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TOWN OF PONCHA SPRINGS, COLORADO

FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2023

TOWN OF PONCHA SPRINGS, COLORADO
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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and the Board of Trustees
Town of Poncha Springs
Poncha Springs, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Poncha Springs, Colorado (the Town) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2023, 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 of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Emphasis of Matter

As described in Note 10, the financial statements, as of and for the year ended December 31, 2022, have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Honorable Mayor and the Board of Trustees
Town of Poncha Springs, Colorado

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 GAAS 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 GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents 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 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.

Honorable Mayor and the Board of Trustees
Town of Poncha Springs, Colorado

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying budgetary comparison schedules in the table of contents and the local highway finance report are 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 the 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 accompanying budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DMC Auditing and Consulting, LLC

DMC Auditing and Consulting, LLC

November 8, 2024
Bailey, Colorado

TOWN OF PONCHA SPRINGS
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2023

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, 2023. 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 $15,928,640 (i.e. net position) as of December 31, 2023, an increase of $1,005,463 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of $2,438,367, a decrease of $1,436,645 in comparison with the prior year.
- The Town's fund balance for the General Fund was $2,185,386 a decrease of $321,065 in comparison to the prior year.
- General property, sales, franchise and other taxes totaled $1,731,551, or 85% 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, 2023, the Town's combined assets exceeded liabilities by $15,928,640. Of this amount, $4,599,388 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 $11,229,732 (71% of net position), which is an increase of 10% compared to 2022. 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 2023 and 2022:

	Governmental Activities		Business Type Activities	
Assets	2023	2022	2023	2022
Current and other assets	$ 2,496,698	$ 4,022,640	$ 2,296,335	$ 2,064,037
Capital Assets	$ 6,684,457	$ 4,461,055	$ 4,545,275	$ 4,585,870
Total Assets	$ 9,181,155	$ 8,483,695	$ 6,838,610	$ 6,649,907
Current Liabilities	$ 58,331	$ 190,374	$ 22,337	$ 42,324
Non-Current Liabilities				
Compensated Absences	$ 10,457	$ 20,473		
Total Liabilities	$ 68,788	$ 210,841	$ 22,337	$ 42,324
Deferred Inflow of Resources				
Deferred Property Tax Revenue	-	77,337	-	-
Net Position				
Net Investment in Capital Assets	$ 6,684,457	$ 4,461,055	$ 4,545,275	$ 4,585,870
Restricted	$ 99,520	$ 67,580		
Unrestricted	$ 2,328,390	$ 3,666,876	$ 2,270,998	$ 2,021,713
Total Net Position	$ 9,112,367	$ 8,195,511	$ 6,816,273	$ 6,607,583

An additional portion of net position, $99,520, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $4,599,388 (29% 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 $1,005,463 in 2023.

	Governmental Activities		Business-Type Activities	
Revenues	2023	2022	2023	2022
Program Revenues				
Charges for Services	$ 145,306	$ 133,596	$ 352,811	$ 287,637
Operating Grants	$ 72,042	$ 52,309		
Capital Grants	$ 500	$ 143,753	$ 300,709	$ 507,450
General Revenues				
Property Taxes	$ 79,480	$ 75,661		
Specific Ownership	$ 9,055	$ 7,057		
Sales Taxes & Other	$ 1,449,800	$ 1,377,492		
Franchise Taxes	$ 70,056	$ 52,502		
Use Tax	$ 114,910	$ 211,948		
Real Estate Transfer Fees	8,250	-		
Miscellaneous	$ 15,950	$ 54,770	$ 831	$ 43,443
Interest Income	$ 97,663	$ 16,954		
Totals	$ 1,845,164	$ 2,140,824	$ 654,351	$ 838,530
Expenses				
General Government	$ 572,184	$ 423,864		
Public Works	$ 498,372	$ 503,547	$ 445,661	$ 614,757
Culture and Recreation	$ 77,490	$ 97,569		
Law Enforcement	$ 118,193	$ 99,467		
Total Expenses	$ 1,266,239	$ 1,124,447	$ 445,661	$ 614,757
Increase in Net Position	$ 796,773	$ 1,016,377	$ 208,690	$ 223,773
Beginning, as Restated	$ 8,315,594	$ 7,179,134	$ 6,607,583	$ 6,383,810
Ending	$ 9,112,367	$ 8,195,511	$ 6,816,273	$ 6,607,583

Note: The beginning net position at December 31, 2023, was restated to correct December 2022 sales tax revenue.

Business-type Activities

Business-type activities for the year resulted in an increase in net position of $208,690. Capital grants and contributions accounted for 46% 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 2023, the. Town's governmental funds reported combined ending fund balances of $2,438,367. Of the combined ending fund balances for all governmental funds 87% of this total amount, $2,120,386, 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 $65,000.

The Town has one major governmental fund; the General Fund, which is the primary operating fund for the Town. At the end of 2023, the committed fund balance of the Capital Projects Fund was $218,461. 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 decreased by $321,065 during 2023.

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 2023, the Water Fund represented the following net position amounts:

Fund:	Water
Unrestricted net position	$2,270,998
Total net position	$6,816,273
Increase (Decrease) in net position	$208,690

CAPITAL ASSET AND DEBT ADMINISTRATION

The Town's net investment in capital assets for its governmental and business-type activities as of December 31, 2023, was $11,229,732, an increase of $2,182,807 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, 2023, was as follows:

Governmental Activities	Balance Jan 1, 2023	Additions	Deletions	Balance Dec 31, 2023
Capital Assets not being Depreciated:				
Construction in Progress		$ 322,533		$ 322,533
Land	$ 578,189	$ 1,967,640		$ 2,545,829
Total Capital Assets not being Depreciated	$ 578,189	$ 2,290,173		$ 2,868,362
Capital Assets being Depreciated:				
Buildings	$ 1,642,911			$ 1,642,911
Improvements other than buildings	$ 198,765	$ 13,954		$ 212,719
Infrastructure	$ 2,658,111	$ 64,135		$ 2,722,246
Equipment	$ 400,637	$ 64,276		$ 464,913
	$ 4,900,424	$ 142,365		$ 5,042,789
Less Accumulated Depreciation:				
Buildings	$ (285,424)	$ (53,278)		$ (338,702)
Improvements other Than buildings	$ (23,259)	$ (17,893)	$ 29,935	$ (71,087)
Infrastructure	$ (437,782)	$ (104,994)	$ (29,935)	$ (512,841)
Equipment	$ (271,093)	$ (32,971)		$ (304,064)
Total Accumulated Depreciation	$ (1,017,558)	$ (209,136)		$ (1,226,694)
Capital Assets being Depreciated, Net	$ 3,882,866	$ (66,771)		$ 3,816,095
Total Governmental Activities Capital Assets	$ 4,461,055	$ 2,223,402		$ 6,684,457

Business Type Activities	Balance Jan 1, 2023	Additions	Deletions	Balance Dec 31, 2023
Capital Assets not being Depreciated:				
Construction in Progress		$ 45,953		$ 45,953
Land	$ 517,988			$ 517,988
Total Capital Assets not being Depreciated	$ 517,988	$ 45,953		$ 563,941
Capital Assets being Depreciated:				
Buildings	$ 5,837			$ 5,837
Transmission System	$ 3,894,175	$ 21,445		$ 3,915,620
Storage Tanks	$ 291,439			$ 291,439
Wells	$ 1,067,494			$ 1,067,494
Equipment	$ 304,207	$ 9,803		$ 314,010
Less Accumulated Depreciation	$ (1,495,270)	$ (117,796)		$ (1,613,066)
Capital Assets Being Depreciated, Net	$ 4,067,882	$ (86,548)		$ 3,981,334
Total Business Activities Capital Assets	$ 4,585,870	$ (40,595)		$ 4,545,275

Budget VS Actual

General Fund

When looking at our Budget for 2023 and how they compared to the actuals, the actual revenues for the General Fund exceeded the budgeted revenues by $153,098. The expenses for the General Fund came in over budget by $83,377. The excess of revenues over expenditures for 2023 was $80,028. The budgeted General Fund balance was $858,905 and the actual was $2,185,386, a positive difference of $1,326,481.

Conservation Trust Fund

The actual revenues for the Conservation Trust Fund exceeded the budgeted revenues by $2,402. The actual expenses came in quite a bit lower than budgeted at $366 vs the $3,500 budgeted. The ending fund balance for 2023 was $34,520, which was $14,605 less than budgeted.

Capital Projects Fund

For 2023, there were no budgeted revenues for the Capital Projects fund. The actual revenue was $500. There was a budgeted transfer of $2,252,642 from the General Fund, but the actual transfer amount was $1,259,998. Expenses came in under budget by $132,300 for 2023. The ending fund balance for the Capital Projects fund was $218,461, which is $492,250 over budget.

Water Fund

The actual operating revenues for the Water Fund was $352,811, which was $17,340 over the budgeted revenues. The expenses were $405,066, $131,277 under budget. The budgeted connection fees was $400,000 and the actual fee amount collected was $ 300,709. In total, the change in net position (Budgetary Basis) was $50,057 and the change in net position (GAAP Basis) was $208,690.

Economic Impacts

The Town maintains a healthy financial position, which allows flexibility in hosting events and identifying opportunities to help the Town grow economically. Because of its financial position, the Town hosts two public events per year that bring in visitors who spend time and resources at Poncha Springs businesses. Additionally, the Town is now in position to complete an economic development analysis paid for by the General Fund that will identify opportunities for the Town to recruit and retain new businesses. Because of the strength of the Town finances, we will be able to consider business-friendly policies that will impact the overall vitality of Poncha Springs.

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:

Town Administrator

Lance Hostetter
PO Box 190
Poncha Springs, CO 81242
719-539-6882

BASIC FINANCIAL STATEMENTS

TOWN OF PONCHA SPRINGS, COLORADO
STATEMENT OF NET POSITION
December 31, 2023

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	$ 2,292,161	$ 2,260,330	$ 4,552,491
Accounts Receivable	-	30,387	30,387
Taxes Receivable	204,537	-	204,537
Prepaid Expenses	-	2,618	2,618
Capital Assets, *Not Being Depreciated*	2,868,362	563,941	3,432,303
Capital Assets, *Net of Accumulated Depreciation*	3,816,095	3,981,334	7,797,429
TOTAL ASSETS	9,181,155	6,838,610	16,019,765
LIABILITIES			
Current Liabilities			
Accounts Payable	35,708	2,110	37,818
Retainage Payable	22,623	-	22,623
Unearned Revenues	-	20,227	20,227
Compensated Absences	10,457	-	10,457
TOTAL LIABILITIES	68,788	22,337	91,125
NET POSITION			
Net Investment in Capital Assets	6,684,457	4,545,275	11,229,732
Restricted for:			
Emergencies	65,000	-	65,000
Conservation Trust	34,520	-	34,520
Unrestricted	2,328,390	2,270,998	4,599,388
TOTAL NET POSITION	$ 9,112,367	$ 6,816,273	$ 15,928,640

TOWN OF PONCHA SPRINGS, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
					PRIMARY GOVERNMENT		
FUNCTIONS / PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT							
Governmental Activities							
General Government	$ 572,184	$ 20,968	$ 7,735	$ 500	$ (542,981)	$ -	$ (542,981)
Public Works	498,372	86,127	45,516	-	(366,729)	-	(366,729)
Culture and Recreation	77,490	34,751	18,791	-	(23,948)	-	(23,948)
Law Enforcement	118,193	3,460	-	-	(114,733)	-	(114,733)
Total Governmental Activities	1,266,239	145,306	72,042	500	(1,048,391)	-	(1,048,391)
Business-Type Activities							
Water	445,661	352,811	-	300,709	-	207,859	207,859
TOTAL PRIMARY GOVERNMENT	$ 1,711,900	$ 498,117	$ 72,042	$ 301,209	(1,048,391)	207,859	(840,532)
	GENERAL REVENUES						
	Property Taxes				79,480	-	79,480
	Specific Ownership Taxes				9,055	-	9,055
	Sales and Use Taxes				1,564,710	-	1,564,710
	Franchise Fees				70,056	-	70,056
	Real Estate Transfer Fees				8,250	-	8,250
	Investment Income				97,663	831	98,494
	Miscellaneous				15,950	-	15,950
	TOTAL GENERAL REVENUES				1,845,164	831	1,845,995
	CHANGE IN NET POSITION				796,773	208,690	1,005,463
	NET POSITION, Beginning, as Restated				8,315,594	6,607,583	14,923,177
	NET POSITION, Ending				$ 9,112,367	$ 6,816,273	$ 15,928,640

TOWN OF PONCHA SPRINGS, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

		NONMAJOR FUNDS		
	GENERAL	CONSERVATION TRUST FUND	CAPITAL PROJECTS FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 1,994,874	$ 34,710	$ 262,577	$ 2,292,161
Taxes Receivable	204,537	-	-	204,537
			-	
TOTAL ASSETS	$ 2,199,411	$ 34,710	$ 262,577	$ 2,496,698
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 14,025	$ 190	$ 21,493	$ 35,708
Retainage Payable	-	-	22,623	22,623
TOTAL LIABILITIES	14,025	190	44,116	58,331
FUND BALANCES				
Restricted for:				
Emergencies	65,000	-	-	65,000
Conservation Trust	-	34,520	-	34,520
Committed for Capital Projects	-	-	218,461	218,461
Unassigned	2,120,386	-	-	2,120,386
TOTAL FUND BALANCES	2,185,386	34,520	218,461	2,438,367
TOTAL LIABILITIES AND FUND BALANCES	$ 2,199,411	$ 34,710	$ 262,577	$ 2,496,698

TOWN OF PONCHA SPRINGS, COLORADO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2023

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Total Fund Balances of Governmental Funds	$	2,438,367
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		6,684,457
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Accrued Compensated Absences		(10,457)
Total Net Position of Governmental Activities	$	9,112,367

TOWN OF PONCHA SPRINGS, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2023

		NONMAJOR FUNDS		
	GENERAL	CONSERVATION TRUST FUND	CAPITAL PROJECTS FUND	TOTAL
REVENUES				
Taxes	$ 1,731,551	$ -	$ -	$ 1,731,551
Intergovernmental	53,251	18,791	-	72,042
Licenses and Permits	12,953	-	-	12,953
Grants	-	-	500	500
Charges for Services	42,766	-	-	42,766
Miscellaneous	203,072	128	-	203,200
TOTAL REVENUES	2,043,593	18,919	500	2,063,012
EXPENDITURES				
Current				
General Government	561,118	-	-	561,118
Public Works	372,914	-	-	372,914
Culture and Recreation	17,194	366	-	17,560
Law Enforcement	118,193	-	-	118,193
Capital Outlay	35,241	-	2,394,631	2,429,872
TOTAL EXPENDITURES	1,104,660	366	2,394,631	3,499,657
EXCESS REVENUES OVER (UNDER) EXPENDITURES	938,933	18,553	(2,394,131)	(1,436,645)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1,259,998	1,259,998
Transfers Out	(1,259,998)	-	-	(1,259,998)
TOTAL OTHER FINANCING SOURCES (USES)	(1,259,998)	-	1,259,998	-
CHANGE IN FUND BALANCES	(321,065)	18,553	(1,134,133)	(1,436,645)
FUND BALANCES, Beginning, as Restated	2,506,451	15,967	1,352,594	3,875,012
FUND BALANCES, Ending	$ 2,185,386	$ 34,520	$ 218,461	$ 2,438,367

TOWN OF PONCHA SPRINGS, COLORADO

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

Year Ended December 31, 2023

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
Net Change in Fund Balances of Governmental Funds	$	(1,436,645)
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		(209,136)
Capital Outlay		2,432,538
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:		
Accrued Compensated Absences		10,016
Change in Net Position of Governmental Activities	$	796,773

TOWN OF PONCHA SPRINGS, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2023

	BUSINESS-TYPE ACTIVITIES
	WATER FUND
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 2,260,330
Accounts Receivable	30,387
Prepaid Expenses	2,618
Total Current Assets	2,293,335
Noncurrent Assets	
Capital Assets, *Not Being Depreciated*	563,941
Capital Assets, *Net of Accumulated Depreciation*	3,981,334
Total Noncurrent Assets	4,545,275
TOTAL ASSETS	6,838,610
LIABILITIES	
Current Liabilities	
Accounts Payable	2,110
Unearned Revenues	20,227
TOTAL LIABILITIES	22,337
NET POSITION	
Net Investment in Capital Assets	4,545,275
Unrestricted	2,270,998
TOTAL NET POSITION	$ 6,816,273

TOWN OF PONCHA SPRINGS, COLORADO

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

PROPRIETARY FUND

Year Ended December 31, 2023

	BUSINESS-TYPE ACTIVITIES
	WATER FUND
OPERATING REVENUES	
Charges for Services	$ 352,811
OPERATING EXPENSES	
Personnel Services	113,952
Contractual Services	162,343
Utilities	13,422
Other Supplies and Expenses	38,148
Depreciation	117,796
TOTAL OPERATING EXPENSES	445,661
NET OPERATING INCOME (LOSS)	(92,850)
NONOPERATING REVENUES (EXPENSES)	
Investment Income	831
NET INCOME (LOSS) BEFORE CAPITAL CHARGES	(92,019)
CAPITAL CHARGES	
Connection Fees	300,709
CHANGE IN NET POSITION	208,690
NET POSITION, Beginning	6,607,583
NET POSITION, Ending	$ 6,816,273

TOWN OF PONCHA SPRINGS, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2023

	BUSINESS-TYPE ACTIVITIES WATER FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from User Charges	$ 348,769
Cash Payments to Employees	(78,436)
Cash Payments to Suppliers	(292,261)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(21,928)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Connection Fees Received	300,709
Acquisition of Capital Assets	(77,201)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	223,508
CASH FLOWS FROM INVESTING ACTIVITES	
Investment Income	831
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	202,411
CASH AND CASH EQUIVALENTS, Beginning	2,057,919
CASH AND CASH EQUIVALENTS, Ending	$ 2,260,330
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Net Operating Income (Loss)	(92,850)
Depreciation Expense	117,796
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) Decrease in Accounts Receivable	(4,572)
(Increase) Decrease in Prepaid Expenses	(2,618)
Increase (Decrease) in Accounts Payable	(40,214)
Increase (Decrease) in Deferred Revenues	530
Total Adjustments	(46,874)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITES	$ (21,928)

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the Town of Poncha Springs, Colorado (the Town) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's significant policies.

Reporting Entity

The financial reporting entity consists of the Town, organizations for which the Town is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Town. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the Town. Legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the Town.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Town and its component units. For the most part, the effect of interfund activity has been removed from these financial statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants 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.*

Separate financial statements are provided for the governmental funds and the proprietary fund. Individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the fund financial statements, 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 Town reports the following major proprietary fund:

The *Water Fund* was established to account for all operations of the Town's water services. It is primarily financed by user charges.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund. 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 in 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)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting, however, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, and Fund Balance / Net Position

Cash and Investments – The Town utilizes the pooled cash concept whereby cash balances of each of the Town's funds are pooled and invested by the Town. Investments are reported at fair value. For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

Receivables - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied in the current year for collection in the subsequent year are recorded as receivables and deferred inflows of resources at year end. Taxes are due in the subsequent year on April 30, or in two installments on February 28 and June 15. Taxes are collected by the County Treasurer and remitted to the Town on a monthly basis. Grant reimbursements not received before year-end for which eligibility has been met and expenditures have been incurred are reported as grants receivable.

Prepaid Expenses / Expenditures – Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenditures or prepaid expenses.

Capital Assets - Capital assets include land, buildings, plant, infrastructure, equipment and right-to-use lease assets. These are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. They are also reported in the proprietary fund in the fund financial statements.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Fund Balance / Net Position (Continued)

Capital assets are defined by the Town as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Transmission Lines	50 – 70 years
Buildings	40 years
Storage Tanks	20 – 40 years
Wells	10 – 30 years
Meters and Pits	30 years
Equipment	5 - 10 years
Infrastructure	15 – 40 years

Unearned Revenue – Unearned revenues include water bill customer prepayments that have been collected for future periods and not yet recognized as revenue.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Compensated Absences – Personal general leave is based on the number of hours worked in a year and paid leave taken. Employees accumulate benefits with no predetermined maximums, however any benefits accumulated in excess of 160 hours must be used by December 31st of each year. Unused accumulated paid time off hours are paid upon separation/termination at their current pay rate. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned.

Net Position/Fund Balances - In the government-wide financial statements, net position is restricted when constraints placed on the use of resources are externally imposed. Governmental fund balances are classified as restricted when constraints are placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Committed fund balances include resources which are subject to limitations the Town imposes on itself by action of the Town's Board of Trustees through ordinances. Committed fund balances also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Commitments may be established, modified, or rescinded only through ordinances approved by the Town's Board of Trustees. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Fund Balance / Net Position (Continued)

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

The Board of Trustees is authorized to informally assign amounts to a specific purpose and has assigned this authority to the Town Manager or other designee. Such fund balance assignments are reported in the governmental fund financial statements.

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 the Board of Trustees has provided otherwise in its commitment or assignment actions.

Property Taxes

Property taxes normally attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date.

NOTE 2: Cash and Investments

At December 31, 2023, the Town had the following cash and investments:

Cash on Hand	$ 50
Deposits	3,550,776
Investments	1,001,665
Total	$ 4,552,491

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2023, the Town had bank deposits of $3,519,654 collateralized with securities held by the financial institution's agent but not in the Town's name.

NOTE 2: Cash and Investments (Continued)

Investments

The Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

Fair Value Measurements - At December 31, 2023, the Town's investments in the local government investment pool were reported at the net asset value per share.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

Concentration of Credit Risk - State statutes do not limit the amount the Town may invest in a single issuer of investment securities, except for corporate securities.

Local Government Investment Pool - At December 31, 2023, the Town had $1,001,665 invested in the Colorado Local Government Liquid Asset Trust Plus (ColoTrust), (the Pool). The Pool is an investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pools. ColoTrust is measured at the net asset value per share, with each share valued at $1. ColoTrust is rated AAAm by Standard and Poor's. Investments of the Pool are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

NOTE 3: Interfund Transactions

At December 31, 2023, the General Fund transferred $1,259,998 to the Capital Projects Fund for capital projects.

NOTE 4: Capital Assets

Capital assets activity for governmental activities for the fiscal year ended December 31, 2023, is summarized, as follows:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ -	$ 322,533	$ -	$ 322,533
Land	578,189	1,967,640	-	2,545,829
Total Capital Assets, Not Being Depreciated	578,189	2,290,173	-	2,868,362
Capital Assets, Being Depreciated:				
Buildings	1,642,911	-	-	1,642,911
Improvements Other Than Buildings	198,765	13,954	-	212,719
Infrastructure	2,658,111	64,135	-	2,722,246
Equipment	400,637	64,276	-	464,913
Total Capital Assets, Being Depreciated	4,900,424	142,365	-	5,042,789
Less Accumulated Depreciation:				
Buildings	(285,424)	(53,278)	-	(338,702)
Improvements Other Than Buildings	(23,259)	(17,893)	29,935	(71,087)
Infrastructure	(437,782)	(104,994)	(29,935)	(512,841)
Equipment	(271,093)	(32,971)	-	(304,064)
Total Accumulated Depreciation	(1,017,558)	(209,136)	-	(1,226,694)
Total Capital Assets, Being Depreciated, Net	3,882,866	(66,771)	-	3,816,095
Capital Assets, Governmental Activities, Net	$ 4,461,055	$ 2,223,402	$ -	$ 6,684,457

Depreciation expense was charged to programs of the Town, as follows:

General Government	$ 18,758
Public Works	130,448
Culture and Recreation	59,930
Total	$ 209,136

NOTE 4: Capital Assets (Continued)

Capital assets activity for business-type activities for the fiscal year ended December 31, 2023, is summarized, as follows:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 517,988	$ -	$ -	$ 517,988
Construction in Progress	-	45,953	-	45,953
Total Capital Assets, Not Being Depreciated	517,988	45,953	-	563,941
Capital Assets, Being Depreciated:				
Buildings	5,837	-	-	5,837
Machinery and Equipment	304,207	9,803	-	314,010
Wells	1,067,494	-	-	1,067,494
Storage Tanks	291,439	-	-	291,439
Transmission System	3,894,175	21,445	-	3,915,620
Total Capital Assets, Being Depreciated	5,563,152	31,248	-	5,594,400
Less Accumulated Depreciation:				
Buildings	(5,692)	(145)	-	(5,837)
Machinery and Equipment	(304,207)	(1,797)	-	(306,004)
Wells	(278,108)	(29,430)	-	(307,538)
Storage Tanks	(205,427)	(10,194)	-	(215,621)
Transmission System	(701,836)	(76,230)	-	(778,066)
Total Accumulated Depreciation	(1,495,270)	(117,796)	-	(1,613,066)
Total Capital Assets, Being Depreciated, Net	4,067,882	(86,548)	-	3,981,334
Capital Assets, Business-Type Activities, Net	$ 4,585,870	$ (40,595)	$ -	$ 4,545,275

NOTE 5: Long-Term Debt

The following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2023:

	Balance 12/31/2022	Additions	Reductions	Balance 12/31/2023	Due in One Year
Governmental Activities					
Compensated Absences	$ 20,473	$ -	$ (10,016)	$ 10,457	$ 10,457

Compensated absences of the Town are expected to be liquidated primarily with resources of the General Fund.

NOTE 6: 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 purchases commercial insurance for its workers' compensation claims.

The Town participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees, and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity, and the Town does not approve budgets, nor does it have the ability to significantly affect the operations of CIRSA.

NOTE 7: Employee Retirement Plan

Defined Contribution Plan

The Town has a defined contribution plan for its employees which is administered by Security Benefit. 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 457 (b). 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 matches up to an additional 3% of the employee's contributions. In 2023, the Town's total eligible payroll covered by the plan was $420,222 and total contributions were $49,453, which consisted of the Town's contribution of $34,116 and the employee contributions of $15,337.

NOTE 8: Commitments and Contingencies

Claims and Judgments

The Town participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2023, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Town.

NOTE 8: Commitments and Contingencies (Continued)

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. On April 5, 1994, voters within the Town approved the collection, retention and expenditure of the full revenues generated by the Town in 1994 and subsequent years, nothwithstanding the provisions of the Amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2023, the emergency reserve of $62,000 was reported as restricted fund balance in the General Fund.

Litigation

The Town from time to time is involved in various legal matters. In the opinion of the Town's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the Town.

NOTE 9: Subsequent Events

In November 2023, Colorado Proposition HH, Property Tax Changes and Revenue Change Measure (2023) was rejected by the voters. Because this proposition, if passed, would affect mill levy rates and actual property values, the deadlines for certain required reporting dates were delayed by the Colorado Department of Local Affairs Division of Property Taxation as follows:

- Final certification of property values for all local governments was delayed from December 10th, 2023, to December 29th, 2023.
- For all local governments, including school districts, the reporting certification of levies was delayed from December 15th, 2023, to January 5th, 2024.

In accordance with this adjusted timeline, the Town certified its 2023 General Fund Mill Levy of $108,822 in January 2024. It had no related property tax receivable and related deferred inflows of resources at December 31, 2023.

NOTE 10: Restatement – Correction of an Error

The Town identified a correction of an error to the governmental activities and the general fund for the fiscal year ended December 31, 2022 (prior year). This correction was made to properly record December 2022 sales tax collections in the proper fiscal year. The restatement was reported as follows:

	General Fund	Total Governmental Funds	Governmental Activities
Net Position/Fund Balance, Beginning, as Originally Stated	$ 2,386,368	$ 3,754,929	$ 8,195,511
Sales Tax Revenue	120,083	120,083	120,083
Net Position/Fund Balance, Beginning, as Restated	$ 2,506,451	$ 3,875,012	$ 8,315,594

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF PONCHA SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes			
Sales Taxes	$ 1,389,546	$ 1,449,800	$ 60,254
Property Taxes	77,337	79,480	2,143
Specific Ownership Taxes	6,750	9,055	2,305
Franchise Fees	50,000	70,056	20,056
Use Taxes	150,000	114,910	(35,090)
Real Estate Tax Assessment	12,000	8,250	(3,750)
Total Taxes	1,685,633	1,731,551	45,918
Intergovernmental			
Cigarette Tax	2,500	2,767	267
Highway Users Tax	41,020	42,475	1,455
Other	4,150	8,009	3,859
Total Intergovernmental	45,170	53,251	5,314
Licenses and Permits	10,850	12,953	2,103
Charges for Services	46,535	42,766	(3,769)
Other			
Interest	7,540	97,535	89,995
Development Fees	2,500	250	(2,250)
Impact Fees	85,000	85,877	877
Miscellaneous	4,500	19,410	14,910
Total Other Revenues	92,000	203,072	103,532
TOTAL REVENUES	1,880,188	2,043,593	153,098

TOWN OF PONCHA SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
EXPENDITURES			
General Government			
Salaries	207,412	189,912	17,500
Trustees	34,800	23,850	10,950
Employee Benefits	104,101	80,874	23,227
Supplies	19,000	25,155	(6,155)
Purchased Services	88,039	209,218	(121,179)
Fixed Charges	19,486	20,420	(934)
Miscellaneous	8,500	11,689	(3,189)
Total General Government	481,338	561,118	(79,780)
Public Works			
Salaries	172,513	188,553	(16,040)
Employee Benefits	86,632	80,767	5,865
Supplies	43,750	47,742	(3,992)
Purchased Services	61,900	55,545	6,355
Miscellaneous	100	307	(207)
Total Public Works	364,895	372,914	(8,019)
Culture and Recreation			
Supplies	3,500	1,917	1,583
Purchased Services	18,850	15,277	3,573
Total Culture and Recreation	22,350	17,194	5,156
Law Enforcement	123,700	118,193	5,507
Capital Outlay	29,000	35,241	(6,241)
TOTAL EXPENDITURES	1,021,283	1,104,660	(83,377)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	858,905	938,933	80,028
OTHER FINANCING SOURCES (USES)			
Transfers Out	(2,252,642)	(1,259,998)	992,644
CHANGE IN FUND BALANCE	(1,393,737)	(321,065)	1,072,672
FUND BALANCE, Beginning, as Restated	2,252,642	2,506,451	253,809
FUND BALANCE, Ending	$ 858,905	$ 2,185,386	$ 1,326,481

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are legally adopted for all funds of the Town. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures. The Town adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- Budget appropriations lapse at the end of each year.

SUPPLEMENTARY INFORMATION

TOWN OF PONCHA SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	$ 16,397	$ 18,791	$ 2,394
Investment Income	120	128	8
TOTAL REVENUES	16,517	18,919	2,402
EXPENDITURES			
Repairs	3,500	366	3,134
CHANGE IN FUND BALANCE	13,017	18,553	5,536
FUND BALANCE, Beginning	36,108	15,967	(20,141)
FUND BALANCE, Ending	$ 49,125	$ 34,520	$ (14,605)

TOWN OF PONCHA SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Grants and Contributions	$ -	$ 500	$ 500
EXPENDITURES			
Capital Outlay	2,526,431	2,394,631	131,800
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,526,431)	(2,394,131)	132,300
OTHER FINANCING SOURCES (USES)			
Transfers In	2,252,642	1,259,998	(992,644)
CHANGE IN FUND BALANCE	(273,789)	(1,134,133)	(860,344)
FUND BALANCE, Beginning	-	1,352,594	1,352,594
FUND BALANCE, Ending	$ (273,789)	$ 218,461	$ 492,250

TOWN OF PONCHA SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
WATER FUND (BUDGETARY BASIS TO GAAP BASIS)
Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
OPERATING REVENUES			
Water Charges	$ 301,471	$ 331,663	$ 30,192
Water Rights Leasing	10,000	-	(10,000)
Miscellaneous	24,000	21,148	(2,852)
TOTAL OPERATING REVENUES	335,471	352,811	17,340
OPERATING EXPENSES			
Salaries	103,814	78,436	25,378
Employee Benefits	54,279	35,516	18,763
Repairs and Supplies	36,500	31,124	5,376
Postage	2,500	4,012	(1,512)
Utilities	12,000	13,422	(1,422)
Water Storage and Leasing	20,000	18,331	1,669
Water Treatment and Testing	14,500	43,414	(28,914)
Professional Fees	290,000	100,598	189,402
Miscellaneous	-	3,012	(3,012)
Capital Outlay	2,750	77,201	(74,451)
TOTAL OPERATING EXPENSES	536,343	405,066	131,277
NET OPERATING INCOME (LOSS)	(200,872)	(52,255)	148,617
NONOPERATING REVENUES (EXPENSES)			
Investment Income	100	831	731
NET INCOME (LOSS) BEFORE CAPITAL CHARGES	(200,772)	(51,424)	149,348
CAPITAL CHARGES			
Connection Fees	400,000	300,709	(99,291)
CHANGE IN NET POSITION - BUDGETARY BASIS	$ 199,228	$ 249,285	$ 50,057
RECONCILIATION TO GAAP BASIS			
Capital Outlay		77,201	
Depreciation		(117,796)	
CHANGE IN NET POSITION, GAAP Basis		208,690	

COMPLIANCE SECTION

STATE COMPLIANCE

COLORADO
Department of Transportation

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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 - CY23

Email address: finance@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: *from A.3. 'Total' below)*	$	88,917.88
4. Miscellaneous local receipts: *from A.4. 'Total' below)*	$	7,179.09
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:	$	96,096.97

B. Private Contributions	$	0.00

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes (Detail)

A.3.¦ Other local imposts

a. Property Taxes &and Assessments	$	3,040.88
b. Other Local Imposts		
1. Sales Taxes:	$	0.00
2. Infrastructure and Impact Fees:	$	85,877.00
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)*	$	88,917.88

A.4.¦ Miscellaneous local receipts

a. Interest on Investments:	$	7,179.09
b. Traffic fines and Penalities:	$	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)*	$	7,179.09

C. Receipts from State Government

1. Highway User Taxes:	$	45,943.03
3. Other State funds:		
c. Motor Vehicle Registrations:	$	5,746.58
d. Other (Specify): Comments: undefined	$	0.00
e. Other (Specify): Comments: undefined	$	0.00
Total: *(1+3c,d,e)*	$	51,689.61

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:	$	714.30
3. Road and street services		
a. Traffic control operations:	$	1,379.23
b.¦Snow and ice removal:	$	0.00
c. Other:	$	13,036.48
4. General administration and miscellaneous	$	0.00
5. Highway law enforcement and safety	$	0.00
Total: *(A.1-5)*	$	15,130.01

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)* $ 15,130.01

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
$ 135,906.13	$ 147,786.58	$ 15,130.01	$ 90,681.22	$ -177,881.48

Notes and Comments:

2023 Capital Outlays included the Pedestrian Crossing Project, planning for the Highway 50 Round About project, and the 50-285 Intersection planning.

Please enter your name: undefined

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

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FORM FHWA-536e(Version 10.00) - CY23