TOWN OF PONCHA SPRINGS, COLORADO

FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2024

TOWN OF PONCHA SPRINGS, COLORADO
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FINANCIAL SECTION

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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, 2024, 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, 2024, 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 9 to the financial statements, as of and for the year ended December 31, 2023, 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
July 15, 2025
Bailey, Colorado

TOWN OF PONCHA SPRINGS
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2024

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, 2024. 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 $16,996,163 (i.e. net position) as of December 31, 2024, an increase of $1,067,523 in comparison to the prior year, which includes a restatement for a correction of errors to beginning fund balance / net position.
- Governmental funds reported combined ending fund balances of $2,886,278, an increase of $447,911 in comparison with the prior year, which includes a restatement for a correction of errors to beginning fund balance / net position.
- The Town's fund balance for the General Fund was $1,747,373 a decrease of $438,013 in comparison to the prior year.
- General property, sales, franchise and other taxes totaled $1,651,971, 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, 2024, the Town's combined assets exceeded liabilities by $16,996,163. Of this amount, $5,339,262 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 $11,535,960 (68% of net position), which is a decrease of 3% compared to 2023. 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 2024 and 2023:

	Governmental Activities		Business Type Activities	
Assets	2024	2023	2024	2023
Current and other assets	$ 3,083,908	$ 2,496,698	$ 2,610,517	$ 2,296,335
Capital Assets	$ 7,100,576	$ 6,684,457	$ 4,435,384	$ 4,545,275
Total Assets	$ 10,184,484	$ 9,181,155	$ 7,045,898	$ 6,838,610
Current Liabilities	$ 86,734	$ 58,331	$ 14,793	$ 22,337
Non-Current Liabilities				
Compensated Absences	$ 21,796	$ 10,457		
Total Liabilities	$ 108,530	$ 68,788	$ 14,793	$ 22,337
Deferred Inflow of Resources				
Deferred Property Tax Revenue	$ 110,896			
Net Position				
Net Investment in Capital Assets	$ 7,100,576	$ 6,684,457	$ 4,435,384	$ 4,545,275
Restricted	$ 120,941	$ 99,520		
Unrestricted	$ 2,743,541	$ 2,328,390	$ 2,595,721	$ 2,270,998
Total Net Position	$ 9,965,058	$ 9,112,367	$ 7,031,105	$ 6,816,273

An additional portion of net position, $120,941, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $5,339,262 (31% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

Governmental and business-type activities increased the Town's net position by $1,024,701 in 2024.

	Governmental Activities		Business-Type Activities	
Revenues	2024	2023	2024	2023
Program Revenues				
Charges for Services	$ 129,343	$ 20,968	$ 483,155	$ 352,811
Operating Grants	$ 83,593	$ 72,042		
Capital Grants	$ 248,860	$ 500	$ 244,852	$ 300,709
General Revenues				
Property Taxes	$ 115,674	$ 79,480		
Specific Ownership	$ 9,418	$ 9,055		
Sales Taxes & Other	$ 1,428,396	$ 1,449,800		
Franchise Taxes	$ 71,198	$ 70,056		
Use Tax	$ 98,483	$ 114,910		
Miscellaneous	$ 6,984	$ 27,910	$ 1,012	$ 831
Interest Income	$ 178,341	$ 97,535		
Other	$ 32,229	$ 85,877		
Totals	$ 2,402,519	$ 2,028,133	$ 729,019	$ 654,354
Expenses				
General Government	$ 765,168	$ 572,184		
Public Works	$ 669,348	$ 498,372	$ 514,187	$ 445,661
Culture and Recreation	$ 82,138	$ 77,490		
Law Enforcement	$ 75,996	$ 118,193		
Total Expenses	$ 1,592,650	$ 1,266,239	$ 514,187	$ 445,661
Increase in Net Position	$ 809,869	$ 796,776	$ 214,832	$ 208,690
Beginning, Original	$ 9,112,367	$ 8,315,594	$ 6,816,273	$ 6,607,583
Restatement – Correction	$ 42,822			
Beginning, as Restated	$ 9,155,189	$ 8,315,594	$ 6,816,273	$ 6,607,583
Ending	$ 9,965,058	$ 9,112,367	$ 7,031,105	$ 6,816,273

Business-type Activities

Business-type activities for the year resulted in an increase in net position of $214,832. Capital grants and contributions accounted for 34% 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 2024, the. Town's governmental funds reported combined ending fund balances of $2,886,278. Of the combined ending fund balances for all governmental funds 58% of this total amount, $1,675,373, 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 $72,000.

The Town has one major governmental fund; the General Fund, which is the primary operating fund for the Town. At the end of 2024, the committed fund balance of the Capital Projects Fund was $1,089,964. 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 $438,013 during 2024, which includes $42,822 as a correction of an error for timing of franchise fee revenue.

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 2024, the Water Fund represented the following net position amounts:

Fund:	Water
Unrestricted net position	$2,595,721
Total net position	$7,031,105
Increase (Decrease) in net position	$214,832

CAPITAL ASSET AND DEBT ADMINISTRATION

The Town's net investment in capital assets for its governmental and business-type activities as of December 31, 2024, was $11,535,960, an increase of $306,228 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, 2024 was as follows:

Governmental Activities	Balance Jan 1, 2024	Additions	Deletions	Balance Dec 31, 2024
Capital Assets not being Depreciated:				
Construction in Progress	$ 322,533		$ 322,533	-
Land	$ 2,545,829	$ 330,505		$ 2,876,334
Museum Collection		$ 21,000		
Total Capital Assets not being Depreciated	$ 2,868,362	$ 351,505	$ 332,533	$ 2,897,334
Capital Assets being Depreciated:				
Buildings	$ 1,642,911	$ 7,430		$ 1,650,341
Improvements other than buildings	$ 212,719	$ 20,260	$ 21,000	$ 211,979
Infrastructure	$ 2,722,246	$ 489,826		$ 3,212,072
Equipment	$ 464,913	$ 126,531	$ 21,619	$ 569,825
	$ 5,042,789	$ 644,047	$ 42,619	$ 5,644,217
Less Accumulated Depreciation:				
Buildings	$ (338,702)	$ (53,426)		$ (392,128)
Improvements other Than buildings	$ (71,087)	$ (19,343)		$ (90,430)
Infrastructure	$ (512,841)	$ (123,198)		$ (636,039)
Equipment	$ (304,064)	$ (39,933)	$ (21,619)	$ (322,378)
Total Accumulated Depreciation	$ (1,226,694)	$ (235,900)	$ (21,619)	$ (1,440,975)
Capital Assets being Depreciated, Net	$ 3,816,095	$ 408,147	$ 21,000	$ 4,203,242
Total Governmental Activities Capital Assets	$ 6,684,457	$ 759,652	$ 343,533	$ 7,100,576

Business Type Activities	Balance Jan 1, 2024	Additions	Deletions	Balance Dec 31, 2024
Capital Assets not being Depreciated:				
Land	$ 517,988			$ 517,988
Construction in Progress	$ 45,953	$ 4,607		$ 50,560
Total Capital Assets not being Depreciated	$ 563,941	$ 4,607		$ 568,548
Capital Assets being Depreciated:				
Buildings	$ 5,837			$ 5,837
Transmission System	$ 3,915,620	$ (76,409)		$ 3,915,620
Storage Tanks	$ 291,439	$ (6,698)		$ 291,439
Wells	$ 1,067,494	$ (29,430)		$ 1,067,494
Equipment	$ 314,010	$ (1,961)		$ 314,010
Less Accumulated Depreciation	$ (1,613,066)	$ (114,498)		$ (1,727,564)
Capital Assets Being Depreciated, Net	$ 3,981,334	$ (114,498)		$ 3,866,836
Total Business Activities Capital Assets	$ 4,545,275	$ (109,891)		$ 4,435,384

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, 2024

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	$ 2,696,056	$ 2,575,673	$ 5,271,729
Accounts Receivable	49,559	34,841	84,400
Taxes Receivable	338,293	-	338,293
Capital Assets, *Not Being Depreciated*	2,897,334	568,548	3,465,882
Capital Assets, *Net of Accumulated Depreciation*	4,203,242	3,866,836	8,070,078
TOTAL ASSETS	10,184,484	7,045,898	17,230,382
LIABILITIES			
Current Liabilities			
Accounts Payable	86,734	557	87,291
Unearned Revenues	-	14,236	14,236
Compensated Absences	21,796	-	21,796
TOTAL LIABILITIES	108,530	14,793	123,323
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	110,896	-	110,896
NET POSITION			
Net Investment in Capital Assets	7,100,576	4,435,384	11,535,960
Restricted for:			
Emergencies	72,000	-	72,000
Conservation Trust	48,941	-	48,941
Unrestricted	2,743,541	2,595,721	5,339,262
TOTAL NET POSITION	$ 9,965,058	$ 7,031,105	$ 16,996,163

TOWN OF PONCHA SPRINGS, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2024

		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	$ 765,168	$ 90,037	$ 5,897	$ -	$ (669,234)	$ -	$ (669,234)
Public Works	669,348	-	63,481	248,860	(357,007)	-	(357,007)
Culture and Recreation	82,138	38,786	14,215	-	(29,137)	-	(29,137)
Law Enforcement	75,996	520	-	-	(75,476)	-	(75,476)
Total Governmental Activities	1,592,650	129,343	83,593	248,860	(1,130,854)	-	(1,130,854)
Business-Type Activities							
Water	514,187	483,155	-	244,852	-	213,820	213,820
TOTAL PRIMARY GOVERNMENT	$ 2,106,837	$ 612,498	$ 83,593	$ 493,712	(1,130,854)	213,820	(917,034)
GENERAL REVENUES							
Property Taxes					115,674	-	115,674
Specific Ownership Taxes					9,418	-	9,418
Sales and Use Taxes					1,526,879	-	1,526,879
Franchise Fees					71,198	-	71,198
Real Estate Transfer Fees					32,229	-	32,229
Investment Income					178,341	1,012	179,353
Miscellaneous					6,984	-	6,984
TOTAL GENERAL REVENUES					1,940,723	1,012	1,941,735
CHANGE IN NET POSITION					809,869	214,832	1,024,701
NET POSITION, Beginning, as Originally Stated					9,112,367	6,816,273	15,928,640
Restatement - Correction of an Error					42,822	-	42,822
NET POSITION, Beginning, as Restated					9,155,189	6,816,273	15,971,462
NET POSITION, Ending					$ 9,965,058	$ 7,031,105	$ 16,996,163

See Notes to the Financial Statements.

TOWN OF PONCHA SPRINGS, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024

			NONMAJOR FUND	
	GENERAL	CAPITAL PROJECTS FUND	CONSERVATION TRUST FUND	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 1,505,138	$ 1,145,462	$ 45,456	$ 2,696,056
Taxes Receivable	338,293	-	-	338,293
Accounts Receivable	46,074	-	3,485	49,559
		-		
TOTAL ASSETS	$ 1,889,505	$ 1,145,462	$ 48,941	$ 3,083,908
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 31,236	$ 55,498	$ -	$ 86,734
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	110,896	-	-	110,896
FUND BALANCES				
Restricted for:				
Emergencies	72,000	-	-	72,000
Conservation Trust	-	-	48,941	48,941
Committed for Capital Projects	-	1,089,964	-	1,089,964
Unassigned	1,675,373	-	-	1,675,373
TOTAL FUND BALANCES	1,747,373	1,089,964	48,941	2,886,278
TOTAL LIABILITIES AND FUND BALANCES	$ 1,889,505	$ 1,145,462	$ 48,941	$ 3,083,908

See Notes to the Financial Statements.

TOWN OF PONCHA SPRINGS, COLORADO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF NET POSITION

December 31, 2024

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

Total Fund Balances of Governmental Funds	$	2,886,278
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		7,100,576
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		(21,796)
Total Net Position of Governmental Activities	$	9,965,058

TOWN OF PONCHA SPRINGS, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2024

	GENERAL	CAPITAL PROJECTS FUND	NONMAJOR FUND CONSERVATION TRUST FUND	TOTAL
REVENUES				
Taxes	$ 1,755,398	$ -	$ -	$ 1,755,398
Intergovernmental	69,378	248,860	14,215	332,453
Licenses and Permits	23,129	-	-	23,129
Grants	-	-	-	-
Charges for Services	105,694	-	-	105,694
Miscellaneous	185,639	-	206	185,845
TOTAL REVENUES	2,139,238	248,860	14,421	2,402,519
EXPENDITURES				
Current				
General Government	679,794	-	-	679,794
Public Works	445,495	-	-	445,495
Culture and Recreation	20,636	-	-	20,636
Law Enforcement	75,996	-	-	75,996
Capital Outlay	-	775,509	-	775,509
TOTAL EXPENDITURES	1,221,921	775,509	-	1,997,430
EXCESS REVENUES OVER (UNDER) EXPENDITURES	917,317	(526,649)	14,421	405,089
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,398,152	-	1,398,152
Transfers Out	(1,398,152)	-	-	(1,398,152)
TOTAL OTHER FINANCING SOURCES (USES)	(1,398,152)	1,398,152	-	-
CHANGE IN FUND BALANCES	(480,835)	871,503	14,421	405,089
FUND BALANCES, Beginning, as Originally Stated	2,185,386	218,461	34,520	2,438,367
Restatement - Correction of an Error	42,822	-	-	42,822
FUND BALANCES, Beginning, as Restated	2,228,208	218,461	34,520	2,481,189
FUND BALANCES, Ending	$ 1,747,373	$ 1,089,964	$ 48,941	$ 2,886,278

See Notes to the Financial Statements.

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, 2024

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

Net Change in Fund Balances of Governmental Funds	$ 405,089
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	(235,900)
Capital Outlay	652,019
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	(11,339)
Change in Net Position of Governmental Activities	$ 809,869

TOWN OF PONCHA SPRINGS, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2024

	BUSINESS-TYPE ACTIVITIES WATER FUND
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 2,575,673
Accounts Receivable	34,841
Total Current Assets	2,610,514
Noncurrent Assets	
Capital Assets, *Not Being Depreciated*	568,548
Capital Assets, *Net of Accumulated Depreciation*	3,866,836
Total Noncurrent Assets	4,435,384
TOTAL ASSETS	7,045,898
LIABILITIES	
Current Liabilities	
Accounts Payable	557
Unearned Revenues	14,236
TOTAL LIABILITIES	14,793
NET POSITION	
Net Investment in Capital Assets	4,435,384
Unrestricted	2,595,721
TOTAL NET POSITION	$ 7,031,105

See Notes to the Financial Statements.

TOWN OF PONCHA SPRINGS, COLORADO

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

PROPRIETARY FUND

Year Ended December 31, 2024

	BUSINESS-TYPE ACTIVITIES
	WATER FUND
OPERATING REVENUES	
Charges for Services	$ 483,155
OPERATING EXPENSES	
Personnel Services	168,036
Contractual Services	131,489
Utilities	13,454
Other Supplies and Expenses	86,710
Depreciation	114,498
TOTAL OPERATING EXPENSES	514,187
NET OPERATING INCOME (LOSS)	(31,032)
NONOPERATING REVENUES (EXPENSES)	
Investment Income	1,012
NET INCOME (LOSS) BEFORE CAPITAL CHARGES	(30,020)
CAPITAL CHARGES	
Connection Fees	244,852
CHANGE IN NET POSITION	214,832
NET POSITION, Beginning	6,816,273
NET POSITION, Ending	$ 7,031,105

TOWN OF PONCHA SPRINGS, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2024

	BUSINESS-TYPE ACTIVITIES WATER FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from User Charges	$ 472,710
Cash Payments to Employees	(106,651)
Cash Payments to Suppliers	(291,973)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	74,086
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Connection Fees Received	244,852
Acquisition of Capital Assets	(4,607)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	240,245
CASH FLOWS FROM INVESTING ACTIVITES	
Investment Income	1,012
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	315,343
CASH AND CASH EQUIVALENTS, Beginning	2,260,330
CASH AND CASH EQUIVALENTS, Ending	$ 2,575,673
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Net Operating Income (Loss)	(31,032)
Depreciation Expense	114,498
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) Decrease in Accounts Receivable	(4,454)
(Increase) Decrease in Prepaid Expenses	2,618
Increase (Decrease) in Accounts Payable	(1,553)
Increase (Decrease) in Deferred Revenues	(5,991)
Total Adjustments	(9,380)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITES	$ 74,086

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 *Capital Projects Fund* accounts for the Town's capital projects. It is primarily funded through transfers from other funds and grants.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

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.

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. 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 the employee's current pay rate. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

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. 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, 2024, the Town had the following cash and investments:

Cash on Hand	$ 50
Deposits	1,429,684
Investments	3,841,994
Total	$ 5,271,728

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, 2024, the Town had bank deposits of $1,214,126 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, 2024, 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, 2024, the Town had $3,841,994 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, 2024, the General Fund transferred $1,398,152 to the Capital Projects Fund to finance the Town's capital projects.

NOTE 4: Capital Assets

Capital assets activity for governmental activities for the fiscal year ended December 31, 2024, is summarized, as follows:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 2,545,829	$ 330,505	$ -	$ 2,876,334
Museum Collection	-	21,000	-	21,000
Construction in Progress	322,533	-	322,533	-
Total Capital Assets, Not Being Depreciated	2,868,362	351,505	322,533	2,897,334
Capital Assets, Being Depreciated:				
Buildings	1,642,911	7,430	-	1,650,341
Improvements Other Than Buildings	212,719	20,260	21,000	211,979
Infrastructure	2,722,246	489,826	-	3,212,072
Equipment	464,913	126,531	21,619	569,825
Total Capital Assets, Being Depreciated	5,042,789	644,047	42,619	5,644,217
Less Accumulated Depreciation:				
Buildings	(338,702)	(53,426)	-	(392,128)
Improvements Other Than Buildings	(71,087)	(19,343)	-	(90,430)
Infrastructure	(512,841)	(123,198)	-	(636,039)
Equipment	(304,064)	(39,933)	(21,619)	(322,378)
Total Accumulated Depreciation	(1,226,694)	(235,900)	(21,619)	(1,440,975)
Total Capital Assets, Being Depreciated, Net	3,816,095	408,147	21,000	4,203,242
Capital Assets, Governmental Activities, Net	$ 6,684,457	$ 759,652	$ 343,533	$ 7,100,576

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

General Government	$ 18,758
Public Works	155,640
Culture and Recreation	61,502
Total	$ 235,900

NOTE 4: Capital Assets (Continued)

Capital assets activity for business-type activities for the fiscal year ended December 31, 2024, is summarized, as follows:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 517,988	$ -	$ -	$ 517,988
Construction in Progress	45,953	4,607	-	50,560
Total Capital Assets, Not Being Depreciated	563,941	4,607	-	568,548
Capital Assets, Being Depreciated:				
Buildings	5,837	-	-	5,837
Machinery and Equipment	314,010	-	-	314,010
Wells	1,067,494	-	-	1,067,494
Storage Tanks	291,439	-	-	291,439
Transmission System	3,915,620	-	-	3,915,620
Total Capital Assets, Being Depreciated	5,594,400	-	-	5,594,400
Less Accumulated Depreciation:				
Buildings	(5,837)	-	-	(5,837)
Machinery and Equipment	(306,004)	(1,961)	-	(307,965)
Wells	(307,538)	(29,430)	-	(336,968)
Storage Tanks	(215,621)	(6,698)	-	(222,319)
Transmission System	(778,066)	(76,409)	-	(854,475)
Total Accumulated Depreciation	(1,613,066)	(114,498)	-	(1,727,564)
Total Capital Assets, Being Depreciated, Net	3,981,334	(114,498)	-	3,866,836
Capital Assets, Business-Type Activities, Net	$ 4,545,275	$ (109,891)	$ -	$ 4,435,384

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, 2024:

	Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024	Due in One Year
Governmental Activities					
Compensated Absences	$ 10,457	$ 11,339	$ -	$ 21,796	$ 21,796

Net compensated absences are reported as additions during the fiscal year.

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 with 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 employees' salaries and matches up to an additional 3% of the employees' contributions. In 2024, the Town's total eligible payroll covered by the plan was $487,765 and total contributions were $53,552, which consisted of the Town's contribution of $38,947 and the employee contributions of $14,605.

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, 2024, 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, notwithstanding 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, 2024, the emergency reserve of $72,000 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: 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, 2023. This correction was made to accrue 2023 franchise fee revenue in the proper period that was received within 60 days after prior year end. At December 31, 2023, the restatement as a result of the correction of an error was reported as follows:

	General Fund	Total Governmental Funds	Governmental Activities
Net Position/Fund Balance, Beginning, as Originally Stated	$ 2,185,386	$ 2,438,367	$ 9,112,367
Accounts Receivable	42,822	42,822	42,822
Net Position/Fund Balance, Beginning, as Restated	$ 2,228,208	$ 2,481,189	$ 9,155,189

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF PONCHA SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2024

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes				
Sales Taxes	$ 1,507,761	$ 1,507,761	$ 1,428,396	$ (79,365)
Property Taxes	113,744	113,744	115,674	1,930
Specific Ownership Taxes	7,500	7,500	9,418	1,918
Franchise Fees	75,000	75,000	71,198	(3,802)
Use Taxes	125,000	125,000	98,483	(26,517)
Real Estate Tax Assessment	12,000	12,000	32,229	20,229
Total Taxes	1,841,005	1,841,005	1,755,398	(85,607)
Intergovernmental				
Cigarette Tax	2,500	2,500	2,162	(338)
Highway Users Tax	44,000	44,000	57,808	13,808
Other	4,700	4,700	9,408	4,708
Total Intergovernmental	51,200	51,200	69,378	18,178
Licenses and Permits	12,100	12,100	23,129	11,029
Charges for Services	172,000	172,000	105,694	(66,306)
Other				
Interest	66,600	66,600	178,135	111,535
Grants	270,000	270,000	1,219	(268,781)
Miscellaneous	17,035	13,035	6,285	(6,750)
Total Other Revenues	353,635	349,635	185,639	(163,996)
TOTAL REVENUES	2,429,940	2,425,940	2,139,238	(286,702)

TOWN OF PONCHA SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2024

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
EXPENDITURES				
General Government				
Salaries	183,823	183,823	167,199	16,624
Trustees	23,970	23,970	26,900	(2,930)
Employee Benefits	68,240	68,240	99,654	(31,414)
Supplies	77,000	77,000	79,177	(2,177)
Purchased Services	294,395	297,895	268,831	29,064
Fixed Charges	18,131	18,131	26,226	(8,095)
Miscellaneous	13,000	13,000	11,807	1,193
Total General Government	678,559	682,059	679,794	2,265
Public Works				
Salaries	213,790	203,790	221,984	(18,194)
Employee Benefits	92,078	91,313	82,822	8,491
Supplies	64,600	64,600	61,618	2,982
Purchased Services	82,500	82,500	73,905	8,595
Miscellaneous	4,600	4,600	5,166	(566)
Total Public Works	457,568	446,803	445,495	1,308
Culture and Recreation				
Supplies	3,500	3,500	2,672	828
Purchased Services	20,700	20,700	17,964	2,736
Total Culture and Recreation	24,200	24,200	20,636	3,564
Law Enforcement	327,200	87,200	75,996	11,204
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	1,487,527	1,240,262	1,221,921	18,341
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	942,413	1,185,678	917,317	(268,361)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,072,465)	(1,398,152)	(1,398,152)	-
CHANGE IN FUND BALANCE	(130,052)	(212,474)	(480,835)	(268,361)
FUND BALANCE, Beginning, as Originally Stated	625,893	625,893	2,185,386	1,559,493
Restatement - Correction of an Error	-	-	42,822	42,822
FUND BALANCE, Beginning, as Restated	625,893	625,893	2,228,208	1,602,315
FUND BALANCE, Ending	$ 495,841	$ 413,419	$ 1,747,373	$ 1,333,954

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
CAPITAL PROJECTS FUND
Year Ended December 31, 2024

	BUDGET			VARIANCE Positive (Negative)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Grants and Contributions	$ -	$ -	$ 248,860	$ 248,860
EXPENDITURES				
Capital Outlay	1,087,500	927,500	775,509	151,991
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,087,500)	(927,500)	(526,649)	400,851
OTHER FINANCING SOURCES (USES)				
Transfers In	1,072,465	1,398,152	1,398,152	-
CHANGE IN FUND BALANCE	(15,035)	470,652	871,503	400,851
FUND BALANCE, Beginning	1,145,983	1,145,983	218,461	(927,522)
FUND BALANCE, Ending	$ 1,130,948	$ 1,616,635	$ 1,089,964	$ (526,671)

TOWN OF PONCHA SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE

CONSERVATION TRUST FUND

Year Ended December 31, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	$ 12,000	$ 14,215	$ 2,215
Investment Income	120	206	86
TOTAL REVENUES	12,120	14,421	2,301
CHANGE IN FUND BALANCE	12,120	14,421	2,301
FUND BALANCE, Beginning	49,125	34,520	(14,605)
FUND BALANCE, Ending	$ 61,245	$ 48,941	$ (12,304)

TOWN OF PONCHA SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE

WATER FUND (BUDGETARY BASIS TO GAAP BASIS)

Year Ended December 31, 2024

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
OPERATING REVENUES				
Water Charges	$ 474,500	$ 474,500	$ 449,795	$ (24,705)
Water Rights Leasing	10,000	10,000	10,950	950
Miscellaneous	34,000	34,000	22,410	(11,590)
TOTAL OPERATING REVENUES	518,500	518,500	483,155	(35,345)
OPERATING EXPENSES				
Salaries	210,248	210,248	106,651	103,597
Employee Benefits	109,499	109,499	61,385	48,114
Repairs and Supplies	105,500	105,500	76,487	29,013
Postage	4,600	4,600	5,573	(973)
Utilities	16,000	16,000	13,454	2,546
Water Storage and Leasing	25,500	25,500	17,965	7,535
Water Treatment and Testing	45,950	45,950	41,505	4,445
Professional Fees	296,745	196,745	72,019	124,726
Miscellaneous	428,000	428,000	4,650	423,350
Capital Outlay	8,750	8,750	4,607	4,143
TOTAL OPERATING EXPENSES	1,250,792	1,150,792	404,296	746,496
NET OPERATING INCOME (LOSS)	(732,292)	(632,292)	78,859	711,151
NONOPERATING REVENUES (EXPENSES)				
Grants	50,000	50,000	-	(50,000)
Investment Income	700	700	1,012	312
TOTAL NONOPERATING REVENUES (EXPENSES)	50,700	50,700	1,012	(49,688)
NET INCOME (LOSS) BEFORE CAPITAL CHARGES	(681,592)	(581,592)	79,871	661,463
CAPITAL CHARGES				
Connection Fees	437,500	437,500	244,852	(192,648)
CHANGE IN NET POSITION - BUDGETARY BASIS	$ (244,092)	$ (144,092)	$ 324,723	$ 468,815
RECONCILIATION TO GAAP BASIS				
Capital Outlay			4,607	
Depreciation			(114,498)	
CHANGE IN NET POSITION, GAAP Basis			214,832	

COMPLIANCE SECTION

STATE COMPLIANCE

COLORADO
Department of Transportation

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

Annual Highway Finance Report - CY24

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)*	$	58,205.14
4. Miscellaneous local receipts: *from A.4. 'Total' below)*	$	7,682.04
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:	$	65,887.18

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	$ 5,673.14
b. Other Local Imposts	
1. Sales Taxes:	$ 0.00
2. Infrastructure and Impact Fees:	$ 52,532.00
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)*	$ 58,205.14

A.4.¦ Miscellaneous local receipts

a. Interest on Investments:	$ 7,682.04
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)*	$ 7,682.04

C. Receipts from State Government

1. Highway User Taxes:	$ 57,808.18
3. Other State funds:	
c. Motor Vehicle Registrations:	$ 6,203.18
d. Other (Specify): Comments: undefined	$ 0.00
e. Other (Specify): Comments: undefined	$ 0.00
Total: *(1+3c,d,e)*	$ 64,011.36

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:	$ 7,247.17
3. Road and street services	
a. Traffic control operations:	$ 4,282.76
b.¦Snow and ice removal:	$ 0.00
c. Other:	$ 17,149.17
4. General administration and miscellaneous	$ 0.00
5. Highway law enforcement and safety	$ 0.00
Total: *(A.1-5)*	$ 28,679.10

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)* $ 28,679.10

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
$ 90,681.22	$ 129,898.54	$ 28,679.10	$ 150,895.26	$ -41,005.40

Notes and Comments:

2024 Capital Outlays included completing the Highway 50 Pedestrian Crossing along with the Highway 285-50 Intersection, water main project.

Please enter your name: Dakota Talbot

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

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Contact: Paige Castaneda | Email: Paige.Castaneda@state.co.us | Phone: 303.512.4914

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