
Town of Poncha Springs, Colorado
Financial Statements and Report of
Independent Certified Public Accountants
December 31, 2022

Table of Contents

	<u>Page</u>
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	12
Statement of Activities.....	13
Fund Financial Statements:	
Governmental Funds Balance Sheet.....	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	15
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.....	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	17
Statement of Net Position-Enterprise Funds.....	18
Statement of Revenues, Expenses and Changes in Net Position-Enterprise Funds.....	19
Statement of Cash Flows-Enterprise Funds.....	20
Notes to Basic Financial Statements.....	21
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual:	
General Fund.....	34
Other Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual:	
Capital Projects Fund.....	36
Conservation Trust Fund.....	37
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual:	
Water Fund.....	38
Local Highway Finance Report.....	39



INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Poncha Springs, Colorado

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Town of Poncha Springs, Colorado's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Poncha Springs, Colorado, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 of Poncha Springs, Colorado, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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.

Certified Public Accountants

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Poncha Springs, Colorado's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Poncha Springs, Colorado's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for major governmental funds 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 of Poncha Springs, Colorado's basic financial statements. The budgetary comparison information for the enterprise fund is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information for the enterprise fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Blair and Associates, P.C.

Cedaredge, Colorado

September 15, 2023

TOWN OF PONCHA SPRINGS
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2022

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, 2022. 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 \$ 14,803,094 (i.e. net position) as of December 31, 2022, an increase of \$ 1,240,150 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of \$ 3,754,928, an increase of \$ 350,153 in comparison with the prior year.
- The Town's fund balance for the General Fund was \$ 2,386,367, an increase of \$ 123,639 in comparison to the prior year.
- General property, sales and franchise taxes totaled \$ 1,505,655, or 78% 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, 2022, the Town's combined assets exceeded liabilities by \$ 14,803,094. Of this amount, \$ 5,694,719 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 \$ 9,046,925 (61% 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 2022 and 2021:

Assets	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
Current and other assets	\$ 4,022,640	\$ 3,526,825	\$ 2,064,037	\$ 1,730,294
Capital assets	4,461,055	3,788,506	4,585,870	4,691,826
Total assets	<u>\$ 8,483,695</u>	<u>\$ 7,315,331</u>	<u>\$ 6,649,907</u>	<u>\$ 6,422,120</u>
Current liabilities	\$ 190,374	\$ 47,220	\$ 42,324	\$ 38,312
Non-current liabilities				
Loans and compensated absences	20,473	14,150	-	-
Total liabilities	<u>210,847</u>	<u>61,370</u>	<u>42,324</u>	<u>38,312</u>
Deferred Inflow of Resources				
Deferred property tax revenue	<u>77,337</u>	<u>74,830</u>	<u>-</u>	<u>-</u>
Net position				
Net investment in capital assets	4,461,055	3,788,506	4,585,870	4,691,826
Restricted	67,580	61,450	-	-
Unrestricted	3,666,876	3,329,175	2,021,713	1,691,982
Total net position	<u>\$ 8,195,511</u>	<u>\$ 7,179,131</u>	<u>\$ 6,607,583</u>	<u>\$ 6,383,808</u>

An additional portion of net position, \$67,580, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$ 5,688,589 (38% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

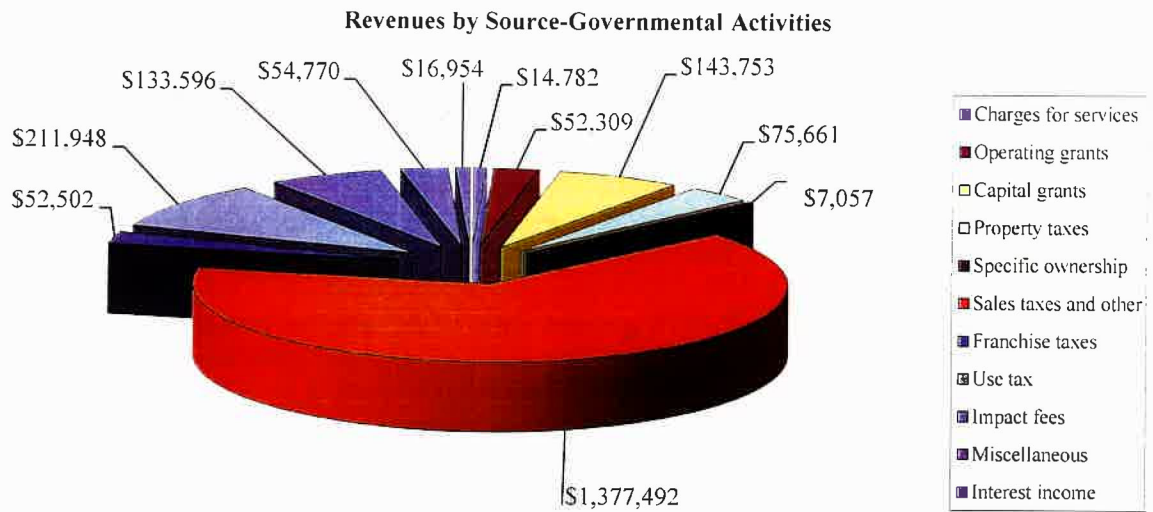
Change in Net Position

Governmental and business-type activities increased the Town's net position by \$ 1,240,150 in 2022.

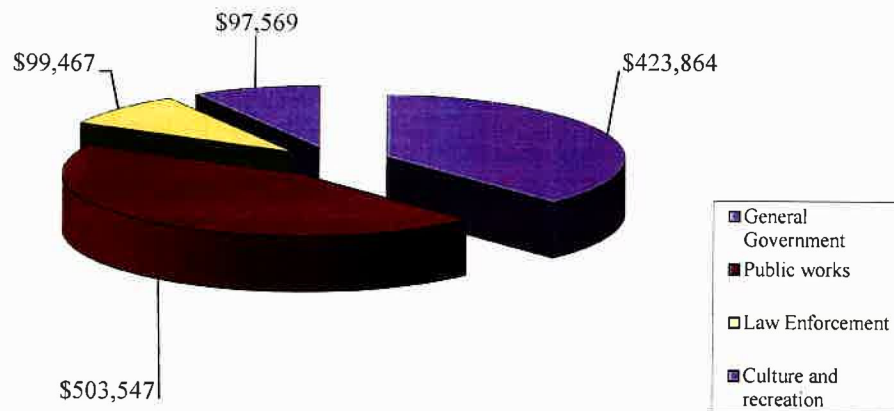
	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
Revenues				
Program revenues				
Charges for services	\$ 14,782	\$ 15,440	\$ 287,637	\$ 276,515
Operating grants	52,309	58,174	-	-
Capital grants	143,753	139,006	507,450	827,247
General Revenues				
Property taxes	75,661	58,585	-	-
Specific ownership	7,057	6,740	-	-
Sales taxes and other	1,377,492	1,250,864	-	-
Franchise taxes	52,502	20,732	-	-
Use tax	211,948	278,474	-	-
Miscellaneous	54,770	51,896	43,443	50,697
Interest income	16,954	1,827	-	-
Impact fees	133,596	136,722	-	-
Totals	<u>2,140,824</u>	<u>2,018,460</u>	<u>838,530</u>	<u>1,154,459</u>
Expenses				
General government	423,864	397,197	-	-
Public works	503,547	398,909	614,757	380,548
Culture and recreation	97,569	90,131	-	-
Law Enforcement	99,467	62,468	-	-
Total expenses	<u>1,124,447</u>	<u>948,705</u>	<u>614,757</u>	<u>380,548</u>
Increase in net position	1,016,377	1,069,755	223,773	773,911
Beginning	<u>7,179,134</u>	<u>6,109,379</u>	<u>6,383,810</u>	<u>5,609,899</u>
Ending	<u>\$ 8,195,511</u>	<u>\$ 7,179,134</u>	<u>\$ 6,607,583</u>	<u>\$ 6,383,810</u>

Governmental Activities

Governmental activities increased the Town's net position by \$ 1,016,377.



Expenses by Department-Governmental Activities



Business-type Activities

Business-type activities for the year resulted in an increase in net position of \$ 223,773. Capital grants and contributions accounted for 61% 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 2022, the Town's governmental funds reported combined ending fund balances of \$ 3,754,928, an increase of \$ 350,153 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 62% of this total amount, \$ 2,318,788, 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 \$ 67,580.

The Town has one major governmental fund; the General Fund, which is the primary operating fund for the Town. At the end of 2022, the committed fund balance of the Capital Projects Fund was \$ 1,352,594. 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 \$ 123,639 during 2022.

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 2022, the Water Fund represented the following net position amounts:

Fund:	Water
Unrestricted net position	\$ 2,021,713
Total net position	\$ 6,607,583
Increase (Decrease) in net position	\$223,773

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town budgeted \$ 2,047,351 for 2022 expenditures. Actual expenditures were \$ 2,008,191.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Town's net investment in capital assets for its governmental and business-type activities as of December 31, 2022, was \$ 9,046,925, an increase of \$ 566,593 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, 2022 was as follows:

	Balance January 1, 2022	Additions	Dispositions	Balance December 31, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 578,189	\$ -	\$ -	\$ 578,189
Capital assets being depreciated				
Buildings	1,642,911	-	-	1,642,911
Improvements other than buildings	198,765	-	-	198,765
Infrastructure	1,856,367	801,744	-	2,658,111
Equipment	356,637	44,000	-	400,637
	<u>4,054,680</u>	<u>845,744</u>	<u>-</u>	<u>4,900,424</u>
Less accumulated depreciation				
Buildings	(233,003)	(52,421)	-	(285,424)
Improvements other than buildings	(23,259)	-	-	(23,259)
Infrastructure	(348,648)	(89,134)	-	(437,782)
Equipment	(239,453)	(31,640)	-	(271,093)
	<u>(844,363)</u>	<u>(173,195)</u>	<u>-</u>	<u>(1,017,558)</u>
Capital assets being depreciated, net	<u>3,210,317</u>	<u>672,549</u>	<u>-</u>	<u>3,882,866</u>
Total governmental activities capital assets	<u>\$ 3,788,506</u>	<u>\$ 672,549</u>	<u>\$ -</u>	<u>\$ 4,461,055</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	3,894,175	-	-	3,894,175
Storage tanks	291,439	-	-	291,439
Wells	1,058,156	9,338	-	1,067,494
Equipment	304,207	-	-	304,207
Less accumulated depreciation	(1,379,976)	(115,294)	-	(1,495,270)
Capital assets being depreciated, net	<u>4,173,838</u>	<u>(105,956)</u>	<u>-</u>	<u>4,067,882</u>
Total business-type activities capital assets	<u>\$ 4,691,826</u>	<u>\$ (105,956)</u>	<u>\$ -</u>	<u>\$ 4,585,870</u>

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:

Interim Town Administrator/Treasurer
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, 2022**

	Governmental Activities	Business -Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,847,673	\$ 2,057,919	\$ 5,905,592
Property taxes receivable	77,337	-	77,337
Accounts receivables	-	6,118	6,118
Due from other governments	97,630	-	97,630
Capital assets, net	4,461,055	4,585,870	9,046,925
Total assets	\$ 8,483,695	\$ 6,649,907	\$ 15,133,602
LIABILITIES			
Accounts payable	\$ 190,374	\$ 42,324	\$ 232,698
Compensated absences	20,473	-	20,473
Total liabilities	210,847	42,324	253,171
Deferred Inflows of Resources			
Deferred property tax revenue	77,337	-	77,337
NET POSITION			
Invested in capital assets, net of related debt	4,461,055	4,585,870	9,046,925
Reserve for emergencies	67,580	-	67,580
Unrestricted	3,666,876	2,021,713	5,688,589
Total net position	\$ 8,195,511	\$ 6,607,583	\$ 14,803,094

The accompanying notes are an integral part of this statement.

Town of Poncha Springs
Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Service and Fees	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 423,864	\$ 14,782	\$ -	\$ 6,597	\$ (402,485)	\$ -	\$ (402,485)
Public Works	503,547	-	43,387	-	(460,160)	-	(460,160)
Law Enforcement	99,467	-	-	-	(99,467)	-	(99,467)
Culture and Recreation	97,569	-	8,922	137,156	48,509	-	48,509
Total governmental activities	<u>1,124,447</u>	<u>14,782</u>	<u>52,309</u>	<u>143,753</u>	<u>(913,603)</u>	<u>-</u>	<u>(913,603)</u>
Business-type activities:							
Water	614,757	287,637	-	507,450	-	180,330	180,330
Total business-type activities	<u>614,757</u>	<u>287,637</u>	<u>-</u>	<u>507,450</u>	<u>-</u>	<u>180,330</u>	<u>180,330</u>
Total primary government	<u>\$ 1,739,204</u>	<u>\$ 302,419</u>	<u>\$ 52,309</u>	<u>\$ 651,203</u>	<u>(913,603)</u>	<u>180,330</u>	<u>(733,273)</u>
General Revenues							
Taxes:							
Property taxes					75,661	-	75,661
Specific ownership					7,057	-	7,057
Sales taxes and miscellaneous					1,377,492	-	1,377,492
Franchise taxes					52,502	-	52,502
Impact fees					133,596	-	133,596
Use tax					211,948	-	211,948
Miscellaneous					54,770	43,443	98,213
Investment earnings					16,954	-	16,954
Total General Revenues					<u>1,929,980</u>	<u>43,443</u>	<u>1,973,423</u>
Changes in Net Position					1,016,377	223,773	1,240,150
Net Position-January 1					7,179,134	6,383,810	13,562,944
Net Position-December 31					<u>\$ 8,195,511</u>	<u>\$ 6,607,583</u>	<u>\$ 14,803,094</u>

The accompanying notes are an integral part of this statement.

**Town of Poncha Springs
Governmental Funds
Balance Sheet
December 31, 2022**

	General Fund	Capital Projects Fund	Conservation Trust Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,298,693	\$ 1,533,013	\$ 15,967	\$ 3,847,673
Taxes receivable	77,337	-	-	77,337
Due from other governments	97,630	-	-	97,630
Total assets	<u>\$ 2,473,660</u>	<u>\$ 1,533,013</u>	<u>\$ 15,967</u>	<u>\$ 4,022,640</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 9,955	\$ 180,419	\$ -	\$ 190,374
Total liabilities	<u>9,955</u>	<u>180,419</u>	<u>-</u>	<u>190,374</u>
Deferred Inflows of Resources				
Deferred property tax revenue	<u>77,337</u>	<u>-</u>	<u>-</u>	<u>77,337</u>
Fund balances:				
Restricted				
Reserve for emergencies	67,580	-	-	67,580
Parks and recreation	-	-	15,967	15,967
Committed	-	1,352,594	-	1,352,594
Unassigned	<u>2,318,788</u>	<u>-</u>	<u>-</u>	<u>2,318,788</u>
Total fund balance	<u>2,386,368</u>	<u>1,352,594</u>	<u>15,967</u>	<u>3,754,929</u>
Total liabilities and fund balance	<u>\$ 2,473,660</u>	<u>\$ 1,533,013</u>	<u>\$ 15,967</u>	<u>\$ 4,022,640</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, 2022

Total fund balance, governmental funds \$ 3,754,929

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	\$ 5,478,614	
Less accumulated depreciation	<u>(1,017,559)</u>	4,461,055

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>(20,473)</u>
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Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 8,195,511</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, 2022

	General Fund	Capital Projects Fund	Conservation Trust Fund	Total Governmental Funds
Revenues				
Taxes	\$ 1,724,660	\$ -	\$ -	\$ 1,724,660
Intergovernmental	45,749	-	8,922	54,671
Licenses and permits	14,782	-	-	14,782
Grants	137,156	-	-	137,156
Charges for services	50,158	-	-	50,158
Miscellaneous	159,325	-	72	159,397
Total revenues	<u>2,131,830</u>	<u>-</u>	<u>8,994</u>	<u>2,140,824</u>
Expenditures				
Current:				
General government	399,313	-	-	399,313
Public works	351,083	-	-	351,083
Culture and recreation	23,223	-	2,978	26,201
Law Enforcement	99,467	-	-	99,467
Capital outlay	-	914,607	-	914,607
Total expenditures	<u>873,086</u>	<u>914,607</u>	<u>2,978</u>	<u>1,790,671</u>
Excess of revenues over (under) expenditures	1,258,744	(914,607)	6,016	350,153
Other Financing sources (uses)				
Transfer out	<u>(1,135,105)</u>	<u>1,135,105</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing sources (uses)	123,639	220,498	6,016	350,153
Fund balance, January 1	<u>2,262,728</u>	<u>1,132,096</u>	<u>9,951</u>	<u>3,404,775</u>
Fund balance, December 31	<u>\$ 2,386,367</u>	<u>\$ 1,352,594</u>	<u>\$ 15,967</u>	<u>\$ 3,754,928</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, 2022

Net change in fund balances - total governmental funds \$ 350,153

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	\$ 845,744	
Depreciation expense	<u>(173,195)</u>	
Excess of capital outlay over depreciation		672,549

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.

(6,325)

Change in net position of governmental funds

\$ 1,016,377

The accompanying notes are an integral part of this statement.

Town of Poncha Springs
Statement of Net Position
Enterprise Fund
Year Ended December 31, 2022

	<u>Enterprise Fund</u> <u>Water</u> <u>Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 2,057,919
Accounts receivable, net	6,118
Total Current Assets	<u>2,064,037</u>
Noncurrent Assets	
Capital assets	
Land and improvements	517,988
Buildings	5,837
Wells	1,067,494
Utility system	4,180,614
Equipment	309,207
Less accumulated depreciation	<u>(1,495,270)</u>
Total Noncurrent Assets	<u>4,585,870</u>
Total Assets	<u><u>\$ 6,649,907</u></u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 42,324
Total Current Liabilities	<u>42,324</u>
Net Position	
Invested in capital assets, net of related debt	4,585,870
Unrestricted	<u>2,021,713</u>
Total Net Position	<u><u>\$ 6,607,583</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, 2022

	<u>Enterprise Fund</u>
	<u>Water Fund</u>
Operating revenues:	
Charges for services	\$ 287,637
Total operating revenues	<u>287,637</u>
Operating expenses:	
Personnel services	97,704
Contractual services	157,721
Utilities	11,640
Other supplies and expenses	232,398
Depreciation	115,294
Total operating expenses	<u>614,757</u>
Operating income (loss)	<u>(327,120)</u>
Non-operating revenues (expenses):	
Miscellaneous	43,443
Grants	-
Total non-operating revenues (expenses)	<u>43,443</u>
Income (loss) before transfers and capital contributions	<u>(283,677)</u>
Capital contributions-Tap fees	<u>507,450</u>
Change in net position	223,773
Total net position, January 1	6,383,810
Total net position, December 31	<u><u>\$ 6,607,583</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, 2022**

	<u>Enterprise Fund</u>
	<u>Water Fund</u>
Cash flows from operating activities	
Cash received from charges for services	\$ 290,877
Cash payments for goods and services	(397,747)
Cash payments to employees for services	(97,704)
Net cash provided (used) by operating activities	<u>(204,574)</u>
Cash flows from non-capital financing activities	
Miscellaneous	43,443
Net cash provided (used) by non-capital financing activities	<u>43,443</u>
Cash flows from capital and related financing activities	
Tap fees	507,450
Grant proceeds	-
Acquisition of capital assets	(9,338)
Net cash provided (used) by capital and related financing activities	<u>498,112</u>
Net increase (decrease) in cash and equivalents	336,981
Cash balances, January 1	<u>1,720,938</u>
Cash balances, December 31	<u><u>\$ 2,057,919</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (327,120)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	115,294
Assets (increase) decrease:	
Accounts receivables	3,240
Liabilities increase (decrease):	
Accounts payable	4,012
Total adjustments	<u>122,546</u>
Net cash provided (used) by operating activities	<u><u>\$ (204,574)</u></u>

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2022

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.

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2022

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.

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2022

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, 2022

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.

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2022

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.

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2022

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, 2022

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, 2022

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. There was one revision made to the original budgeted expenditures for 2022.
- 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, 2022, the bank balance of the Town's deposits was \$ 4,970,803 of which \$ 250,000 was covered by federal depository insurance and \$ 4,720,803 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, 2022, the Town's investments included certificates of deposit and funds held in Colotrust.

Local government investment pools are trusts established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the trusts. The trusts value their shares based on a stable net value of \$1.00 per share. A designated custodial bank serves as custodian pursuant to a custodian agreement. The custodian acts as safekeeping agent for the trusts' investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the trusts.

As of December 31, 2022, the Town held investments in the Colorado Local Government Liquid Asset Trust (Colotrust portfolio). The Colotrust portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities as well as in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. At December 31, 2022, the Town's investments in Colotrust Plus were \$ 950,853.

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2022

Note 5 - Deposits and Investments - (continued)

At December 31, 2021, the Town had the following investments:

	<u>Net Asset Value</u>
ColoTrust	\$ 950,853

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	\$ 53
Demand deposits	4,726,237
Certificates of deposits	228,449
ColoTrust	<u>950,853</u>
	<u>\$ 5,905,294</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, 2022	Additions	Reductions	December 31, 2022	Due within one year
Governmental Activities					
Compensated absences	\$ 14,148	\$ 6,325	\$ -	\$ 20,473	\$ -
Total	<u>\$ 14,148</u>	<u>\$ 6,325</u>	<u>\$ -</u>	<u>\$ 20,473</u>	<u>\$ -</u>

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2022

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. The plan is a qualified plan as defined by Internal Revenue Service Code Section 401 (A). The plan provisions and contribution requirements are established and may be amended by Nexus Financial Programs, Inc. and would have to be approved by the Town.

There are no unfunded past service liabilities. All 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 up to a maximum of 10% of compensation. Employees are immediately vested in their participant contributions as well as the Town's.

The Town's total payroll in 2022 was \$ 392,814. The total payroll covered by the plan was \$ 386,206. A contribution of \$ 42,136 was made to the plan in 2022. This contribution consisted of the Town's contribution of \$ 30,550 and the employee's contributions of \$11,586.

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

	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures			
GAAP-based expenses	\$ -	\$ 614,757	\$ -
Add (deduct);			
Depreciation		(115,294)	
Acquisition and construction of capital assets		9,338	
Total budgetary-based expenditures	<u>\$ 629,903</u>	<u>\$ 508,801</u>	<u>\$ 121,102</u>

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2022

Note 10 - Capital Assets

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

	Balance January 1, 2022	Additions	Dispositions	Balance December 31, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 578,189	\$ -	\$ -	\$ 578,189
Capital assets being depreciated				
Buildings	1,642,911	-	-	1,642,911
Improvements other than buildings	198,765	-	-	198,765
Infrastructure	1,856,367	801,744	-	2,658,111
Equipment	356,637	44,000	-	400,637
	<u>4,054,680</u>	<u>845,744</u>	<u>-</u>	<u>4,900,424</u>
Less accumulated depreciation				
Buildings	(233,003)	(52,421)	-	(285,424)
Improvements other than building	(23,259)	-	-	(23,259)
Infrastructure	(348,648)	(89,134)	-	(437,782)
Equipment	(239,453)	(31,640)	-	(271,093)
	<u>(844,363)</u>	<u>(173,195)</u>	<u>-</u>	<u>(1,017,558)</u>
Capital assets being depreciated, net	<u>3,210,317</u>	<u>672,549</u>	<u>-</u>	<u>3,882,866</u>
Total governmental activities capital assets	<u>\$ 3,788,506</u>	<u>\$ 672,549</u>	<u>\$ -</u>	<u>\$ 4,461,055</u>

Town of Poncha Springs
Notes to Basic Financial Statements
December 31, 2022

Note 10 - Capital Assets-(continued)

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

	Balance January 1, 2022	Additions	Dispositions	Balance December 31, 2022
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 517,988	\$ -	\$ -	\$ 517,988
Capital assets being depreciated				
Buildings	5,837	-	-	5,837
Transmission system	3,894,175	-	-	3,894,175
Storage tanks	291,439	-	-	291,439
Wells	1,038,156	9,338	-	1,067,494
Equipment	304,207	-	-	304,207
Less accumulated depreciation	(1,379,976)	(115,294)	-	(1,495,270)
Capital assets being depreciated, net	4,173,838	(105,956)	-	4,067,882
Total business-type activities capital assets	<u>\$ 4,691,826</u>	<u>\$ (105,956)</u>	<u>\$ -</u>	<u>\$ 4,585,870</u>

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

General government	\$ 18,226
Public works	99,036
Culture and recreation	55,933
Total	<u>\$173,195</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, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Taxes				
Sales	\$ 1,201,773	\$ 1,201,773	\$ 1,325,084	\$ 123,311
Property	74,830	74,830	75,661	831
Specific Ownership	5,000	5,000	7,057	2,057
Franchise	40,000	40,000	52,502	12,502
Use tax	135,000	135,000	211,948	76,948
RETA	12,000	12,000	45,965	33,965
Cigarette/other	4,400	4,400	6,443	2,043
Total Taxes	<u>1,473,003</u>	<u>1,473,003</u>	<u>1,724,660</u>	<u>251,657</u>
Intergovernmental				
Highway users tax	43,176	43,176	43,387	211
Other	1,500	1,500	2,362	862
Total intergovernmental	<u>44,676</u>	<u>44,676</u>	<u>45,749</u>	<u>1,073</u>
Licenses and permits	<u>8,750</u>	<u>8,750</u>	<u>14,782</u>	<u>6,032</u>
Charges for services	<u>41,500</u>	<u>41,500</u>	<u>50,158</u>	<u>8,658</u>
Other				
Interest	555	555	16,882	16,327
Grants	140,145	140,145	137,156	(2,989)
Development fees	2,500	2,500	2,250	(250)
Impact fees	85,000	85,000	133,596	48,596
Miscellaneous	4,035	4,035	6,597	2,562
Total other	<u>232,235</u>	<u>232,235</u>	<u>296,481</u>	<u>64,246</u>
Total revenues	<u>1,800,164</u>	<u>1,800,164</u>	<u>2,131,830</u>	<u>331,666</u>

Town of Poncha Springs
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
General Government				
Salaries	187,750	187,750	176,212	11,538
Trustee's	30,000	30,000	23,900	6,100
Employee benefits	87,004	87,004	81,979	5,025
Supplies	17,500	17,500	22,732	(5,232)
Purchased services	84,497	84,497	73,811	10,686
Fixed charges	16,871	16,871	17,980	(1,109)
Miscellaneous	9,000	9,000	2,699	6,301
Total general government	432,622	432,622	399,313	33,309
Public Works				
Salaries	154,196	154,196	155,588	(1,392)
Employee benefits	77,298	77,298	83,424	(6,126)
Supplies	38,750	38,750	49,347	(10,597)
Purchased services	69,280	69,280	44,625	24,655
Miscellaneous	20,100	20,100	18,099	2,001
Total public works	359,624	359,624	351,083	8,541
Visitors' Center				
Supplies	2,100	2,100	4,543	(2,443)
Purchased services	17,000	17,000	18,680	(1,680)
Total visitors' center	19,100	19,100	23,223	(4,123)
Law Enforcement- Court	100,900	100,900	99,467	1,433
Capital Outlay	-	-	-	-
Total expenditures	912,246	912,246	873,086	39,160
Excess revenues over expenditures	887,918	887,918	1,258,744	370,826
Other Financing sources (uses)				
Transfer out	(1,135,105)	(1,135,105)	(1,135,105)	-
Excess of revenues over and (under) expenditures and use	(247,187)	(247,187)	123,639	370,826
Fund Balance-January 1	2,047,350	2,047,350	2,262,728	215,378
Fund Balance-December 31	\$ 1,800,163	\$ 1,800,163	\$ 2,386,367	\$ 586,204

Town of Poncha Springs
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2022

	<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	<u>1,828,000</u>	<u>1,828,000</u>	<u>914,607</u>	<u>913,393</u>
Total expenditures	<u>1,828,000</u>	<u>1,828,000</u>	<u>914,607</u>	<u>913,393</u>
Excess of revenues over (under) expenditures	(1,828,000)	(1,828,000)	(914,607)	913,393
Other Financing sources (uses)				
Transfer in	<u>1,135,105</u>	<u>1,135,105</u>	<u>1,135,105</u>	
Excess of revenues over and (under) expenditures and use	(692,896)	(692,896)	220,498	913,393
Fund Balance-January 1	<u>1,132,635</u>	<u>1,132,635</u>	<u>1,132,096</u>	<u>(539)</u>
Fund Balance-December 31	<u>\$ 439,739</u>	<u>\$ 439,739</u>	<u>\$ 1,352,594</u>	<u>\$ 912,854</u>

Town of Poncha Springs
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Lottery	\$ 10,500	\$ 10,500	\$ 8,922	\$ (1,578)
Grant	-	-	-	-
Interest	100	100	72	(28)
Total revenues	<u>10,600</u>	<u>10,600</u>	<u>8,994</u>	<u>(1,606)</u>
Expenditures				
Repairs	3,500	3,500	2,978	522
Capital Outlay	-	-	-	-
Total expenditures	<u>3,500</u>	<u>3,500</u>	<u>2,978</u>	<u>522</u>
Excess of revenues over (under) expenditures	7,100	7,100	6,016	(1,084)
Fund Balance-January 1	<u>9,177</u>	<u>9,177</u>	<u>9,951</u>	<u>774</u>
Fund Balance-December 31	<u><u>\$ 16,277</u></u>	<u><u>\$ 16,277</u></u>	<u><u>\$ 15,967</u></u>	<u><u>\$ (310)</u></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, 2022

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Water charges	\$ 275,213	\$ 275,213	\$ 287,637	\$ 12,424
Connection fees	400,000	400,000	507,450	107,450
Water rights leasing	1,000	1,000	-	(1,000)
Miscellaneous	27,600	27,600	43,443	15,843
Total revenues	<u>703,813</u>	<u>703,813</u>	<u>838,530</u>	<u>134,717</u>
Expenditures				
Water:				
Salaries and wages	84,484	84,484	62,353	22,131
Employee benefits	45,419	45,419	35,351	10,068
Repairs and supplies	34,000	34,000	37,087	(3,087)
Postage	2,100	2,100	3,598	(1,498)
Utilities	11,000	11,000	11,640	(640)
Water storage and leasing	19,000	19,000	63,816	(44,816)
Water treatment/testing	40,400	40,400	47,873	(7,473)
Professional fees	10,000	10,000	46,032	(36,032)
Capital outlay	375,000	375,000	189,030	185,970
Miscellaneous	8,500	8,500	12,021	(3,521)
Total Water	<u>629,903</u>	<u>629,903</u>	<u>508,801</u>	<u>121,102</u>
Excess of revenues over (under) expenditures	73,910	73,910	329,729	255,819
Available Resources-January 1	<u>1,499,847</u>	<u>1,499,847</u>	<u>1,691,983</u>	<u>192,136</u>
Available Resources-December 31	<u>\$ 1,573,757</u>	<u>\$ 1,573,757</u>	<u>\$ 2,021,712</u>	<u>\$ 447,955</u>



COLORADO
Department of Transportation

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Annual Highway Finance Report - CY22

Email address: manager@ponchasprings.us

City/County: Poncha Springs

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes

A. Receipts from local sources

2. General Fund Appropriations:	\$	0.00
3. Other local imposts: <i>from A.3. 'Total' below)</i>	\$	135,958.47
4. Miscellaneous local receipts: <i>from A.4. 'Total' below)</i>	\$	2,310.13
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: \$ 138,268.60

B. Private Contributions \$ 0.00

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes (Detail)

A.3. | Other local imposts

a. Property Taxes & Assessments	\$	2,362.47
b. Other Local Imposts		
1. Sales Taxes:	\$	0.00
2. Infrastructure and Impact Fees:	\$	133,596.00
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		\$ 135,958.47

A.4. | Miscellaneous local receipts

a. Interest on Investments:	\$	2,310.13
b. Traffic fines and 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		\$ 2,310.13

C. Receipts from State Government

1. Highway User Taxes:	\$	43,233.90
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	5,201.25
d. Other (Specify):		
Comments: undefined	\$	0.00
e. Other (Specify):		
Comments: undefined	\$	0.00
Total: (1+3c,d,e)		\$ 48,435.15

D. Receipts from Federal Government

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

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes

A. Local highway disbursements

1. Capital outlay: (from A.1.d. 'Total Capital Outlay' below)	\$	0.00
2. Maintenance:	\$	4,062.30
3. Road and street services		
a. Traffic control operations:	\$	5,337.49
b. Snow and ice removal:	\$	0.00
c. Other:	\$	15,958.52
4. General administration and miscellaneous	\$	0.00
5. Highway law enforcement and safety	\$	0.00
Total: (A.1-5)	\$	25,358.31

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
SubTotal: (1+2)	\$	0.00

C. Payments to State for Highways: \$ 0.00

D. Payments to Toll Facilities: \$ 0.00

Total Disbursements: (A+B+C+D) \$ 25,358.31

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes - (Detail)

	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	\$ 0.00
b. Engineering Costs:	\$ 0.00	\$ 0.00	\$ 0.00
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.00
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.00
3. System Preservation:	\$ 0.00	\$ 0.00	\$ 0.00
4. System Enhancement:	\$ 0.00	\$ 0.00	\$ 0.00
5. Total Construction:			\$ 0.00
d. Total Capital Outlay: (Lines A.1.a. + 1.b. + 1.c.5)			\$ 0.00

Receipts, Disbursements & Costs

IV. Local Highway Debt Status

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
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

Receipts, Disbursements & Costs

V - Local Road & Street Fund Balance

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 470,409.97	\$ 186,703.75	\$ 25,358.31	\$ 135,906.13	\$ -495,849.28

Notes and Comments:

2022 Capital Outlays included an off-highway road reconstruction project, E Poncha Avenue. The planned highway pedestrian crossing project was delayed into the next fiscal year.

Please enter your name: Brian Berger

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

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