



Town of Wellington, Colorado

Financial Statements and Supplementary Information

For the Year Ended December 31, 2014

Town of Wellington

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Independent Auditor's Report

Honorable Mayor and Members of the Town Board of Trustees
Town of Wellington, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Wellington, Colorado (the "Town"), as of December 31, 2014, and for the year ended and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Wellington, Colorado as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 and the budgetary comparison information on pages 46 and 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary comparison information on pages 48 through 52 and the Local Highway Finance Report on pages 53 and 54 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information and Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Anton Collins Mitchell LLP

Greeley, Colorado
July 28, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Wellington, we offer readers of the Town of Wellington's financial statements this narrative overview and analysis of the financial activities of the Town of Wellington for the fiscal year ended December 31, 2014.

FINANCIAL HIGHLIGHTS

The assets of the Town of Wellington exceeded its liabilities at the close of 2014 by \$54,109,553 (*net position*). Of this amount, \$13,430,743 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.

* The Town's total net position increased by \$3,728,448 from the prior year. *Capital assets*, net of accumulated depreciation, increased by approximately \$1,144,293; *current assets* increased by approximately \$7,833,612. Much of the increase in capital assets can be attributed to parks development and the waste water treatment plant expansion. The situation with the non-capital assets involves the steady continuation of building activity from the prior 2 to 3 years, and the receipt of significant debt proceeds for the waste water treatment plant expansion and park projects.

* At the end of calendar year 2014, unassigned fund balance for the general fund was \$2,559,488, about 128 percent of total general fund expenditures of \$2,001,689.

* The Town retired \$353,672 of its debt (9.5 percent of the outstanding debt at January 1, 2014) excluding compensatory absences computations during the fiscal year. The key factor in this decrease was the semi-annual and annual principal payments made on the Town's outstanding debts shown in Footnote 6, pages 40 and 41 of this report. The Town increased debt outstanding during 2014 by \$4,900,000. \$2,400,000 was borrowed via bank loan for the Wellington Community Park development and \$2,500,000 bond debt was incurred for the expansion of the Waste Water Treatment Plant.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Wellington's basic financial statements. The Town of Wellington'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 required and 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 of Wellington's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the Town of Wellington's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses 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 of Wellington 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 of Wellington include general government, public safety, public works, economic development, and parks and recreation. The business-type activities of the Town of Wellington include sewer, water, and storm drainage operations.

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

The government-wide financial statements can be found on pages 16 to 18 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 of Wellington, 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 of Wellington can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 Position and the Statement of Activities) and governmental funds in reconciliation on page 20.

The basic governmental fund financial statements can be found on pages 19 to 22 of this report.

Proprietary funds. The Town of Wellington maintains three (3) proprietary or enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Wellington 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, water and storm drainage operations, which are considered to be major funds of the Town of Wellington.

The basic proprietary fund financial statements can be found on pages 23 to 25 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 of Wellington'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 (Library Trust Fund) can be found on pages 26 and 27 of this report.

Notes to the financial statements. The notes provide significant 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 28 to 45 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required and other supplementary information* concerning the Town of Wellington's budget comparison statements for the non-major Conservation Trust Fund and the Town's three major enterprise funds. The other supplementary information can be found on pages 46 to 52 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Wellington, net assets exceeded liabilities by \$54,109,553 at the close of 2014.

By far the largest portion of the Town of Wellington's net position (64.0 percent) reflects its investment in 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 position may be used to meet the Town's ongoing obligations to citizens and creditors. The Town is providing condensed financial information for fiscal year 2014 compared with 2013 totals.

Condensed Statement of Net Position

	2014			2013 Totals
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>	
<u>ASSETS</u>				
Current assets	\$8,674,251	\$16,023,422	\$24,697,673	\$16,864,061
Capital assets	<u>14,373,274</u>	<u>26,203,095</u>	<u>40,576,369</u>	<u>39,432,076</u>
<u>Total assets</u>	<u>23,047,525</u>	<u>42,226,517</u>	<u>65,274,042</u>	<u>56,296,137</u>
<u>LIABILITIES</u>				
Current liabilities	804,095	1,130,481	1,934,576	1,269,109
Long-term liabilities	<u>2,463,878</u>	<u>6,038,048</u>	<u>8,501,926</u>	<u>3,946,537</u>
<u>Total liabilities</u>	<u>3,267,973</u>	<u>7,168,529</u>	<u>10,436,502</u>	<u>5,215,646</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned revenue - property taxes	<u>640,107</u>	<u>87,880</u>	<u>727,987</u>	<u>699,386</u>
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	14,320,774	20,299,503	34,620,277	34,835,639
Restricted for:				
Emergencies	126,081	-	126,081	111,759
Other purposes	2,780,035	3,112,417	5,892,452	1,085,174
Unrestricted	<u>1,912,555</u>	<u>11,558,188</u>	<u>13,470,743</u>	<u>14,348,533</u>
<u>Total net position</u>	<u>\$19,139,445</u>	<u>\$34,970,108</u>	<u>\$54,109,553</u>	<u>\$50,381,105</u>

The restricted portion of net position (11.1 percent) *exclusive of capital assets*, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$13,470,743) may be used to meet the Town's ongoing obligations to citizens and creditors.

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

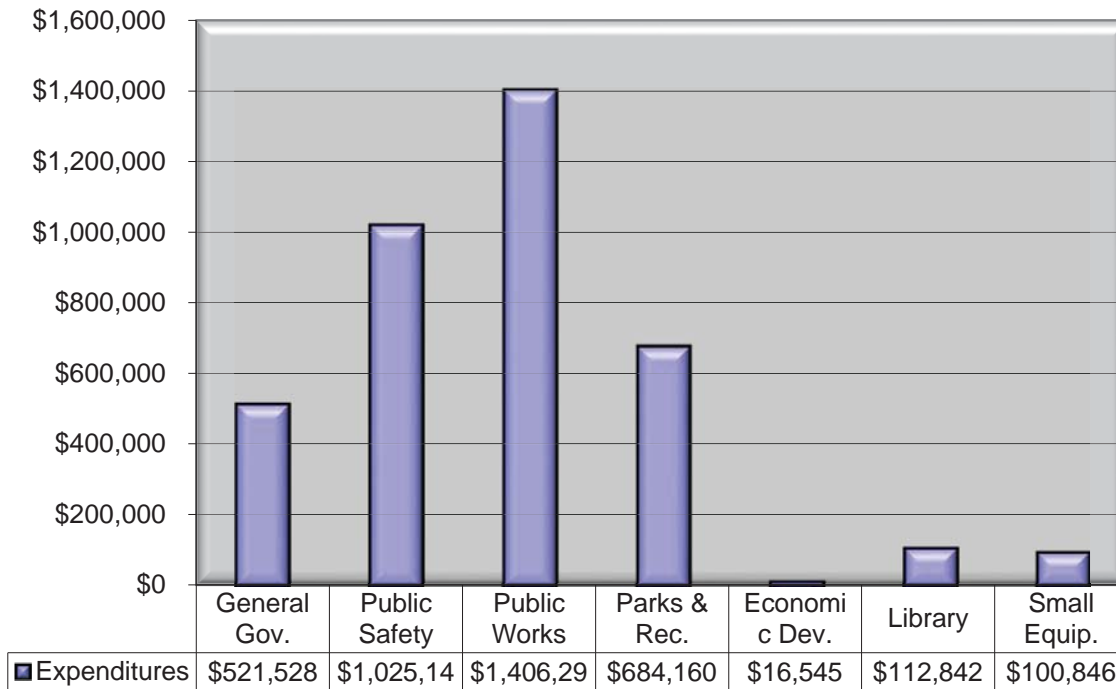
Condensed Statement of Activities

	2014			
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Totals</u>	<u>2013 Totals</u>
Revenues				
Program revenues				
Charges for services	\$ 575,282	\$ 2,571,173	\$ 3,146,455	\$ 2,581,424
Operating grants and contributions	37,845	170,658	208,503	69,636
Capital grants and contributions	76,453	3,378,574	3,455,027	7,422,849
General revenues				
Property taxes	605,939	87,803	693,742	692,431
Open space tax	190,385	-	190,385	167,553
Sales and use tax	1,006,178	-	1,006,178	816,175
Franchise fees	153,725	-	153,725	148,194
Highway users tax	202,131	-	202,131	192,322
Other taxes	1,143,145	-	1,143,145	997,013
Impact fees	282,722	153,943	436,665	282,294
Grants, undesignated	3,803	-	3,803	3,816
Earnings on investments	20,751	737	21,488	23,346
Other	18,643	681	19,324	55,828
Transfers	<u>15,895</u>	-	<u>15,895</u>	<u>12,410</u>
Total all revenues & transfers	<u>4,332,897</u>	<u>6,363,569</u>	<u>10,696,466</u>	<u>13,465,291</u>
Expenses				
General government	521,528	-	532,828	381,597
Public safety	1,025,143	-	1,025,143	938,721
Public works	1,406,294	-	1,406,294	1,345,799
Parks and recreation	684,160	-	684,160	567,744
Economic development	16,545	-	16,545	647
Library	112,842	-	112,842	106,004
Small equipment	100,846	-	89,546	293,369
Water	-	1,740,444	1,740,444	1,410,395
Sewer	-	921,298	921,298	814,501
Storm drainage	-	<u>438,918</u>	<u>438,918</u>	<u>108,578</u>
Total expenses	<u>3,867,358</u>	<u>3,100,660</u>	<u>6,968,018</u>	<u>5,967,355</u>
Change in net position	465,539	3,262,909	3,728,448	7,497,936
Net position at beginning of year	<u>18,673,906</u>	<u>31,707,199</u>	<u>50,381,105</u>	<u>42,883,170</u>
Net position at end of year	<u>\$ 19,139,445</u>	<u>\$ 34,970,108</u>	<u>\$ 54,109,553</u>	<u>\$ 50,381,105</u>

A portion of the "Net position at end of year" net position shown in the above Condensed Statement of Activities 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.

Expenditures for the *governmental activities* displayed in the previous table for 2014 are shown in graphical form below. For comparative purposes, these figures in 2013 were as follows: General Government: \$381,597; Public Safety: \$938,721; Public Works: \$1,345,799; Parks & Rec: \$567,744; Economic Development: \$647; Library: \$106,004; Small Equipment: \$293,369. As can be seen all categories of governmental activities, with the exception of “Small Equipment”, have increased above year ago levels. As the Town continues to grow, increasing costs in these activities will likely trend higher.

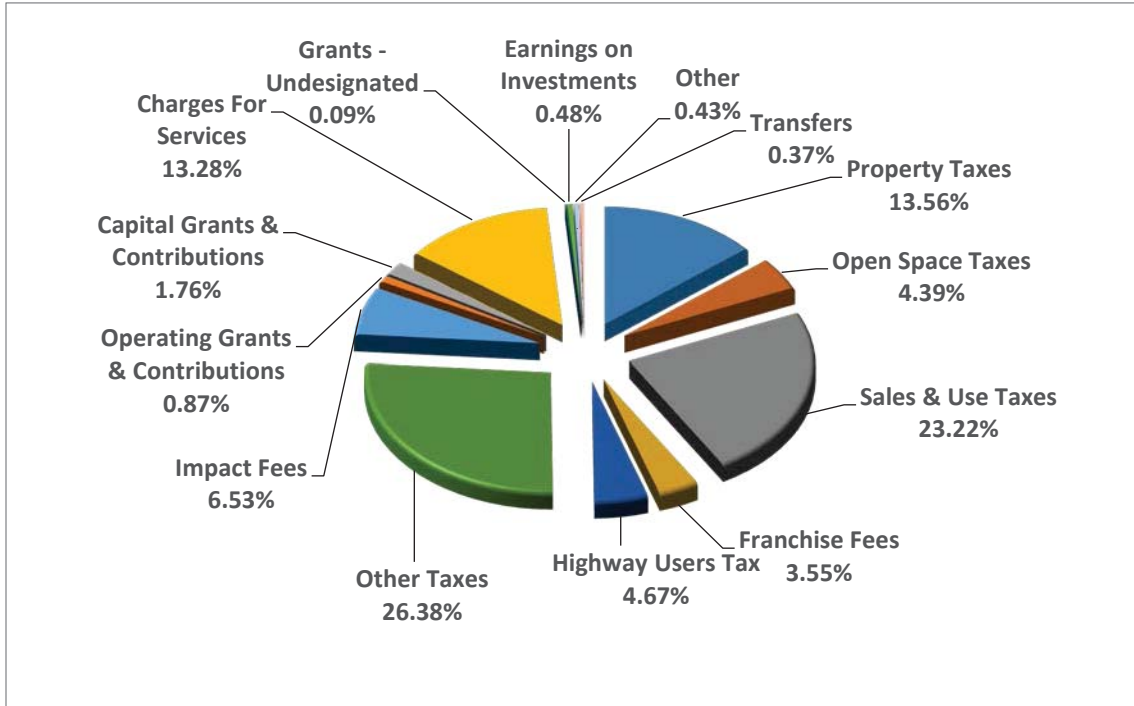
PROGRAM EXPENSES - GOVERNMENTAL ACTIVITIES



The following chart displays revenues categorized by source for the governmental activities. The source of revenue entitled “Other Taxes” is the largest component of governmental fund revenue and consists of the following:

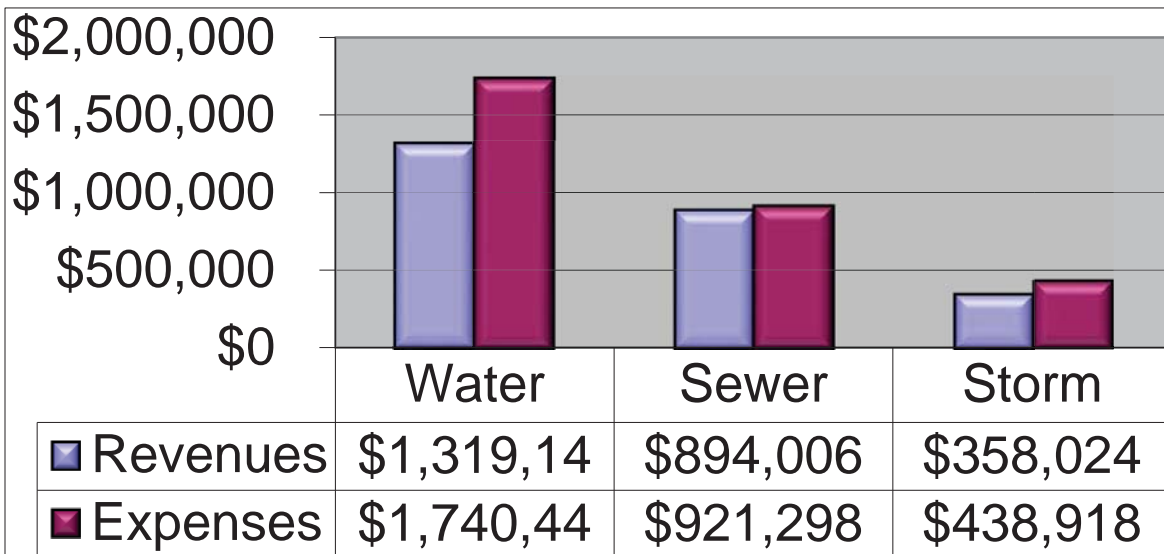
Severance Taxes (\$54,126), Motor Vehicle Use Tax (\$493,067), Sales Tax received by governmental funds *other* than the General Fund (\$286,944), Use Tax on Building Materials received by governmental funds *other* than the General Fund (\$214,682), Motor Vehicle Specific Ownership Tax (\$51,136), Motor Vehicle Registration Tax (\$22,679), Road & Bridge Tax (\$12,826), Trail Impact Fee (\$6,300), and Interest on Delinquent (property) Taxes (\$1,385). The “Other Taxes” total is \$1,143,145.

Revenues by Source – Governmental Activities



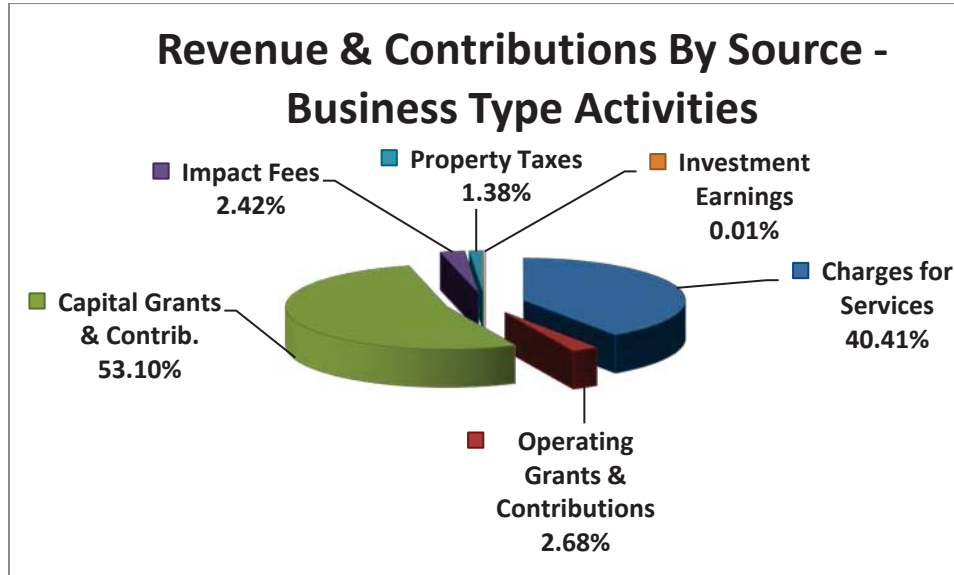
The following chart displays revenues and expenses of the *business-type activities*:

Program Revenues & Expenses - Business-type Activities



Operating and interest expenses exceed operating revenues in all but the Storm Drainage Fund. Mitigating is the issue of depreciation. Included in the above shown “Expenses” is depreciation. While depreciation is or can be a critical concept, in essence being the attempt to quantify the deterioration of fixed assets, it is an estimate and more importantly, a *non-cash* applied expenditure. There was no actual cash expenditure involved in “depreciation expense”. There was \$541,389, \$307,790 and \$27,618 in depreciation in the Water, Sewer and Storm Drainage Funds respectively. In the absence of depreciation, all enterprise funds would show revenues exceeding expenditures.

The following chart presents the revenues and contributions by source for the business-type activities (enterprise funds). The largest source of revenue is entitled “Capital Grants & Contributions” (53.10%). This category consists of Water Fund “Uniform Capital Investment Fees” in the amount of \$1,968,574 and Sewer Fund “Tap Fees” of \$1,410,000. The total amount of Capital Grants & Contributions in 2014 was \$3,378,574.



Financial Analysis of the Town’s Funds

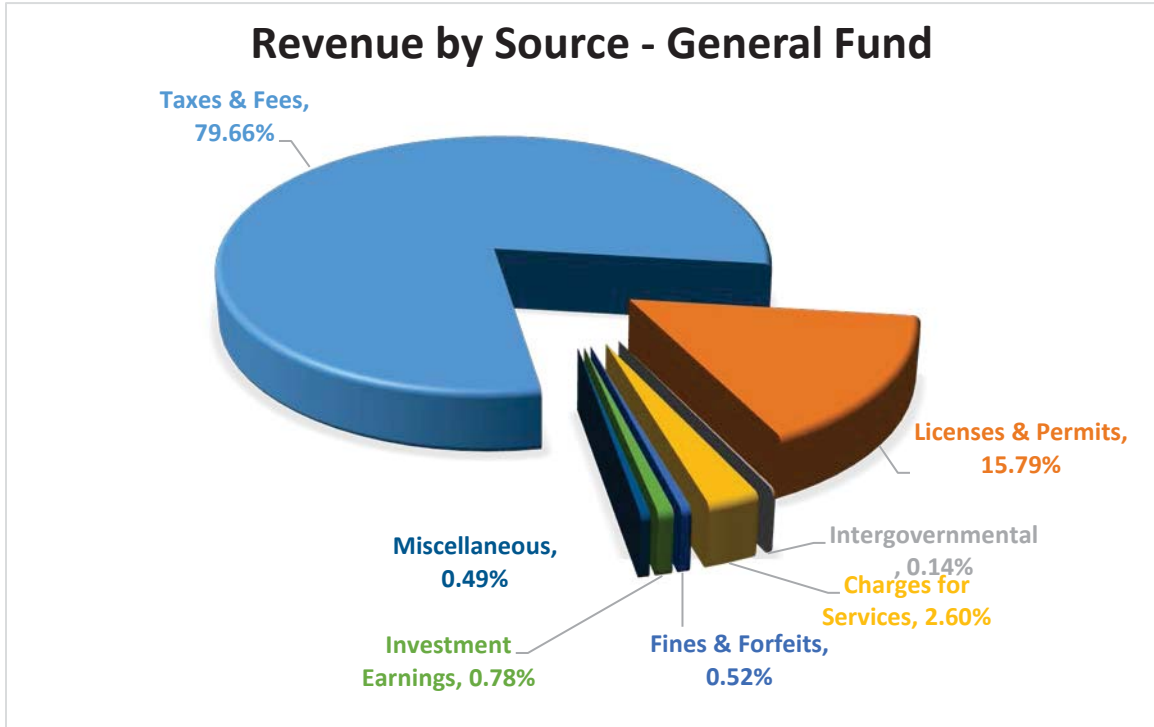
As noted earlier, the Town of Wellington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Wellington’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 of Wellington’s financing requirements. In particular, *Unassigned 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 of Wellington’s governmental funds (General, Street, Park and Conservation Trust Funds) reported combined ending fund balances of \$7,230,049. Approximately 35.4% of this total amount (\$2,559,488) constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of fund balance is otherwise classified to indicate that it is not available for new spending because the asset itself is in a nonspendable form (i.e., prepaid items and inventory) or that portions of fund balance have been restricted, committed or assigned to specific purposes and thus preexistent constraints as follows:

Nonspendable:	\$6,598
Restricted:	\$558,616
Committed:	\$44,937
Assigned:	4,060,410
Unassigned:	<u>\$2,559,488</u>
TOTAL:	\$7,230,049

General Fund Budgetary Highlights

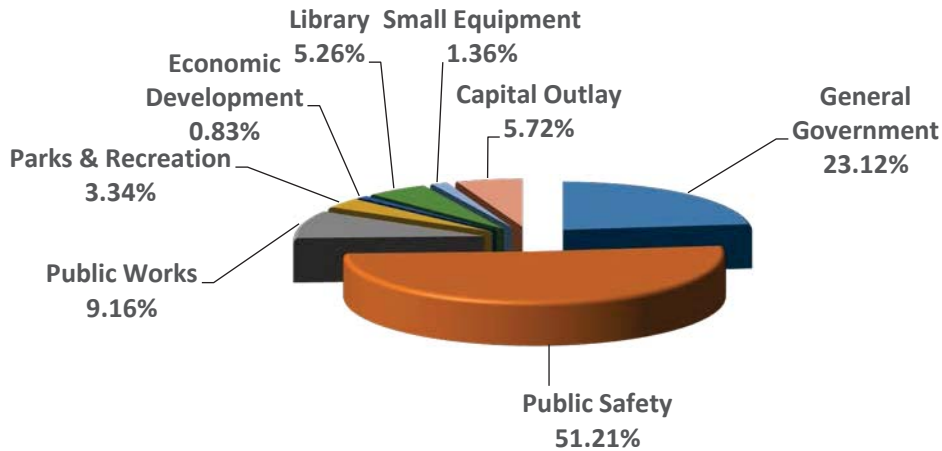
The General Fund accounts for all of the general services provided by the Town of Wellington. At the end of 2014, the fund balance of the General Fund totaled \$2,923,805, an increase of \$714,559 over the fund balance at the end of 2013 (\$2,209,246).



The General Fund’s primary source of revenue is taxes and to a lesser degree, fees. The General Fund receives nearly all of the property taxes, and the majority of the sales and use taxes.

General Fund expenditures include all administrative functions of the Town (i.e. Town Council, Municipal Court, Town Administrator, Finance Director, Town Attorney, and all other admin. support staff) however, the primary **General Fund** expenditure is Public Safety (51.21%). “Public Safety” includes amounts paid to Larimer County Sheriff’s Office (\$652,504), amounts paid to SafeBuilt for building inspections (\$314,708) and amounts expended for the Town’s Code Enforcement program (\$57,931). The total of all Public Safety was \$1,025,143 in 2014. General Fund expenditures by type are presented below in graphical form.

EXPENDITURES BY TYPE - GENERAL FUND



The Town Board amended the 2014 General Fund budget and the Library Trust Fund budget. The original General Fund and Library Trust Fund budgeted expenditures were \$1,680,011 and \$5,275, respectively. The primary reason for over expenditure in these two funds related directly to the continued elevated level of new home building activity. While revenues were up dramatically in both funds, the expenditures in the case of the General Fund and transfers in the case of the Library Trust Fund were elevated, due to building permit activity causing the original expenditure budgets in these funds to be exceeded. Specifically, in the General Fund, expenditures in the form of payments to SafeBuilt for building inspection charges were elevated to the point of exceeding the original budget by approximately \$72,327. In the Library Trust Fund, the receipts of Library Impact Fees obtained from new home building permits were likewise elevated to a significant degree. The Library Trust Fund transfers back to the General Fund thirty four percent (34%) of the receipts from Library Impact Fees. Due to the high level of Library Impact Fees received in 2014, the 34% transfer caused an over expenditure of \$12,298.

Other factors were integrated into the budget amendments in these two funds resulting in budgeted expenditures, as amended in the General Fund being increased by \$302,671 from \$1,680,011 to \$1,982,682. The Library Trust Fund expenditures, as amended were increased by \$12,325 from \$5,275 to \$17,600. Budgeted revenues, as amended were increased by \$308,291 from \$1,772,335 to \$2,080,626 in the General Fund. Budgeted revenues, as amended were increased by \$16,750 from \$15,175 to \$31,925 in the Library Trust Fund.

For the General Fund, the budgeted revenues and transfers-in, as amended were \$2,080,626, compared to the actual amount of \$2,700,353. Actual revenues exceeded budgeted revenues by \$619,727.

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

The *unrestricted* net position of the Water, Sewer, and Storm Drainage Funds (enterprise funds) at the end of the year were \$8,180,478, \$2,901,083 and \$476,627 respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town of Wellington’s business-type activities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town of Wellington’s net investment in *capital assets* for its governmental and business type activities as of December 31, **2014**, amounts to \$33,833,094 (net of accumulated depreciation and debt). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. At December 31, **2013**, this figure was \$34,620,277. Net investment in capital assets decreased 2.9 percent from 2013 to 2014. While the Town is once again adding capital assets, and dramatically so in 2014 (Wellington Community Park and the Waste Water Treatment Plan Expansion), there was significant debt incurred for these capital projects (\$4.9 million). While these projects are under construction, as they were in 2014, the resulting capital asset is only partially incorporated while the debt against it is fully manifested which is the primary factor in the decrease.

The major capital asset expenditures occurring in 2014 were concentrated in two funds, the Park Fund and the Sewer Fund. In the Park Fund, the largest expenditure was incurred in the ongoing construction of the Wellington Community Park (“WCP”). The total cost of the WCP is projected to be in the neighborhood of approximately \$4.8 million. A major expansion of the Waste Water Treatment Plant (Sewer Fund) is projected in the area of approximately \$5 Million. The construction of both projects was initiated in 2014.

Town of Wellington’s Capital Assets at Year End (net of depreciation)

	Governmental Activities		Business-Type Activities		TOTAL	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land:	232,796	232,796	119,233	119,233	352,029	352,029
Water Rights:	160,380	160,380	-	-	160,380	160,380
Water Delivery Rights:	0	0	279,536	279,536	279,536	279,536
Buildings & Improvements:	340,577	369,776	-	-	340,577	369,776
Improvements Other Than Buildings:	4,182,991	4,341,540	-	-	4,182,991	4,341,540
Streets & Improvements	8,140,417	8,286,033	-	-	8,140,417	8,286,033
Machinery & Equipment:	230,784	214,618	-	-	230,784	214,618
Utility Systems & Equip.	-	-	24,380,891	24,937,180	24,380,891	24,937,180
Construction in Progress:	<u>1,085,329</u>	<u>312,051</u>	<u>1,423,435</u>	<u>178,934</u>	<u>2,508,764</u>	<u>490,985</u>
TOTAL	<u>14,373,274</u>	<u>13,917,194</u>	<u>26,203,095</u>	<u>25,514,883</u>	<u>40,576,369</u>	<u>39,432,076</u>

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

Long-term debt. At the end of 2014, the Town of Wellington had total debt outstanding of \$5,842,211. Of this amount, \$209,000 comprises debt backed by the full faith and credit of the Town. The remainder of the Town of Wellington’s debt represents bonds and loans secured solely by specified revenue sources (Water & Sewer Fund revenues – i.e., charges for services).

Town of Wellington’s Outstanding Debt at Year End

	Governmental		Business-Type		TOTAL	
	Activities		Activities			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
FNB WCP Loan (Park Fund):	\$2,400,000	-	-	-	\$2,400,000	-
1984 General Obligation Bonds (Water Fund):	-	-	\$209,000	\$227,000	\$209,000	\$227,000
1982 CWCB General Obligation Bonds (Water Fund):	-	-	\$428,231	\$467,140	\$428,231	\$467,140
2001 CWR&PDA Loan (Sewer Fund):	-	-	\$472,177	\$525,189	\$472,177	\$525,189
2002 CWR&PDA Loan (Water Fund):	-	-	\$2,296,682	\$2,540,433	\$2,296,682	\$2,540,433
2014 Bond Issue - WWTP Expansion (Sewer Fund):	-	-	\$2,500,000	-	\$2,500,000	-
TOTAL	\$2,400,000	\$0	\$5,906,090	\$3,759,762	\$8,306,090	\$3,759,762

This debt payable does not include compensated absences of \$63,878 at the end of 2014.

Additional information on the Town of Wellington’s long-term debt can be found in footnote 6, on pages 40-41 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 2015 Budget on December 10, 2014, appropriating \$23,966,424 for expenditures. The 2015 appropriation reflects a 2.7% increase from the 2014 Budget. This budget was subsequently amended appropriating \$24,281,415 (increase of \$314,991 – approximately 4% increase from the 2014 budget).

The Town noted continued impressive numbers of new home building permits in 2014 following a strong year in 2013. New home building permits were at or near their highest levels since 2007. This trend is expected to continue into 2015. These sentiments were incorporated into the 2015 budget. With this improved set of short to medium term prospects for economic growth, additional staff FTE’s were added in 2014. The administrative staff FTE’s, until 2014, were virtually unchanged from as long as five to seven years ago. The potential for growth experienced over the period encompassing the late 1990’s and ending in about 2007 may remain unrivaled, optimism is definitely in order for the near term as building activity has unquestionably strengthened and become more aggressive.

The primary issues the Town will need to deal with in 2015 and beyond include challenges associated with the increasing desires noted in the community for parks and recreational facilities. The issue of paying for such facilities required debt financing which the constituency authorized via a ballot question posed on April 1, 2014. In this election, the community voted to approve the Town's incurring \$2.4 Million in debt to finance the construction of the Wellington Community Park located adjacent to the Buffalo Creek subdivision. Additionally, there was \$2.5 Million in bond debt incurred in 2014 for the expansion of the Town's Waste Water Treatment Plant. It will remain critically important to carefully weigh capital expenditures, as well as personnel related expenditures.

An important issue in the 2015 time frame and beyond involves the acquisition of a significantly larger Town Hall facility(s). The situation involves crowding at the current Town Hall facility exacerbated by the need for increasing staff levels due to growth and the expansion of facilities such as parks, streets, and water & waste water treatment operations. This situation was somewhat mitigated in 2015 with the rental of a facility on Cleveland Avenue for the Larimer County Sheriff's Office, which opened an office at the Town Hall facility.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town of Wellington'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 of Wellington Finance Director, PO Box 127, 3735 Cleveland Ave., Wellington, Colorado 80549.

Basic Financial Statements

Town of Wellington
Statement of Net Position
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,885,428	\$ 11,589,823	\$ 16,475,251
Equity in pooled cash and cash equivalents	99,687	695,558	795,245
Certificates of deposit	511,171	-	511,171
Receivables	3,171,367	586,430	3,757,797
Inventory	6,534	39,069	45,603
Prepaid items	64	125	189
Restricted cash and cash equivalents	-	3,112,417	3,112,417
Capital assets:			
Nondepreciable	1,478,505	1,822,204	3,300,709
Depreciable, net of accumulated depreciation	12,894,769	24,380,891	37,275,660
Total assets	23,047,525	42,226,517	65,274,042
Liabilities			
Accounts payable	662,528	1,083,277	1,745,805
Accrued interest payable	-	40,917	40,917
Accrued wages payable	8,878	6,287	15,165
Developer deposit	132,689	-	132,689
Noncurrent liabilities:			
Accrued compensated absences	63,878	-	63,878
Due within one year	-	474,203	474,203
Due in more than one year	2,400,000	5,429,389	7,829,389
Payable to developer	-	134,456	134,456
Total liabilities	3,267,973	7,168,529	10,436,502
Deferred inflows of resources			
Unearned revenue - property taxes	640,107	87,880	727,987
Total deferred inflows of resources	640,107	87,880	727,987
Net position			
Net investment in capital assets	14,320,774	20,299,503	34,620,277
Restricted for:			
Emergencies	126,081	-	126,081
Other purposes	2,780,035	3,112,417	5,892,452
Unrestricted	1,912,555	11,558,188	13,470,743
Total net position	\$ 19,139,445	\$ 34,970,108	\$ 54,109,553

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

**Town of Wellington
Statement of Activities**

Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 521,528	\$ 70,262	\$ -	\$ -
Public safety	1,025,143	426,408	-	-
Public works	1,406,294	14,141	-	50,703
Parks and recreation	684,160	64,471	37,845	25,750
Economic development	16,545	-	-	-
Library	112,842	-	-	-
Small equipment	100,846	-	-	-
Total governmental activities	3,867,358	575,282	37,845	76,453
Business-type activities:				
Water	1,740,444	1,319,143	-	1,968,574
Sewer	921,298	894,006	170,658	1,410,000
Storm drainage	438,918	358,024	-	-
Total business-type activities	3,100,660	2,571,173	170,658	3,378,574
Total primary government	\$ 6,968,018	\$ 3,146,455	\$ 208,503	\$ 3,455,027

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

Impact fees

Grants and contributions not restricted to specific programs

Earnings on investments

Other revenues

Subtotal of general revenues, before transfers

Transfers

Total general revenues and transfers

Changes in net position

Net position at beginning of year

Net position at end of year

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (451,266)	\$ -	\$ (451,266)
(598,735)	-	(598,735)
(1,341,450)	-	(1,341,450)
(556,094)	-	(556,094)
(16,545)	-	(16,545)
(112,842)	-	(112,842)
(100,846)	-	(100,846)
(3,177,778)	-	(3,177,778)
-	1,547,273	1,547,273
-	1,553,366	1,553,366
-	(80,894)	(80,894)
-	3,019,745	3,019,745
(3,177,778)	3,019,745	(158,033)
605,939	-	605,939
-	87,803	87,803
190,385	-	190,385
1,006,178	-	1,006,178
153,725	-	153,725
202,131	-	202,131
1,143,145	-	1,143,145
282,722	153,943	436,665
3,803	-	3,803
20,751	737	21,488
18,643	681	19,324
3,627,422	243,164	3,870,586
15,895	-	15,895
3,643,317	243,164	3,886,481
465,539	3,262,909	3,728,448
18,673,906	31,707,199	50,381,105
\$ 19,139,445	\$ 34,970,108	\$ 54,109,553

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

Town of Wellington
Balance Sheet
Governmental Funds
December 31, 2014

	General	Street	Park	Conservation Trust (Nonmajor)	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,734,299	\$ 505,895	\$ 1,159,787	\$ 432,535	\$ 4,832,516
Equity in pooled cash and cash equivalents	-	99,687	-	-	99,687
Cash with fiscal agent	30,817	6,687	15,408	-	52,912
Certificates of deposit	511,171	-	-	-	511,171
Receivables	729,871	15,251	2,426,245	-	3,171,367
Inventory	-	-	6,534	-	6,534
Prepaid items	30	23	11	-	64
Totals assets	\$ 4,006,188	\$ 627,543	\$ 3,607,985	\$ 432,535	\$ 8,674,251
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	\$ 304,966	\$ 43,934	\$ 313,628	\$ -	\$ 662,528
Accrued wages payable	4,621	1,349	2,908	-	8,878
Developer deposit	132,689	-	-	-	132,689
Total liabilities	442,276	45,283	316,536	-	804,095
Deferred inflows of resources					
Unearned revenue - property taxes	640,107	-	-	-	640,107
Total deferred inflows of resources	640,107	-	-	-	640,107
Fund balances					
Nonspendable	30	23	6,545	-	6,598
Restricted	126,081	-	2,347,500	432,535	2,906,116
Committed	44,937	-	-	-	44,937
Assigned	193,269	582,237	937,404	-	1,712,910
Unassigned	2,559,488	-	-	-	2,559,488
Total fund balances	2,923,805	582,260	3,291,449	432,535	7,230,049
Total liabilities, deferred inflows of resources and fund balances	\$ 4,006,188	\$ 627,543	\$ 3,607,985	\$ 432,535	\$ 8,674,251

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

Town of Wellington
Reconciliation of the Governmental Funds Balance Sheet
with the Government-wide Statement of Net Position
December 31, 2014

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

Total fund balance - governmental funds		\$ 7,230,049
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported as assets in the governmental fund financial statements.

Capital assets	\$ 25,997,977	
Accumulated depreciation	<u>(11,624,703)</u>	14,373,274

Long-term liabilities are not due and payable from current financial resources, and therefore, are not reported as liabilities in the fund financial statements. Long-term liabilities at year end consisted of a loan payable.	(2,400,000)
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Accrued compensated absences are not due and payable from current financial resources, and therefore, are not reported as liabilities in the fund financial statements.	(63,878)
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Total net position - governmental activities	\$ 19,139,445
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The accompanying notes are an integral part of these financial statements.

Town of Wellington
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2014

	General	Street	Park	Conservation Trust Fund (Nonmajor)	Total Governmental Funds
Revenues					
Taxes and fees	\$2,150,064	\$ 392,094	\$1,042,067	\$ -	\$ 3,584,225
Licenses and permits	426,255	153	-	-	426,408
Intergovernmental	3,803	-	-	63,595	67,398
Charges for services	70,262	-	64,471	-	134,733
Fines and forfeitures	14,141	-	-	-	14,141
Earnings on investments	20,212	70	270	199	20,751
Contributions and grants	-	24,953	25,750	-	50,703
Miscellaneous	15,616	1,383	1,644	-	18,643
Total revenues	2,700,353	418,653	1,134,202	63,794	4,317,002
Expenditures					
Current:					
General government	462,878	-	-	-	462,878
Public safety	1,025,143	-	-	-	1,025,143
Public works	183,257	504,870	-	-	688,127
Parks and recreation	66,810	-	545,857	-	612,667
Economic development	16,545	-	-	-	16,545
Library	105,258	-	-	-	105,258
Small equipment	27,203	62,343	11,300	-	100,846
Capital outlay	114,595	457,795	731,033	-	1,303,423
Total expenditures	2,001,689	1,025,008	1,288,190	-	4,314,887
Excess (deficiency) of revenues over expenditures	698,664	(606,355)	(153,988)	63,794	2,115
Other financing sources					
Loan proceeds	-	-	2,400,000	-	2,400,000
Transfers in	15,895	-	-	-	15,895
Total other financing sources	15,895	-	2,400,000	-	2,415,895
Net change in fund balances	714,559	(606,355)	2,246,012	63,794	2,418,010
Fund balances at beginning of year	2,209,246	1,188,615	1,045,437	368,741	4,812,039
Fund balances at end of year	\$2,923,805	\$ 582,260	\$3,291,449	\$ 432,535	\$7,230,049

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, 2014

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

Total net change in fund balance - governmental funds. \$ 2,418,010

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 position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay exceeded depreciation expense during the year.

Capital outlay	\$1,303,423	
Depreciation expense	<u>(847,343)</u>	456,080

Loan proceeds are reported as an other financing source in the governmental funds, but the proceeds increase the long-term liabilities in the statement of net position. (2,400,000)

Increase in accrued compensated absences liability is reflected as an expense on the statement of activities and not reflected as an expenditure on the governmental fund statement of revenues, expenditures and changes in fund balances. (8,551)

Change in net position of governmental activities \$ 465,539

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

Town of Wellington
Statement of Net Position
Proprietary Funds
December 31, 2014

	Water	Sewer	Storm Drainage	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 7,642,909	\$ 3,337,225	\$ 609,689	\$ 11,589,823
Equity in pooled cash and cash equivalents	565,820	-	129,738	695,558
Receivables	214,124	310,220	62,086	586,430
Inventory	37,007	2,062	-	39,069
Prepaid items	91	34	-	125
Total current assets	8,459,951	3,649,541	801,513	12,911,005
Noncurrent assets				
Restricted cash and cash equivalents	287,146	2,825,271	-	3,112,417
Capital assets:				
Land	36,130	83,103	-	119,233
Water rights	279,536	-	-	279,536
Construction in progress	6,294	1,407,920	9,221	1,423,435
Utilities systems	19,704,672	12,926,560	819,454	33,450,686
Equipment	403,974	469,661	2,550	876,185
Less accumulated depreciation	(6,421,819)	(3,470,047)	(54,114)	(9,945,980)
Total capital assets - net	14,008,787	11,417,197	777,111	26,203,095
Total noncurrent assets	14,295,933	14,242,468	777,111	29,315,512
Total assets	22,755,884	17,892,009	1,578,624	42,226,517
Liabilities				
Current liabilities				
Accounts payable	48,799	710,124	324,354	1,083,277
Accrued interest payable	5,447	35,470	-	40,917
Accrued wages payable	2,891	2,864	532	6,287
Current portion of long-term debt	114,619	359,584	-	474,203
Total current liabilities	171,756	1,108,042	324,886	1,604,684
Noncurrent liabilities				
Payable to developer	134,456	-	-	134,456
Long-term debt	992,291	4,437,098	-	5,429,389
Total noncurrent liabilities	1,126,747	4,437,098	-	5,563,845
Total liabilities	1,298,503	5,545,140	324,886	7,168,529
Deferred inflows of resources				
Unearned revenue - property taxes	87,880	-	-	87,880
Total deferred inflows of resources	87,880	-	-	87,880
Net position				
Net investment in capital assets	12,901,877	6,620,515	777,111	20,299,503
Restricted for rate stabilization	-	350,000	-	350,000
Restricted for maintenance	287,146	2,475,271	-	2,762,417
Unrestricted	8,180,478	2,901,083	476,627	11,558,188
Total net position	\$ 21,369,501	\$ 12,346,869	\$ 1,253,738	\$ 34,970,108

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

Town of Wellington
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2014

	Water	Sewer	Storm Drainage	Totals
Operating revenues				
Charges for services	\$ 1,312,351	\$ 894,006	\$ 358,024	\$ 2,564,381
Miscellaneous	6,792	-	-	6,792
Total operating revenues	1,319,143	894,006	358,024	2,571,173
Operating expenses				
Administrative	170,935	182,745	355,134	708,814
Operating	956,879	345,820	43,760	1,346,459
Small equipment	20,765	7,925	12,406	41,096
Depreciation	541,389	307,790	27,618	876,797
Total operating expenses	1,689,968	844,280	438,918	2,973,166
Operating income (loss)	(370,825)	49,726	(80,894)	(401,993)
Non-operating revenues (expenses)				
Property taxes and impact fees	87,803	-	153,943	241,746
Earnings on investments	316	408	13	737
Intergovernmental revenue	-	170,658	-	170,658
Interest expense	(50,476)	(77,018)	-	(127,494)
Other non-operating revenue	-	506	175	681
Total non-operating revenues (expenses)	37,643	94,554	154,131	286,328
Income (loss) before contributions	(333,182)	144,280	73,237	(115,665)
Capital contributions	1,968,574	1,410,000	-	3,378,574
Changes in net position	1,635,392	1,554,280	73,237	3,262,909
Net position at beginning of year	19,734,109	10,792,589	1,180,501	31,707,199
Net position at end of year	\$ 21,369,501	\$ 12,346,869	\$ 1,253,738	\$ 34,970,108

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

Town of Wellington
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2014

	Water	Sewer	Storm Drainage	Total
Cash flows from operating activities				
Cash received from customers	\$ 1,300,864	\$ 703,876	\$ 354,020	\$ 2,358,760
Cash payments to suppliers	(1,024,106)	(324,933)	(373,441)	(1,722,480)
Cash payments to employees	(258,802)	(206,843)	(42,138)	(507,783)
Net cash flows from operating activities	17,956	172,100	(61,559)	128,497
Cash flows from non-capital financing activities				
Property taxes	87,880	-	-	87,880
Impact fees	-	-	153,943	153,943
Intergovernmental revenues	-	170,658	-	170,658
Other non-operating revenue	-	506	175	681
Change in interfund balances due	(20,024)	-	-	(20,024)
Net cash flows from non-capital financing activities	67,856	171,164	154,118	393,138
Cash flows from capital and related financing activities				
Capital contributions	1,968,574	1,410,000	-	3,378,574
Acquisitions of capital assets	(112,150)	(832,168)	(8,090)	(952,408)
Proceeds from issuance of bonds	-	2,500,000	-	2,500,000
Principal paid on long-term debt	(109,921)	(243,752)	-	(353,673)
Interest paid on long-term debt	(50,523)	(85,053)	-	(135,576)
Net cash flows from capital and related financing activities	1,695,980	2,749,027	(8,090)	4,436,917
Cash flows from investing activities				
Earnings on investments	316	408	13	737
Change in restricted cash and cash equivalents	(44,300)	(2,351,684)	-	(2,395,984)
Net cash flows from investing activities	(43,984)	(2,351,276)	13	(2,395,247)
Net change in cash and cash equivalents	1,737,808	741,015	84,482	2,563,305
Cash and cash equivalents at beginning of year	6,470,921	2,596,210	654,945	9,722,076
Cash and cash equivalents at end of year	\$ 8,208,729	\$ 3,337,225	\$ 739,427	\$ 12,285,381
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (370,825)	\$ 49,726	\$ (80,894)	\$ (401,993)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	541,389	307,790	27,618	876,797
(Increase) decrease in operating assets:				
Receivables	(18,279)	(190,130)	(4,004)	(212,413)
Inventory	3,472	(1,121)	-	2,351
Prepaid items	873	35	-	908
Increase (decrease) in operating liabilities:				
Accounts payable	(130,192)	12,222	(2,810)	(120,780)
Accrued wages payable	(8,482)	(6,422)	(1,469)	(16,373)
Net cash flows from operating activities	\$ 17,956	\$ 172,100	\$ (61,559)	\$ 128,497
Noncash investing, capital and financing activities:				
Capital asset purchases in accounts payable	\$ -	\$ 612,601	\$ -	\$ 612,601

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

Town of Wellington
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2014

	Library Trust
Assets	
Restricted cash and cash equivalents	\$ 214,065
Equity in pooled cash and cash equivalents, restricted	14,798
Total assets	228,863
Net position	\$ 228,863

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

Town of Wellington
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended December 31, 2014

	Library Trust
<hr/>	
Additions	
Library impact fees	\$ 46,750
Total additions	46,750
<hr/>	
Deductions	
Library expenditures	1,678
Transfer out	15,895
Total deductions	17,573
Change in net position	29,177
Net position at beginning of year	199,686
Net position at end of year	\$ 228,863

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

Town of Wellington

Notes to Financial Statements

December 31, 2014

1. Summary of Significant Accounting Policies

Form of Organization

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; parks and recreation; economic development; and the library.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Town's accounting policies are described below.

Reporting Entity

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

Based on the above criteria, there are no other organizations that would be considered component units of the Town.

Government-wide and Fund Financial Statements

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

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

The fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Town of Wellington

Notes to Financial Statements

December 31, 2014

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide 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 fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances present increases and decreases in those components. These funds use the modified accrual basis of accounting, whereby 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 recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Property taxes, intergovernmental grants, and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual, and so, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, reconciliations are presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, ("GASB No. 33") the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15.

Governmental funds are used to account for all or most of a government's general activities. The following are the Town's 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.

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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 revenue sources which finance specific activities as required by law or administrative action.

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net position is segregated into amounts invested in capital assets, restricted for debt service and rate stabilization loan reserves, and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The Town's major enterprise funds include the Water, Sewer, and Storm Drainage funds.

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town has one private-purpose trust fund, the Library Trust Fund, which accounts for library impact fees and grants and disburses funds for the benefit of the Town's library. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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.

Budgets

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

- By October 15, the Town Administrator submits to the Town Board of Trustees, 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.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Trustees through passage of a formal resolution.
- 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 for the enterprise funds are presented on a non-GAAP budgetary basis, where payments for capital assets and principal amounts of debt are treated as expenditures, bond proceeds are treated as revenues, and depreciation is not budgeted.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Town Board of Trustees. All appropriations lapse at year end.

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

	Original	Total Revisions	Final Budget
Governmental funds:			
General fund	\$ 1,688,011	\$ 302,671	\$ 1,990,682
Special revenue funds:			
Street fund	3,409,792	-	3,409,792
Park fund	6,709,570	-	6,709,570
Conservation trust fund	-	-	-
Business type funds:			
Water fund	5,477,788	-	5,477,788
Sewer fund	5,914,559	-	5,914,559
Storm drainage fund	761,429	-	761,429
Fiduciary fund type:			
Library trust fund	5,275	12,325	17,600
Total funds	\$ 23,966,424	\$ 314,996	\$ 24,281,420

Cash and Cash Equivalents

To improve cash management, cash received by the Town is pooled and invested. Individual fund integrity is maintained through the Town's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements. The Town considers all highly liquid investments with original maturities of three months or less, including deposits in a pooled investment fund, to be cash equivalents. Overdrawn balances in pooled cash accounts are treated by the Town as interfund liabilities, payable to the fund deemed to have made the loan.

Restricted Cash

The amounts restricted in the Water and Sewer funds are in compliance with the operation and maintenance reserve and rate stabilization requirements of the loans 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, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. 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 in the government-wide financial statements in the year that the property taxes are used to fund the operations of the Town.

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In the fund financial statements, property taxes are recognized in the year for which levied provided they become available and measurable. Utility service revenue is recognized when the service is provided.

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 position 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, have been valued at cost on a first-in first-out basis. The consumption method is used to account for inventories. Inventory costs are recorded as expenditures or expenses when individual inventory items are consumed.

Bond Premium and Debt Issuance Costs

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method as principal is paid. Debt issuance costs are recognized during the period of issuance.

In the fund financial statements, governmental fund types recognize bond premiums during the period of issuance. The face amount of debt issued is reported as other financing sources. Premiums on the debt issuance are reported as other finance sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service.

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 if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date received.

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:

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Description	Governmental	Business-Type
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
Utilities systems	N/A	50 years

Compensated Absences

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, ("GASB No. 16"). Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the Town will compensate the employees for the benefits earned. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation and compensatory time at their current rate of pay. There is no payment for sick leave upon termination.

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. The Town has recorded a liability of \$63,878 at December 31, 2014.

On the governmental fund financial statements, where applicable, the current portion of unpaid compensated absences is the amount expected to be paid using current available resources. At December 31, 2014, there is no accrual in the fund financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of long-term liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources. Capital lease obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance and Net Position

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

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. 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 Position - 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.

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Unrestricted Net Position - This category represents the net position, which is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees (the "Board"). The Board is the highest level of decision making authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has the authority to assign amounts for specific purposes.

Unassigned - all other spendable amounts.

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

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December 31, 2014

As of December 31, 2014, fund balances are composed of the following:

	General Fund	Street Fund	Park Fund	Conservation Trust Fund	Total Governmental
Nonspendable:					
Prepaid items	\$ 30	\$ 23	\$ 11	\$ -	\$ 64
Inventory	-	-	6,534	-	6,534
Restricted:					
Emergencies	126,081	-	-	-	126,081
Parks and open space	-	-	-	432,535	432,535
Capital projects	-	-	2,347,500	-	2,347,500
Committed:					
Cemetery operations	44,937	-	-	-	44,937
Assigned:					
Capital projects	-	582,237	937,404	-	1,519,641
Subsequent year's expenditures	193,269	-	-	-	193,269
Unassigned	2,559,488	-	-	-	2,559,488
Total fund balances	\$ 2,923,805	\$ 582,260	\$ 3,291,449	\$ 432,535	\$ 7,230,049

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

Custodial Credit Risk - Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or

Town of Wellington

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local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2014, the District had deposits with financial institutions with a carrying amount (book balance) of \$4,991,207. The bank balances with the financial institutions were \$5,170,126, which of this amount, \$1,750,000 was covered by federal depository insurance, with the excess in 2014 covered by PDPA.

Investments

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

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The Town's policy is to hold investments until maturity.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the Town would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a specific policy for custodial credit risk. As of December 31, 2014, the Town had no investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust (the "Trust"), discussed below.

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 value losses arising from increasing interest rates.

Local Government Investment Pools

At December 31, 2014, the Town had invested \$15,567,357 in the Trust, a local government investment pool. As an investment pool, the Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust is exempt from registration with the Securities and Exchange Commission. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios are rated AAAM by Standard and Poor's and may invest in U.S. Treasury Securities, repurchase agreements collateralized by U.S. Treasury Securities, and the highest rated commercial paper. Wells Fargo Bank serves as custodian for the Trust's portfolios and provides services as the depository in connection with direct investments owned by the Trust. Separate financial statements can be obtained by calling (303) 864-7474 or going to www.colotrust.com.

Town of Wellington
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At December 31, 2014, the Town had cash and cash equivalent balances, including restricted cash, as follows:

Cash on hand	\$ 300
Cash with county treasurer and clerk	52,912
Cash deposits	4,991,207
Local government investment pool	15,567,357
Total	\$ 20,611,776

Cash and cash equivalents, by statement, are as follows:

Statement of net position:	
Cash and cash equivalents	\$ 15,846,039
Equity in pooled cash and cash equivalents	1,424,457
Restricted cash and cash equivalents	3,112,417
Statement of fiduciary net position:	
Restricted cash and cash equivalents	214,065
Equity in pooled cash and cash equivalents, restricted	14,798
Total	\$ 20,611,776

3. Receivables

Receivables at December 31, 2014, consisted of the following:

Types	Governmental Activities	Business-Type Activities	Total
Taxes	\$ 632,607	\$ 87,880	\$ 720,487
Trade accounts	-	327,892	327,892
Intergovernmental	132,576	-	132,576
Developers	370,376	-	370,376
Loan proceeds receivable	2,347,500	-	2,347,500
Other	(311,692)	170,658	(141,034)
Total	\$ 3,171,367	\$ 586,430	\$ 3,757,797

**Town of Wellington
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December 31, 2014

4. Interfund Transfers

Interfund Transfers

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

The only transfer made during the year was \$15,895 from the Library Trust Fund to the General Fund for the portion of impact fees which are allowed to be used for operating costs of the library that are paid by the General Fund.

5. Capital Assets

A summary of changes in governmental activities capital assets for the year ended December 31, 2014, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land and water rights	\$ 393,176	\$ -	\$ -	\$ 393,176
Construction in progress	312,051	773,278	-	1,085,329
Total capital assets, not being depreciated	705,227	773,278	-	1,478,505
Capital assets, being depreciated:				
Buildings and improvements	948,040	6,910	-	954,950
Improvements other than buildings	6,686,103	20,958	-	6,707,061
Streets and improvements	15,229,835	441,970	-	15,671,805
Machinery and equipment	1,125,349	60,307	-	1,185,656
Total capital assets, being depreciated	23,989,327	530,145	-	24,519,472
Less accumulated depreciation for:				
Buildings and improvements	(578,264)	(36,109)	-	(614,373)
Improvements other than buildings	(2,344,563)	(179,507)	-	(2,524,070)
Streets and improvements	(6,943,802)	(587,586)	-	(7,531,388)
Machinery and equipment	(910,731)	(44,141)	-	(954,872)
Total accumulated depreciated	(10,777,360)	(847,343)	-	(11,624,703)
Total capital assets, being depreciated, net	13,211,967	(317,198)	-	12,894,769
Governmental activities capital assets, net	\$ 13,917,194	\$ 456,080	\$ -	\$ 14,373,274

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

Governmental activities:	
General government	\$ 50,099
Public works	718,167
Parks and recreation	71,493
Library	7,584
Total depreciation expense - governmental activities	\$ 847,343

A summary of changes in business-type activities capital assets for the year ended December 31, 2014, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Land and water rights	\$ 398,769	\$ -	\$ -	\$ 398,769
Construction in progress	178,934	1,412,862	(168,361)	1,423,435
Total capital assets, not being depreciated	577,703	1,412,862	(168,361)	1,822,204
Capital assets, being depreciated:				
Utilities systems	33,186,189	264,497	-	33,450,686
Equipment	820,174	56,011	-	876,185
Total capital assets, being depreciated	34,006,363	320,508	-	34,326,871
Less accumulated depreciation	(9,069,183)	(876,797)	-	(9,945,980)
Total capital assets, being depreciated, net	24,937,179	(556,289)	-	24,380,890
Business-type activities capital assets, net	\$ 25,514,882	\$ 856,573	\$ (168,361)	\$ 26,203,095

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

Business-type activities:	
Water	\$ 541,389
Sewer	307,790
Storm drainage	27,618
Total depreciation expense - business-type activities	\$ 876,797

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6. Long-Term Debt

Governmental Activities

In 2014, the Town borrowed \$2,400,000 from First National Bank, with monthly principal and interest payments beginning after a one year construction period, maturing in 2029. Interest is fixed at 2.31%, payable monthly during the one year construction period. The Park Fund is required to maintain a coverage amount of 120% of principal and interest. At December 31, 2014 the Town met the coverage amount. At December 31, 2014 the Town has a loan proceeds receivable in the amount of \$2,347,500 which is held in an escrow account with First National Bank and is to be drawn down as the park is constructed.

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. The Town has recorded a liability of \$63,878 at December 31, 2014.

Business-Type Activities

In September 2014 the Town entered into a 20 year general obligation sewer bond in the amount of \$2,400,000, due in 2024. The special revenue bond has variable interest rate, not to exceed 4%, and escalating principal payments.

In 2002, the Town entered into a loan payable with the Colorado Water Resource and Power Development Authority ("CWRPDA"), 20 year note requires varying semi-annual principal and interest payments 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.

In 2001, the Town entered into a loan payable with CWRPDA 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.

During 1984, the Town entered into a general obligation water bond in the amount of \$500,000. Bond is due in escalating installments and matures on December 1, 2023. Interest is fixed at 5%.

During 1982, the Town entered into a loan agreement with Colorado Water Conservation Board ("CWCB") 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.

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December 31, 2014

Following is a summary of the debt transactions for the year ended December 31, 2014:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
2014 First National Bank loan	\$ -	\$ 2,400,000	\$ -	\$ 2,400,000	\$ -
Accrued compensated absences	55,327	80,308	(71,757)	63,878	-
	<u>\$ 55,327</u>	<u>\$ 2,480,308</u>	<u>\$ (71,757)</u>	<u>\$ 2,463,878</u>	<u>\$ -</u>
Business-Type Activities					
1984 general obligation water bond	\$ 227,000	\$ -	\$ (18,000)	\$ 209,000	\$ 19,000
1982 Colorado Water Conservation Board loan	467,140	-	(38,909)	428,231	40,465
2001 Colorado Water Resource and Power Development Authority loan	525,189	-	(53,012)	472,177	55,154
2002 Colorado Water Resource and Power Development Authority loan	2,540,433	-	(243,751)	2,296,682	254,584
2014 general obligation sewer bond	-	2,500,000	-	2,500,000	105,000
	<u>\$ 3,759,762</u>	<u>\$ 2,500,000</u>	<u>\$ (353,672)</u>	<u>5,906,090</u>	<u>\$ 474,203</u>
Current portion of long-term debt				(474,203)	
Discount on long-term debt				(2,498)	
Non-current portion of long-term liabilities				<u>\$ 5,429,389</u>	

The following table represents future debt service requirements as of December 31, 2014:

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ -	\$ -	\$ 474,203	\$ 179,712
2016	215,403	54,057	479,467	175,379
2017	220,657	48,803	495,303	161,477
2018	225,880	43,579	510,881	146,729
2019	231,228	38,232	525,228	131,221
2020 - 2024	1,240,755	106,275	1,996,008	477,359
2025 - 2029	266,077	3,384	650,000	224,570
2030 - 2034	-	-	775,000	94,565
	<u>\$ 2,400,000</u>	<u>\$ 294,330</u>	<u>\$ 5,906,090</u>	<u>\$ 1,591,012</u>

Developer Obligation

The Town received from a developer a cash payment in lieu of a line of credit to ensure improvements were made to the developer's property. The deposit has been held by the Town in an interest bearing account and has a balance of \$132,689 at December 31, 2014. The developer has since gone out of business and the

Town of Wellington
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improvements to the property have never been made. A final determination of this liability has not been made as of December 31, 2014.

7. Rate Maintenance

Water Fund

Pursuant to the CWRPDA loan agreement, 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 "Water System") in an amount sufficient to; (1) meet the operation and maintenance expenses of the Water System, (2) 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 complied with the rate maintenance provision of this loan agreement.

Operating revenues	\$ 1,319,143	
Connection fees	1,968,574	
Subtotal	3,287,717	
Operation and maintenance expenses	1,148,579	
Net revenue as defined in loan agreement		\$ 2,139,138
2014 principal due	\$ 53,012	
2014 interest due	20,483	
	73,495	
	x110%	80,845
Amount the current year revenues were in excesss of the requirements of the CWRPDA loan agreement.		\$ 2,058,294

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.

Sewer Fund

Pursuant to the CWRPDA loan agreement, the Town shall establish, levy, and collect rents, rates, and other charges for the products and services provided by the Town's sewer system (the "Sewer System") in an amount sufficient to; (1) meet the operation and maintenance expenses of the Sewer System, (2) 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.

Town of Wellington
Notes to Financial Statements

December 31, 2014

The following calculation shows the Town has complied with the rate maintenance provision of this loan agreement.

Operating revenues	\$ 894,006	
Connection fees	<u>1,410,000</u>	
Subtotal	2,304,006	
Operation and maintenance expenses	<u>536,490</u>	
<hr/>		
Net revenue as defined in loan agreement		\$ 1,767,516
2014 principal due	\$ 243,752	
2014 interest due	<u>69,360</u>	
	313,112	
	x110%	344,423
<hr/>		
Amount the current year revenues were in excesss of the requirements of the CWRPDA loan agreement.		<u>\$ 1,423,093</u>

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.

The Town Board approved resolution 1-2012 SE establishing rate stabilization account in the Sewer Fund in conformity with the rate covenant provisions of the 2002 CWRPDA loan agreement. This resolution restricted \$350,000 specifically for debt service on the aforementioned CWRPDA loan, retroactive to December 31, 2011. This restriction, plus the calculation shown above, demonstrates the Town is in compliance with the requirements of the CWRPDA loan at December 31, 2014.

The CWRPDA loans in the Water and Sewer Funds require the Town to maintain an operations and maintenance reserve in an amount equal to three months of operations and maintenance expenses, excluding depreciation of the system, as set forth in the annual budget for the current fiscal year. The Town has restricted \$287,146 in the Water Fund and \$137,834 in the Sewer Fund to comply with the terms of these agreements.

Pursuant to the 2014 special revenue bond obligation agreement, the Town shall establish, maintain, enforce, and collect rates, fees, and charges for the services provided by the Town's wastewater system to create gross revenue each calendar year sufficient to pay operation and maintenance expenses and to create net revenue in an amount: (1) equal to not less than 120% of the amount necessary to pay when due the principal of and interest on the bonds and any parity lien bonds coming due during such calendar year; and (2) sufficient to make up any deficiencies in the reserve account. In the event that the gross revenue at any time is not sufficient to make such payments, the Town shall promptly increase such rates, fees, and charges to an extent which will ensure the payments and accumulations required by the ordinance.

Town of Wellington
Notes to Financial Statements

December 31, 2014

The following calculation shows the Town has complied with the rate maintenance provision of this bond agreement.

Operating revenues	\$	894,006	
Connection fees		1,410,000	
Subtotal		2,304,006	
Operation and maintenance expenses		536,490	
<hr/>			
Net revenue as defined in loan agreement			\$ 1,767,516
2014 principal due	\$	-	
2014 interest due		-	
		-	
		x120%	-
<hr/>			
Amount the current year revenues were in excesss of the requirements of the general bond obligation.			\$ 1,767,516

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.

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 restricted \$126,081 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.

Town of Wellington
Notes to Financial Statements

December 31, 2014

The Town believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

10. Violation of State Statutes

During the year ended December 31, 2014, expenditures exceeded budget appropriations by \$11,007 in the General Fund, which may be in violation of state statutes.

11. Commitments and Contingencies

During 2014, the Town entered into a construction contract for a new waste water treatment plant. The total construction contract is approximately \$4,400,000.

12. Subsequent Events

Management of the Town has evaluated subsequent events through July 28th, 2015, the date that the financial statements were available to be issued. No events requiring adjustment to our disclosure in the financial statements were noted.

Required Supplementary Information

Town of Wellington
Schedule of Revenues, Expenditures and Changes in Fund
Balance (Budget and Actual) - General Fund
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,455,250	\$ 1,763,541	\$ 1,996,339	\$ 232,798
Franchise fees	136,000	136,000	153,725	17,725
Licenses and permits	142,200	142,200	426,255	284,055
Intergovernmental	2,550	2,550	3,803	1,253
Charges for services	15,025	15,025	70,262	55,237
Fines and forfeitures	9,000	9,000	14,141	5,141
Earnings on investments	810	810	20,212	19,402
Miscellaneous	11,500	11,500	15,616	4,116
Total revenues	1,772,335	2,080,626	2,700,353	619,727
Expenditures				
Current:				
General government:				
Legislative	120,448	120,448	156,169	(35,721)
Judicial	23,350	23,350	26,778	(3,428)
Administrative	171,947	171,947	161,053	10,894
Planning and zoning	105,500	105,500	118,878	(13,378)
Public safety:				
Police	628,991	628,991	652,504	(23,513)
Protective inspections	168,404	390,700	372,639	18,061
Public works:				
Sanitation	26,750	26,750	19,207	7,543
Operating	87,980	87,980	100,204	(12,224)
Cemetery	4,200	4,200	2,263	1,937
General use buildings	51,500	51,500	61,583	(10,083)
Park and recreation:				
Community activities	61,135	61,135	66,810	(5,675)
Economic development	3,500	3,500	16,545	(13,045)
Library	150,056	150,056	105,258	44,798
Small equipment	58,250	58,250	27,203	31,047
Capital outlay	18,000	98,375	114,595	(16,220)
Total expenditures	1,680,011	1,982,682	2,001,689	(19,007)
Excess of revenues over expenditures	92,324	97,944	698,664	600,720
Other financing sources (uses)				
Transfers in	-	-	15,895	15,895
Transfers out	(8,000)	(8,000)	-	8,000
Total other financing sources (uses)	(8,000)	(8,000)	15,895	23,895
Net change in fund balance	\$ 84,324	\$ 89,944	714,559	\$ 624,615
Fund balance at beginning of year			2,209,246	
Fund balance at end of year			<u>\$ 2,923,805</u>	

See accompanying Independent Auditor's Report.

Town of Wellington
Schedule of Revenues, Expenditures and Changes in Fund
Balances (Budget and Actual) - Street and Park Funds

Year Ended December 31, 2014

	Street Fund			Park Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts	
	Original	Final		Original	Final		
Revenues							
Taxes	\$ 267,500	\$ 264,000	\$ 288,772	\$ 24,772	\$ 560,000	\$ 862,667	\$ 302,667
Impact fees	24,000	24,000	103,322	79,322	48,000	179,400	131,400
Licenses and permits	3,250	3,250	153	(3,097)	-	-	-
Charges for services	-	-	-	-	66,900	64,471	(2,429)
Earnings on investments	400	400	70	(330)	300	270	(30)
Contributions and grants	2,168,703	2,168,703	24,953	(2,143,750)	3,133,858	25,750	(3,108,108)
Miscellaneous	250	250	1,383	1,133	5,250	1,644	(3,606)
Total revenues	2,464,103	2,460,603	418,653	(2,041,950)	3,814,308	1,134,202	(2,680,106)
Expenditures							
Current:							
Public works/Parks and recreation:							
Administrative	54,626	54,626	55,155	(529)	71,534	85,964	(14,430)
Operating	339,463	339,463	449,715	(110,252)	259,161	280,524	(21,363)
Recreation	-	-	-	-	203,167	179,369	23,798
Small equipment and other	113,000	113,000	62,343	50,657	33,600	11,300	22,300
Capital outlay	2,902,703	2,902,703	457,795	2,444,908	6,142,108	731,033	5,411,075
Total expenditures	3,409,792	3,409,792	1,025,008	2,384,784	6,709,570	1,288,190	5,421,380
Deficiency of revenues over expenditures							
	(945,689)	(949,189)	(606,355)	342,834	(2,895,262)	(153,988)	2,741,274
Other financing sources							
Loan proceeds	-	-	-	-	2,800,000	2,400,000	(400,000)
Total other financing sources	-	-	-	-	2,800,000	2,400,000	(400,000)
Net change in fund balances	\$ (945,689)	\$ (949,189)	(606,355)	\$ 342,834	\$ (95,262)	2,246,012	\$ 2,341,274
Fund balances at beginning of year			1,188,615			1,045,437	
Fund balances at end of year			\$ 582,260			\$ 3,291,449	

See accompanying Independent Auditor's Report.

Other Supplementary Information

Town of Wellington
Schedule of Revenues, Expenditures and
Changes in Fund Balance (Budget and Actual)
Conservation Trust Fund

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 62,000	\$ 62,000	\$ 63,595	\$ 1,595
Earnings on investments	250	250	199	(51)
Total revenues	62,250	62,250	63,794	1,544
Net change in fund balance	\$ 62,250	\$ 62,250	63,794	\$ 1,544
Fund balance at beginning of year			368,741	
Fund balance at end of year			\$ 432,535	

See accompanying Independent Auditor's Report.

Town of Wellington
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Water Fund

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 1,004,250	\$ 1,004,250	\$ 1,312,351	\$ 308,101
Miscellaneous	6,000	6,000	6,792	792
Total operating revenues	1,010,250	1,010,250	1,319,143	308,893
Operating expenses				
Administrative	211,085	211,085	170,935	40,150
Operating	839,715	839,715	956,879	(117,164)
Small equipment	45,700	45,700	20,765	24,935
Total operating expenses	1,096,500	1,096,500	1,148,579	(52,079)
Operating income (loss)	(86,250)	(86,250)	170,564	256,814
Non-operating revenues (expenses)				
Property taxes	87,562	87,562	87,803	241
Capital contributions	1,603,293	1,603,293	1,968,574	365,281
Earnings on investments	1,000	1,000	316	(684)
Other non-operating revenue	3,500	3,500	-	(3,500)
Interest expense	(67,143)	(67,143)	(50,476)	16,667
Principal paid	(93,523)	(93,523)	(109,921)	(16,398)
Capital outlay	(4,220,622)	(4,220,622)	(112,150)	4,108,472
Total non-operating revenues (expenses)	(2,685,933)	(2,685,933)	1,784,146	4,470,079
Change in net position - budgetary basis	\$ (2,772,183)	\$ (2,772,183)	1,954,710	\$ 4,726,893
Reconciliation to GAAP Basis				
Depreciation			(541,389)	
Principal paid			109,921	
Capital outlay			112,150	
Change in net position - GAAP basis			1,635,392	
Net position at beginning of year			19,734,109	
Net position at end of year			\$ 21,369,501	

See accompanying Independent Auditor's Report.

Town of Wellington
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Sewer Fund

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 852,500	\$ 852,500	\$ 894,006	\$ 41,506
Total operating revenues	852,500	852,500	894,006	41,506
Operating expenses				
Administrative	145,493	145,493	182,745	(37,252)
Operating	393,744	393,744	345,820	47,924
Small equipment	12,100	12,100	7,925	4,175
Total operating expenses	551,337	551,337	536,490	14,847
Operating income	301,163	301,163	357,516	56,353
Non-operating revenues (expenses)				
Capital contributions	1,836,724	1,836,724	1,410,000	(426,724)
Earnings on investments	1,250	1,250	408	(842)
Intergovernmental revenue	-	-	170,658	170,658
Other nonoperating revenue	3,500	3,500	506	(2,994)
Bond proceeds	1,500,000	1,500,000	2,500,000	1,000,000
Interest expense	(99,248)	(99,248)	(77,018)	22,230
Principal paid	(243,752)	(243,752)	(243,752)	-
Capital outlay	(4,885,413)	(4,885,413)	(1,444,769)	3,440,644
Loan reserve	(134,809)	(134,809)	-	134,809
Total non-operating revenues (expenses)	(2,021,748)	(2,021,748)	2,316,033	4,337,781
Change in net position - budgetary basis	\$ (1,720,585)	\$ (1,720,585)	2,673,549	\$ 4,394,134
Reconciliation to GAAP basis				
Depreciation			(307,790)	
Principal paid			243,752	
Bond proceeds			(2,500,000)	
Capital outlay			1,444,769	
Change in net position - GAAP basis			1,554,280	
Net position at beginning of year			10,792,589	
Net position at end of year			\$ 12,346,869	

See accompanying Independent Auditor's Report.

Town of Wellington
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Storm Drainage Fund
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 334,000	\$ 334,000	\$ 358,024	\$ 24,024
Total operating revenues	334,000	334,000	358,024	24,024
Operating expenses				
Administrative	272,787	272,787	355,134	(82,347)
Operating	60,159	60,159	43,760	16,399
Small equipment	12,482	12,482	12,406	76
Reserves	12,000	12,000	-	12,000
Total operating expenses	357,428	357,428	411,300	(53,872)
Operating loss	(23,428)	(23,428)	(53,276)	(29,848)
Non-operating revenues (expenses)				
Taxes	8,850	8,850	9,627	777
Capital contributions	238,001	238,001	-	(238,001)
Earnings on investments	-	-	13	13
Impact fees	36,000	36,000	144,316	108,316
Other nonoperating revenue	-	-	175	175
Capital outlay	(404,001)	(404,001)	(8,090)	395,911
Total non-operating revenues (expenses)	(121,150)	(121,150)	146,041	267,191
Change in net position - budgetary basis	\$ (144,578)	\$ (144,578)	92,765	\$ 237,343
Reconciliation to GAAP basis				
Depreciation			(27,618)	
Capital outlay			8,090	
Change in net position - GAAP basis			73,237	
Net position at beginning of year			1,180,501	
Net position at end of year			\$ 1,253,738	

See accompanying Independent Auditor's Report.

Town of Wellington
Schedule of Changes in Fiduciary Net Position (Budget and Actual)
Library Trust Fund
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Additions				
Library impact fees	\$ 15,000	\$ 31,750	\$ 46,750	\$ 15,000
Larimer county grant	175	175	-	(175)
Total additions	15,175	31,925	46,750	14,825
Deductions				
Library expenditures	175	1,700	1,678	22
Transfer out	5,100	15,900	15,895	5
Total deductions	5,275	17,600	17,573	27
Change in net position	\$ 9,900	\$ 14,325	29,177	\$ 14,852
Net position at beginning of year			<u>199,686</u>	
Net position at end of year			<u>\$ 228,863</u>	

See accompanying Independent Auditor's Report.

State Compliance Section

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Wellington
	YEAR ENDING : December 31, 2014

This Information From The Records Of : Town of Wellington	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)	621,264
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	348,605
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		b. Snow and ice removal	
3. Other local imposts (from page 2)	167,284	c. Other	
4. Miscellaneous local receipts (from page 2)	26,556	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	55,154
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,025,023
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)	193,840	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	224,810	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	418,650	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)	1,025,023

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
	1,188,615	418,650	1,025,023	582,242	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 31, 2014

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	70
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	103,322	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	63,962	g. Other Misc. Receipts	1,533
6. Total (1. through 5.)	167,284	h. Other	24,953
c. Total (a. + b.)	167,284	i. Total (a. through h.)	26,556
	(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	202,131	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	22,679	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.)	22,679	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	224,810	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			
c. Construction:			
(1). New Facilities		423,328	423,328
(2). Capacity Improvements			0
(3). System Preservation		131,871	131,871
(4). System Enhancement & Operation		66,065	66,065
(5). Total Construction (1) + (2) + (3) + (4)	0	621,264	621,264
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	621,264	621,264
			(Carry forward to page 1)

Notes and Comments:

County Road & Bridge Tax:	12,826	Street Cut Permits:	150
Specific Ownership Tax:	51,136	Misc. Revenue:	1,383
	63,962		1,533
		CDOT Reimbursement:	24,953
			24,953