
Capital Assets Not Being Depreciated	16,221	1,704,971	1,721,192
Capital Assets, Net	1,524,667	1,850,800	3,375,467
Total Assets	1,930,036	6,949,360	8,879,396
Liabilities			
Accounts Payable	338	426,260	426,598
Retainage Payable	-	23,703	23,703
Noncurrent Liabilities:			
Due Within One Year	1,700	137,744	139,444
Due In More Than One Year	21,552	1,759,779	1,781,331
Total Liabilities	23,590	2,347,486	2,371,076
Deferred Inflows of Resources			
Unavailable Property Taxes	35,024	-	35,024
Net Position			
Net Investment in Capital Assets	1,540,888	3,392,833	4,933,721
Restricted			
Operations and Maintenance	-	19,900	19,900
Parks and Recreation	7,069	-	7,069
Tabor Emergencies	5,000	-	5,000
Unrestricted	318,465	1,189,141	1,507,606
Total Net Position	$ 1,871,422	$ 4,601,874	$ 6,473,296

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, 2025

		Program Revenues			Net (Expense) Revenues and Changes in Net Position		
Function/Program Activities	**Expenses**	**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	$ 32,908	$ 6,915	$ -	$ -	$ (25,993)	$ -	$ (25,993)
Public Safety	78,049	20,521	-	-	(57,528)	-	(57,528)
Public Works	30,725	10,528	17,438	-	(2,759)	-	(2,759)
Health and Welfare	2,128	3,629	-	-	1,501	-	1,501
Culture and Recreation	3,593	-	5,269	-	1,676	-	1,676
Sanitation	5,790	316	-	-	(5,474)	-	(5,474)
Unallocated Depreciation	71,794	-	-	-	(71,794)		(71,794)
Total Governmental Activities	224,987	41,909	22,707	-	(160,371)	-	(160,371)
Business-type Activities							
Water	168,047	153,863	6,220	31,387	-	23,423	23,423
Sewer	97,533	64,104	-	1,509,231	-	1,475,802	1,475,802
Wastewater	39,277	90,000	-	-	-	50,723	50,723
Total Business-type Activities	304,857	307,967	6,220	1,540,618	-	1,549,948	1,549,948
Total	$ 529,844	$ 349,876	$ 28,927	$ 1,540,618	(160,371)	1,549,948	1,389,577
General Revenues:							
Property Taxes					25,353	-	25,353
Specific Ownership Tax					4,846	-	4,846
Sales and Use Taxes					48,012	-	48,012
Franchise Tax and Other Taxes					18,458	-	18,458
Interest Income					9,928	-	9,928
Miscellaneous					1,575	-	1,575
Total General Revenues					108,172	-	108,172
Change In Net Position					(52,199)	1,549,948	1,497,749
Net Position - Beginning					1,923,621	3,051,926	4,975,547
Net Position - Ending					$ 1,871,422	$ 4,601,874	$ 6,473,296

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

TOWN OF MANZANOLA, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	General Fund	Conservation Trust Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	$ 335,194	$ -	$ 335,194
Cash and Cash Equivalents - Restricted	-	7,069	7,069
Receivable from County Treasurer	582	-	582
Property Taxes Receivable	35,024	-	35,024
Accounts Receivable	11,279	-	11,279
Total Assets	$ 382,079	$ 7,069	$ 389,148
Liabilities			
Accounts Payable	$ 338	$ -	$ 338
Deferred Inflows of Resources			
Unavailable Property Taxes	35,024	-	35,024
Fund Balances			
Restricted			
Parks and Recreation	-	7,069	7,069
TABOR Emergencies	5,000	-	5,000
Assigned			
Subsequent Year's Budget	25,270	-	25,270
OCLI Closure and Postclosure Fund	16,413	-	16,413
Unassigned	300,034	-	300,034
Total Fund Balances	346,717	7,069	353,786
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 382,079	$ 7,069	$ 389,148

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, 2025

Total Fund Balance - Governmental Funds		$ 353,786
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 $647,892 accumulated depreciation	894,529	
Roads and Bridges, Net of $78,795 accumulated depreciation	551,573	
Buildings and Improvements, Net of $51,033 accumulated depreciation	31,500	
Vehicles and Equipment, Net of $212,290 accumulated depreciation	47,065	1,540,888
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 year end are:		
Compensated Absences	(6,839)	
Estimated Closure and Postclosure Costs	(16,413)	(23,252)
Net Position - Governmental Activities		$ 1,871,422

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, 2025

	General Fund	Conservation Trust Fund	Total Governmental Funds
Revenues			
Taxes	$ 96,669	$ -	$ 96,669
Intergovernmental Revenue	17,438	3,969	21,407
Charges for Services	20,773	-	20,773
Licenses and Permits	615	-	615
Fines and Forfeitures	20,521	-	20,521
Grants and Contributions	1,300	-	1,300
Interest Income	9,928	-	9,928
Other	1,575	-	1,575
Total Revenues	168,819	3,969	172,788
Expenditures			
Current			
General Government	32,514	-	32,514
Public Safety	78,053	-	78,053
Public Works	30,725	-	30,725
Health and Welfare	2,128	-	2,128
Culture and Recreation	2,027	1,566	3,593
Sanitation	2,740	-	2,740
Capital Outlay	10,000	-	10,000
Total Expenditures	158,187	1,566	159,753
Net Change in Fund Balances	10,632	2,403	13,035
Fund Balances - Beginning	336,085	4,666	340,751
Fund Balances - Ending	$ 346,717	$ 7,069	$ 353,786

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, 2025

Net Change in Fund Balance - Governmental Funds	$	13,035
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.		
Capital Outlay		10,000
Depreciation		(71,794)
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		(390)
Adjustment to estimated closure and postclosure costs		(3,050)
Change in Net Position - Governmental Activities	$	(52,199)

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, 2025

	Water	Sewer	Wastewater	Total
Assets				
Current assets				
Cash and Cash Equivalents	$ 198,641	$ 75,458	$ 132,637	$ 406,736
Accounts Receivable	13,977	14,886	-	28,863
Loan Receivable	-	2,462,769	-	2,462,769
Grant Receivable	8,248	486,973	-	495,221
Due From Other Funds	-	-	45,109	45,109
Total Current Assets	220,866	3,040,086	177,746	3,438,698
Noncurrent Assets				
Advance From Other Funds	-	-	1,679,445	1,679,445
Capital Assets Not Being Depreciated	31,387	1,673,584	-	1,704,971
Capital Assets, Net	1,537,468	142,934	170,398	1,850,800
Total Assets	1,789,721	4,856,604	2,027,589	8,673,914
Liabilities				
Current Liabilities				
Accounts Payable	8,831	417,429	-	426,260
Retainage Payable	-	23,703	-	23,703
Compensated Absences	1,200	1,300	-	2,500
Due To Other Funds	-	45,109	-	45,109
Notes Payable - Current	85,335	-	49,909	135,244
Total Current Liabilities	95,366	487,541	49,909	632,816
Noncurrent Liabilities				
Compensated Absences	3,718	3,813	-	7,531
Advance To Other Funds	-	1,679,445	-	1,679,445
Notes Payable	60,803	-	1,691,445	1,752,248
Total Noncurrent Liabilities	64,521	1,683,258	1,691,445	3,439,224
Total Liabilities	159,887	2,170,799	1,741,354	4,072,040
Net Position				
Net Investment in Capital Assets	1,422,717	1,816,518	153,598	3,392,833
Restricted:				
Operations and Maintenance Reserve	-	-	19,900	19,900
Unrestricted	207,117	869,287	112,737	1,189,141
Total Net Position	$ 1,629,834	$ 2,685,805	$ 286,235	$ 4,601,874

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, 2025

	Water	Sewer	Wastewater	Total
Operating Revenues				
Charges for Sales and Services				
Service Fees	$ 153,863	$ 64,104	$ 90,000	$ 307,967
Operating Expense				
Salaries and Benefits	63,845	60,514	-	124,359
System Operations	8,957	4,381	29,274	42,612
Water Analysis	2,674	843	-	3,517
Commodities and Services	11,147	4,487	75	15,709
Insurance	9,370	9,370	-	18,740
Conduit	2,162	-	-	2,162
Depreciation	64,643	17,938	7,408	89,989
Total Operating Expense	162,798	97,533	36,757	297,088
Operating Income (Loss)	(8,935)	(33,429)	53,243	10,879
Nonoperating Revenues (Expense)				
Interest Income	420	-	-	420
Interest Expense	(5,249)	-	(2,520)	(7,769)
Other, Net	5,800	-	-	5,800
Total Nonoperating Revenues (Expense)	971	-	(2,520)	(1,549)
Income (Loss) Before Capital Contributions	(7,964)	(33,429)	50,723	9,330
Capital Grant Revenue	31,387	1,509,231	-	1,540,618
Change In Net Position	23,423	1,475,802	50,723	1,549,948
Net Position - Beginning	1,606,411	1,210,003	235,512	3,051,926
Net Position - Ending	$ 1,629,834	$ 2,685,805	$ 286,235	$ 4,601,874

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, 2025

	Water	Sewer	Wastewater	Total
Cash Flows from Operating Activities				
Cash Received from Customers	$ 155,225	$ 65,390	$ 90,000	$ 310,615
Cash Payments to Suppliers for Goods and Services	(33,727)	(19,063)	(29,349)	(82,139)
Cash Payments to Employees for Services	(62,833)	(59,182)	-	(122,015)
Other Cash Received	5,800	-	3,671	9,471
Net Cash Provided by (Used for) Operating Activities	64,465	(12,855)	64,322	115,932
Cash Flows from Capital and Related Financing Activities				
Capital Grant Received	23,139	82,258	-	105,397
Note Proceeds	79,174	265,456	-	344,630
Acquisition and Construction of Capital Assets	(102,338)	(439,764)	-	(542,102)
Interfund Advance Payment	-	(3,671)	-	(3,671)
Principal Paid on Long-Term Debt	(24,751)	-	(8,471)	(33,222)
Interest Paid on Long-Term Debt	(5,249)	-	(2,520)	(7,769)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(30,025)	(95,721)	(10,991)	(136,737)
Cash Flows from Investing Activities				
Interest Income	420	-	-	420
Net Increase (Decrease) In Cash and Cash Equivalents	34,860	(108,576)	53,331	(20,385)
Cash and Cash Equivalents - Beginning	163,781	184,034	79,306	427,121
Cash and Cash Equivalents - Ending	$ 198,641	$ 75,458	$ 132,637	$ 406,736
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	$ (8,935)	$ (33,429)	$ 53,243	$ 10,879
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) by Operating Activities:				
Depreciation	64,643	17,938	7,408	89,989
Miscellaneous Nonoperating Income	5,800	-	3,671	9,471
Effect of Changes In Operating Assets and Liabilities:				
Accounts Receivable	1,362	1,286	-	2,648
Accounts Payable	583	18	-	601
Compensated Absences	1,012	1,332	-	2,344
Total Adjustments	73,400	20,574	11,079	105,053
Net Cash Provided by (Used for) Operating Activities	$ 64,465	$ (12,855)	$ 64,322	$ 115,932

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

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, 2025, the Town's share of the cost is estimated at $16,413, or approximately 0.8% of the total (see Note 5). A complete financial report may be obtained from the administrative offices of Otero County.

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

The S*ewer 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.

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.

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

Deferred Inflows of Resources

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.

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.

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.

Note 3 –Cash and Investments

Cash and investments at December 31, 2025 are presented in the accompanying financial statements as follows:

	Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	$ 335,194	$ 406,736	$ 741,930
Cash and Cash Equivalents - Restricted	7,069	-	7,069
Total	$ 342,263	$ 406,736	$ 748,999

Cash and investments as of December 31, 2025 consist of the following:

	Governmental Activities	Business-type Activities	Total
Deposits with Financial Institutions	$ 156,272	$ 388,250	$ 544,522
Certificates of Deposit	185,991	18,486	204,477
Total	$ 342,263	$ 406,736	$ 748,999

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.

At December 31, 2025, the Town's cash deposits had a bank balance of $865,446 and a carrying balance of $748,999.

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, 2025.

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows for the Town's governmental activities:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
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	10,000	-	259,355
Total Capital Assets Being Depreciated	2,504,677	10,000	-	2,514,677
Less Accumulated Depreciation For:				
Land Improvements	(609,331)	(38,561)	-	(647,892)
Roads and Bridges	(63,036)	(15,759)	-	(78,795)
Buildings and Improvements	(49,046)	(1,987)	-	(51,033)
Vehicles and Equipment	(196,803)	(15,487)	-	(212,290)
Total Accumulated Depreciation	(918,216)	(71,794)	-	(990,010)
Total Capital Assets Being Depreciated, Net	1,586,461	(61,794)	-	1,524,667
Governmental Activities Capital Assets, Net	$ 1,602,682	$ (61,794)	$ -	$ 1,540,888

Depreciation expense is not allocated to specific departments or activities.

Capital asset activity for the year ended December 31, 2025 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	109,369	110,586	(188,568)	31,387
Construction in Process - Sewer	736,706	880,878	-	1,617,584
Total Capital Assets Not Being Depreciated	902,075	991,464	(188,568)	1,704,971
Capital Assets Being Depreciated:				
Water	2,647,066	188,568	-	2,835,634
Sewer	708,381	-	-	708,381
Wastewater	302,455	-	-	302,455
Total Capital Assets Being Depreciated	3,657,902	188,568	-	3,846,470
Less Accumulated Depreciation For:				
Water	(1,233,523)	(64,643)	-	(1,298,166)
Sewer	(547,509)	(17,938)	-	(565,447)
Wastewater	(124,649)	(7,408)	-	(132,057)
Total Accumulated Depreciation	(1,905,681)	(89,989)	-	(1,995,670)
Total Capital Assets Being Depreciated, Net	1,752,221	98,579	-	1,850,800
Business-type Activities Capital Assets, Net	$ 2,654,296	$ 1,090,043	$ (188,568)	$ 3,555,771

Note 5 – Long-term Obligations

The following is an analysis of changes in long-term debt for the year ended December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Estimated Closure and Postclosure Costs	$ 13,363	$ 3,050	$ -	$ 16,413	$ -
Compensated Absences	6,449	390	-	6,839	1,700
Total Governmental Activities	$ 19,812	$ 3,440	$ -	$ 23,252	$ 1,700
Business-type Activities					
Direct Borrowings					
Water Fund					
Promissory Note	$ 91,715	$ 79,174	$ 24,751	$ 146,138	$ 85,335
Wastewater Fund					
CWR&PDA Sewer Loan, 2008	21,600	-	4,800	16,800	4,800
CWR&PDA Sewer Loan, 2025	-	2,728,225	1,003,671	1,724,554	45,109
Compensated Absences	7,687	2,344	-	10,031	2,500
Total Business-type Activities	$121,002	$2,809,743	$1,033,222	$1,897,523	$137,744

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 the 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 $16,413. These amounts are based on estimates of what it would cost to perform all closure and post closure care in 2025. Actual costs may be higher or lower due to inflation or deflation, changes in technology, or changes in applicable laws or regulations.

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. An additional draw in the amount of $52,824 was made in 2024 and the final draw of $79,174 was made in 2025. Interest-only payments began on November 30, 2023, and continued 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, estimated to be on February 28, 2029.

The 2023 Note matures as follows:

	Principal	Interest	Total
2026	$ 85,335	$ 2,563	$ 87,898
2027	28,404	1,596	30,000
2028	29,364	636	30,000
2029	3,035	10	3,045
	$ 146,138	$ 4,805	$ 150,943

Colorado Water Resources and Power Development Authority – 2008 Wastewater Note

On July 24, 2008, the Town issued a note with the Colorado Water Resources and Power Development Authority (CWRPDA), 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. The loan may be prepaid at any time without penalty.

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, 2025, 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 Town has restricted $19,900 of the Wastewater Fund's net position, calculated as follows:

Total Operating Expenses	$	97,533
Less Depreciation		(17,938)
Operations and Maintenance Expenses	$	79,595
3 Months of Operations and Maintenance	$	19,900

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:

	Principal	Interest	Total
2026	$ 4,800	$ -	$ 4,800
2027	4,800	-	4,800
2028	4,800	-	4,800
2029	2,400	-	2,400
	$ 16,800	$ -	$ 16,800

Colorado Water Resources and Power Development Authority – 2025 Wastewater Note

On January 30, 2025, the Town entered into a loan agreement with the CWRPDA, 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.

The 2025 CWRPDA Loan contains the same security and covenant provisions as the 2008 CWRPDA Loan, as described above.

The note matures as follows:

	Principal	Interest	Total
2026	$ 45,109	$ 29,983	$ 75,092
2027	45,902	29,190	75,092
2028	46,708	28,384	75,092
2029	47,529	27,563	75,092
2030	48,364	26,728	75,092
2031-2035	254,878	120,582	375,460
2036-2040	278,077	97,383	375,460
2041-2045	303,390	72,070	375,460
2046-2050	331,006	44,454	375,460
2051-2055	323,591	14,323	337,914
	$ 1,724,554	$ 490,660	$ 2,215,214

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.

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.

Construction Commitment

At December 31, 2025, the Town had a uncompleted construction contracts in the sewer fund. The remaining commitment on these construction contracts was approximately $2,690,000.

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, 2025, the Town recognized pension expense of $8,732, 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.

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.

Part 17 of Article 1 of Title 29 of the Colorado Revised Statutes contains limitations on the amount of revenues that can be generated from property taxes that apply to certain local governments within the State of Colorado.

Subject to certain exclusions and exemptions, property tax revenue is limited to a 5.25% increase (or 10.50% over a two year assessment period).

The Town's management believes the Town is in compliance with the provisions of the statute; however, the statute is complex and subject to interpretation.

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, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	Original and Final Budget	Actual Amounts	Variance with Final Budget	2024 Actual
Revenues				
Taxes				
Property Tax	$ 23,900	$ 23,943	$ 43	$ 23,452
Property Tax - State Backfill	-	1,410	1,410	13,882
Specific Ownership Tax	6,000	4,846	(1,154)	5,243
Sales Tax	40,000	48,012	8,012	45,170
Cigarette Tax	150	72	(78)	98
Franchise Tax	17,000	16,764	(236)	18,321
Other Taxes	1,900	1,622	(278)	1,605
Subtotal Taxes	88,950	96,669	7,719	107,771
Intergovernmental				
County Road and Bridge	2,500	1,836	(664)	1,795
Severance Tax	-	5	5	42
Highway Users Tax	13,000	15,597	2,597	15,238
Subtotal Intergovernmental	15,500	17,438	1,938	17,075
Charges for Services				
Sanitation Fees	-	316	316	-
Infrastructure Fees	11,500	10,528	(972)	10,563
Mosquito Control	3,600	3,629	29	3,656
Rents	6,300	6,300	-	6,300
Subtotal Charges for Services	21,400	20,773	(627)	20,519
Licenses and Permits	200	615	415	1,168
Fines and Forfeitures				
Fines and Forfeitures	43,000	17,071	(25,929)	26,740
Deferral Fees	-	3,450	3,450	7,285
Subtotal Fines and Forfeitures	43,000	20,521	(22,479)	34,025
Donations	2,000	1,300	(700)	-
Interest Income	7,000	9,928	2,928	8,888
Insurance Recovery	-	180	180	-
Proceeds from Sale of Assets	-	-	-	150
Miscellaneous	250	1,395	1,145	2,328
Total Revenues	178,300	168,819	(9,481)	191,924

(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, 2025
(With Comparative Totals for the Year Ended December 31, 2024)
(Continued)

Expenditures Current:	**Original and Final Budget**	**Actual Amounts**	**Variance with Final Budget**	**2024 Actual**
General Government				
Salaries and Benefits	$ -	$ -	$ -	$ 12,426
Office	8,000	10,359	(2,359)	11,704
Insurance	10,900	11,316	(416)	10,989
Training/Travel	-	-	-	615
County Treasurer Fees	600	477	123	760
Audit	5,000	5,300	(300)	5,300
Legal	1,000	336	664	90
Workers Comp Insurance	100	74	26	101
Donations and Contributions	200	113	87	125
Miscellaneous	-	4,539	(4,539)	195
Subtotal General Government	25,800	32,514	(6,714)	42,305
Public Safety				
Wages and Benefits	51,384	51,288	96	49,820
Vehicle Expenses	3,000	2,688	312	2,890
Judge/Legal	2,400	2,400	-	2,400
Rocky Ford Dispatch Center	10,000	10,000	-	10,000
Uniforms/Training/Supplies	2,000	1,076	924	888
Office	350	73	277	200
Insurance	7,900	7,914	(14)	7,675
Workers Comp Insurance	1,250	908	342	1,243
Radio/Radar	2,000	1,706	294	1,734
Subtotal Public Safety	80,284	78,053	2,231	76,850
Public Works				
Wages and Benefits	-	-	-	-
Building Expense	2,500	430	2,070	1,217
Street Lighting	20,000	20,115	(115)	17,958
Street Repairs	1,000	281	719	41
Equipment Repairs	7,500	9,899	(2,399)	8,665
Subtotal Public Works	31,000	30,725	275	27,881
Health and Welfare				
Cemetery	3,500	1,467	2,033	1,325
Mosquito Control	3,800	661	3,139	-
Subtotal Health and Welfare	7,300	2,128	5,172	1,325

(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, 2025
(With Comparative Totals for the Year Ended December 31, 2024)
(Continued)

	Original and Final Budget	Actual Amounts	Variance with Final Budget	2024 Actual
Culture and Recreation				
Parks	$ 2,000	$ 2,027	$ (27)	$ 1,691
Subtotal Culture and Recreation	2,000	2,027	(27)	1,691
Sanitation				
Sanitation	2,660	1,696	964	1,770
OCLI Landfill Liability	-	1,044	(1,044)	1,044
Subtotal Sanitation	2,660	2,740	(80)	2,814
Capital Outlay	27,024	10,000	17,024	-
Reserves	255,064	-	255,064	-
Total Expenditures	431,132	158,187	272,945	152,866
Net Change in Fund Balance	(252,832)	10,632	263,464	39,058
Fund Balance - Beginning	252,832	336,085	83,253	297,027
Fund Balance - Ending	$ -	$ 346,717	$ 346,717	$ 336,085

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, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	Original and Final Budget	Actual Amounts	Variance with Final Budget	2024 Actual
Revenues				
Lottery	$ 4,000	$ 3,969	$ (31)	$ 4,116
Expenditures				
Culture and Recreation	2,000	1,566	434	1,145
Reserves	6,666	-	6,666	-
Total Expenditures	8,666	1,566	7,100	1,145
Net Change in Fund Balance	(4,666)	2,403	7,069	2,971
Fund Balance - Beginning	4,666	4,666	-	1,695
Fund Balance - Ending	$ -	$ 7,069	$ 7,069	$ 4,666

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

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, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	Original and Final Budget	Actual Amounts	Variance with Final Budget	2024 Actual
Revenues				
Water Sales	$ 145,000	$ 147,013	$ 2,013	$ 145,663
Interest Income	125	420	295	381
Late Fees	-	6,850	6,850	7,062
Water Lease - Highline	5,000	5,800	800	5,800
Grant Revenues - Operating	-	-	-	3,239
Grant Revenues - Capital	32,500	31,387	(1,113)	-
Note Proceeds	-	79,174	79,174	52,824
Transfers In	38,000	-	(38,000)	-
Total Revenues	220,625	270,644	50,019	214,969
Expenditures				
Salaries and Benefits	63,352	62,833	519	56,299
System Operations	86,000	8,957	77,043	43,355
Water Analysis	4,000	2,674	1,326	1,760
Commodities and Services	5,850	11,147	(5,297)	11,108
Insurance	9,600	9,370	230	9,379
Conduit	20,000	2,162	17,838	3,454
Capital Outlay	-	110,586	(110,586)	52,799
Debt Principal	30,000	24,751	5,249	17,724
Debt Interest	-	5,249	(5,249)	2,908
Reserves	275,041	-	275,041	-
Total Expenditures	493,843	237,729	256,114	198,786
Funds Available - Beginning	273,218	179,120	(94,098)	162,937
Funds Available - Ending	$ -	$ 212,035	$ 212,035	$ 179,120

Funds Available is Computed as Follows:

		Actual Amounts		2024 Actual
Current Assets		$ 220,866		$ 179,120
Current Liabilities		(95,366)		(28,366)
Add Current Portion of Long-Term Debt		86,535		28,366
		$ 212,035		$ 179,120

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, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	Original and Final Budget	Actual Amounts	Variance with Final Budget	2024 Actual
Revenues				
Service Fees	$ 147,300	$ 64,104	$ (83,196)	$ 90,542
Grant Revenues	600,935	509,231	(91,704)	-
Loan Proceeds - Sewer Lagoon	1,728,225	1,728,225	-	-
Loan Forgiveness	-	1,000,000	1,000,000	-
Total Revenues	2,476,460	3,301,560	825,100	90,542
Expenditures				
Salaries and Benefits	58,750	59,182	(432)	50,409
System Operations	9,600	4,381	5,219	5,095
Commodities and Services	2,450	4,487	(2,037)	4,551
Insurance	9,613	9,370	243	9,379
Sewer Analysis	1,000	843	157	512
Capital Outlay	2,329,160	880,878	1,448,282	-
Debt Interest	74,537	-	74,537	-
Interfund Advance Payment	-	3,671	(3,671)	-
Reserves	262,954	-	262,954	-
Total Expenditures	2,748,064	962,812	1,785,252	69,946
Funds Available - Beginning	271,604	260,206	(11,398)	239,610
Funds Available - Ending	$ -	$ 2,598,954	$ 2,598,954	$ 260,206

Funds Available is Computed as Follows:		
Current Assets	$ 3,040,086	$ 260,206
Current Liabilities	(487,541)	(900)
Add Current Portion of Long-Term Debt	46,409	900
	$ 2,598,954	$ 260,206

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, 2025
(With Comparative Totals for the Year Ended December 31, 2024)

	Original and Final Budget	Actual Amounts	Variance with Final Budget	2024 Actual
Revenues				
Service Fees	$ -	$ 90,000	$ 90,000	$ 29,419
Interfund Advance Payment	-	3,671	3,671	-
Total Revenues	-	93,671	93,671	29,419
Expenditures				
Commodities and Services	50	75	(25)	50
Sewer Line Cleaning	16,000	29,274	(13,274)	-
Debt Interest	-	2,520	(2,520)	-
Debt Principal - 2008 Loan	4,800	4,800	-	4,800
Debt Principal - 2025 Loan	-	3,671	(3,671)	-
Reserves	70,067	-	70,067	-
Total Expenditures	90,917	40,340	50,577	4,850
Excess Revenues Over (Under) Expenditures	(90,917)	53,331	144,248	24,569
Funds Available - Beginning	90,917	79,306	(11,611)	54,737
Funds Available - Ending	$ -	$ 132,637	$ 132,637	$ 79,306

Funds Available is Computed as Follows:	Actual Amounts	2024 Actual
Current Assets	$ 177,746	$ 79,306
Less Current Portion of Long-Term Assets	(45,109)	-
Current Liabilities	(49,909)	(4,800)
Add Current Portion of Long-Term Debt	49,909	4,800
	$ 132,637	$ 79,306

See the Independent Auditor's Report

TOWN OF MANZANOLA, COLORADO

WATER FUND
RECONCILIATION OF REVENUES AND EXPENDITURES BUDGETARY BASIS
BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2025

Revenue (Budgetary Basis)	$	270,644
Note Proceeds		(79,174)
Total revenue per statement of revenues, expenses and changes in net position		191,470
Expenditures (Budgetary Basis)		237,729
Capital Expenditures		(110,586)
Depreciation		64,643
Increase in long-term portion of compensated absences		1,012
Loan Principal		(24,751)
Total Expenses Per Statement of Revenues, Expenses and Changes in Net Position		168,047
Change in Net Position Per Statement of Revenues, Expenses and Changes in Net Position	$	23,423

See the Independent Auditor's Report

TOWN OF MANZANOLA, COLORADO

SEWER FUND
RECONCILIATION OF REVENUES AND EXPENDITURES BUDGETARY BASIS
BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2025

Revenue (Budgetary Basis)	$ 3,301,560
Loan Proceeds	(1,728,225)
Total revenue per statement of revenues, expenses and changes in net position	1,573,335
Expenditures (Budgetary Basis)	962,812
Capital Expenditures	(880,878)
Depreciation	17,938
Increase in long-term portion of compensated absences	1,332
Payment of Interfund Advance	(3,671)
Total Expenses Per Statement of Revenues, Expenses and Changes in Net Position	97,533
Change in Net Position Per Statement of Revenues, Expenses and Changes in Net Position	$ 1,475,802

See the Independent Auditor's Report

TOWN OF MANZANOLA, COLORADO

WASTEWATER FUND
RECONCILIATION OF REVENUES AND EXPENDITURES BUDGETARY BASIS
BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2025

Revenue (Budgetary Basis)	$	93,671
Payment of Interfund Advance		(3,671)
Total revenue per statement of revenues, expenses and changes in net position		90,000
Expenditures (Budgetary Basis)		40,340
Depreciation		7,408
Debt Principal - 2008 Loan		(4,800)
Debt Principal - 2025 Loan		(3,671)
Total Expenses Per Statement of Revenues, Expenses and Changes in Net Position		39,277
Change in Net Position Per Statement of Revenues, Expenses and Changes in Net Position	$	50,723

See the Independent Auditor's Report

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO
THIS INFORMATION FROM THE RECORDS OF: TOWN OF MANZANOLA	PREPARED BY: KRIS BAYLOR MANZANOLA@CI.MANZANOLA.CO.US	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	1,836.00	a. Interest on investments	
b. Non-property Taxes and Assessments Imposts	4,846.00	b. Other Misc. Local Receipts	17,071.00
c. Total (a + b)	$ 6,682.00	**c. Total (a + b)**	$ 17,071.00

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.	15,597.00	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	1,363.00		
c. Total (a + b)	$ 1,363.00		
4. Total (1 + 2 + 3c)	$ 16,960.00	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

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

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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		*III. EXPENDITURES FOR ROAD AND STREET PURPOSES*	
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
A. Receipts from Local Sources:		**A. Local highway expenditures:**	
1. Local Highway-user Taxes		1. Capital Outlay (from page 1, Item III.A1.d)	$ -
a. Motor Fuel (from Item I.A.1)		2. Maintenance:	17,145.00
b. Motor Vehicle (from Item I.B.1)		3. Road and Street Services:	
c. Total (a + b)		a. Snow and Ice Removal	
2. General Fund Appropriations	5,218.00	b. Other & Traffic Control Operations	12,225.00
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 6,682.00	**c. Total (a + b)**	$ 12,225.00
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 17,071.00	4. General Administration & Miscellaneous	3,739.00
5. Transfers from Toll Facilities		5. Highway Law Enforcement and Safety	12,822.00
6. Proceeds of Sale of Bonds and Notes:		**6. Total (1 through 5)**	$ 45,931.00
a. Bonds - Original Issues		**B. Debt Service on Local Obligations:**	
b. Bonds - Refunding Issues		1. Bonds:	
c. Notes		a. Interest	
d. Total (a + b + c)	$ -	b. Redemption	
7. Total (1 through 6)	$ 28,971.00	**c. Total (a + b)**	$ -
B. Private Contributions		2. Notes:	
C. Receipts from State government (from page 1, Item II.C.4)	$ 16,960.00	a. Interest	
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -	b. Redemption	
E. Total receipts (A.7 + B + C + D)	$ 45,931.00	**c. Total (a + b)**	$ -
		3. Total (1c + 2c)	$ -
		C. Payments to State for Highways	
		D. Payments to Toll Facilities	
		E. Total Expenditures (A6 + B3 + C + D)	$ 45,931.00

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)		$ -	$ -	$ -

OTHER INFORMATION

TOWN OF MANZANOLA, COLORADO

SCHEDULES OF FUTURE DEBT SERVICE REQUIREMENTS
December 31, 2025

$96,000 Colorado Water Resources and Power Development Authority Sewer Fund
Interest Rate - 0.00%
Dated July 24, 2008

Year	Principal	Interest	Total
2026	4,800	-	4,800
2027	4,800	-	4,800
2028	4,800	-	4,800
2029	2,400	-	2,400
	$ 16,800	$ -	$ 16,800

$188,613 Fowler State Bank Promissory Note Water Fund
Interest Rate - 3.29%
Dated October 31, 2023

Year	Principal	Interest	Total
2026	$ 85,335	$ 2,563	$ 87,898
2027	28,404	1,596	30,000
2028	29,364	636	30,000
2029	3,035	10	3,045
	$ 146,138	$ 4,795	$ 147,898

$1,728,225 Colorado Water Resources and Power Development Authority Sewer Fund
Interest Rate - 1.75%
Dated January 30, 2025

Year	Principal	Interest	Total
2026	$ 45,109	$ 29,983	$ 75,092
2027	45,902	29,190	75,092
2028	46,708	28,384	75,092
2029	47,529	27,563	75,092
2030	48,364	26,728	75,092
2031	49,215	25,877	75,092
2032	50,080	25,012	75,092
2033	50,960	24,132	75,092
2034	51,856	23,236	75,092
2035	52,767	22,325	75,092
2036	53,695	21,397	75,092
2037	54,638	20,454	75,092
2038	55,598	19,494	75,092
2039	56,576	18,516	75,092
2040	57,570	17,522	75,092
2041	58,582	16,510	75,092
2042	59,612	15,480	75,092
2043	60,659	14,433	75,092
2044	61,726	13,366	75,092
2045	62,811	12,281	75,092
2046	63,915	11,177	75,092
2047	65,038	10,054	75,092
2048	66,181	8,911	75,092
2049	67,344	7,748	75,092
2050	68,528	6,564	75,092
2051	69,733	5,359	75,092
2052	70,958	4,134	75,092
2053	72,206	2,886	75,092
2054	73,474	1,618	75,092
2055	37,220	326	37,546
	$ 1,724,554	$ 490,660	$ 2,215,214

TOWN OF MANZANOLA, COLORADO

Summary of Assessed Valuation, Mill Levy and Property Taxes Collected December 31, 2025

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%
2024	2025	884,095	26.990	23,862	23,943	100.34%
Estimated for year ending December 31, 2026		$ 1,297,680	26.990	$ 35,024		

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