

Town of Wellington, Colorado



Financial Statements and Supplementary Information For the Year Ended December 31, 2010



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Town Board of Trustees

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wellington (the "Town") as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Additionally, an audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison for the General, Street and Park Funds on pages 3 through 14 and 41 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The combining and individual nonmajor fund financial statements, budgetary comparison and schedules and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison and schedules and Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Anton Collins Mitchell LLP

Greeley, Colorado
May 24, 2011

**Town of Wellington
Management's Discussion and Analysis
December 31, 2010**

As management of the Town of Wellington (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2010.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of 2010 by \$41,471,875 (net assets). Of this amount, \$7,004,443 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets decreased by \$930,714. There were numerous reasons for the decrease including the overall health of the economy, expenditures exceeding stagnate revenues, reduced level of capital additions, and a lack of infrastructure dedications (developer contributions) of street, water & sewer assets during the current year.
- At the end of the fiscal year, unreserved fund balance for the general fund was \$1,094,152 or 73 percent of total general fund expenditures.
- The Town's total debt decreased by \$325,219 (6 percent) during the fiscal year. The key factor in this decrease was the annual principal payments made on the Town's outstanding debts shown in Footnote 6, pages 37 and 38 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Town's basic financial statements are comprised of three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 assets** presents information on all of the Town's assets and liabilities, with the difference between the two (i.e., assets minus liabilities) reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets 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 are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of 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, public safety, public works, community development, culture, parks, and recreation. The business-type activities of the Town include sewer and water operations.

The government-wide financial statements include only the Town itself (known as the *primary government*).

The government-wide financial statements can be found on pages 15 to 17 of this report.

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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Town of Wellington
Management's Discussion and Analysis
December 31, 2010**

Governmental funds - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations and the basic services it provides. These statements help one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliation on page 21.

The basic governmental fund financial statements can be found on pages 18 to 21 of this report.

Proprietary funds - The Town maintains three proprietary funds, of which all are considered enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, water, and storm drainage operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for sewer and water operations, which are considered to be major funds of the Town.

The basic proprietary fund financial statements can be found on pages 22 to 24 of this report.

Fiduciary funds - Fiduciary Funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Additional information on the Town's Fiduciary Fund can be found on pages 25 and 26 of this report

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 to 40 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain *other supplementary information* concerning the Town's budget comparison statements for the non-major Conservation Trust Fund and the Town's three enterprise funds. The other supplementary information can be found on pages 44 to 48 of this report.

GOVERNMENT-WIDE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$41,471,875 at the close of 2010.

By far the largest portion of the Town's net assets (78 percent) reflects its investment in its capital assets (e.g., land, buildings machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors. The Town is providing condensed financial information for fiscal year 2010, with comparative totals for 2009 totals. Our analysis below focuses on the net assets of the Town's governmental and business-type activities.

**Town of Wellington
Management's Discussion and Analysis
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Town of Wellington - Net Assets

The restricted portion of net assets (5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$7,004,443) may be used to meet the Town's ongoing obligations to citizens and creditors.

	Governmental Activities 2010	Business - Type Activities 2010	Total 2010	Total 2009
Current and other assets	\$ 6,210,695	\$ 6,718,536	\$ 12,929,231	\$ 10,706,056
Capital assets	14,899,763	22,423,271	37,323,034	38,637,440
TOTAL ASSETS	21,110,458	29,141,807	50,252,265	49,343,496
Current liabilities	2,893,351	1,255,576	4,148,927	2,034,955
Long term liabilities	65,721	4,565,742	4,631,463	4,905,952
TOTAL LIABILITIES	2,959,072	5,821,318	8,780,390	6,940,907
Invested in capital assets, net of related debt	14,899,763	17,397,908	32,297,671	33,421,314
Restricted	2,039,756	130,005	2,169,761	1,891,146
Unrestricted	1,211,867	5,792,576	7,004,443	7,090,129
TOTAL NET ASSETS	\$ 18,151,386	\$ 23,320,489	\$ 41,471,875	\$ 42,402,589

**Town of Wellington
Management's Discussion and Analysis
December 31, 2010**

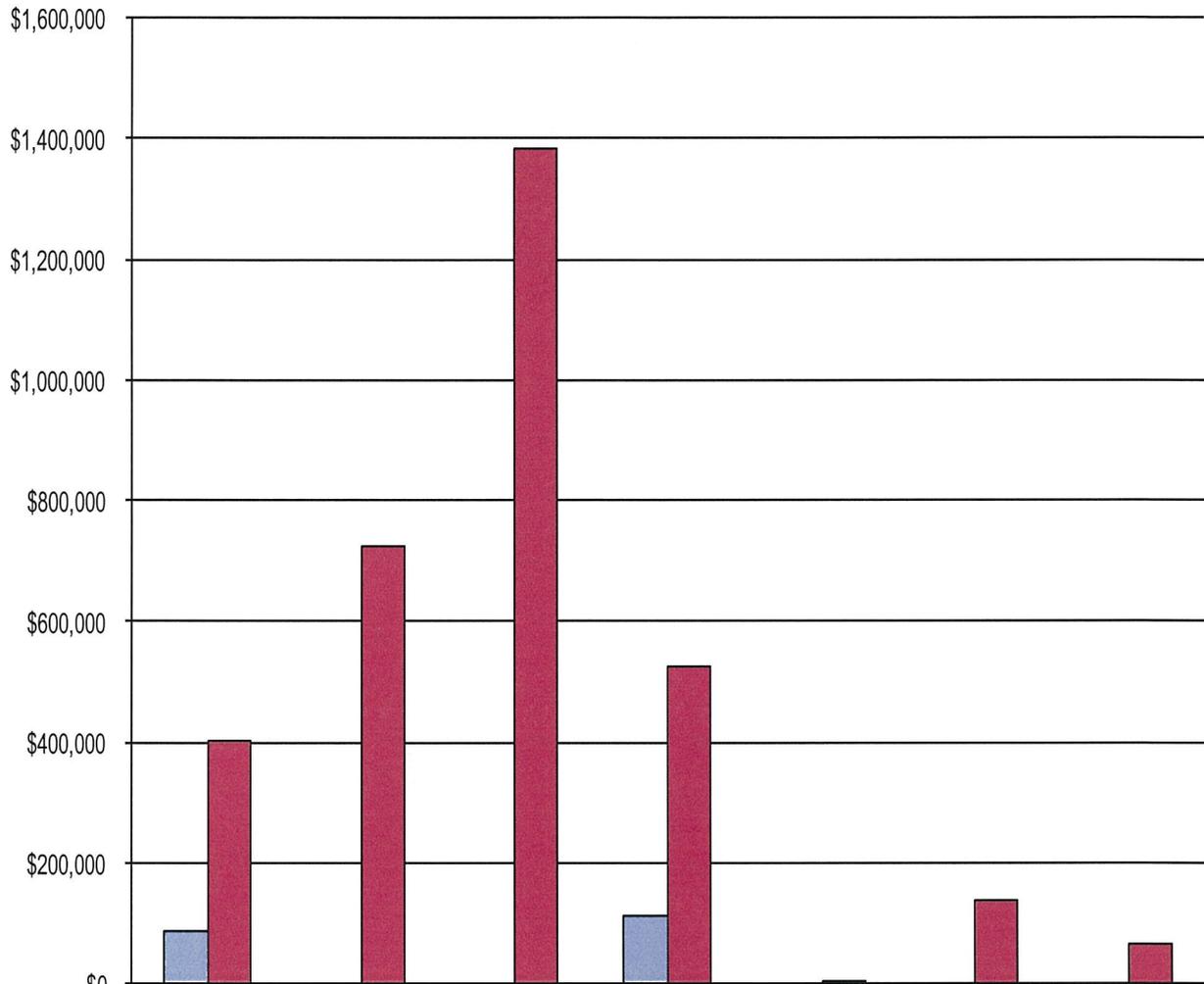
The next analysis focuses on changes in net assets of the Town's governmental and business type activities.

Town of Wellington Changes in Net Assets

	Governmental Activities 2010	Business- Type Activities 2010	Total 2010	Total 2009
Program Revenues:				
Charges for services	\$ 97,236	\$ 1,813,267	\$ 1,910,503	\$ 1,962,325
Operating grants and contributions	48,172	-	48,172	50,980
Capital grants and contributions	54,355	219,463	273,818	2,302,766
Property taxes	675,608	87,190	762,798	763,155
Sales and use taxes	900,604	-	900,604	653,519
Other taxes	536,343	-	536,343	729,398
Impact fees	28,150	76,270	104,420	83,542
Licenses and permits	104,351	-	104,351	-
Fines and Forfeitures	14,135	-	14,135	-
Grants, undesignated	5,754	-	5,754	-
Interest	7,460	-	7,460	-
Other	17,148	10,493	27,641	358,089
TOTAL REVENUES	2,489,316	2,206,683	4,695,999	6,903,774
Expenses:				
General government	407,411	-	407,411	558,494
Public safety	724,304	-	724,304	699,040
Public works	1,382,965	-	1,382,965	1,280,937
Parks and recreation	525,230	-	525,230	494,603
Economic development	626	-	626	4,163
Library	137,336	-	137,336	130,378
Small equipment	63,936	-	63,936	46,789
Other	-	-	-	302,245
Refunds	-	-	-	-
Sewer	-	872,264	872,264	855,856
Storm drainage	-	307,414	307,414	601,208
Water	-	1,205,227	1,205,227	1,165,720
TOTAL EXPENSES	3,241,808	2,384,905	5,626,713	6,139,433
Increase in net assets	(752,492)	(178,222)	(930,714)	764,341
Special Item	-	-	-	(43,541)
Net assets at beginning of year	18,903,878	23,498,711	42,402,589	41,681,789
Net assets at end of year	\$ 18,151,386	\$ 23,320,489	\$ 41,471,875	\$ 42,402,589

**Town of Wellington
Management's Discussion and Analysis
December 31, 2010**

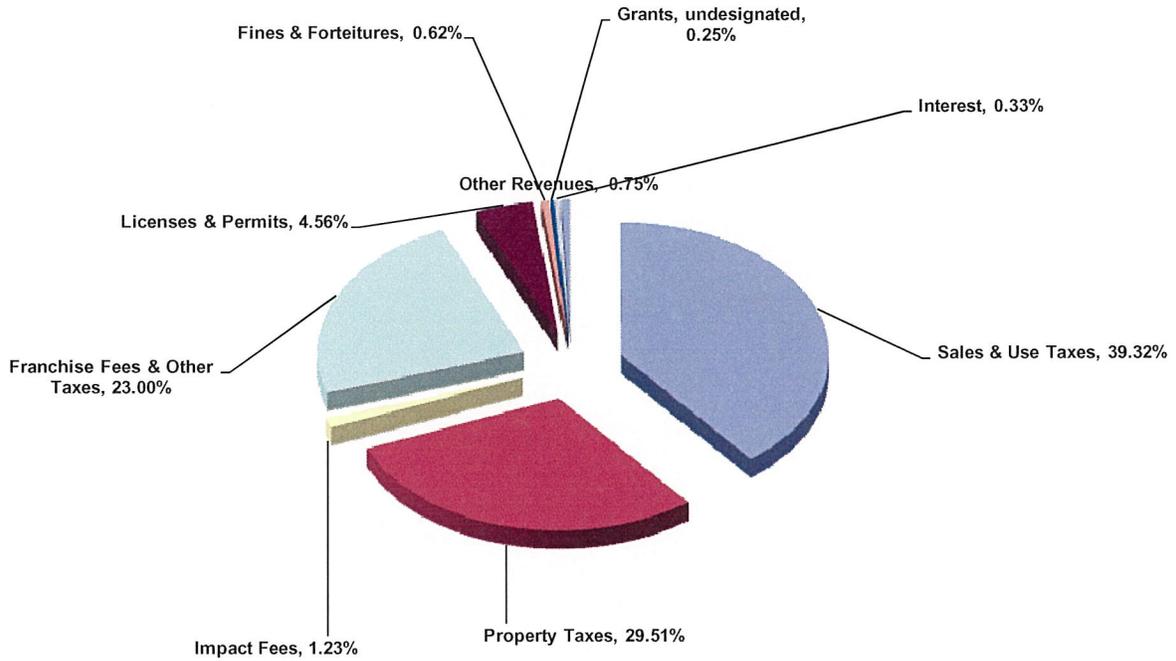
Program Revenues & Expenditures - Governmental Activities



	General Gov.	Public Safety	Public Works	Parks & Rec.	Economic Dev.	Library	Small Equipment
■ Program Revenues	\$86,998	\$0	\$0	\$112,765	\$0	\$0	\$0
■ Expenditures	\$402,261	\$724,304	\$1,382,965	\$525,230	\$626	\$137,336	\$63,936

**Town of Wellington
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Revenues by Source - Governmental Activities

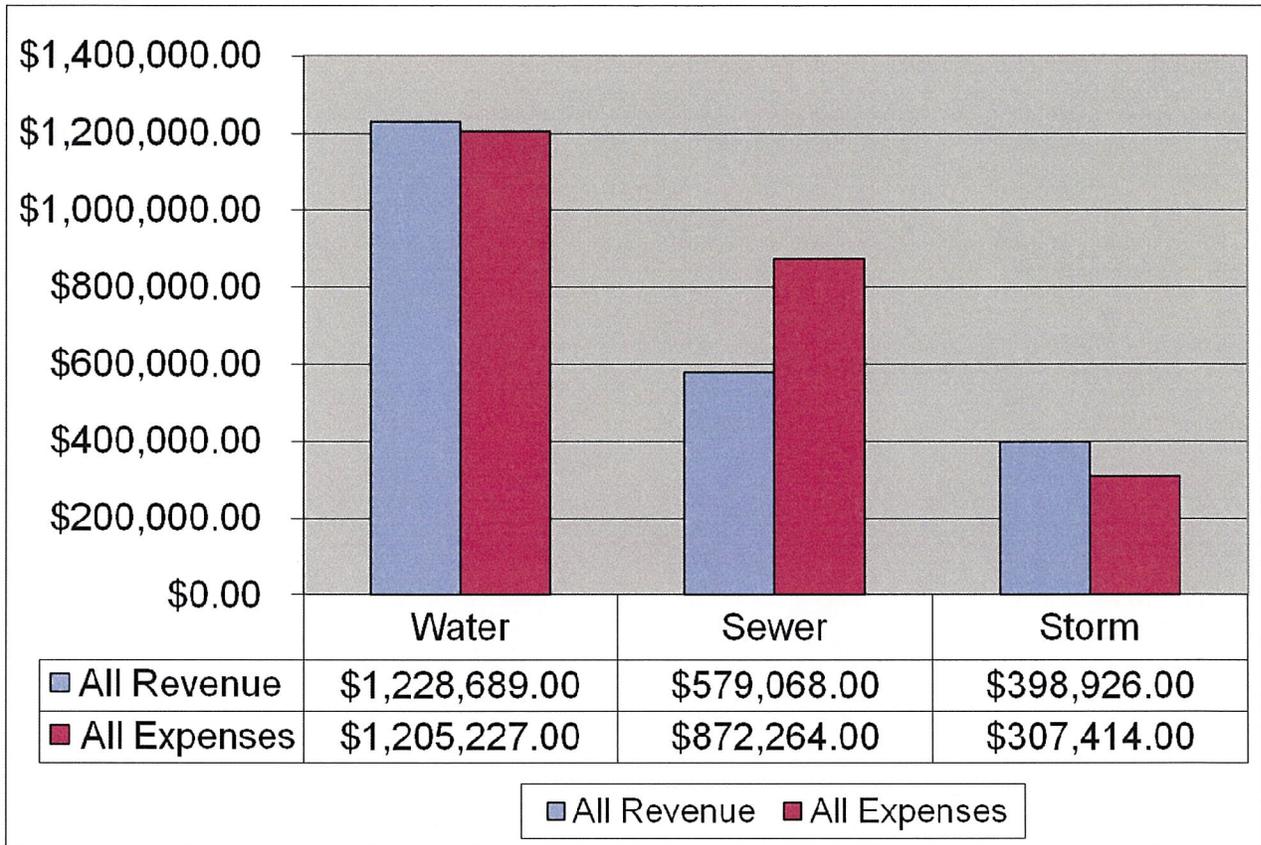


Revenue percentages have changed from previous years as a result of sales and use taxes and property taxes increasing. This is in contrast with the years from the late 1990's through 2007 where the largest impact was from use taxes on building permits.

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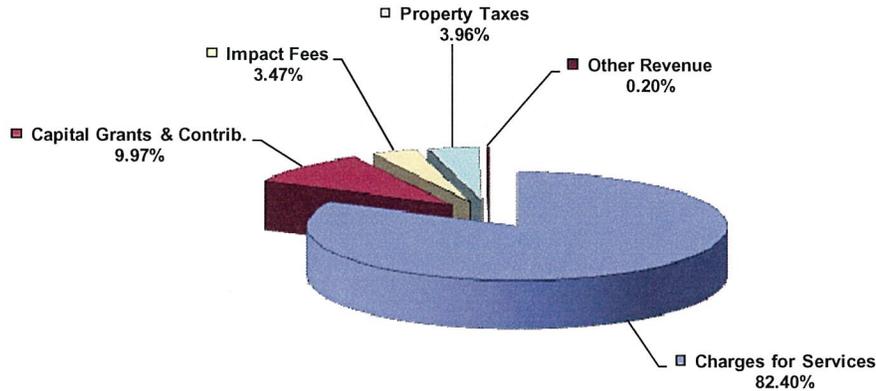
The following chart displays revenues and expenses of the Business Activities:

Program Revenues & Expenses - Business-type Activities



Town of Wellington
 Management's Discussion and Analysis
 December 31, 2010

Revenue By Source - Business Type Activities



Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

A portion of the year-end net assets is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be expended. Within the governmental activities category, restrictions are placed for streets and park improvements, TABOR emergency reserve and other purposes. The business-type activities restrictions were related to the operation and maintenance reserve required by the loan agreements.

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 a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,317,344. Approximately 38.5% of this total amount (\$1,277,588) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed as follows:

Emergency Reserves	\$73,234.00
Reserved for Cemetery	42,240.00
Reserved for Streets	1,767,017.00
Reserved for Parks	157,265.00
TOTAL	<u><u>\$2,039,756.00</u></u>

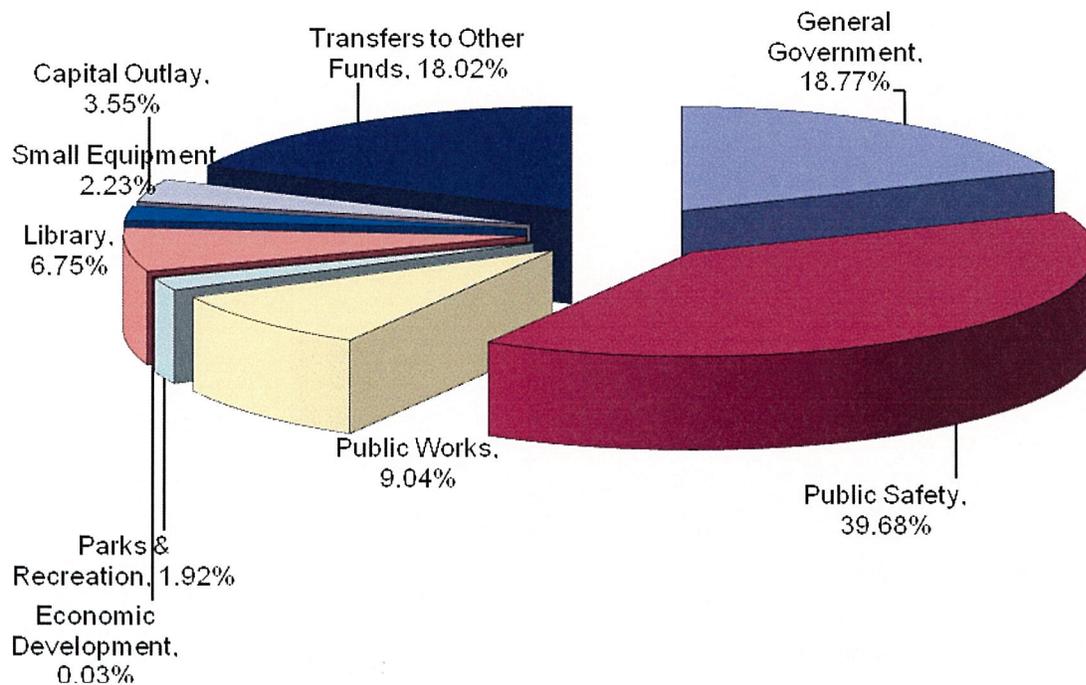
**Town of Wellington
Management's Discussion and Analysis
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General Fund Budgetary Highlights

The General Fund accounts for all of the general services provided by the Town. At the end of 2010, the fund balance of the General Fund totaled \$1,209,626.

General Fund

General government expenditures include all administrative functions of the Town (i.e. Town Council, Municipal Court, Town Administrator, Finance Director, Town Attorney, and all other administrative support staff).



During 2010, the Town Board did not amend the General Fund budget.

For the General Fund, the original budgeted revenues were \$1,419,259, compared to the actual amount of \$1,536,890. The General Fund's original budgeted expenditures and transfers were \$2,083,964, compared to the actual amount of \$1,825,491.

Unrestricted net assets of the Water, Sewer, and Storm Drain operations at the end of the year were \$4,026,469, \$1,576,190 and \$189,917 respectively. Other factors concerning the finances of these 3 funds have already been addressed in the discussion of the Town's business-type activities.

**Town of Wellington
Management's Discussion and Analysis
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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town's investment in capital assets for its governmental and business type activities as of December 31, 2010, amounts to \$37,323,034 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. At December 31, 2009, this figure was \$38,596,409 or a decrease of just under 3 percent. This situation is brought about by the economy. The Town is not adding capital assets at the rates experienced during the construction boom. The construction boom may have ended emphatically, but depreciation calculations continue on. Depreciation continues to erode these values.

The major capital asset acquisitions occurring in 2010 were as follows: Street Fund: Jefferson Ave. Bike Trail (\$5,608), 6th Street Sidewalk (\$7,258). Water Fund: Plant SCADA Computer System (\$31,173). Sewer Fund: A-Basin Gear Reducer. (\$10,911). Park Fund: Buffalo Creek par Design (\$132,937).

Town of Wellington's Capital Assets at Year End
(Net of depreciation)

	Governmental Activities		Business-Type Activities		TOTAL	
	2010	2009	2010	2009	2010	2009
Land	\$18,000	\$18,000	\$130,283	\$130,283	\$148,283	\$148,283
Water Rights	160,380	160,380	-	-	160,380	160,380
Water Delivery Rights	-	-	265,785	265,785	265,785	265,785
Buildings	482,103	523,134	*	*	482,103	523,134
Improvements Other Than Buildings	4,773,524	4,984,212	*	*	4,773,524	4,984,212
Streets & Improvements	9,046,901	9,618,000	-	-	9,046,901	9,618,000
Machinery & Equipment	285,917	260,539	563,787	808,009	849,704	1,068,548
*Utility Systems	-	-	21,463,416	21,869,098	21,463,416	21,869,098
Construction in Progress	132,938	-	-	-	132,938	-
TOTAL	\$14,899,763	\$15,564,265	\$22,423,271	\$23,073,175	\$37,323,034	\$38,637,440

* NOTE: For the Business Type Activities, we have not historically separated out the various components of the catch-all known as "Utility Systems". Utility Systems includes the buildings, improvements, and machinery & equipment necessary to run the enterprise.

Additional information on the Town's capital assets can be found in footnote 5 of this report.

**Town of Wellington
Management's Discussion and Analysis
December 31, 2010**

Long-term debt. At the end of 2010, the Town had total debt outstanding of \$4,762,496. Of this amount, \$276,000 comprises debt backed by the full faith and credit of the Town. The remainder of the Town's debt represents bonds and loans secured solely by specified revenue sources.

Town of Wellington's Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		TOTAL	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ -	\$ -	\$ 276,000	\$ 291,000	\$ 276,000	\$ 291,000
Notes & Contracts	-	-	4,486,496	4,781,671	4,486,496	4,781,671
TOTAL	\$ -	\$ -	\$4,762,496	\$5,072,671	\$4,762,496	\$5,072,671

This debt payable does not include compensated absences of \$65,721 for the year 2010 or the premium on long-term debt, in the business-type activities, (\$128,411).

Additional information on the Towns long-term debt can be found in footnote 6, pages 36 - 38 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budget assures the efficient, effective and economic uses of Town's resources, as well as, establishing that highest priority objectives are accomplished. Through the budget, the Town Council sets the direction of the Town, allocates its resources and establishes priorities.

The Town Council approved the 2011 Budget on December 7, 2010, appropriating \$22,032,868 for expenditures and \$201,000 for transfers between funds: a total of \$22,233,868. The 2011 appropriation reflects a 1.9% decrease from the 2010 Budget.

The Town has experienced significant population growth over the last decade. However, 2010 which proved a continuation of a trend that began in 2007, the Town again noted low levels of new home building permits, relative to recent years. This eventuality was due to the economic conditions prevailing in that sector as well as the general economy at this point. This trend is expected to continue, with potential for modest improvement in 2011. These sentiments were incorporated into the 2011 budget. Given this set of short to medium term prospects for economic growth, no additional staff full-time equivalents ("FTEs") were added in 2010 nor budgeted for in 2011. The administrative staff FTE's are virtually unchanged from as long as five to seven years ago, primarily due to the Town's progressive stance regarding technology (computer equipment & software) with respect to the administrative function. The potential for growth experienced over the period encompassing the late 1990's and seemingly ending in about 2007. These extreme growth rates, no doubt fueled to a significant degree by federal government housing loan entities such as Fannie Mae and Freddy Mac likely were a federal government induced aberration that hopefully won't be repeated. It is hoped that a more reasonable and sustainable growth occurs in the future.

The primary issues the Town will need to deal with in the 2011 calendar year and beyond, include many challenges associated with steering the Town through tougher economic conditions. With the exception of the last three to four years, Town revenues had been on an ever increasing trend primarily due to the prolific new home and commercial construction situation as was outlined above. Related to the construction and growth and in concert trend wise were Town revenues from general sales taxes, motor vehicle sales taxes, and property taxes. It would seem unrealistic at this juncture to presume that a strong rebound in the housing market is on the near term horizon. Given the relatively grim perspective for some of the Town's previously major revenue sources, specifically use taxes on building permits, it will become critically important to carefully weigh particularly capital type expenditures, as well as personnel related expenditures.

**Town of Wellington
Management's Discussion and Analysis
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Customer service improvements (primarily utility billing as well as water quality issues), organizational structure and procedural aspects, particularly as related to personnel hiring practices will need to be addressed. In a brighter note, the Town's general sales tax revenues have held up surprisingly well. This is believed to be a result of Colorado, and particularly the front range of Colorado, enjoying an economy that seems to be at least somewhat insulated from trends seen in many parts of the nation. The likely explanation here is the diversity in Colorado's economy compared to many areas of the Country.

Several other items/issues will also likely contend for top billing in 2011 and possibly beyond. One of these issues is the situation concerning federal government debt and budget issues. State and local government revenues may be affected by activities at the Federal level.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Finance Director, PO Box 127, 3735 Cleveland Ave., Wellington, Colorado 80549.

BASIC FINANCIAL STATEMENTS

**Town of Wellington
Statement of Net Assets
December 31, 2010**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,292,622	\$ 4,197,892	\$ 8,490,514
Equity in pooled cash and cash equivalents	575,937	2,007,105	2,583,042
Developer deposit	131,928	-	131,928
Receivables	1,210,208	324,697	1,534,905
Inventory	-	24,808	24,808
Deferred charges	-	34,029	34,029
Restricted cash and cash equivalents	-	130,005	130,005
Capital assets, net of accumulated depreciation	14,899,763	22,423,271	37,323,034
Total assets	21,110,458	29,141,807	50,252,265
LIABILITIES			
Due to other funds	1,476,032	380,912	1,856,944
Accounts payable	198,548	243,209	441,757
Accrued interest payable	-	63,852	63,852
Accrued wages payable	23,331	20,635	43,966
Developer deposit	131,928	-	131,928
Deferred revenues	1,063,512	87,347	1,150,859
Noncurrent liabilities:			
Compensated absences	65,721	-	65,721
Due within one year	-	325,165	325,165
Due in more than one year	-	4,565,742	4,565,742
Payable to developer	-	134,456	134,456
Total liabilities	2,959,072	5,821,318	8,780,390
NET ASSETS			
Invested in capital assets net of related debt	14,899,763	17,397,908	32,297,671
Restricted for:			
TABOR emergency reserve	73,234	-	73,234
Capital Projects	1,924,282	-	1,924,282
Other purposes	42,240	130,005	172,245
Unrestricted	1,211,867	5,792,576	7,004,443
Total net assets	\$ 18,151,386	\$ 23,320,489	\$ 41,471,875

The accompanying notes are an integral part of these financial statements.

**Town of Wellington
Statement of Activities
Year Ended December 31, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 402,261	\$ 32,643	\$ -	\$ 54,355
Public safety	724,304	-	-	-
Public works	1,382,965	-	-	-
Park and recreation	525,230	64,593	48,172	-
Economic development	626	-	-	-
Library	137,336	-	-	-
Small equipment	63,936	-	-	-
Total governmental activities	3,236,658	97,236	48,172	54,355
Business-type activities:				
Water	1,205,227	956,366	-	180,363
Sewer	872,264	535,363	-	39,100
Storm drainage	307,414	321,538	-	-
Total business-type activities	2,384,905	1,813,267	-	219,463
Total primary government	\$ 5,621,563	\$ 1,910,503	\$ 48,172	\$ 273,818

General revenues

Taxes:

- Property taxes levied for general purposes
- Property taxes levied for debt service
- Open space tax
- Sales and use tax
- Franchise fees
- Highway users tax
- Other taxes and franchise fees
- Impact fees
- Licenses and permits
- Fines and forfeitures
- Grants and contributions not restricted to specific programs
- Interest
- Other revenues

Subtotal of general revenues

Transfers

Total general revenues and transfers

Changes in net assets

Net assets at beginning

Net assets at ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (315,263)	\$ -	\$ (315,263)
(724,304)	-	(724,304)
(1,382,965)	-	(1,382,965)
(412,465)	-	(412,465)
(626)	-	(626)
(137,336)	-	(137,336)
(63,936)	-	(63,936)
<u>(3,036,895)</u>	<u>-</u>	<u>(3,036,895)</u>
-	(68,498)	(68,498)
-	(297,801)	(297,801)
-	14,124	14,124
<u>-</u>	<u>(352,175)</u>	<u>(352,175)</u>
<u>(3,036,895)</u>	<u>(352,175)</u>	<u>(3,389,070)</u>
675,608	-	675,608
-	87,190	87,190
123,466	-	123,466
900,604	-	900,604
132,433	-	132,433
183,881	-	183,881
96,563	-	96,563
28,150	76,270	104,420
104,351	-	104,351
14,135	-	14,135
5,754	-	5,754
7,460	4,323	11,783
17,148	170	17,318
<u>2,289,553</u>	<u>167,953</u>	<u>2,457,506</u>
<u>(5,150)</u>	<u>6,000</u>	<u>850</u>
<u>2,284,403</u>	<u>173,953</u>	<u>2,458,356</u>
(752,492)	(178,222)	(930,714)
<u>18,903,878</u>	<u>23,498,711</u>	<u>42,402,589</u>
<u>\$ 18,151,386</u>	<u>\$ 23,320,489</u>	<u>\$ 41,471,875</u>

**Town of Wellington
Balance Sheet
Governmental Funds
December 31, 2010**

	General	Street	Park
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,507,316	\$ 1,161,746	\$ 1,244,746
Equity in pooled cash and cash equivalents	-	575,937	-
Cash with fiscal agent	-	16,903	-
Developer deposit	131,928	-	-
Receivables	775,791	402,232	32,185
<u>Totals assets</u>	<u>\$ 2,415,035</u>	<u>\$ 2,156,818</u>	<u>\$ 1,276,931</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Due to other funds	190,744	-	1,106,813
Accounts payable	178,075	14,376	6,097
Accrued wages payable	11,583	4,992	6,756
Developer deposit	131,928	-	-
Deferred revenues	693,079	370,433	-
<u>Total liabilities</u>	<u>1,205,409</u>	<u>389,801</u>	<u>1,119,666</u>
<u>Fund balances</u>			
Reserved for emergencies	73,234	-	-
Reserved for cemetery	42,240	-	-
Reserved for streets	-	1,767,017	-
Reserved for park improvements	-	-	157,265
Unreserved:			
Undesignated	1,094,152	-	-
<u>Total fund balances</u>	<u>1,209,626</u>	<u>1,767,017</u>	<u>157,265</u>
<u>Total liabilities and fund balances</u>	<u>\$ 2,415,035</u>	<u>\$ 2,156,818</u>	<u>\$ 1,276,931</u>

The accompanying notes are an integral part of these financial statements.

**Town of Wellington
Reconciliation of Governmental Funds
Balance Sheet with the Statement of Net Assets
December 31, 2010**

Conservation Trust Fund (Nonmajor)	Total Governmental Funds
\$ 361,911	\$ 4,275,719
-	575,937
-	16,903
-	131,928
-	1,210,208
<u>\$ 361,911</u>	<u>\$ 6,210,695</u>
178,475	1,476,032
-	198,548
-	23,331
-	131,928
-	1,063,512
<u>178,475</u>	<u>2,893,351</u>
-	73,234
-	42,240
-	1,767,017
-	157,265
<u>183,436</u>	<u>1,277,588</u>
<u>183,436</u>	<u>3,317,344</u>
<u>\$ 361,911</u>	<u>\$ 6,210,695</u>

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

Total fund balance - governmental funds \$ 3,317,344

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets	\$ 23,134,852	
Accumulated depreciation	<u>(8,235,089)</u>	14,899,763

Accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements. (65,721)

Total net assets - governmental activities \$ 18,151,386

Town of Wellington
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2010

	General	Street	Park
<u>Revenues</u>			
Taxes and fees	\$ 1,303,063	\$ 695,376	\$ 142,266
Licenses and permits	104,271	80	-
Grants and contributions	54,355	-	-
Intergovernmental	5,754	-	-
Charges for services	32,643	-	64,593
Fines and forfeitures	14,135	-	-
Interest	4,782	1,161	1,182
Miscellaneous	17,037	5	106
<u>Total revenues</u>	<u>1,536,040</u>	<u>696,622</u>	<u>208,147</u>
<u>Expenditures</u>			
Current:			
General government	342,678	-	-
Public safety	724,304	-	-
Public works	165,069	466,463	-
Park and recreation	35,072	-	408,784
Economic development	626	-	-
Library	123,211	-	-
Small equipment	40,670	6,281	16,985
Capital outlay	64,861	12,866	164,222
<u>Total expenditures</u>	<u>1,496,491</u>	<u>485,610</u>	<u>589,991</u>
<u>Excess (deficiency) of revenues over expenditures</u>	<u>39,549</u>	<u>211,012</u>	<u>(381,844)</u>
<u>Other financing sources (uses)</u>			
Transfers in	850	37,500	405,500
Transfers out	(329,000)	-	-
<u>Total other financing sources (uses)</u>	<u>(328,150)</u>	<u>37,500</u>	<u>405,500</u>
<u>Net change in fund balances</u>	<u>(288,601)</u>	<u>248,512</u>	<u>23,656</u>
<u>Fund balances at beginning of year</u>	<u>1,498,227</u>	<u>1,518,505</u>	<u>133,609</u>
<u>Fund balances at end of year</u>	<u>\$ 1,209,626</u>	<u>\$ 1,767,017</u>	<u>\$ 157,265</u>

The accompanying notes are an integral part of these financial statements.

Town of Wellington
Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures, and Changes in Fund Balances
with the Government-wide Statement of Activities
Year Ended December 31, 2010

Conservation Trust Fund (Nonmajor)	Total Governmental Funds
\$ -	\$ 2,140,705
-	104,351
-	54,355
48,172	53,926
-	97,236
-	14,135
335	7,460
-	17,148
<u>48,507</u>	<u>2,489,316</u>
-	342,678
-	724,304
-	631,532
-	443,856
-	626
-	123,211
-	63,936
-	241,949
<u>-</u>	<u>2,572,092</u>
<u>48,507</u>	<u>(82,776)</u>
-	443,850
<u>(120,000)</u>	<u>(449,000)</u>
<u>(120,000)</u>	<u>(5,150)</u>
(71,493)	(87,926)
<u>254,929</u>	<u>3,405,270</u>
<u>\$ 183,436</u>	<u>\$ 3,317,344</u>

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

Total net change in fund balance - governmental funds. \$ (87,926)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which depreciation expense exceeded capital outlay during the period.

Capital outlay	\$ 241,949	
Depreciation expense	<u>(906,451)</u>	(664,502)

Increase in accrued compensated absences liability reflected as an expense on the Statement of Activities and not reflected as an expenditures on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. (64)

Change in net assets of governmental activities \$ (752,492)

**Town of Wellington
Statement of Net Assets
Proprietary Funds
December 31, 2010**

<u>ASSETS</u>	Water Fund	Sewer Fund	Storm Drainage Fund	Total
<u>Current assets</u>				
Cash and cash equivalents	\$ 2,272,088	\$ 1,924,665	\$ 1,139	\$ 4,197,892
Equity in pooled cash and cash equivalents	1,661,201	-	345,904	2,007,105
Receivables	185,048	82,013	57,636	324,697
Inventory	21,627	3,181	-	24,808
<u>Total current assets</u>	<u>4,139,964</u>	<u>2,009,859</u>	<u>404,679</u>	<u>6,554,502</u>
<u>Noncurrent assets</u>				
Restricted cash and cash equivalents	-	130,005	-	130,005
Deferred charges	12,480	21,549	-	34,029
Capital assets:				
Land	36,130	83,103	-	119,233
Water rights	276,835	-	-	276,835
Utility system	16,060,740	11,983,906	106,136	28,150,782
Equipment	324,673	414,706	-	739,379
Less accumulated depreciation	(4,550,697)	(2,308,440)	(3,821)	(6,862,958)
Total capital assets - net	<u>12,147,681</u>	<u>10,173,275</u>	<u>102,315</u>	<u>22,423,271</u>
<u>Total noncurrent assets</u>	<u>12,160,161</u>	<u>10,324,829</u>	<u>102,315</u>	<u>22,587,305</u>
<u>Total assets</u>	<u>16,300,125</u>	<u>12,334,688</u>	<u>506,994</u>	<u>29,141,807</u>
<u>LIABILITIES</u>				
<u>Current liabilities</u>				
Due to other funds	-	380,912	-	380,912
Accounts payable	20,320	10,257	212,632	243,209
Accrued interest payable	7,548	56,304	-	63,852
Accrued wages payable	10,760	7,745	2,130	20,635
Deferred revenue	87,347	-	-	87,347
Current portion of long-term debt	97,664	227,501	-	325,165
<u>Total current liabilities</u>	<u>223,639</u>	<u>682,719</u>	<u>214,762</u>	<u>1,121,120</u>
<u>Noncurrent liabilities</u>				
Payable to developer	134,456	-	-	134,456
Long-term debt	1,425,644	3,140,098	-	4,565,742
<u>Total noncurrent liabilities</u>	<u>1,560,100</u>	<u>3,140,098</u>	<u>-</u>	<u>4,700,198</u>
<u>Total liabilities</u>	<u>1,783,739</u>	<u>3,822,817</u>	<u>214,762</u>	<u>5,821,318</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	10,489,917	6,805,676	102,315	17,397,908
Restricted for maintenance	-	130,005	-	130,005
Unrestricted	4,026,469	1,576,190	189,917	5,792,576
<u>Total net assets</u>	<u>\$ 14,516,386</u>	<u>\$ 8,511,871</u>	<u>\$ 292,232</u>	<u>\$ 23,320,489</u>

The accompanying notes are an integral part of these financial statements.

Town of Wellington
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
Year Ended December 31, 2010

	Water Fund	Sewer Fund	Storm Drainage Fund	Totals
<u>Operating revenues</u>				
Charges for services	\$ 951,809	\$ 535,363	\$ 321,538	\$ 1,808,710
Miscellaneous	4,557	-	-	4,557
<u>Total operating revenues</u>	<u>956,366</u>	<u>535,363</u>	<u>321,538</u>	<u>1,813,267</u>
<u>Operating expenses</u>				
Administrative	143,273	112,874	237,105	493,252
Operating	537,315	333,649	59,625	930,589
Small equipment	26,874	17,790	7,146	51,810
Depreciation	429,414	281,404	3,538	714,356
<u>Total operating expenses</u>	<u>1,136,876</u>	<u>745,717</u>	<u>307,414</u>	<u>2,190,007</u>
<u>Operating income (loss)</u>	<u>(180,510)</u>	<u>(210,354)</u>	<u>14,124</u>	<u>(376,740)</u>
<u>Nonoperating revenues (expenses)</u>				
Property taxes and impact fees	87,190	-	76,270	163,460
Earnings on investments	2,270	2,053	-	4,323
Miscellaneous	-	52	118	170
Interest expense	(68,351)	(126,547)	-	(194,898)
<u>Total non-operating revenues (expenses)</u>	<u>21,109</u>	<u>(124,442)</u>	<u>76,388</u>	<u>(26,945)</u>
<u>Income (loss) before contributions and transfers</u>	<u>(159,401)</u>	<u>(334,796)</u>	<u>90,512</u>	<u>(403,685)</u>
Capital contributions	180,363	39,100	-	219,463
Transfers in	2,500	2,500	1,000	6,000
<u>Changes in net assets</u>	<u>23,462</u>	<u>(293,196)</u>	<u>91,512</u>	<u>(178,222)</u>
<u>Net assets at beginning of year</u>	<u>14,492,924</u>	<u>8,805,067</u>	<u>200,720</u>	<u>23,498,711</u>
<u>Net assets at end of year</u>	<u>\$ 14,516,386</u>	<u>\$ 8,511,871</u>	<u>\$ 292,232</u>	<u>\$ 23,320,489</u>

The accompanying notes are an integral part of these financial statements.

**Town of Wellington
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2010**

	Water Fund	Sewer Fund	Storm Drainage Fund	Total
<u>Cash flows from operating activities</u>				
Cash received from customers	\$ 958,297	\$ 535,301	\$ 312,702	\$ 1,806,300
Cash payments to suppliers	(431,893)	(259,560)	(94,133)	(785,586)
Cash payments to employees	(263,236)	(207,881)	-	(471,117)
<u>Net cash flows from operating activities</u>	<u>263,168</u>	<u>67,860</u>	<u>218,569</u>	<u>549,597</u>
<u>Cash flows from non-capital financing activities</u>				
Property taxes	87,190	-	76,270	163,460
Miscellaneous non-operating revenues	-	52	118	170
Transfer in	2,500	2,500	1,000	6,000
<u>Net cash flows from non-capital financing activities</u>	<u>89,690</u>	<u>2,552</u>	<u>77,388</u>	<u>169,630</u>
<u>Cash flows from capital and related financing activities</u>				
Capital contributions	180,363	39,100	-	219,463
Acquisitions of capital assets	(45,974)	(18,478)	-	(64,452)
Principal paid on long-term debt	(93,506)	(216,669)	-	(310,175)
Interest paid on long-term debt	(67,132)	(141,879)	-	(209,011)
<u>Net cash flows from related financing activities</u>	<u>(26,249)</u>	<u>(337,926)</u>	<u>-</u>	<u>(364,175)</u>
<u>Cash flows from investing activities</u>				
Interest	2,270	2,053	-	4,323
Change in restricted cash and cash equivalents	-	(1,075)	-	(1,075)
<u>Net cash flows from investing activities</u>	<u>2,270</u>	<u>978</u>	<u>-</u>	<u>3,248</u>
<u>Net change in cash and cash equivalents</u>	<u>328,879</u>	<u>(266,536)</u>	<u>295,957</u>	<u>358,300</u>
<u>Cash and cash equivalents at beginning of year</u>	<u>3,604,410</u>	<u>1,810,289</u>	<u>51,086</u>	<u>5,465,785</u>
<u>Cash and cash equivalents at end of year</u>	<u>\$ 3,933,289</u>	<u>\$ 1,543,753</u>	<u>\$ 347,043</u>	<u>\$ 5,824,085</u>
<u>Reconciliation of operating income (loss) to net cash flows from operating activities</u>				
Operating income (loss)	\$ (180,510)	\$ (210,354)	\$ 14,124	\$ (376,740)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	429,414	281,404	3,538	714,356
(Increase) decrease in:				
Receivables	1,931	(62)	(8,836)	(6,967)
Inventory	6,841	13	-	6,854
Increase (decrease) in:				
Accounts payable	3,572	(4,057)	209,469	208,984
Accrued wages payable	1,920	916	274	3,110
<u>Net cash flows from operating activities</u>	<u>\$ 263,168</u>	<u>\$ 67,860</u>	<u>\$ 218,569</u>	<u>\$ 549,597</u>

The accompanying notes are an integral part of these financial statements.

**Town of Wellington
Statement of Fiduciary Net Assets
Fiduciary Fund
December 31, 2010**

	Library Trust
<u>ASSETS</u>	
Restricted cash and cash equivalents	\$ 118,479
Equity in pooled cash and cash equivalents, restricted	39,834
<u>Total assets</u>	158,313
<u>LIABILITIES</u>	
Accounts payable	245
<u>NET ASSETS</u>	
Net assets	\$ 158,068

The accompanying notes are an integral part of these financial statements.

Town of Wellington
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Year Ended December 31, 2010

	Library Trust
<u>Additions</u>	
Library impact fees	\$ 5,750
Larimer county grant	11
<u>Total additions</u>	5,761
<u>Deductions</u>	
Transfer out	850
<u>Change in net assets</u>	4,911
<u>Net assets at beginning of year</u>	153,157
<u>Net assets at end of year</u>	\$ 158,068

The accompanying notes are an integral part of these financial statements.

Town of Wellington
Notes to Financial Statements
December 31, 2010

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Town of Wellington, Colorado (the "Town") was founded on November 10, 1905 as a statutory Town. The Town's major operations include general government; public safety; public works; culture, parks and recreation; and community development. The accompanying financial statements conform to accounting principles generally accepted in the United States of America. The following is a summary of the more significant policies.

Accounting principles generally accepted in the United States of America ("GAAP") require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the application of these criteria, the Town does not include any component units within its reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. 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 a given function or activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, claims and judgments and pollution remediation costs, are recorded only when payment is due (matured).

Town of Wellington
Notes to Financial Statements
December 31, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Property taxes, when levied for, intergovernmental revenues, when eligibility requirements are met, parking fines, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. Available has been defined as received within 60 days. All others, primarily licenses, fees and permits, are measurable and available only when cash is received.

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Street Fund - The Street Fund, a special revenue fund, is considered a major fund of the Town and is used to account for the collection and disbursement of specific revenue sources for the maintenance of the Town's streets and alleys.

Park Fund - The Park Fund, a special revenue fund, is considered a major fund of the Town and is used to account for the collection and disbursement of specific revenue sources for the maintenance of the Town's parks and open space.

The other governmental fund (nonmajor fund) is a special revenue fund (Conservation Trust) and has been established to account for revenues derived from specific earmarked revenues sources which finance specific activities as required by law or administrative action.

Proprietary Funds - Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town's enterprise funds include the Water, Sewer and Storm Drainage Funds.

Fiduciary Funds - Trust and Agency Funds are used to account for assets held by the Town in a trustee or as an agent for individuals, private organizations, other governments, and/or other funds. The Town's only trust fund is the Library Trust Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Town of Wellington
Notes to Financial Statements
December 31, 2010**

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise and internal service funds include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Budgets

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) By October 15, the Town Administrator submits to the Town Board of Directors, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) A public hearing is conducted to obtain taxpayer comments.
- 3) Prior to December 31, the budget is legally enacted through passage of a resolution.
- 4) Any budget revisions that alter the total expenditures of any fund must be approved by the Town Board of Trustees through passage of a resolution.
- 5) The Town legally adopts budgets for all of the funds. Budgets for the General, Special Revenue, and Fiduciary Funds are adopted on a basis consistent with GAAP. Budgetary comparisons presented for the Enterprise Fund are presented on a non-GAAP budgetary basis.
- 6) Budgeted amounts in the financial statements are as originally adopted or as amended by the Town Board. All appropriations lapse at year end.

The following table summarizes the individual fund budgeted expenditures, as originally adopted, and as revised:

	Original Budget	Total Revisions	Revised Budget
<u>Governmental funds:</u>			
General fund	\$ 2,083,964	\$ -	\$ 2,083,964
<u>Special revenue funds:</u>			
Street fund	4,431,578	-	4,431,578
Park fund	4,398,426	-	4,398,426
Conservation trust fund	120,000	-	120,000
<u>Business type funds:</u>			
Water fund	7,615,264	-	7,615,264
Sewer fund	2,540,635	-	2,540,635
Storm drainage fund	1,473,838	-	1,473,838
<u>Fiduciary fund type:</u>			
Library trust fund	850	-	850
Total funds	\$ 22,664,555	\$ -	\$ 22,664,555

Town of Wellington
Notes to Financial Statements
December 31, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as amounts in cash management pool. This cash management pool has the general characteristics of demand deposits in that deposits and withdrawals may be made at any time without prior notice or penalty. Each fund or opinion unit's portion of this pool is included in the "pooled cash and cash equivalents" caption in the accompanying financial statements. Overdrawn balances in pooled cash accounts are treated by the Town as interfund liabilities, payable to the fund deemed to have made the loan.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the United States, certain commercial paper, repurchase agreements, banker acceptances and mutual funds composed of otherwise legal investments.

Restricted Cash

The amount restricted in the Sewer Fund is in compliance with the operation and maintenance reserve requirement of the loan from the Colorado Water Resource and Power Development Authority.

Certificates of Deposit

Certificates of deposit are carried at cost plus accrued interest, which approximates fair value.

Revenue Recognition/Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December and are payable in full by April 30 or in two equal installments due February 28 and June 15. The County Treasurer bills and collects property taxes for all taxing entities within the County. The property tax receipts collected by the County Treasurer each month are remitted to the Town by the tenth day of the subsequent month.

Property tax revenues are recognized when collected by the County Treasurer each month. Property tax revenue held by the County Treasurer on December 31 is treated as revenue of the current year. Delinquent taxes of prior years are recognized as revenue when collected by the County Treasurer.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if any, are classified as internal balances on the government-wide statement of net assets and, classified as due from other funds or due to other funds on the balance sheet.

Inventories

Inventories, consisting primarily of chemicals used in the treatment process of the water and sewer funds and have been valued at cost, on a first-in first-out basis.

Bond Premiums, Discounts and Issuance Costs

Bond premiums, discounts, and issuance costs in the government-wide and proprietary fund presentations are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective-interest method. Debt issuance costs are reported as deferred charges and the net premium is presented as an adjustment to the face amount of the debt

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., streets and roads, bridges, water lines, storm-water drainage, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide 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 estimated fair market value on the date received.

**Town of Wellington
Notes to Financial Statements
December 31, 2010**

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide Statement of Activities.

Estimated useful lives for asset types are as follows:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land and water rights	N/A	N/A
Buildings and improvements	10-40 years	N/A
Improvements other than buildings	5-50 years	N/A
Streets and improvements	20-40 years	N/A
Machinery and equipment	5-20 years	5 years
Utility systems	N/A	50 years

Accrued Compensated Absences Payable

In accordance with the provisions of the GASB Statement No. 16, *Accounting for Compensated Absences*, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements. Compensated absences are reported in governmental funds only if they have matured.

Long-term Obligations

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

Fund Balance and Net Assets

In the government-wide and proprietary fund financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This category represents the net assets of the Town, which are not restricted for any project or other purpose. A deficit will require future funding.

Town of Wellington
Notes to Financial Statements
December 31, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance and Net Assets (Continued)

In the fund financial statements, fund balances of governmental funds are classified in two separate categories. The two categories, and their general meanings, are as follows:

Reserved fund balance – indicates that portion of fund balance which has been legally segregated for specific purposes or is not available for appropriation.

Unreserved designated fund balance – indicates that portion of fund balance for which the Town has made tentative plans.

Unreserved undesignated fund balance or deficits – indicates that portion of fund balance which is available for appropriation and expenditure in future periods. A deficit will require future funding.

Contribution of Capital

Contributions of capital in proprietary funds financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources for the purpose of capital acquisition and construction.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Investments

Cash Deposits

Custodial Credit Risk

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits. The Town's deposit policy is in accordance with CRS 11-10.5-101, the Colorado Public Deposit Protection Act ("PDPA"), which governs the investment of public funds. PDPA requires that all units of local government 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 financial institution is allowed to create a single collateral pool for all public funds held. The pool is maintained by another institution, or held in trust for all of the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commission for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2010 all of the Town's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

**Town of Wellington
Notes to Financial Statements
December 31, 2010**

Note 2 - Cash and Investments (Continued)

Investments

Credit Risk

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the Town may invest, which include:

- U.S. Treasury obligations
- U.S. instrumentality obligations
- Certificates of deposit with original maturities of greater than three months
- Commercial paper rated in the highest tier by a nationally recognized rating agency
- Repurchase agreements
- Investment grade obligations of state, county and local governments and public authorities
- Money market mutual funds regulated by the Securities and Exchange Commission whose portfolios consist of only dollar denominated securities.
- Local government investment pools

Town policy is to hold investments until maturity.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates. The Town does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, and therefore follows the requirements of State statute.

Local Government Investment Pools

Pooled investment funds (trusts) are supervised by the participating governments and must comply with the same restrictions on cash deposits and investments explained in the preceding paragraphs. The Town's investments are held with COLOTRUST PRIME, which has a AAAM rating by Standard and Poor's. Investment funds or money market funds are not categorized because they are not evidenced by securities that exist in physical or book form.

Cash deposits and investments held by the Town at December 31, 2010 were as follows:

Cash on hand	\$ 300
Cash with county treasurer and clerk	16,904
Cash deposits	2,649,097
Local government investment pool	<u>6,838,629</u>
Total	<u>\$ 9,504,930</u>

The above amounts are classified in the statements of net assets and fiduciary net assets as follows:

Unrestricted cash:	
Governmental activities	\$ 3,392,527
Business-type activities	5,824,085
Restricted cash:	
Business-type activities	130,005
Fiduciary fund	<u>158,313</u>
Total	<u>\$ 9,504,930</u>

**Town of Wellington
Notes to Financial Statements
December 31, 2010**

Note 3 - Receivables

Receivables at December 31, 2010, consist of the following:

<u>Types</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Taxes	\$ 685,578	\$ 87,347	\$ 772,925
Trade accounts	-	237,350	237,350
Intergovernmental	64,785	-	64,785
Developers	370,376	-	370,376
Other	89,469	-	89,469
Total	<u>\$ 1,210,208</u>	<u>\$ 324,697</u>	<u>\$ 1,534,905</u>

Note 4 - Interfund Transfers

Transfers are used to, (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended December 31, 2010 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
Major funds:		
General	\$ 850	\$ 329,000
Street	37,500	-
Park	405,500	-
Total major funds	<u>443,850</u>	<u>329,000</u>
Nonmajor fund	-	120,000
Enterprise funds:	6,000	-
Fiduciary fund	-	850
Total	<u>\$ 449,850</u>	<u>\$ 449,850</u>

**Town of Wellington
Notes to Financial Statements
December 31, 2010**

Note 5 - Capital Assets

A summary of changes in governmental-activities capital assets for the year ended December 31, 2010, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land and water rights	\$ 178,380	\$ -	\$ -	\$ 178,380
Construction in progress	-	132,938	-	132,938
Total capital assets, not being depreciated	178,380	132,938	-	311,318
Capital assets being depreciated:				
Buildings and improvements	948,040	-	-	948,040
Improvements other than buildings	6,540,659	12,866	-	6,553,525
Streets and improvements	14,263,628	-	-	14,263,628
Machinery and equipment	962,196	96,145	-	1,058,341
Total capital assets, being depreciated	22,714,523	109,011	-	22,823,534
Less accumulated depreciation for:				
Buildings and improvements	(424,906)	(41,031)	-	(465,937)
Improvements other than buildings	(1,556,447)	(223,554)	-	(1,780,001)
Streets and improvements	(4,645,628)	(571,099)	-	(5,216,727)
Machinery and equipment	(701,657)	(70,767)	-	(772,424)
Total accumulated depreciated	(7,328,638)	(906,451)	-	(8,235,089)
Total capital assets being depreciated, net	15,385,885	(797,440)	-	14,588,445
Governmental activities capital assets, net	\$15,564,265	\$ (664,502)	\$ -	\$14,899,763

Depreciation for governmental activities has been allocated to various activities as follows:

Governmental Activities:	
General government	\$ 59,519
Public works	751,433
Parks and recreation	81,374
Library	14,125
Total depreciation expense - governmental activities	\$ 906,451

**Town of Wellington
Notes to Financial Statements
December 31, 2010**

Note 5 - Capital Assets (Continued)

A summary of changes in business-type activities capital assets for the year ended December 31, 2010, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Land and water rights	\$ 396,068	\$ -	\$ -	\$ 396,068
 Total capital assets, not being depreciated	 396,068	 -	 -	 396,068
 Capital assets, being depreciated:				
Utilities systems	28,150,782	-	-	28,150,782
Equipment	674,927	64,452	-	739,379
Total capital assets, being depreciated	28,825,709	64,452	-	28,890,161
Less accumulated depreciation	(6,148,602)	(714,356)	-	(6,862,958)
 Total capital assets being depreciated, net	 22,677,107	 (649,904)	 -	 22,027,203
 Total business-type activities capital assets, net	 <u>\$23,073,175</u>	 <u>\$ (649,904)</u>	 <u>\$ -</u>	 <u>\$22,423,271</u>

Depreciation for business-type activities has been allocated to various activities as follows:

Business-type Activities:	
Water	\$ 429,414
Sewer	281,404
Storm drainage	<u>3,538</u>
 <u>Total depreciation expense business-type activities</u>	 <u>\$ 714,356</u>

**Town of Wellington
Notes to Financial Statements
December 31, 2010**

Note 6 - Long-Term Debt

Following is a summary of the business-type activities debt transactions for the year ended December 31, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<p>\$500,000 January 13, 1984, general obligation water bond due in installments of \$15,000 in 2010; this bond matures December 1, 2023; interest at 5%.</p>	\$ 291,000	\$ -	\$ 15,000	\$ 276,000	\$ 16,000
<p>December 1, 1982 Colorado Water Conservation Board note requiring annual payments of \$57,593 principal and interest at 4.0% through December 1, 2023. Revenues of the Town are pledged in an amount sufficient to pay the annual amounts due under the loan contract.</p>	608,380	-	33,261	575,119	34,591
<p>2001 Colorado Water Resource and Power Development Authority ("CWR&PDA") twenty year note requiring semi-annual payments of \$36,747 principal and interest, at 4.0% through May 1, 2022. The loan is a special revenue obligation of the water fund payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds legally available after the payment of operation and maintenance expenses of the system.</p>	717,434	-	45,245	672,189	47,073

**Town of Wellington
Notes to Financial Statements
December 31, 2010**

Note 6 - Long-term Debt (Continued)

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<p>2002 Colorado Water Resouce and Power Development Authority twenty year note requires varying semi-annual principal and interest, at 3.71%, payments through August 1, 2022. The loan is a special revenue obligation of the sewer fund payable from sewer rates, fees, standby charges, and charges from the use and operation of the system and from such other funds legally available after the payment of operation and maintenance expenses of the system.</p>	3,455,857	-	216,669	3,239,188	227,501
	\$ 5,072,671	\$ -	\$ 310,175	\$ 4,762,496	\$325,165
Current portion of long-term debt				(325,165)	
Premium on long-term debt				128,411	
Non-current portion of long-term debt				\$ 4,565,742	

Future Debt Service Requirements

The following table represents future debt service requirements on the business-type activity debt.

Year	Business-type Activities	
	Principal	Interest
2011	\$ 325,165	\$ 198,354
2012	333,867	187,183
2013	343,701	175,709
2014	353,673	166,079
2015	369,204	153,888
2016-2020	2,041,078	520,720
2021-2023	995,808	97,242
	\$ 4,762,496	\$ 1,499,175

**Town of Wellington
Notes to Financial Statements
December 31, 2010**

Note 7 - Rate Maintenance - Sewer Fund

The Town shall establish, levy, and collect rents, rates, and other charges for the products and services provided by the Town's water system (the "System") in an amount sufficient to; (1) meet the operation and maintenance expenses of the System, (2) to comply with all covenants in the loan resolution, and (3) pay at least 110% of the debt service on all indebtedness or at least 110% of all such debt if connection fees are included as a source of payment.

The following calculation shows the Town has not complied with the rate maintenance provision of this loan agreement.

Operating revenues	\$ 535,363	
Connection fees	<u>39,100</u>	
<u>Subtotal</u>	574,463	
Operation and maintenance expenses	<u>464,313</u>	
<u>Net revenue as defined in bond</u>		110,150
2010 Principal due	216,669	
2010 Interest due	<u>141,879</u>	
	358,548	
	<u>x110%</u>	<u>394,403</u>

Amount the current year revenues were short of meeting the requirements of the CWR&PDA loan agreement.

\$ (284,253)

Per the loan agreement, the Town is required to either raise rates within 60 days after the end of the year to comply with the rate covenant or to hire an independent firm of accountants or consulting engineers to do a rate study within 120 days of year end to recommend a rate increase to meet the loan covenant.

Note 8 - Risk Management

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

The Town carries commercial insurance covering specific and general risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

Town of Wellington
Notes to Financial Statements
December 31, 2010

Note 9 - Taxes, Spending, and Debt Limitations

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserve (balance). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. An emergency, as defined by the Amendment, excludes economic conditions, revenue shortfalls, or salary of fringe benefit increase. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The Town has reserved \$73,234 for this purpose.

On November 5, 1996, the voting citizens of the Town of Wellington authorized the Town (retroactive to January 1, 1995) to, without imposing any new taxes or increases in tax rates, retain all revenue from all sources in 1995 and subsequent years, and to spend the same as a voter-approved revenue change and as exception to limits which would otherwise apply for each of said years under Colorado Constitution Article X, Section 20, the taxpayer's bill of rights. This effectively removed all revenue and spending limits imposed by TABOR.

Note 10 - Subsequent Events

Management of the Town has evaluated subsequent events through May 24, 2011 the date that the financial statements were available to be issued. No transactions or events that would require adjustment to or disclosure in the financial statements were identified.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Wellington
Statement of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual - General Fund
Year Ended December 31, 2010

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Taxes	\$ 1,105,209	\$ 1,105,209	\$ 1,170,630	\$ 65,421
Franchise fees	92,000	92,000	132,433	40,433
Licenses and permits	51,875	51,875	104,271	52,396
Grants and contributions	-	-	54,355	54,355
Intergovernmental	-	-	5,754	5,754
Charges for services	24,775	24,775	32,643	7,868
Fines and forfeitures	17,000	17,000	14,135	(2,865)
Interest	3,000	3,000	4,782	1,782
Miscellaneous	124,550	124,550	17,037	(107,513)
Total revenues	1,418,409	1,418,409	1,536,040	117,631
Expenditures				
Current				
General government				
Legislative	114,424	114,424	118,861	(4,437)
Judicial	22,600	22,600	21,748	852
Administrative	143,862	143,862	114,714	29,148
Planning and zoning	125,000	125,000	87,355	37,645
Public safety				
Police	629,681	629,681	600,968	28,713
Protective inspections	93,244	93,244	123,336	(30,092)
Public works				
Sanitation	24,500	24,500	25,660	(1,160)
Operating	89,073	89,073	71,465	17,608
Cemetery	3,200	3,200	1,864	1,336
General use buildings	56,200	56,200	66,080	(9,880)
Park and recreation				
Community activities	41,450	41,450	35,072	6,378
Economic development	4,000	4,000	626	3,374
Library	138,540	138,540	123,211	15,329
Small equipment	39,690	39,690	40,670	(980)
Capital outlay	77,500	77,500	64,861	12,639
Reservation of fund balance	150,000	150,000	-	150,000
Total expenditures	1,752,964	1,752,964	1,496,491	256,473
Excess (deficiency) of revenues over expenditures	(334,555)	(334,555)	39,549	374,104
Other financing sources (uses)				
Transfers in	850	850	850	-
Transfers out	(331,000)	(331,000)	(329,000)	2,000
Total other financing sources (uses)	(330,150)	(330,150)	(328,150)	2,000
Net change in fund balances	\$ (664,705)	\$ (664,705)	(288,601)	\$ 376,104
Fund balances at beginning of year			1,498,227	
Fund balances at end of year			\$ 1,209,626	

See accompanying Independent Auditors' Report.

Town of Wellington
Statement of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual - Street and Park Funds
Year Ended December 31, 2009

	Street Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 528,125	\$ 528,125	\$ 686,026	\$ 157,901
Impact fees	5,000	5,000	9,350	4,350
Licenses and permits	1,216	1,216	80	(1,136)
Charges for services	-	-	-	-
Interest	3,500	3,500	1,161	(2,339)
Contributions	3,526,767	3,526,767	-	(3,526,767)
Miscellaneous	500	500	5	(495)
<u>Total revenues</u>	<u>4,065,108</u>	<u>4,065,108</u>	<u>696,622</u>	<u>(3,368,486)</u>
<u>Expenditures</u>				
Current				
Administrative	52,020	52,020	54,770	(2,750)
Operating	355,051	355,051	411,693	(56,642)
Small equipment and other	53,890	53,890	6,281	47,609
Recreation	-	-	-	-
Capital outlay	3,969,417	3,969,417	12,866	3,956,551
Contingency	1,200	1,200	-	1,200
<u>Total expenditures</u>	<u>4,431,578</u>	<u>4,431,578</u>	<u>485,610</u>	<u>3,945,968</u>
<u>Excess (deficiency) of revenues over expenditures</u>	<u>(366,470)</u>	<u>(366,470)</u>	<u>211,012</u>	<u>577,482</u>
<u>Other financing sources (uses)</u>				
Transfers in	37,500	37,500	37,500	-
<u>Net change in fund balances</u>	<u>\$ (328,970)</u>	<u>\$ (328,970)</u>	<u>248,512</u>	<u>\$ 577,482</u>
<u>Fund balances at beginning of year</u>			<u>1,518,505</u>	
<u>Fund balances at end of year</u>			<u>\$ 1,767,017</u>	

See accompanying Independent Auditors' Report.

Park Fund

Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 100,000	\$ 100,000	\$ 123,466	\$ 23,466
8,000	8,000	18,800	10,800
-	-	-	-
70,690	70,690	64,593	(6,097)
1,250	1,250	1,182	(68)
3,722,089	3,722,089	-	(3,722,089)
100	100	106	6
<u>3,902,129</u>	<u>3,902,129</u>	<u>208,147</u>	<u>(3,693,982)</u>
64,139	64,139	51,059	13,080
244,587	244,587	193,578	51,009
33,050	33,050	16,985	16,065
196,811	196,811	164,147	32,664
3,859,839	3,859,839	164,222	3,695,617
-	-	-	-
<u>4,398,426</u>	<u>4,398,426</u>	<u>589,991</u>	<u>3,808,435</u>
(496,297)	(496,297)	(381,844)	114,453
406,500	406,500	405,500	(1,000)
<u>\$ (89,797)</u>	<u>\$ (89,797)</u>	23,656	<u>\$ 113,453</u>
		133,609	
		<u>\$ 157,265</u>	

Town of Wellington
Schedule of Revenues, Expenditures, and
Changes in Fund Balance (Budget and Actual)
Conservation Trust Fund
Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 48,000	\$ 48,000	\$ 48,172	\$ 172
Interest	225	225	335	110
<u>Total revenues</u>	48,225	48,225	48,507	282
Transfers out	120,000	120,000	120,000	-
<u>Net change in fund balance</u>	<u>\$ 168,225</u>	<u>\$ 168,225</u>	(71,493)	<u>\$ 282</u>
<u>Fund balance at beginning of year</u>			254,929	
<u>Fund balance at end of year</u>			<u>\$ 183,436</u>	

See accompanying Independent Auditors' Report.

Town of Wellington
Schedule of Revenues, Expenses, and Changes in Net Assets
Budget and Actual (Non-GAAP Basis)
Water Fund
Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Charges for services	\$ 850,000	\$ 850,000	\$ 951,809	\$ 101,809
Miscellaneous	10,250	10,250	4,557	(5,693)
<u>Total operating revenues</u>	<u>860,250</u>	<u>860,250</u>	<u>956,366</u>	<u>96,116</u>
<u>Operating expenses</u>				
Administrative	189,374	189,374	143,273	46,101
Operating	766,473	766,473	537,315	229,158
Small equipment	52,240	52,240	26,874	25,366
<u>Total operating expenses</u>	<u>1,008,087</u>	<u>1,008,087</u>	<u>707,462</u>	<u>300,625</u>
<u>Operating income (loss)</u>	<u>(147,837)</u>	<u>(147,837)</u>	<u>248,904</u>	<u>396,741</u>
<u>Non-operating revenues (expenses)</u>				
Property taxes	87,135	87,135	87,190	55
Capital contributions	4,401,761	4,401,761	180,363	(4,221,398)
Interest	5,000	5,000	2,270	(2,730)
Miscellaneous	1,000	1,000	-	(1,000)
Transfer in	2,500	2,500	2,500	-
Interest expense	(67,143)	(67,143)	(68,351)	(1,208)
Principal paid	(93,523)	(93,523)	(93,506)	17
Capital outlay	(6,424,861)	(6,424,861)	(45,974)	6,378,887
Reserve	(21,650)	(21,650)	-	21,650
<u>Total Non-operating revenues (expenses)</u>	<u>(2,109,781)</u>	<u>(2,109,781)</u>	<u>64,492</u>	<u>2,174,273</u>
<u>Change in net assets - budgetary basis</u>	<u>\$ (2,257,618)</u>	<u>\$ (2,257,618)</u>	<u>313,396</u>	<u>\$ 2,571,014</u>
<u>Reconciliation to GAAP Basis</u>				
Depreciation			(429,414)	
Principal paid			93,506	
Capital outlay			45,974	
<u>Change in net assets - GAAP basis</u>			<u>23,462</u>	
<u>Net assets at beginning of year</u>			<u>14,492,924</u>	
<u>Net assets at end of year</u>			<u>\$ 14,516,386</u>	

See accompanying Independent Auditors' Report.

Town of Wellington
Schedule of Revenues, Expenses, and Changes in Net Assets
Budget and Actual (Non-GAAP Basis)
Sewer Fund
Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Charges for services	\$ 520,000	\$ 520,000	\$ 535,363	\$ 15,363
<u>Total operating revenues</u>	<u>520,000</u>	<u>520,000</u>	<u>535,363</u>	<u>15,363</u>
<u>Operating expenses</u>				
Administrative	133,688	133,688	112,874	20,814
Operating	365,343	365,343	333,649	31,694
Small equipment	20,990	20,990	17,790	3,200
<u>Total operating expenses</u>	<u>520,021</u>	<u>520,021</u>	<u>464,313</u>	<u>55,708</u>
<u>Operating income (loss)</u>	<u>(21)</u>	<u>(21)</u>	<u>71,050</u>	<u>71,071</u>
<u>Other revenue (expense)</u>				
Capital contributions	1,525,841	1,525,841	39,100	(1,486,741)
Interest	4,500	4,500	2,053	(2,447)
Miscellaneous	2,500	2,500	52	(2,448)
Transfers in	2,500	2,500	2,500	-
Interest expense	(141,880)	(141,880)	(126,547)	15,333
Principal paid	(216,668)	(216,668)	(216,669)	(1)
Capital outlay	(1,539,341)	(1,539,341)	(18,478)	1,520,863
Loan reserve	(122,725)	(122,725)	-	122,725
<u>Total other revenue (expense)</u>	<u>(485,273)</u>	<u>(485,273)</u>	<u>(317,989)</u>	<u>167,284</u>
<u>Change in net assets - budgetary basis</u>	<u>\$ (485,294)</u>	<u>\$ (485,294)</u>	<u>(246,939)</u>	<u>\$ 238,355</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation			(281,404)	
Principal paid			216,669	
Capital outlay			18,478	
<u>Change in net assets - GAAP basis</u>			<u>(293,196)</u>	
<u>Net assets at beginning of year</u>			<u>8,805,067</u>	
<u>Net assets at end of year</u>			<u>\$ 8,511,871</u>	

See accompanying Independent Auditors' Report.

Town of Wellington
Schedule of Revenues, Expenses, and Changes in Net Assets
Budget and Actual (Non-GAAP Basis)
Storm Drainage Fund
Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Licenses and permits	\$ 333	\$ 333	\$ -	\$ (333)
Charges for services	314,000	314,000	321,538	7,538
<u>Total operating revenues</u>	<u>314,000</u>	<u>314,000</u>	<u>321,538</u>	<u>7,538</u>
<u>Operating expenses</u>				
Operating expenses				
Administrative	232,410	232,410	237,105	(4,695)
Operational	60,546	60,546	59,625	921
Non-depreciable expenditures	14,790	14,790	7,146	7,644
Reserves	2,000	2,000	-	2,000
Capital outlay	1,164,092	1,164,092	-	1,164,092
<u>Total operating expenses</u>	<u>1,473,838</u>	<u>1,473,838</u>	<u>303,876</u>	<u>1,169,962</u>
<u>Operating income (loss)</u>	<u>(1,159,838)</u>	<u>(1,159,838)</u>	<u>17,662</u>	<u>1,177,500</u>
<u>Other revenue (expense)</u>				
Taxes	43,780	43,780	57,488	13,708
Capital contributions	1,164,092	1,164,092	-	(1,164,092)
Impact fees	6,000	6,000	18,782	12,782
Interest	250	250	-	(250)
Miscellaneous	200	200	118	(82)
Transfer in	1,000	1,000	1,000	-
<u>Total other revenue (expense)</u>	<u>1,215,322</u>	<u>1,215,322</u>	<u>77,388</u>	<u>(1,137,934)</u>
<u>Change in net assets - budgetary basis</u>	<u>\$ 55,484</u>	<u>\$ 55,484</u>	<u>95,050</u>	<u>\$ 39,566</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation			(3,538)	
<u>Change in net assets - GAAP basis</u>			<u>91,512</u>	
<u>Net assets at beginning of year</u>			<u>200,720</u>	
<u>Net assets at end of year</u>			<u>\$ 292,232</u>	

See accompanying Independent Auditors' Report.

Town of Wellington
Schedule of Changes in Fiduciary Net Assets - Budget and Actual
Library Trust Fund
Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Additions</u>				
Library impact fees	\$ 2,500	\$ 2,500	\$ 5,750	\$ 3,250
Larimer county grant	500	500	11	(489)
<u>Total additions</u>	<u>3,000</u>	<u>3,000</u>	<u>5,761</u>	<u>2,761</u>
<u>Deductions</u>				
Transfer out	850	850	850	-
<u>Total deductions</u>	<u>850</u>	<u>850</u>	<u>850</u>	<u>-</u>
<u>Change in net assets</u>	<u>\$ 2,150</u>	<u>\$ 2,150</u>	4,911	<u>\$ 2,761</u>
<u>Net assets at beginning of year</u>			<u>153,157</u>	
<u>Net assets at end of year</u>			<u>\$ 158,068</u>	

See accompanying Independent Auditors' Report.

STATE COMPLIANCE

**Town of Wellington
Local Highway Finance Report
December 31, 2010**

The public report burden for this information collection is estimated to average 380 hours annually.

Financial Planning 02/01
Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT	City or County:
	YEAR ENDING : December 2010
This Information From The Records Of: Town of Wellington, Colorado	Prepared By: Mike Cummins Phone: 970-568-3381

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	81,538
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	349,301
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	37,500	b. Snow and ice removal	
3. Other local imposts (from page 2)	491,294	c. Other	
4. Miscellaneous local receipts (from page 2)	1,247	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	54,771
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	485,610
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	530,041	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	204,081	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	734,122	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	485,610

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,518,505	734,122	485,610	1,767,017	0

Notes and Comments:

Town of Wellington
Local Highway Finance Report
December 31, 2010

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2010	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	1,161
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	421,714	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	9,350	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	60,230	g. Other Misc. Receipts	
6. Total (1. through 5.)	491,294	h. Other	86
c. Total (a. + b.)	491,294	i. Total (a. through h.)	1,247
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	183,881	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	20,200	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	20,200	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	204,081	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		68,676	68,676
(4). System Enhancement & Operation		12,862	12,862
(5). Total Construction (1) + (2) + (3) + (4)	0	81,538	81,538
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	81,538	81,538
			(Carry forward to page 1)
Notes and Comments:			
County Road & Bridge Tax:	14,732	Street Cut Permits:	80
Specific Ownership Tax:	45,499	Misc. Revenue:	6
Total Line A.3.b.5:	<u>60,231</u>	Total Line A.4.h.	<u>86</u>