
Town of Poncha Springs, Colorado
Financial Statements and Report of
Independent Certified Public Accountants
December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Poncha Springs, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Poncha Springs, Colorado as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Poncha Springs, Colorado, as of December 31, 2018, 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.

Other Matters

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 3 through 10 and 34 through 35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Poncha Springs, Colorado basic financial statements. The Conservation Trust Fund, Water Fund and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Conservation Trust Fund, Water Fund and Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Conservation Trust Fund, Water Fund and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Blair and Associates, P.C.

Cedaredge, Colorado
August 13, 2019

TOWN OF PONCHA SPRINGS
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2018

As management of the Town of Poncha Springs (the "Town"), we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$ 8,403,360 (i.e. net position) as of December 31, 2018, an increase of \$ 2,011,350 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of \$ 2,042,579, an increase of \$ 334,654 in comparison with the prior year.
- The Town's fund balance for the General Fund was \$ 1,994,622, an increase of \$ 317,069 in comparison to the prior year.
- General property, sales and franchise taxes totaled \$ 635,170, or 80% of general revenues.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The **statement of net position** presents information on all the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **statement of activities** presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town include general government administration, public works, and culture and recreation. The Business-type Activity of the Town was the Water Fund.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *short-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. The accounting method is called *modified accrual* accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains two major government funds, the General Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund.

Proprietary Funds – The Town maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses a separate enterprise fund to account for the Water Fund.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted previously, net position may serve over time as a useful indicator of the Town's financial position. For the year ended December 31, 2018, the Town's combined assets exceeded liabilities by \$ 8,403,360. Of this amount, \$ 2,598,191 is unrestricted and available to meet the Town's ongoing financial obligations.

By far the largest portion of net position is invested in capital assets (net of related debt) of \$ 5,771,669 (69% of net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the net investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the Town's governmental and business-type net position for 2018 and 2017:

	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Assets				
Current and other assets	\$ 2,100,080	\$ 1,764,387	\$ 730,079	\$ 615,463
Capital assets	2,506,209	2,499,059	3,265,460	1,587,681
Total assets	<u>\$ 4,606,289</u>	<u>\$ 4,263,446</u>	<u>\$ 3,995,539</u>	<u>\$ 2,203,144</u>
Current liabilities	\$ 16,001	\$ 15,762	\$ 128,604	\$ 5,104
Non-current liabilities				
Loans and compensated absences	12,363	13,015	-	-
Total liabilities	<u>28,364</u>	<u>28,777</u>	<u>128,604</u>	<u>5,104</u>
Deferred Inflow of Resources				
Deferred property tax revenue	<u>41,500</u>	<u>40,700</u>	<u>-</u>	<u>-</u>
Net position				
Net investment in capital assets	2,506,209	2,486,044	3,265,460	1,587,681
Restricted	33,500	22,800	-	-
Unrestricted	1,996,716	1,685,125	601,475	610,359
Total net position	<u>\$ 4,536,425</u>	<u>\$ 4,193,969</u>	<u>\$ 3,866,935</u>	<u>\$ 2,198,040</u>

An additional portion of net position, \$33,500, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$ 2,598,191 (31% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

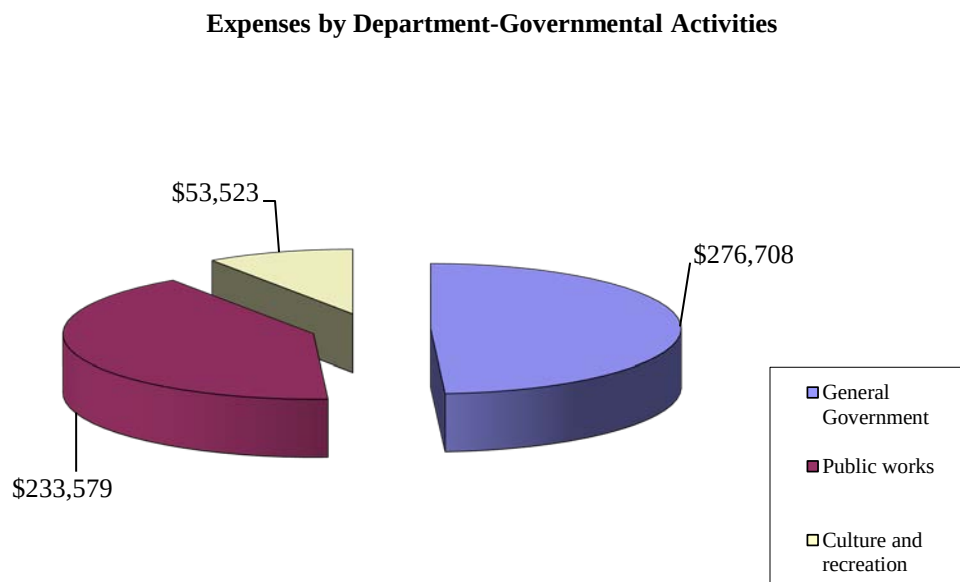
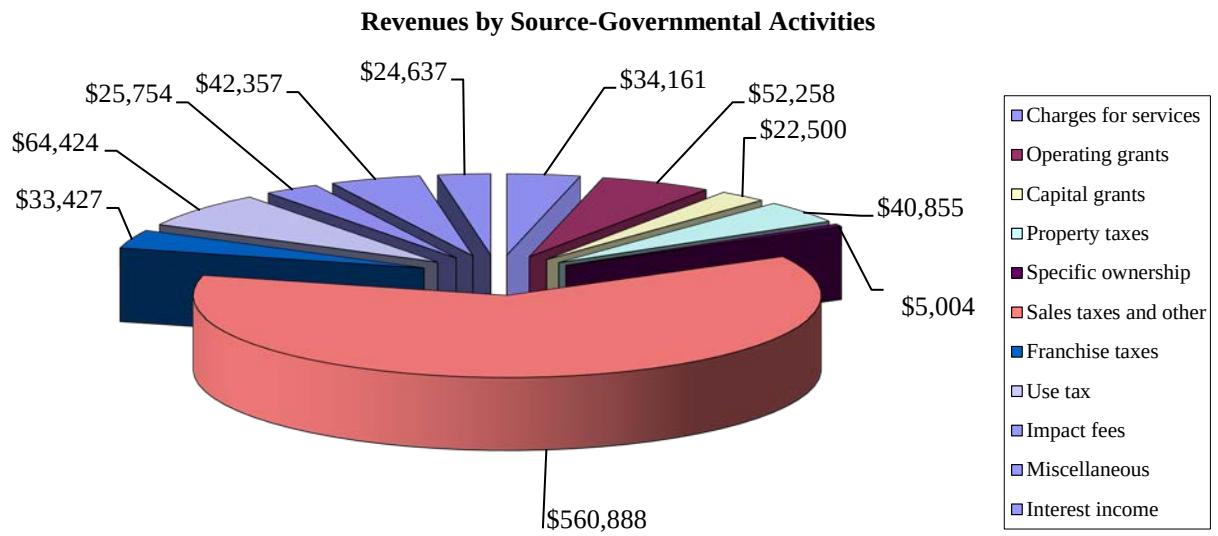
Change in Net Position

Governmental and business-type activities increased the Town's net position by \$ 2,011,350 in 2018.

	Governmental Activities		Business-Type Activities	
Revenues	2018	2017	2018	2017
Program revenues				
Charges for services	\$ 34,161	\$ 7,815	\$ 209,965	\$ 202,824
Operating grants	52,258	43,938	-	-
Capital grants	22,500	52,710	1,343,946	230,857
General Revenues				
Property taxes	40,855	37,706	-	-
Specific ownership	5,004	4,597	-	-
Sales taxes and other	560,888	537,597	-	-
Franchise taxes	33,427	31,866	-	-
Use tax	64,424	92,017	-	-
Miscellaneous	42,357	19,333	341,695	21,848
Interest income	24,637	12,918	-	-
Impact fees	25,754	47,130	-	-
Totals	906,265	887,627	1,895,606	455,529
Expenses				
General government	276,708	238,188	-	-
Public works	233,579	205,051	226,711	246,401
Culture and recreation	53,523	37,172	-	-
Total expenses	563,810	480,411	226,711	246,401
Increase in net position	342,455	407,216	1,668,895	209,128
Beginning	4,193,970	3,786,754	2,198,040	1,988,912
Ending	\$ 4,536,425	\$ 4,193,970	\$ 3,866,935	\$ 2,198,040

Governmental Activities

Governmental activities increased the Town's net position by \$ 342,455.



Business-type Activities

Business-type activities for the year resulted in an increase in net position of \$ 1,668,895. Capital grants and contributions accounted for 71% of total revenues.

FINANCIAL ANALYSIS OF GOVERNMENT'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. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of 2018, the Town's governmental funds reported combined ending fund balances of \$ 2,042,579, an increase of \$ 334,654 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 96% of this total amount, \$ 1,961,122, constitutes unassigned fund balance, which is available for appropriation at the Town's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is already committed to meet a State constitution mandated emergency reserve of \$ 33,500.

The Town has one major governmental fund; the General Fund, which is the primary operating fund for the Town. At the end of 2018, committed fund balance of the Capital Projects Fund was \$ 2,629. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the Town's General Fund increased by \$ 317,069 during 2018.

Proprietary funds. The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Town has one enterprise fund, the Water Fund. At the end of 2018, the Water Fund represented the following net position amounts:

Fund:	Water
Unrestricted net position	\$ 601,475
Total net position	\$ 3,866,935
Increase (Decrease) in net position	\$ 1,668,895

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town budgeted \$ 715,323 for 2018 expenditures. Actual expenditures were \$ 526,895.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Town's net investment in capital assets for its governmental and business-type activities as of December 31, 2018, was \$ 5,771,669, an increase of \$ 1,684,929 from the prior year. As required by GASB 34, the net investment in capital assets includes land, buildings, building improvements, and equipment.

Capital assets activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Dispositions	Balance December 31, 2018
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 578,189	\$ -	\$ -	\$ 578,189
Capital assets being depreciated				
Buildings	876,368	-	-	876,368
Improvements other than buildings	60,284	-	-	60,284
Infrastructure	1,175,209	50,595	-	1,225,804
Equipment	213,434	36,959	-	250,393
	<u>2,325,295</u>	<u>87,554</u>	<u>-</u>	<u>2,412,849</u>
Less accumulated depreciation				
Buildings	(88,488)	(21,759)	-	(110,247)
Infrastructure	(157,035)	(42,187)	-	(199,222)
Equipment	(158,901)	(16,459)	-	(175,360)
	<u>(404,424)</u>	<u>(80,405)</u>	<u>-</u>	<u>(484,829)</u>
Capital assets being depreciated, net	<u>1,920,871</u>	<u>7,149</u>	<u>-</u>	<u>1,928,020</u>
Total governmental activities capital assets	<u>\$ 2,499,060</u>	<u>\$ 7,149</u>	<u>\$ -</u>	<u>\$ 2,506,209</u>
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 517,988	\$ -	\$ -	\$ 517,988
Capital assets being depreciated				
Buildings	5,837	-	-	5,837
Transmission system	1,240,488	1,724,059	-	2,964,547
Storage tanks	209,045	-	-	209,045
Wells	440,423	-	-	440,423
Equipment	304,207	-	-	304,207
Less accumulated depreciation	<u>(1,130,306)</u>	<u>(46,281)</u>	<u>-</u>	<u>(1,176,587)</u>
Capital assets being depreciated, net	<u>1,069,694</u>	<u>1,677,778</u>	<u>-</u>	<u>2,747,472</u>
Total business-type activities capital assets	<u>\$ 1,587,682</u>	<u>\$ 1,677,778</u>	<u>\$ -</u>	<u>\$ 3,265,460</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town of Poncha Springs receives most of its revenue as “pass through” funds from other entities and taxes. For example, the Town receives a share of the Chaffee County Sales Tax and funds from Highway User Tax Fund and Mineral Leasing and Severance payments. Most of these revenue sources are vulnerable to changes in the general economy as well as legislative changes that can redistribute funds.

The Town's sales tax and portion of county sales tax stayed vastly consistent with 2016 numbers, as town sales tax was within 1% of the previous year while county sales tax saw a slight increase. The activity in residential development during the 2016 calendar year continued into 2017, contributing to increased revenues. Fees collected at the time of permit accounted for \$92,017.42 of revenue in Use Tax and \$47,130 in Impact Fees both contributing to the General Fund; as well as, \$191,250 of revenue in Water System Development Fees contributing to the Water Fund. These funds will contribute to Capital Projects in 2018 and 2019, and it is anticipated that the increased growth will continue in the next fiscal year.

Capital projects for the next budgetary cycle include resurfacing all municipal roads, fleet replacement in way of a new snow plow, finalizing improvements at Chipeta Park and starting improvements at Hoover Park; as well as, improvements at the Visitor's Center located at the corner of US Highway 50 and US Highway 285. Within the Water Fund, the Water Infrastructure Improvement Project will start construction at the beginning of the year with the installation of a 5,800LF 12” trunk line, new high production wells, treatment facility and a new 400,000-gallon elevated water storage tank.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Town of Poncha Springs. For additional information or questions related to this report please contact the following:

Administrative Officer/Treasurer/Clerk
Brian P. Berger
PO Box 190
Poncha Springs, CO 81242
719-539-6882

BASIC FINANCIAL STATEMENTS

**Town of Poncha Springs
Statement of Net Position
December 31, 2018**

	Governmental Activities	Business -Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,014,099	\$ 283,784	\$ 2,297,883
Property taxes receivable	41,500	-	41,500
Accounts receivables	2,421	15,225	17,646
Due from other governments	42,060	431,070	473,130
Capital assets, net	2,506,209	3,265,460	5,771,669
Total assets	<u>4,606,289</u>	<u>3,995,539</u>	<u>8,601,828</u>
LIABILITIES			
Accounts payable	16,001	128,604	144,605
Compensated absences	12,363	-	12,363
Total liabilities	<u>28,364</u>	<u>128,604</u>	<u>156,968</u>
Deferred Inflows of Resources			
Deferred property tax revenue	<u>41,500</u>	<u>-</u>	<u>41,500</u>
NET POSITION			
Invested in capital assets, net of related debt	2,506,209	3,265,460	5,771,669
Reserve for emergencies	33,500	-	33,500
Unrestricted	1,996,716	601,475	2,598,191
Total net position	<u>\$ 4,536,425</u>	<u>\$ 3,866,935</u>	<u>\$ 8,403,360</u>

The accompanying notes are an integral part of this statement.

**Town of Poncha Springs
Statement of Activities
For the Year Ended December 31, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Service and Fees	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 276,708	\$ 2,631	\$ -	\$ -
Public Works	233,579	31,530	44,229	-
Culture and Recreation	53,523	-	8,029	22,500
Total governmental activities	<u>563,810</u>	<u>34,161</u>	<u>52,258</u>	<u>22,500</u>
Business-type activities:				
Water	226,711	209,965	-	1,343,946
Total business- type activities	<u>226,711</u>	<u>209,965</u>	<u>-</u>	<u>1,343,946</u>
Total primary government	<u>\$ 790,521</u>	<u>\$ 244,126</u>	<u>\$ 52,258</u>	<u>\$ 1,366,446</u>

General Revenues

Taxes:

Property taxes

Specific ownership

Sales taxes and miscellaneous

Franchise taxes

Impact fees

Use tax

Miscellaneous

Investment earnings

Total General Revenues

Changes in Net Position

Net Position-January 1

Net Position-December 31

Net (Expense) Revenue and Changes in Net Position
Primary Government

Governmental	Business-Type	
Activities	Activities	Total
\$ (274,077)	\$ -	\$ (274,077)
(157,820)	-	(157,820)
(22,994)	-	(22,994)
(454,891)	-	(454,891)
-	1,327,200	1,327,200
-	1,327,200	1,327,200
(454,891)	1,327,200	872,309
40,855	-	40,855
5,004	-	5,004
560,888	-	560,888
33,427	-	33,427
25,754	-	25,754
64,424	-	64,424
42,357	341,695	384,052
24,637	-	24,637
797,346	341,695	1,139,041
342,455	1,668,895	2,011,350
4,193,970	2,198,040	6,392,010
\$ 4,536,425	\$ 3,866,935	\$ 8,403,360

The accompanying notes are an integral part of this statement.

**Town of Poncha Springs
Governmental Funds
Balance Sheet
December 31, 2018**

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,963,529	\$ 50,570	\$ 2,014,099
Taxes receivable	41,500	-	41,500
Due from other governments	42,060	-	42,060
Accounts receivable	2,421	-	2,421
Total assets	<u>\$ 2,049,510</u>	<u>\$ 50,570</u>	<u>\$ 2,100,080</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	<u>\$ 13,388</u>	<u>\$ 2,613</u>	<u>\$ 16,001</u>
Total liabilities	<u>13,388</u>	<u>2,613</u>	<u>16,001</u>
Deferred Inflows of Resources			
Deferred property tax revenue	<u>41,500</u>	<u>-</u>	<u>41,500</u>
Fund balances:			
Restricted			
Reserve for emergencies	33,500	-	33,500
Parks and recreation	-	45,328	45,328
Committed	-	2,629	2,629
Unassigned	1,961,122	-	1,961,122
Total fund balance	<u>1,994,622</u>	<u>- 47,957</u>	<u>2,042,579</u>
Total liabilities and fund balance	<u>\$ 2,049,510</u>	<u>\$ 50,570</u>	<u>\$ 2,100,080</u>

The accompanying notes are an integral part of this statement.

Town of Poncha Springs
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
December 31, 2018

Total fund balance, governmental funds \$ 2,042,579

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Cost of capital assets	\$ 2,991,038	
Less accumulated depreciation	<u>(484,829)</u>	2,506,209

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Compensated absences	<u>(12,363)</u>
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Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 4,536,425</u></u>
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The accompanying notes are an integral part of this statement.

Town of Poncha Springs
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2018

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 704,598	\$ -	\$ 704,598
Intergovernmental	52,312	30,529	82,841
Licenses and permits	2,631	-	2,631
Charges for services	20,445	-	20,445
Miscellaneous	63,978	31,772	95,750
Total revenues	<u>843,964</u>	<u>62,301</u>	<u>906,265</u>
Expenditures			
Current:			
General government	249,683	-	249,683
Public works	172,016	-	172,016
Culture and recreation	5,957	-	5,957
Cemetery	1,288	-	1,288
Capital outlay	97,951	44,716	142,667
Total expenditures	<u>526,895</u>	<u>44,716</u>	<u>571,611</u>
Excess of revenues over (under) expenditures	317,069	17,585	334,654
Fund balance, January 1	1,677,553	30,372	1,707,925
Fund balance, December 31	<u>\$ 1,994,622</u>	<u>\$ 47,957</u>	<u>\$ 2,042,579</u>

The accompanying notes are an integral part of this statement.

Town of Poncha Springs
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
Year Ended December 31, 2018

Net change in fund balances - total governmental funds \$ 334,654

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

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

Fixed assets current additions	\$ 87,554	
Depreciation expense	(80,405)	
Excess of capital outlay over depreciation		7,149

Reduction of compensated absences is not reported as an expenditure in the governmental funds but reduces long-term liabilities in the statement of net position.

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Change in net position of governmental funds		<u><u>\$ 342,455</u></u>
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The accompanying notes are an integral part of this statement.

**Town of Poncha Springs
Statement of Net Position
Enterprise Fund
Year Ended December 31, 2018**

	<u>Enterprise Fund Water Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 283,784
Accounts receivable, net	15,225
Grants receivable	431,070
Total Current Assets	<u>730,079</u>
Noncurrent Assets	
Capital assets	
Construction in progress	1,724,059
Land and improvements	517,988
Buildings	5,837
Wells	440,423
Utility system	1,449,532
Equipment	304,207
Less accumulated depreciation	<u>(1,176,586)</u>
Total Noncurrent Assets	<u>3,265,460</u>
Total Assets	<u><u>\$ 3,995,539</u></u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 128,604
Total Current Liabilities	<u>128,604</u>
Net Position	
Invested in capital assets, net of related debt	3,265,460
Unrestricted	601,475
Total Net Position	<u><u>\$ 3,866,935</u></u>

The accompanying notes are an integral part of this statement.

Town of Poncha Springs
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Fund
Year Ended December 31, 2018

	<u>Enterprise Fund</u>
	<u>Water Fund</u>
Operating revenues:	
Charges for services	\$ 209,965
Total operating revenues	<u>209,965</u>
Operating expenses:	
Personnel services	51,537
Contractual services	49,166
Utilities	11,126
Other supplies and expenses	68,601
Depreciation	46,281
Total operating expenses	<u>226,711</u>
Operating income (loss)	<u>(16,746)</u>
Non-operating revenues (expenses):	
Miscellaneous	92,628
Property sales	249,067
Grants	1,170,316
Total non-operating revenues (expenses)	<u>1,512,011</u>
Income (loss) before transfers and capital contributions	1,495,265
Capital contributions-Tap fees	<u>173,630</u>
Change in net position	1,668,895
Total net position, January 1	<u>2,198,040</u>
Total net position, December 31	<u><u>\$ 3,866,935</u></u>

The accompanying notes are an integral part of this statement.

**Town of Poncha Springs
Statement of Cash Flows
Enterprise Fund
Year Ended December 31, 2018**

	<u>Enterprise Fund</u>
	<u>Water Fund</u>
Cash flows from operating activities	
Cash received from charges for services	\$ 212,006
Cash payments for goods and services	(5,393)
Cash payments to employees for services	(51,537)
Net cash provided (used) by operating activities	<u>155,076</u>
Cash flows from non-capital financing activities	
Miscellaneous	92,628
Net cash provided (used) by non-capital financing activities	<u>92,628</u>
Cash flows from capital and related financing activities	
Tap fees	173,630
Grant proceeds	739,246
Property sales	249,067
Acquisition of capital assets	(1,724,059)
Net cash provided (used) by capital and related financing activities	<u>(562,116)</u>
Net increase (decrease) in cash and equivalents	(314,412)
Cash balances, January 1	<u>598,196</u>
Cash balances, December 31	<u><u>\$ 283,784</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (16,746)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	46,281
Assets (increase) decrease:	
Accounts receivables	2,041
Liabilities increase (decrease):	
Accounts payable	123,500
Total adjustments	<u>171,822</u>
Net cash provided (used) by operating activities	<u><u>\$ 155,076</u></u>

The accompanying notes are an integral part of this statement.

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2018

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Poncha Springs, Colorado (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Financial Reporting Entity

The Town is a statutory municipality with a mayor – trustee form of government with seven elected Trustee members. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town of Poncha Springs (the primary government). The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respect governing body.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Town. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies - (continued)

C. Fund Financial Statements- (continued)

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 Town, except those required to be accounted for in another fund.

The remaining governmental funds are aggregated and presented as non-major funds. Those funds include:

- The Capital Projects Fund, which accounts for grants and other revenues to be used for capital projects.
- The Conservation Trust Fund, which accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Town are charges for water fees. Operating expenses for the enterprise funds include purchased services, utilities, repairs and maintenance, supplies, insurance and depreciation cost. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

The Town reports the following major enterprise fund business-type activities:

- Water Fund, which accounts for all operations of the Town's water services. It is primarily financed by user charges.

D. Measurement Focus and Basis of Accounting

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

Note 1 - Summary of Significant Accounting Policies - (continued)

D. Measurement Focus and Basis of Accounting - (continued)

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days at the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due, and compensated absences which are recognized when the obligations are expected to be liquidated with expendable available resources.

Those revenues susceptible to accrual are interest revenue and charges for services. Entitlement revenues are not susceptible to accrual because generally, they are not measurable until received. Grant revenues are recognized as they are earned.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Deferred Outflows / Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Property taxes revenue that are related to a future period have been recorded as deferred inflows. Grants and entitlements received before eligibility requirements are met (e.g., cash advances) are recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

E. Cash and Cash Equivalents

For the purposes of the statement of cash flows of the enterprise funds, cash and cash equivalents consist of operating and restricted cash and highly liquid securities with an initial maturity of three months or less.

F. Use of Estimates

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

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2018

Note 1 - Summary of Significant Accounting Policies - (continued)

G. Property Taxes

Property taxes for the current year are levied and attached as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is recorded as deferred inflows of resources in the governmental and enterprise funds.

H. Capital Assets

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years, and for which the initial, individual value equals or exceeds \$ 5,000.

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

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Depreciation</u>	<u>Life</u>
Transmission lines	50-70 years
Buildings	40 years
Storage tanks	25-40 years
Wells	10-30 years
Meters and pits	30 years
Equipment	5 years
Infrastructure	15-40 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets as 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.

Under GASB 34 the town is not required to retroactively report on infrastructure assets before June 30, 2004. Therefore, infrastructure assets before that date are not shown on the financial statements.

Note 1 - Summary of Significant Accounting Policies - (continued)

I. Long-Term Liabilities

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

The long-term compensated absences are serviced from revenues of the General Fund from future appropriations.

J. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused general leave benefits. Employees accumulate benefits with no predetermined maximums, however any benefits accumulated in excess of 160 hours at year end must be used within the first quarter of the following year or they will be lost. Employees are compensated for these accumulated benefits either through paid time off or at termination or retirement.

K. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

L. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year end, outstanding balances between funds are reported as "due to/from other funds." Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

M. Encumbrances

The Town does not use an encumbrance system for budgetary control.

N. Fund Equity

Beginning with fiscal year 2011, the Town implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

Note 1 - Summary of Significant Accounting Policies - (continued)

N. Fund Equity - (continued)

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; positive amounts are reported only in the general fund.

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

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

The governmental funds balance sheet includes reconciliation between fund balances total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The enterprise fund statement of net position and statement of revenues, expenses and changes in net position also includes reconciliation to the government-wide statement of net position and activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the governmental fund statements during the consolidation of governmental activities.

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2018

Note 3 - Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments, excluding “enterprises.”

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment.

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending. A portion of the General Fund’s fund balance is classified as restricted for emergencies as required by the Amendment.

Note 4 - Budgets

The Town adheres to the following procedures in establishing budgetary data reflected in the financial statements:

- A. Each year, the Town Administrator gives public notice of the budget calendar for the next fiscal year. The Town Administrator, prepares a proposed budget for the ensuing fiscal year and submits it to the Trustees no later than forty-five days prior to any date required by state law for the certification to the County of the tax levy.
- B. The budget provides a complete financial plan of all Town funds and activities for the ensuing fiscal year indicating anticipated revenues, proposed operating and capital expenditures, a provision for contingencies, and anticipated net surplus or deficit for the ensuing fiscal year.
- C. A public hearing on the proposed budget is held by the Trustees in early November.
- D. The Trustees adopt the budget by resolution on or before the final day established by law for the certification of the ensuing year’s tax levy to the County. Adoption of the budget by the Trustees shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.
- E. If during the fiscal year the Town Administrator determines that there are expenses in excess of those estimated in the budget, the Trustees by resolution may make supplemental appropriations for the year up to the amount of such excess. To meet an emergency affecting public property, health, peace or safety, the Trustees may make emergency appropriations. If at any time during the fiscal year it appears probable to the Town Administrator that the revenues available will be insufficient to meet the amount appropriated, the Town Administrator reports to the Trustees, indicating the estimated amount of deficit, any remedial action already taken, and a recommendation as to any other steps to be taken. Any time during the fiscal year the Town Administrator may transfer part or all of any unencumbered appropriation balance within a department.
- F. Budget appropriations lapse at the end of each year.

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2018

Note 4 – Budgets - (continued)

- G.** Expenditures may not exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. Revisions made to the original budgeted expenditures for each fund are as follows:

	Original Budget	Total Revisions	Final Budget
General	\$ 715,323	\$ -	\$ 715,323
Water	2,384,573	-	2,384,573
Conservation Trust	45,000	-	45,000
	<u>\$ 3,144,896</u>	<u>\$ -</u>	<u>\$ 3,144,896</u>

- H.** Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except for long-term receivables and advances and capital lease financing which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.

Note 5 - Deposits and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2018, the bank balance of the Town's deposits was \$ 1,424,323 of which \$ 250,000 was covered by federal depository insurance and \$ 1,174,323 was collateralized under PDPA.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks' commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and, guaranteed investment contracts. The Town's investment policy follows Colorado statutes. On December 31, 2018 the Town's investments included certificates of deposit and funds held in Colotrust.

The Town had invested \$ 905,888 in Colotrust an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of Colotrust consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities.

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2018

Note 5 - Deposits and Investments - (continued)

A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identified the investments owned by Colotrust. These pools are not required to and are not registered with the SEC. Colotrust's funds are rated AAA by Standard and Poor's, Fitch's and Moody's rating services.

The Town maintains a cash pool that is available to the General Fund, Special Revenue Funds and Enterprise Funds.

Cash and cash equivalents are summarized as follows:

Cash on hand	\$ 50
Demand deposits	1,169,257
Certificates of deposits	222,688
ColoTrust	905,888
	<u>\$ 2,297,883</u>

Interest rate risk-The town does not have a formal policy limiting investment maturities, other than that established by the state statute of five years, which would help manage its exposure to fair value losses from increasing interest rates.

Credit risk-Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Town's policy to limit its investments to U.S. Treasury obligations, certain U.S. government agencies securities, commercial paper, local government investment pools, repurchase agreements and money market funds.

Custodial Credit Risk- For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. There are no investments not in the name of the Town.

Note 6 - Long-term Liabilities

	January 1, 2018	Additions	Reductions	December 31, 2018	Due within one year
Governmental Activities					
Compensated absences	\$ 13,015	\$ -	\$ (652)	\$ 12,363	\$ -
Total	<u>\$ 13,015</u>	<u>\$ -</u>	<u>\$ (652)</u>	<u>\$ 12,363</u>	<u>\$ -</u>

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2018

Note 7 - Retirement Plans

Defined Contribution Plan

The Town has a defined contribution plan for its employees which is administered by Nexus Financial Programs, Inc. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. All permanent employees are eligible to participate in the plan from the date of employment. The Town makes a basic contribution of 5% of the employee's salary and will match an additional 3% if the employee chooses to contribute. Employees may make additional voluntary contributions. Participants vest in employer contributions and in earnings, losses and changes in fair market value of Plan assets at a rate of 20% per year. Any nonvested Town contributions forfeited by an employee who leaves the Town's employment are remitted to the Town.

The Town's total payroll in 2018 was \$ 223,205. The total payroll covered by the plan was \$ 223,205. A contribution of \$ 23,621 was made to the plan in 2018. This contribution consisted of the Town's contribution of \$ 16,736 and the employee's contributions of \$ 6,885.

Note 8 - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for property/casualty and workers' compensation coverage.

CIRSA is to be self-sustaining through member premiums and reinsures through commercial companies for claims in excess of certain limits for each insured event. CIRSA members are subject to a supplemental assessment in the event of a deficiency.

Note 9 - Reconciliation of Budget Basis to GAAP Basis for Enterprise Fund

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures			
GAAP-based expenses	\$	\$ 226,711	\$
Add (deduct):			
Depreciation		(46,281)	
Acquisition and construction of capital assets		1,724,059	
Total budgetary-based Expenditures	<u>\$ 2,384,573</u>	<u>\$ 1,904,489</u>	<u>\$ 480,084</u>

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2018

Note 10 - Capital Assets

Capital assets activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Dispositions	Balance December 31, 2018
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 578,189	\$ -	\$ -	\$ 578,189
Capital assets being depreciated				
Buildings	876,368	-	-	876,368
Improvements other than buildings	60,284	-	-	60,284
Infrastructure	1,175,209	50,595	-	1,225,804
Equipment	213,434	36,959	-	250,393
	<u>2,325,295</u>	<u>87,554</u>	<u>-</u>	<u>2,412,849</u>
Less accumulated depreciation				
Buildings	(88,488)	(21,759)	-	(110,247)
Infrastructure	(157,035)	(42,187)	-	(199,222)
Equipment	(158,901)	(16,459)	-	(175,360)
	<u>(404,424)</u>	<u>(80,405)</u>	<u>-</u>	<u>(484,829)</u>
Capital assets being depreciated, net	<u>1,920,871</u>	<u>7,149</u>	<u>-</u>	<u>1,928,020</u>
Total governmental activities capital assets	<u>\$ 2,499,060</u>	<u>\$ 7,149</u>	<u>\$ -</u>	<u>\$ 2,506,209</u>

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2018

Note 10 - Capital Assets-(continued)

Capital assets activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Dispositions	Balance December 31, 2018
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 517,988	\$ -	\$ -	\$ 517,988
Capital assets being depreciated				
Buildings	5,837	-	-	5,837
Transmission system	1,240,488	1,724,059	-	2,964,547
Storage tanks	209,045	-	-	209,045
Wells	440,423	-	-	440,423
Equipment	304,207	-	-	304,207
Less accumulated depreciation	(1,130,306)	(46,281)	-	(1,176,587)
Capital assets being depreciated, net	1,069,694	1,677,778	-	2,747,472
Total business-type activities capital assets	<u>\$ 1,587,682</u>	<u>\$ 1,677,778</u>	<u>\$ -</u>	<u>\$ 3,265,460</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 18,226
Public works	53,523
Culture and recreation	<u>8,995</u>
Total	<u>\$ 80,405</u>

REQUIRED SUPPLEMENTARY INFORMATION

Town of Poncha Springs
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Taxes				
Sales	\$ 509,000	\$ 509,000	\$ 558,589	\$ 49,589
Property	40,713	40,713	40,855	142
Specific Ownership	3,300	3,300	5,004	1,704
Franchise	27,000	27,000	33,427	6,427
Use tax	47,000	47,000	64,424	17,424
Cigarette/other	2,000	2,000	2,299	299
Total Taxes	629,013	629,013	704,598	75,585
Intergovernmental				
Highway users tax	34,400	34,400	44,229	9,829
Other	6,900	6,900	8,083	1,183
Total intergovernmental	41,300	41,300	52,312	11,012
Licenses and permits	2,100	2,100	2,631	531
Charges for services	6,500	6,500	20,445	13,945
Other				
Interest	4,460	4,460	24,395	19,935
Development fees	1,750	1,750	8,180	6,430
Impact fees	30,000	30,000	25,754	(4,246)
Miscellaneous	200	200	5,649	5,449
Total other	36,410	36,410	63,978	27,568
Total revenues	\$ 715,323	\$ 715,323	\$ 843,964	\$ 128,641

Town of Poncha Springs
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
General Government				
Salaries	\$ 103,169	\$ 103,169	\$ 107,982	\$ (4,813)
Trustee's	21,000	21,000	20,900	100
Employee benefits	44,930	44,930	45,822	(892)
Supplies	11,500	11,500	13,716	(2,216)
Purchased services	43,800	43,800	37,272	6,528
Fixed charges	10,400	10,400	10,161	239
Grant related expenses	14,226	14,226	11,000	3,226
Miscellaneous	4,000	4,000	2,830	1,170
Total general government	253,025	253,025	249,683	3,342
Public Works				
Salaries	125,200	125,200	82,507	42,693
Employee benefits	16,749	16,749	25,478	(8,729)
Supplies	26,500	26,500	28,084	(1,584)
Purchased services	36,300	36,300	35,914	386
Miscellaneous	100	100	33	67
Total public works	204,849	204,849	172,016	32,833
Visitors' Center				
Supplies	1,500	1,500	1,415	85
Purchased services	4,700	4,700	4,542	158
Total visitors' center	6,200	6,200	5,957	243
Cemetery	1,000	1,000	1,288	(288)
Capital Outlay	250,249	250,249	97,951	152,298
Operating transfers (out)	-	-	-	-
Total expenditures	715,323	715,323	526,895	188,428
Excess revenues over expenditures	-	-	317,069	317,069
Fund Balance-January 1	1,555,586	1,182,040	1,677,553	495,513
Fund Balance-December 31	\$ 1,555,586	\$ 1,182,040	\$ 1,994,622	\$ 812,582

**Town of Poncha Springs
Combining Balance Sheet
Other Governmental Funds
Year Ended December 31, 2018**

	Conservation Trust Fund	Capital Projects Fund	Total Other Governmental Funds
Assets			
Cash and cash equivalents	\$ 47,941	\$ 2,629	\$ 50,570
Total assets	<u>\$ 47,941</u>	<u>\$ 2,629</u>	<u>\$ 50,570</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 2,613	\$ -	\$ 2,613
Total liabilities	<u>2,613</u>	<u>-</u>	<u>2,613</u>
Fund balances			
Committed: capital projects		2,629	2,629
Unreserved:	45,328	-	45,328
Total fund balances	<u>45,328</u>	<u>2,629</u>	<u>47,957</u>
Total liabilities and fund balances	<u>\$ 47,941</u>	<u>\$ 2,629</u>	<u>\$ 50,570</u>

Town of Poncha Springs
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year Ended December 31, 2018

	Conservation Trust Fund	Capital Projects Fund	Total Other Governmental Funds
REVENUES			
Intergovernmental	\$ 30,529	\$ -	\$ 30,529
Development Fees	31,530	-	31,530
Interest earnings	242	-	242
Total revenues	<u>62,301</u>	<u>-</u>	<u>62,301</u>
EXPENDITURES			
Capital outlay	<u>44,716</u>	<u>-</u>	<u>44,716</u>
Total expenditures	<u>44,716</u>	<u>-</u>	<u>44,716</u>
Excess of revenues over expenditures	17,585	-	17,585
Fund balance (deficit), January 1	<u>27,743</u>	<u>2,629</u>	<u>30,372</u>
Fund balance (deficit), December 31	<u><u>\$ 45,328</u></u>	<u><u>\$ 2,629</u></u>	<u><u>\$ 47,957</u></u>

**Town of Poncha Springs
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Grants and contributions	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	-	-	-	-
Fund Balance-January 1	<u>2,629</u>	<u>2,629</u>	<u>2,629</u>	<u>-</u>
Fund Balance-December 31	<u><u>\$ 2,629</u></u>	<u><u>\$ 2,629</u></u>	<u><u>\$ 2,629</u></u>	<u><u>\$ -</u></u>

**Town of Poncha Springs
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Lottery	\$ 7,300	\$ 7,300	\$ 8,029	\$ 729
GOCO grant	22,500	22,500	22,500	-
Development Fees	31,000	31,000	31,530	530
Interest	175	175	242	67
Total revenues	<u>60,975</u>	<u>60,975</u>	<u>62,301</u>	<u>1,326</u>
 Expenditures				
Capital Outlay	<u>45,000</u>	<u>45,000</u>	<u>44,716</u>	<u>284</u>
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>44,716</u>	<u>284</u>
 Excess of revenues over (under) expenditures	 15,975	 15,975	 17,585	 1,610
 Fund Balance-January 1	 <u>27,433</u>	 <u>27,433</u>	 <u>27,743</u>	 <u>310</u>
Fund Balance-December 31	<u>\$ 43,408</u>	<u>\$ 43,408</u>	<u>\$ 45,328</u>	<u>\$ 1,920</u>

Town of Poncha Springs
Water Fund
Schedule of Revenues, Expenditures and Changes in Available
Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Water charges	\$ 167,400	\$ 167,400	\$ 194,965	\$ 27,565
Connection fees	70,000	70,000	173,630	103,630
Grants and loans	1,740,000	1,740,000	1,170,316	(569,684)
Water rights leasing	25,000	25,000	15,000	(10,000)
Property sales	-	-	249,067	249,067
Miscellaneous	15,200	15,200	92,628	77,428
Total revenues	2,017,600	2,017,600	1,895,606	(121,994)
Expenditures				
Water:				
Salaries and wages	31,000	31,000	38,668	(7,668)
Employee benefits	8,960	8,960	12,869	(3,909)
Repairs and supplies	23,750	23,750	28,059	(4,309)
Postage	1,350	1,350	1,404	(54)
Utilities	10,000	10,000	11,126	(1,126)
Water storage and leasing	16,900	16,900	29,296	(12,396)
Water treatment/testing	9,000	9,000	8,341	659
Professional fees	5,000	5,000	11,529	(6,529)
Capital outlay	2,273,813	2,273,813	1,759,699	514,114
Miscellaneous	4,800	4,800	3,498	1,302
Total Water	2,384,573	2,384,573	1,904,489	480,084
Excess of revenues over (under) expenditures	(366,973)	(366,973)	(8,883)	358,090
Available Resources-January 1	602,242	602,242	610,359	8,117
Available Resources-December 31	\$ 235,269	\$ 235,269	\$ 601,476	\$ 366,207

Steps for printing your content and returning to 'Edit Mode

1. Click Ctrl + A on a Windows machine or Command + A on a Mac to select all data.
2. Right-click your mouse and select Print.
3. Confirm that print settings are correct - make sure "selection only" isn't checked.
4. Print hard copy or to PDF.
5. Click "Edit Mode" to return to modifying your data.
6. Remember to click "Save" to save any changes.

ANNUAL HIGHWAY FINANCE REPORT - CY18Email address: manager@ponchasprings.usCity/County: Poncha Springs**II - RECEIPTS FOR ROAD AND STREET PURPOSES****Please no commas or dollar signs for the input****A. Receipts from local sources**

2. General Fund Appropriations:	\$	0.00
3. Other local imposts: <i>from A.3. 'Total' below)</i>	\$	27,217.55
4. Miscellaneous local receipts: <i>from A.4. 'Total' below)</i>	\$	2,632.95
5. Transfers from toll facilities	\$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	0.00
b. Bonds - Refunding Issues:	\$	0.00
c. Notes:	\$	0.00

SubTotal: \$ 29,850.50**B. Private Contributions**\$

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

Please no commas or dollar signs for the input**A.3. Other local imposts**

a. Property Taxes and Assessments	\$	1,463.55
b. Other Local Imposts		
1. Sales Taxes:	\$	0.00
2. Infrastructure and Impact Fees:	\$	25,754.00
3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	0.00

Total: (a + b) carried to 'Other local imposts' above) \$ 27,217.55

A.4. Miscellaneous local receipts**Please no commas or dollar signs for the input**

a. Interest on Investments:	\$	2,632.95
b. Traffic fines & Penalties:	\$	0.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	0.00
e. Sale of Surplus Property:	\$	0.00
f. Charges for Services:	\$	0.00
g. Other Misc. Receipts:	\$	0.00
h. Other:	\$	0.00

Total: (a through h) carried to 'Misc local receipts' above) \$ 2,632.95

C. Receipts from State Government**Please no commas or dollar signs for the input**

1. Highway User Taxes:	\$	44,717.88
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	5,453.96
d. Other (Specify):		
Comments: undefined	\$	0.00
e. Other (Specify):		
Comments: undefined	\$	0.00

Total: (1+3c,d,e) \$ 50,171.84

D. Receipts from Federal Government**Please no commas or dollar signs for the input****2. Other Federal Agencies**

a. Forest Service:	\$	0.00
b. FEMA:	\$	0.00
c. HUD:	\$	0.00
d. Federal Transit Administration:	\$	0.00
e. U.S. Corp of Engineers	\$	0.00
f. Other Federal:	\$	0.00

Total: (2a-f)	\$	0.00
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III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES**Please no commas or dollar signs for the input****A. Local highway disbursements**

1. Capital outlay: (from A.1.d. 'Total Capital Outlay' below)	\$	39,728.63
2. Maintenance:	\$	1,730.69
3. Road and street services		
a. Traffic control operations:	\$	2,059.96
b. Snow and ice removal:	\$	0.00
c. Other:	\$	16,503.32
4. General administration & miscellaneous	\$	19,999.74
5. Highway law enforcement and safety	\$	0.00

Total: (A.1-5)	\$	80,022.34
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Please no commas or dollar signs for the input**B. Debt service on local obligations**

1. Bonds		
a. Interest	\$	0.00
b. Redemption	\$	0.00
2. Notes		
a. Interest	\$	0.00

b. Redemption	\$	0.00
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SubTotal: (1+2)	\$	0.00
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Please no commas or dollar signs for the input

C. Payments to State for Highways:	\$	0.00
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D. Payments to Toll Facilities:	\$	0.00
---------------------------------	----	------

Total Disbursements: (A+B+C+D)	\$	80,022.34
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Please no commas or dollar signs for the input

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES - (Detail)

Please no commas or dollar signs for the input

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$ 0.
b. Engineering Costs:	\$ 0.00	\$ 0.00	\$ 0.
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.
3. System Preservation:	\$ 0.00	\$ 33,878.63	\$ 33,878.
4. System Enhancement:	\$ 0.00	\$ 5,850.00	\$ 5,850.
5. Total Construction:			\$ 39,728.
d. Total Capital Outlay: (Lines A.1.a. + 1.b. + 1.c.5)			\$ 39,728.

IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DE
A. Bonds (Total)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
1. Bonds (Refunding Portion)		\$ 0.00	\$ 0.00	\$ 0.00
B. Notes (Total):	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

V - LOCAL ROAD AND STREET FUND BALANCE

Please no commas or dollar signs for the input

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliati
\$ 126,755.91	\$ 80,022.34	\$ 80,022.34	\$ 126,755.91	\$ 0.00

Notes & Comments:

Ending Balance planned to go towards major road improvements 2019-2020.

Please enter your name: Brian Berger

Please provide a telephone number where you may be reached: 719-539-6882

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Please click on the "Save" button before viewing the data in a print format.

LOCAL HIGHWAY FINANCE REPORT

City or County:

Poncha Springs

YEAR ENDING:

December 2018

This Information From The Records Of (example - City of _ or County of _)

Town of Poncha Springs

Prepared By: Brian Berger
Phone: 719-539-6882

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	27,217.55
4. Miscellaneous local receipts (from page 2)	2,632.95
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	29,580.50
B. Private Contributions	
C. Receipts from State government (from page 2)	50,171.84
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	80,022.34

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	39,728.63
2. Maintenance:	1,730.69
3. Road and street services:	
a. Traffic control operations	2059.96
b. Snow and ice removal	
c. Other	16,503.32
d. Total (a. through c.)	18,563.28
4. General administration & miscellaneous	19,599.74
5. Highway law enforcement and safety	
6. Total (1 through 5)	80,022.34
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	80,022.34

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	126,755.91	80,022.34	80,022.34	126,755.91	0

Notes and Comments:

Ending Balance planned to go towards major road improvements
2019 - 2020.

LOCAL HIGHWAY FINANCE REPORT

STATE:

Colorado

YEAR ENDING (mm/yy):

December 2018

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,463.55	a. Interest on investments	2,632.95
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	25,754.00	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	0	h. Other	
c. Total (a. + b.)	27,217.55	i. Total (a. through h.)	2,632.95
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	44,717.88	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	5,453.96	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	50,171.84	3. Total (1. + 2.g)	
		(Carry forward to page 1)	

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		33,878.63	33,878.63
(4). System Enhancement & Operation		5,850.00	5,850.00
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	39,728.63
			(Carry forward to page 1)

Notes and Comments: