



Town of Wellington, Colorado

Financial Statements and Supplementary Information

For the Year Ended December 31, 2015

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 and for the year ended December 31, 2015, 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, 2015, 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 47 and 48 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 49 through 53 and the Local Highway Finance Report on pages 54 and 55 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 29, 2016

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, 2015.

FINANCIAL HIGHLIGHTS

The assets of the Town of Wellington exceeded its liabilities at the close of 2015 by \$61,417,166 (net position). Of this amount, \$19,018,404 (*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 \$7,307,613 from the prior year. Net investment in *Capital assets* increased by \$6,622,299. *Non-capital assets* decreased by approximately \$1,351,856. 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 expenditure of significant non-capital assets, primarily cash, for the Waste Water Treatment Plant expansion and park projects.
- * At the end of calendar year 2015, unassigned fund balance for the general fund was \$3,031,173, about 133 percent of total general fund expenditures of \$2,271,558.
- * The Town retired \$491,786 of its debt (about 8 percent of the outstanding debt at January 1, 2015) 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 41 and 42 of this report. The Town did *not* increase outstanding debt during 2015, excluding compensatory absences.

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 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 between the categories 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, community development, culture, parks, and recreation. The business-type activities of the Town of Wellington include sewer and water 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 22.

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 46 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain 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 47 to 53 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 position exceeded liabilities by \$61,417,166 at the close of 2015.

By far the largest portion of the Town of Wellington's net position (67.25 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. Below is condensed financial information for fiscal year 2015 compared with 2014 totals.

Condensed Statement of Net Position

	<u>2015</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>	<u>2014 Totals</u>
ASSETS				
Current assets	\$6,824,379	\$16,611,528	\$23,435,907	\$24,697,673
Capital assets	19,019,639	30,169,669	49,189,308	40,576,369
Total assets	25,844,018	46,781,197	72,625,215	65,274,042
LIABILITIES				
Current liabilities	1,460,827	771,865	2,232,692	1,934,576
Long-term liabilities	2,455,046	5,564,313	8,019,359	8,501,926
Total liabilities	3,915,873	6,336,178	10,252,051	10,436,502
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - property taxes	868,946	87,052	955,998	727,987
NET POSITION				
Invested in capital assets, net of related debt	16,637,220	24,605,356	41,242,576	34,620,277
Restricted for:				
Emergencies	184,639	-	184,639	126,081
Other purposes	317,230	654,317	971,547	5,892,452
Unrestricted	3,920,110	15,098,294	19,018,404	13,470,743
Total net position	\$21,059,199	\$40,357,967	\$61,417,166	\$54,109,553

Exclusive of capital assets, the restricted portion (\$1,156,186) of net position (2 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$19,018,404) 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

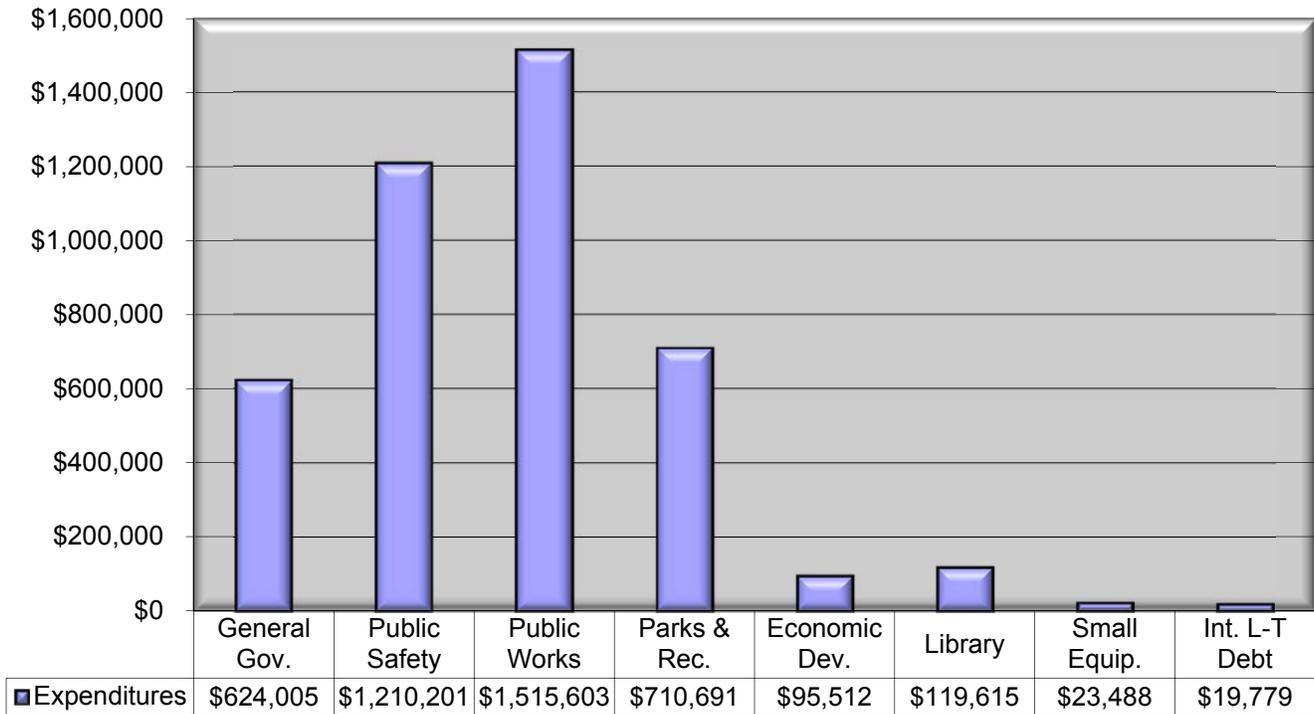
2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>	<u>2014 Totals</u>
Revenues				
<i>Program revenues</i>				
Charges for services	\$721,591	\$2,942,154	\$3,663,745	\$3,146,455
Operating grants and contributions	58,966	279,342	338,308	208,503
Capital grants and contributions	1,171,000	5,210,257	6,381,257	3,455,027
General revenues				
Property taxes	632,713	87,880	720,593	693,742
Open space taxes	202,065	-	202,065	190,385
Sales and use taxes	1,235,448	-	1,235,448	1,006,178
Franchise fees	157,935	-	157,935	153,725
Highway users tax	216,129	-	216,129	202,131
Other taxes	1,314,979	-	1,314,979	1,143,145
Impact fees	455,600	152,454	608,054	436,665
Grants, undesignated	4,315	-	4,315	3,803
Earnings on investments	12,290	5,648	17,938	21,475
Other	36,067	182	36,249	19,337
Transfers	19,550	-	19,550	15,895
Total revenues & transfers	<u>6,238,648</u>	<u>8,677,917</u>	<u>14,916,565</u>	<u>10,696,466</u>
Expenses				
General government	624,005	-	624,005	521,528
Public safety	1,210,201	-	1,210,201	1,025,143
Public works	1,515,603	-	1,515,603	1,406,294
Parks and recreation	710,691	-	710,691	684,160
Economic development	95,512	-	95,512	16,545
Library	119,615	-	119,615	112,842
Small equipment	23,488	-	23,488	100,846
Interest on long-term debt	19,779	-	19,779	
Water	-	1,806,716	1,806,716	1,740,444
Sewer	-	1,043,217	1,043,217	921,298
Storm drainage	-	440,125	440,125	438,918
Total expenses	<u>4,318,894</u>	<u>3,290,058</u>	<u>7,608,952</u>	<u>6,968,018</u>
Change in net position	1,919,754	5,387,859	7,307,613	3,728,448
Net position at beginning of year	19,139,445	34,970,108	54,109,553	50,381,105
Net position at end of year	<u>\$21,059,199</u>	<u>\$40,357,967</u>	<u>\$61,417,166</u>	<u>\$54,109,553</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 expensed. 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.

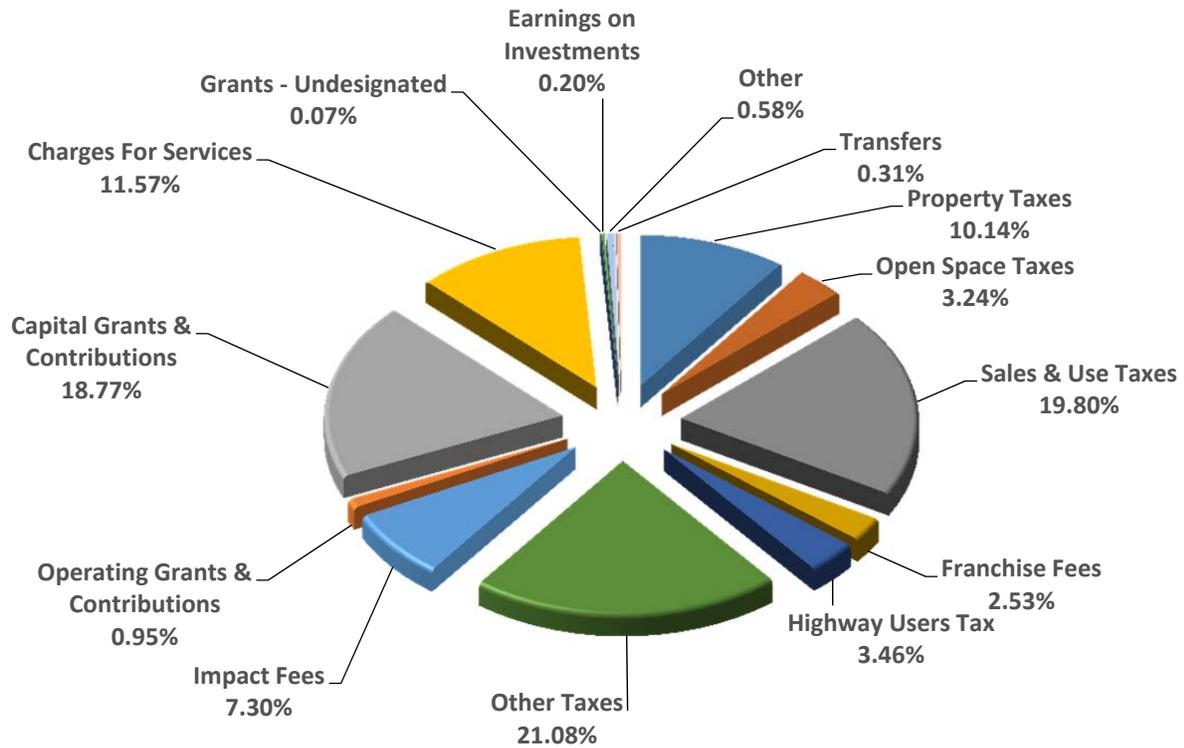
Expenditures for the *governmental activities* displayed in the previous table for 2015 are shown in graphical form below. For comparative purposes, these figures in *2014* were as follows: General Government: \$521,528; Public Safety: \$1,025,143; Public Works: \$1,406,294; Parks & Rec: \$684,160; Economic Development: \$16,545; Library: \$112,842; Small Equipment: \$100,846. 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. 2015 was the first year for the last couple of decades, if not more, where the governmental funds experienced interest expense, the result of the Park Fund loan taken out for the Wellington Community Park (\$2,400,000).

PROGRAM EXPENDITURES - GOVERNMENTAL ACTIVITIES



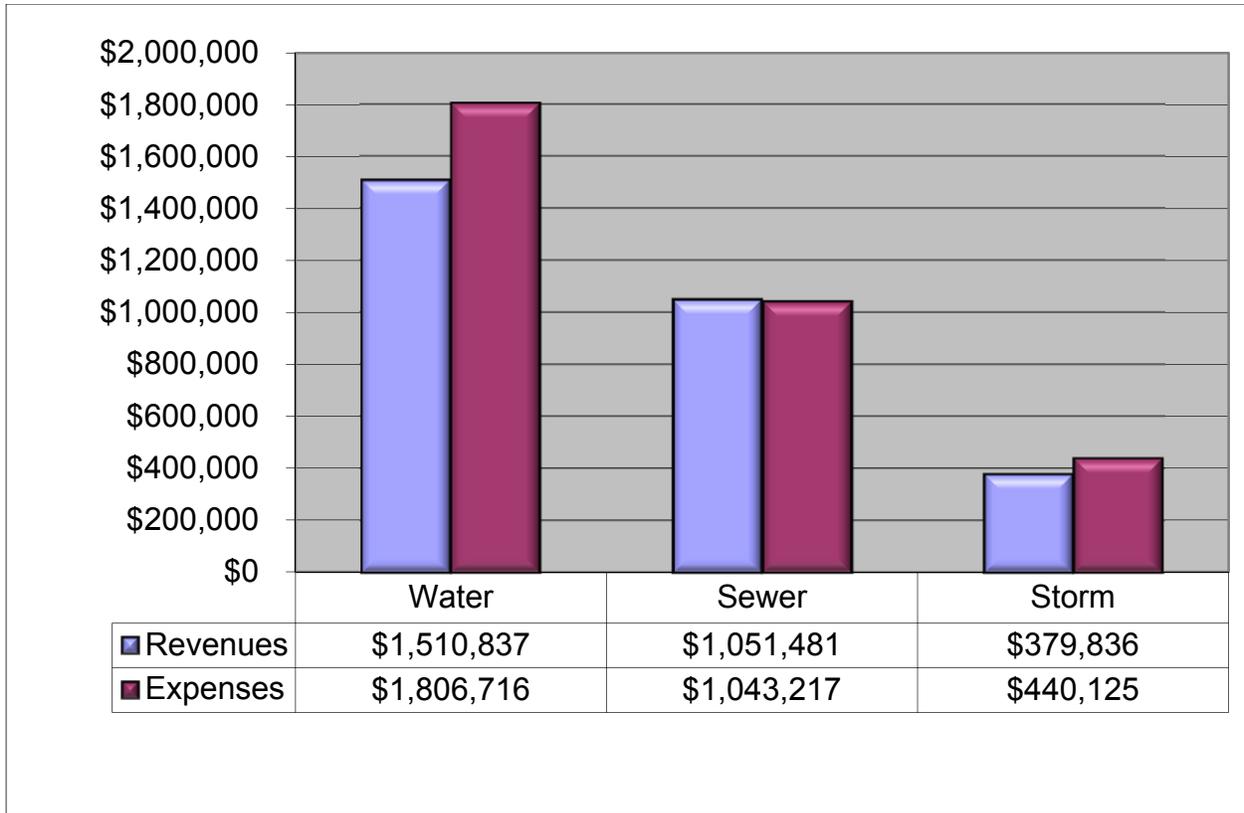
The following chart displays *revenues* categorized by source for the governmental activities. The source of revenue entitled "Other Taxes" is the largest component of governmental fund revenue and consists of the following: Severance Taxes (\$47,648 – General Fund), Motor Vehicle Use Tax (\$554,949 – General Fund & Park Fund), Sales Tax received by governmental funds *other* than the General Fund (\$345,373 – Park Fund), Use Tax on Building Materials received by governmental funds *other* than the General Fund (\$270,900 - Park Fund), Motor Vehicle Specific Ownership Tax (\$57,060 – Street Fund), Motor Vehicle Registration Tax (\$24,796 – Street Fund), Road & Bridge Tax (\$13,089 – Street Fund), and Interest on Delinquent (property) Taxes (\$1,164 – General Fund). The "Other Taxes" total is \$1,314,979. The total of all revenues depicted is \$6,238,648.

Revenues by Source - Governmental Activities



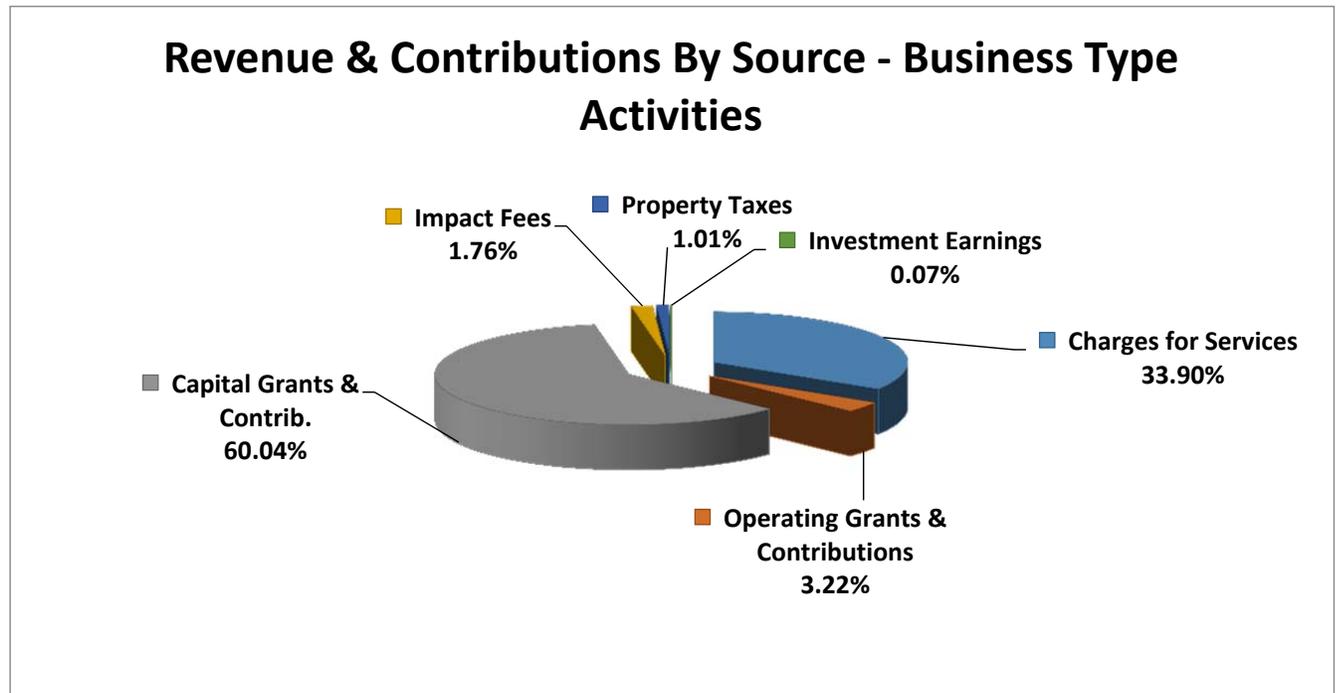
The following chart displays revenues and expenses of the *Business Activities*

Program Revenues & Expenses - Business-type Activities



Operating and interest expenses exceed operating revenues in all but the Sewer 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 \$543,641, \$311,954 and \$28,588 in depreciation in the Water, Sewer and Storm Drainage Funds respectively. In the absence of depreciation, the enterprise funds, with exception of the Storm Drainage Fund, 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” (60.67%). This category consists of “Uniform Capital Investment Fees” (Water Fund) in the amount of \$2,603,257 and Sewer Fund “Tap Fees” of \$1,732,500. Also included are *infrastructure dedications*. In 2015, infrastructure dedications were: Water Fund - \$438,500; Sewer Fund - \$218,000; Storm Drainage Fund - \$218,000 The total amount of Capital Grants & Contributions in 2015 was \$5,210,257.



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.

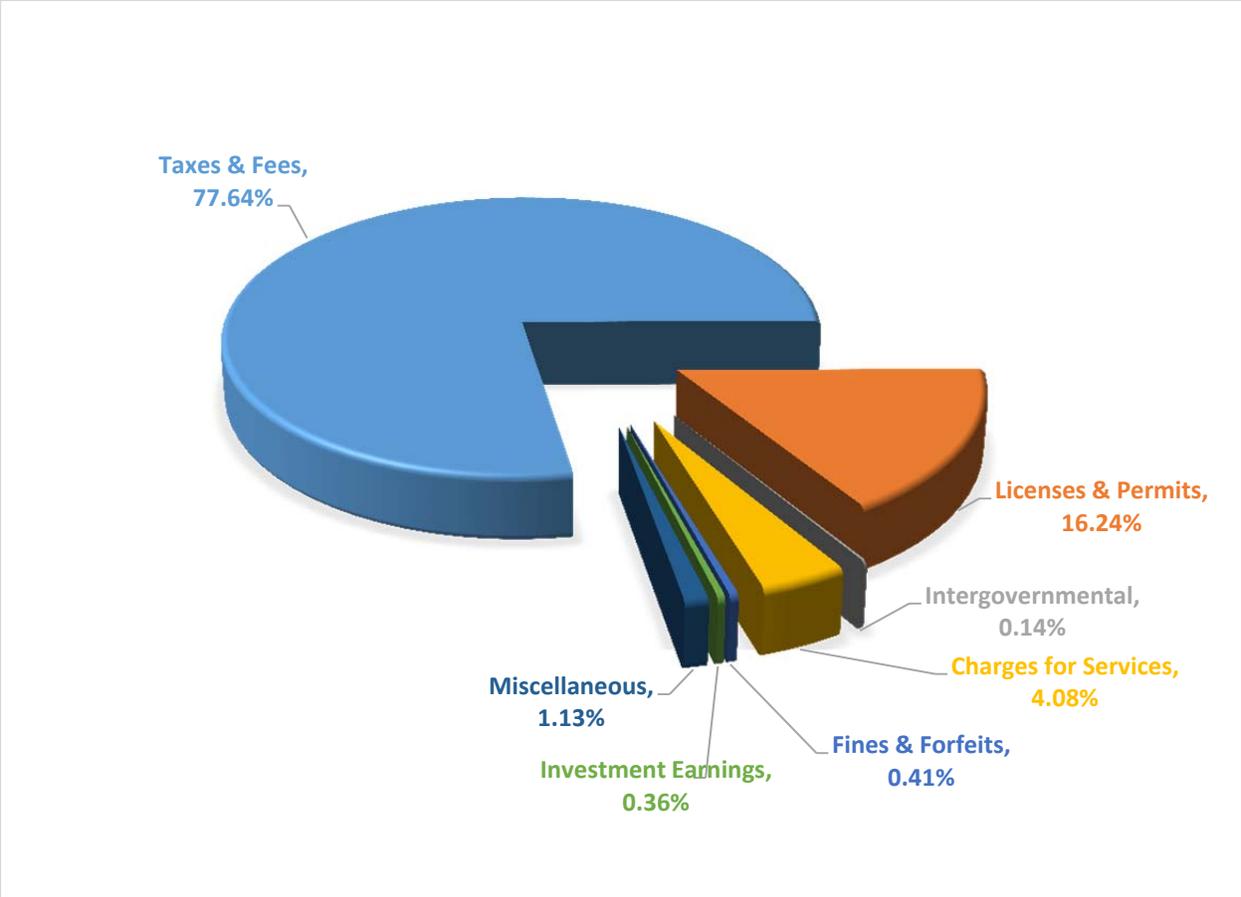
Governmental funds. The focus of the Town of Wellington’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Wellington’s financing requirements. In particular, *Unassigned fund balance* 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 \$4,499,192. Approximately 67.4% of this total amount (\$3,031,173) 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., inventories) or that portions of fund balance have been restricted, committed or assigned to specific purposes and thus preexistent constraints exist as follows:

Nonspendable:	\$11,534
Restricted:	\$501,869
Committed:	\$50,493
Assigned:	904,123
Unassigned:	<u>\$3,031,173</u>
TOTAL:	\$4,499,192

General Fund Budgetary Highlights

The General Fund accounts for all of the general services provided by the Town of Wellington. At the end of 2015, the fund balance of the General Fund totaled \$3,420,447, an increase of \$496,642 over the fund balance at the end of 2014 (\$2,923,805).

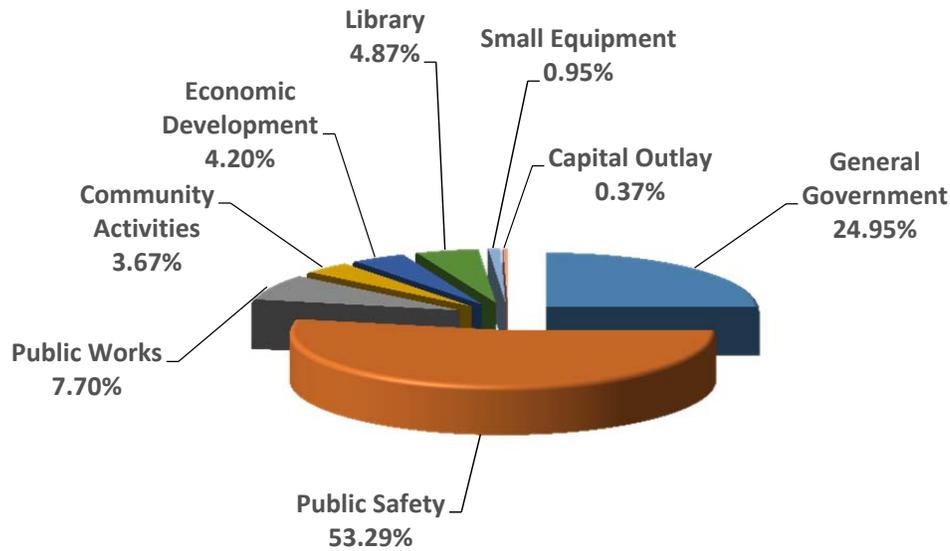
Revenues by Source - General Fund



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, Town Attorney, Finance Director, and all other admin. support staff) however, the primary *General Fund* expenditure is Public Safety (53.28%). “Public Safety” includes amounts paid to Larimer County Sheriff’s Office (\$777,174), amounts paid to SafeBuilt for building inspections (\$377,825) and amounts expended for the Town’s Code Enforcement program (\$55,202). The total of all Public Safety was \$1,210,201 in 2015. General Fund expenditures by type are presented below in graphical form.

EXPENDITURES BY TYPE - GENERAL FUND



The Town Board amended the 2015 General Fund, Street Fund, Sewer Fund, Storm Drainage Fund, Conservation Trust Fund, Park Fund and Library Trust Fund budgets. The original General Fund, Street Fund, Sewer Fund, Storm Drainage Fund, Conservation Trust Fund, Park Fund and Library Trust Fund budgeted *expenditures* were \$2,572,795, \$1,754,581, \$4,204,023, \$636,524, \$0.00, \$4,124,554 and \$10,375 respectively. These funds were over expended for a variety of reasons including the continued elevated level of new home building activity which significantly increase expenditures required for building inspections and unbudgeted items being added during the year. There were several notably large capital projects ongoing in 2015, including the Waste Water Treatment Plant Expansion in the *Sewer Fund*, the Wellington Community Park in the *Park Fund*, and the I-25 Underpass in the *Street Fund*. The original budgeted costs of these projects for 2015 were underestimated primarily for reasons including change orders to the projects and greater rates of progress on the projects achieved in 2015 relative to that anticipated at the time the 2015 original budgets were developed. In the *Conservation Trust Fund*, with an original budget of zero expenditures, the Board of Trustees approved a \$180,000 transfer to the Park Fund to assist with the significant expenditures in constructing the Wellington Community Park necessitating a budget amendment to the Conservation Trust. The *Library Trust Fund* expenditures were elevated, due to building permit activity causing the original expenditure budget in this fund to be exceeded.

Specifically, in the *General Fund*, expenditures in the form of payments to SafeBuilt for building inspection charges were elevated by approximately \$69,000. Additionally, during 2015, there were eight *unbudgeted items* added to General Fund expenditures in the amount of \$130,431. These unbudgeted expenditures included the following: "Special Legal Counsel" related to the Boxelder Basin Regional Stormwater Authority (BBRSA) (\$15,097); "Economic Development Study" (\$21,936); "Larimer County Sheriff's Office Rental" (\$19,300); "Eagles After Hours Contribution" (\$10,000); "Property Tax Rebates" (\$8,618); "Transfer To Street Fund" (\$50,000). Additionally, the Leeper Center Furnace went out in 2015 necessitating a \$5,480 expenditure. In the *Street Fund*, the primary issue involved the I-25 Pedestrian Underpass. The original budget for 2015 was \$205,000 as this is how much progress was thought would be made in 2015. Instead, the project was *completed* at a total cost of \$523,322, a \$318,322 differential. A similar situation

occurred in the *Sewer Fund* where the original budget reflected an amount expected to be expended on the Waste Water Treatment Plant Expansion in 2015 of \$2,500,000. Instead, the project was nearly completed at a cost of \$3,596,645 creating a budgeted differential of \$1,096,645. This situation was also experienced in the *Park Fund* where the original budget for the Wellington Community Park in 2015 was \$3,300,000, and the actual was \$4,109,223 creating a \$809,223 differential. The primary issue in the *Storm Drainage Fund* involved an unbudgeted item (“NAPA Storm Drain Sewer Extension” - \$18,000) and a payment to the BBRSA for Building Permit Impact Fees of \$46,603 more than budgeted due to the continued elevated building permit activity in 2015. 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 2015, the 34% transfer caused an over expenditure of \$9,350.

Budgeted expenditures, *as amended* in each of the funds amended were: *General Fund*: amended budgeted expenditures were increased by \$199,232 from \$2,572,795 to \$2,772,027. *Street Fund*: amended budgeted expenditures were increased by \$330,871 from \$1,754,581 to \$2,085,452. *Sewer Fund*: amended budgeted expenditures were increased by \$1,274,143 from \$4,204,023 to \$5,478,166. *Storm Drainage Fund*: Amended budgeted expenditures were increased by \$85,037 from \$636,524 to \$721,561. *Conservation Trust Fund*: amended budgeted expenditures were increased by \$180,000 from \$0.00 to \$180,000. *Park Fund*: amended budgeted expenditures were increased by \$833,548 from \$4,124,554 to \$4,958,102. *Library Trust Fund*: amended budgeted expenditures were increased by \$9,350 from \$10,375 to \$19,725. Note that the Water Fund, whose initial 2015 Budgeted appropriation was \$4,151,302, did *not* need to be amended.

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 \$10,835,274, \$3,708,908 and \$554,112 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, *2015*, amounts to \$41,242,576 (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, *2014*, this figure was \$34,620,277. Net investment in capital assets increased 19.1 percent from 2014 to 2015. While the Town is once again adding capital assets, and dramatically so in 2015 (Wellington Community Park and the Waste Water Treatment Plan Expansion), there was significant debt incurred in the prior year for these capital projects (4.9 Million).

The major capital asset expenditures occurring in 2015 were concentrated in two funds, the Park Fund and the Sewer Fund, although the Street Fund had a project worthy of note. 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 \$4.9 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. Of note in 2015 was the completion of the I-25 Pedestrian Underpass (Street Fund - \$523,322 in 2015).

Town of Wellington's Capital Assets at Year End
(net of depreciation, compared to 2014)

	<i>Governmental</i>		<i>Business-Type</i>		<u>TOTAL</u>	
	<i>Activities</i>		<i>Activities</i>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</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:	-	-	423,746	279,536	423,746	279,536
Buildings & Improvements:	310,862	340,577	-	-	310,862	340,577
Improvements Other Than Buildings:	4,052,621	4,182,991	-	-	4,052,621	4,182,991
Streets & Improvements:	8,946,202	8,140,417	-	-	8,946,202	8,140,417
Machinery & Equipment:	229,660	230,784	-	-	229,660	230,784
Utility Systems & Equipment:	-	-	24,555,554	24,380,891	24,555,554	24,380,891
Construction in Progress:	5,087,118	1,085,329	5,071,136	1,423,435	10,158,253	2,508,764
TOTAL	<u>19,019,639</u>	<u>14,373,274</u>	<u>30,169,669</u>	<u>26,203,095</u>	<u>49,189,308</u>	<u>40,576,369</u>

Additional information on the Town of Wellington's capital assets can be found in footnote 5 on pages 39 and 40 of this report.

Long-term debt. At the end of 2015, the Town of Wellington had total debt outstanding of \$7,814,303. Of this amount, \$190,000 comprises debt backed by the full faith and credit of the Town (i.e., the Town's taxing authority). 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

	<i>Governmental</i>		<i>Business-Type</i>		<u>TOTAL</u>	
	<i>Activities</i>		<i>Activities</i>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
FNB WCP Loan (Park Fund):	\$2,382,419	2,400,000	-	-	\$2,382,419	2,400,000
1984 General Obligation Bonds (Water Fund):	-	-	\$190,000	\$209,000	\$190,000	\$209,000
1982 CWCB General Obligation Bonds (Water Fund):	-	-	\$387,765	\$428,231	\$387,765	\$428,231
2001 CWR&PDA Loan (Sewer Fund):	-	-	\$417,022	\$472,177	\$417,022	\$472,177
2002 CWR&PDA Loan (Water Fund):	-	-	\$2,042,097	\$2,296,682	\$2,042,097	\$2,296,682
2014 Bond Issue - WWTP Expansion (Sewer Fund):	-	-	\$2,395,000	\$2,500,000	\$2,395,000	\$2,500,000
TOTAL	<u>\$2,382,419</u>	<u>\$2,400,000</u>	<u>\$5,431,884</u>	<u>\$5,906,090</u>	<u>\$7,814,303</u>	<u>\$8,306,090</u>

This outstanding debt does not include compensated absences of \$72,627 at the end of 2015.

Additional information on the Town of Wellington's long-term debt can be found in footnote 6, pages 41-43 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 2016 Budget on December 8, 2015, appropriating \$14,277,527 for expenditures in 2016. The initial *2015* appropriation, was \$17,454,154. The 2016 initial Budget reflects an 18.2% *decrease* from the 2015 initial Budget. However, the 2015 budget was subsequently amended appropriating \$20,006,335 (\$2,552,181 increase over the initial 2015 Budget). It remains to be seen as to whether the 2016 Budget will need to be amended.

The Town realized continued impressive numbers of new home building permits in 2015 following a strong year in 2014. New home building permits were at or near their highest levels since 2005. This trend is expected to continue into 2016. These sentiments were incorporated into the 2016 budget. With this improved set of short to medium term prospects for economic growth, additional staff FTE's were added in 2015. 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, however, 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 2016 and beyond include challenges associated with the increasing desires noted in the community for parks and recreational facilities, although this should be somewhat satiated with the massive expenditure on the Wellington Community Park. 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 revenue 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 2016 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 up some space 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, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,393,464	\$ 11,224,163	\$ 16,617,627
Equity in pooled cash and cash equivalents	765,305	2,977,783	3,743,088
Certificates of deposit	512,072	-	512,072
Receivables	1,422,713	434,355	1,857,068
Internal balances	(1,280,709)	1,280,709	-
Inventory	6,534	40,201	46,735
Prepaid items	5,000	-	5,000
Restricted cash and cash equivalents	-	654,317	654,317
Capital assets:			
Nondepreciable	5,480,294	5,614,114	11,094,408
Depreciable, net of accumulated depreciation	13,539,345	24,555,555	38,094,900
Total assets	25,844,018	46,781,197	72,625,215
Liabilities			
Accounts payable	785,998	687,608	1,473,606
Accrued interest payable	4,586	75,062	79,648
Accrued wages payable	11,438	9,195	20,633
Developer deposit	658,805	-	658,805
Noncurrent liabilities:			
Accrued compensated absences	72,627	-	72,627
Due within one year	215,403	479,467	694,870
Due in more than one year	2,167,016	4,950,390	7,117,406
Payable to developer	-	134,456	134,456
Total liabilities	3,915,873	6,336,178	10,252,051
Deferred inflows of resources			
Unearned revenue - property taxes	868,946	87,052	955,998
Total deferred inflows of resources	868,946	87,052	955,998
Net position			
Net investment in capital assets	16,637,220	24,605,356	41,242,576
Restricted for:			
Emergencies	184,639	-	184,639
Other purposes	317,230	654,317	971,547
Unrestricted	3,920,110	15,098,294	19,018,404
Total net position	\$ 21,059,199	\$ 40,357,967	\$ 61,417,166

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

**Town of Wellington
Statement of Activities**

Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 624,005	\$ 128,407	\$ -	\$ -
Public safety	1,210,201	511,879	-	-
Public works	1,515,603	12,955	-	1,165,500
Parks and recreation	710,691	68,350	58,966	5,500
Economic development	95,512	-	-	-
Library	119,615	-	-	-
Small equipment	23,488	-	-	-
Interest on long-term debt	19,779	-	-	-
Total governmental activities	4,318,894	721,591	58,966	1,171,000
Business-type activities:				
Water	1,806,716	1,510,837	-	3,041,757
Sewer	1,043,217	1,051,481	279,342	1,950,500
Storm drainage	440,125	379,836	-	218,000
Total business-type activities	3,290,058	2,942,154	279,342	5,210,257
Total primary government	\$ 7,608,952	\$ 3,663,745	\$ 338,308	\$6,381,257

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
\$ (495,598)	\$ -	\$ (495,598)
(698,322)	-	(698,322)
(337,148)	-	(337,148)
(577,875)	-	(577,875)
(95,512)	-	(95,512)
(119,615)	-	(119,615)
(23,488)	-	(23,488)
(19,779)	-	(19,779)
(2,367,337)	-	(2,367,337)
-	2,745,878	2,745,878
-	2,238,106	2,238,106
-	157,711	157,711
-	5,141,695	5,141,695
(2,367,337)	5,141,695	2,774,358
632,713	-	632,713
-	87,880	87,880
202,065	-	202,065
1,235,448	-	1,235,448
157,935	-	157,935
216,129	-	216,129
1,314,979	-	1,314,979
455,600	152,454	608,054
4,315	-	4,315
12,290	5,648	17,938
36,067	182	36,249
4,267,541	246,164	4,513,705
19,550	-	19,550
4,287,091	246,164	4,533,255
1,919,754	5,387,859	7,307,613
19,139,445	34,970,108	54,109,553
\$ 21,059,199	\$ 40,357,967	\$ 61,417,166

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

Town of Wellington
Balance Sheet
Governmental Funds
December 31, 2015

	General	Street	Park	Conservation Trust (Nonmajor)	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,977,140	\$ 506,048	\$ 1,353,089	\$ 497,230	\$ 5,333,507
Equity in pooled cash and cash equivalents	765,305	-	-	-	765,305
Cash with fiscal agent	34,327	8,467	17,163	-	59,957
Certificates of deposit	512,072	-	-	-	512,072
Receivables	971,318	371,176	80,219	-	1,422,713
Inventory	-	-	6,534	-	6,534
Due from other funds	-	-	180,000	-	180,000
Prepaid items	5,000	-	-	-	5,000
Totals assets	\$ 5,265,162	\$ 885,691	\$ 1,637,005	\$ 497,230	\$ 8,285,088
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	\$ 311,578	\$ 173,069	\$ 301,351	\$ -	\$ 785,998
Accrued wages payable	5,386	2,245	3,807	-	11,438
Due to other funds	-	386,956	893,753	180,000	1,460,709
Developer deposit	658,805	-	-	-	658,805
Total liabilities	975,769	562,270	1,198,911	180,000	2,916,950
Deferred inflows of resources					
Unearned revenue - property taxes	868,946	-	-	-	868,946
Total deferred inflows of resources	868,946	-	-	-	868,946
Fund balances					
Nonspendable	5,000	-	6,534	-	11,534
Restricted	184,639	-	-	317,230	501,869
Committed	50,493	-	-	-	50,493
Assigned	149,142	323,421	431,560	-	904,123
Unassigned	3,031,173	-	-	-	3,031,173
Total fund balances	3,420,447	323,421	438,094	317,230	4,499,192
Total liabilities, deferred inflows of resources and fund balances	\$ 5,265,162	\$ 885,691	\$ 1,637,005	\$ 497,230	\$ 8,285,088

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, 2015

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

Total fund balance - governmental funds		\$ 4,499,192
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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	\$ 31,530,570	
Accumulated depreciation	<u>(12,510,931)</u>	19,019,639

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 consist of:

Loan payable	\$ (2,382,419)	
Accrued interest payable	(4,586)	
Accrued compensated absences	(72,627)	(2,459,632)

Total net position - governmental activities		\$ 21,059,199
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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, 2015

	General	Street	Park	Conservation Trust Fund (Nonmajor)	Total Governmental Funds
Revenues					
Taxes and fees	\$2,444,874	\$ 448,774	\$1,321,221	\$ -	\$ 4,214,869
Licenses and permits	511,189	690	-	-	511,879
Intergovernmental	4,315	-	-	64,466	68,781
Charges for services	128,407	-	68,350	-	196,757
Fines and forfeitures	12,955	-	-	-	12,955
Earnings on investments	11,388	154	519	229	12,290
Contributions and grants	-	1,160,000	5,500	-	1,165,500
Miscellaneous	35,522	78	467	-	36,067
Total revenues	3,148,650	1,609,696	1,396,057	64,695	6,219,098
Expenditures					
Current:					
General government	566,859	-	-	-	566,859
Public safety	1,210,201	-	-	-	1,210,201
Public works	174,931	585,803	-	-	760,734
Parks and recreation	83,350	-	553,289	-	636,639
Economic development	95,512	-	-	-	95,512
Library	110,705	-	-	-	110,705
Small equipment	21,596	1,892	-	-	23,488
Capital outlay	8,404	1,330,840	4,193,349	-	5,532,593
Debt Service:					
Principal	-	-	17,581	-	17,581
Interest	-	-	15,193	-	15,193
Total expenditures	2,271,558	1,918,535	4,779,412	-	8,969,505
Excess (deficiency) of revenues over expenditures	877,092	(308,839)	(3,383,355)	64,695	(2,750,407)
Other financing sources(uses)					
Transfers in	19,550	50,000	530,000	-	599,550
Transfers out	(400,000)	-	-	(180,000)	(580,000)
Total other financing sources (uses)	(380,450)	50,000	530,000	(180,000)	19,550
Net change in fund balances	496,642	(258,839)	(2,853,355)	(115,305)	(2,730,857)
Fund balances at beginning of year	2,923,805	582,260	3,291,449	432,535	7,230,049
Fund balances at end of year	\$3,420,447	\$ 323,421	\$ 438,094	\$ 317,230	\$ 4,499,192

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, 2015

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

Total net change in fund balance - governmental funds. \$ (2,730,857)

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	\$5,532,593	
Depreciation expense	<u>(886,228)</u>	4,646,365

Repayment of loan payable obligations are expenditures in the fund financial statements, but are reductions in long-term liabilities in the statement of net position and do not affect the statement of activities. 17,581

Increase in interest payable is reflected as an expense in the statement of activities and not reflected as an expenditure in the statement of revenues, expenditures and changes in fund balances. (4,586)

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. (8,749)

Change in net position of governmental activities \$ 1,919,754

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

Town of Wellington
Statement of Net Position
Proprietary Funds
December 31, 2015

	Water	Sewer	Storm Drainage	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 7,628,151	\$ 2,986,138	\$ 609,874	\$ 11,224,163
Equity in pooled cash and cash equivalents	1,808,142	931,297	238,344	2,977,783
Receivables	230,299	154,295	49,761	434,355
Due from other funds	1,280,709	-	-	1,280,709
Inventory	34,255	5,946	-	40,201
Total current assets	10,981,556	4,077,676	897,979	15,957,211
Noncurrent assets				
Restricted cash and cash equivalents	304,317	350,000	-	654,317
Capital assets:				
Land	36,130	83,103	-	119,233
Water rights	423,746	-	-	423,746
Construction in progress	21,405	5,015,900	33,830	5,071,135
Utilities systems	20,244,865	13,144,560	1,055,454	34,444,879
Equipment	432,610	504,771	3,458	940,839
Less accumulated depreciation	(6,965,460)	(3,782,000)	(82,703)	(10,830,163)
Total capital assets - net	14,193,296	14,966,334	1,010,039	30,169,669
Total noncurrent assets	14,497,613	15,316,334	1,010,039	30,823,986
Total assets	25,479,169	19,394,010	1,908,018	46,781,197
Liabilities				
Current liabilities				
Accounts payable	49,342	294,970	343,296	687,608
Accrued interest payable	4,865	70,197	-	75,062
Accrued wages payable	5,023	3,601	571	9,195
Current portion of long-term debt	119,465	360,002	-	479,467
Total current liabilities	178,695	728,770	343,867	1,251,332
Noncurrent liabilities				
Payable to developer	134,456	-	-	134,456
Long-term debt	873,295	4,077,095	-	4,950,390
Total noncurrent liabilities	1,007,751	4,077,095	-	5,084,846
Total liabilities	1,186,446	4,805,865	343,867	6,336,178
Deferred inflows of resources				
Unearned revenue - property taxes	87,052	-	-	87,052
Total deferred inflows of resources	87,052	-	-	87,052
Net position				
Net investment in capital assets	13,066,080	10,529,237	1,010,039	24,605,356
Restricted for rate stabilization	-	350,000	-	350,000
Restricted for maintenance	304,317	-	-	304,317
Unrestricted	10,835,274	3,708,908	554,112	15,098,294
Total net position	\$ 24,205,671	\$ 14,588,145	\$ 1,564,151	\$ 40,357,967

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, 2015

	Water	Sewer	Storm Drainage	Totals
Operating revenues				
Charges for services	\$ 1,507,147	\$ 1,051,481	\$ 379,836	\$ 2,938,464
Miscellaneous	3,690	-	-	3,690
Total operating revenues	1,510,837	1,051,481	379,836	2,942,154
Operating expenses				
Administrative	190,188	152,243	375,283	717,714
Operating	1,012,961	403,301	34,767	1,451,029
Small equipment	14,118	990	1,487	16,595
Depreciation	543,641	311,954	28,588	884,183
Total operating expenses	1,760,908	868,488	440,125	3,069,521
Operating income (loss)	(250,071)	182,993	(60,289)	(127,367)
Non-operating revenues (expenses)				
Property taxes and impact fees	87,880	-	152,454	240,334
Earnings on investments	2,412	3,050	186	5,648
Intergovernmental revenue	-	279,342	-	279,342
Interest expense	(45,808)	(174,729)	-	(220,537)
Other non-operating revenue	-	120	62	182
Total non-operating revenues (expenses)	44,484	107,783	152,702	304,969
Income (loss) before contributions	(205,587)	290,776	92,413	177,602
Capital contributions	3,041,757	1,950,500	218,000	5,210,257
Changes in net position	2,836,170	2,241,276	310,413	5,387,859
Net position at beginning of year	21,369,501	12,346,869	1,253,738	34,970,108
Net position at end of year	\$ 24,205,671	\$ 14,588,145	\$ 1,564,151	\$ 40,357,967

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

Town of Wellington
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2015

	Water	Sewer	Storm Drainage	Total
Cash flows from operating activities				
Cash received from customers	\$ 1,494,662	\$ 1,207,406	\$ 392,161	\$ 3,094,229
Cash payments to suppliers	(827,372)	(651,334)	(340,713)	(1,819,419)
Cash payments to employees	(384,377)	(323,467)	(51,843)	(759,687)
Net cash flows from operating activities	282,913	232,605	(395)	515,123
Cash flows from non-capital financing activities				
Property taxes	87,052	-	-	87,052
Impact fees	-	-	152,454	152,454
Intergovernmental revenues	-	279,342	-	279,342
Other non-operating revenue	-	120	62	182
Change in interfund balances due	(1,280,709)	-	-	(1,280,709)
Net cash flows from non-capital financing activities	(1,193,657)	279,462	152,516	(761,679)
Cash flows from capital and related financing activities				
Capital contributions	2,603,257	1,732,500	-	4,335,757
Acquisitions of capital assets	(289,650)	(3,643,091)	(43,516)	(3,976,257)
Principal paid on long-term debt	(114,620)	(359,585)	-	(474,205)
Interest paid on long-term debt	(45,920)	(140,002)	-	(185,922)
Net cash flows from capital and related financing activities	2,153,067	(2,410,178)	(43,516)	(300,627)
Cash flows from investing activities				
Earnings on investments	2,412	3,050	186	5,648
Change in restricted cash and cash equivalents	(17,171)	2,475,271	-	2,458,100
Net cash flows from investing activities	(14,759)	2,478,321	186	2,463,748
Net change in cash and cash equivalents	1,227,564	580,210	108,791	1,916,565
Cash and cash equivalents at beginning of year	8,208,729	3,337,225	739,427	12,285,381
Cash and cash equivalents at end of year	\$ 9,436,293	\$ 3,917,435	\$ 848,218	\$ 14,201,946
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (250,071)	\$ 182,993	\$ (60,289)	\$ (127,367)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	543,641	311,954	28,588	884,183
(Increase) decrease in operating assets:				
Receivables	(16,175)	155,925	12,325	152,075
Inventory	2,752	(3,884)	-	(1,132)
Prepaid items	91	34	-	125
Increase (decrease) in operating liabilities:				
Accounts payable	543	(415,154)	18,942	(395,669)
Accrued wages payable	2,132	737	39	2,908
Net cash flows from operating activities	\$ 282,913	\$ 232,605	\$ (395)	\$ 515,123
Noncash investing, capital and financing activities:				
Capital asset acquired with capital contribution	\$ 438,500	\$ 218,000	\$ 218,000	\$ 874,500

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

Town of Wellington
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2015

	Library Trust
Assets	
Restricted cash and cash equivalents	\$ 214,130
Equity in pooled cash and cash equivalents, restricted	52,883
Total assets	267,013
Net position	\$ 267,013

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, 2015

	Library Trust
<hr/>	
Additions	
Library impact fees	\$ 57,500
Grants and contributions	200
Total additions	57,700
<hr/>	
Deductions	
Transfer out	19,550
Total deductions	19,550
<hr/>	
Change in net position	38,150
Net position at beginning of year	228,863
<hr/>	
Net position at end of year	\$ 267,013
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The accompanying notes are an integral part of these financial statements.

Town of Wellington

Notes to Financial Statements

December 31, 2015

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, 2015

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. Revenues in the Street Fund consist of motor vehicle ownership taxes, motor vehicle registration taxes and highway user taxes. In addition, this fund accounts for impact fees relating to new construction from building permits. Amounts collected are disbursed for the maintenance of the Town's streets and alleys.

Town of Wellington

Notes to Financial Statements

December 31, 2015

Park Fund - The Park Fund, a special revenue fund, is considered a major fund of the Town. Revenues in the Park Fund consist of sales taxes, use taxes, motor vehicle use taxes, and open space sales taxes. In addition, this fund accounts for impact fees relating to new construction from building permits. Amounts collected are disbursed for the maintenance of the Town's parks and open space.

The other governmental fund (nonmajor fund) is a special revenue fund (Conservation Trust) and has been established to account for revenues derived from specific earmarked 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.

Town of Wellington
Notes to Financial Statements

December 31, 2015

- 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.

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

	Original	Total	Final Budget
Governmental funds:			
General fund	\$ 2,572,795	\$ 199,232	\$ 2,772,027
Special revenue funds:			
Street fund	1,754,581	330,871	2,085,452
Park fund	4,124,554	833,548	4,958,102
Conservation trust fund	-	180,000	180,000
Business type funds:			
Water fund	4,151,302	-	4,151,302
Sewer fund	4,204,023	1,274,143	5,478,166
Storm drainage fund	636,524	85,037	721,561
Fiduciary fund type:			
Library trust fund	10,375	9,350	19,725
Total funds	\$17,454,154	\$ 2,912,181	\$20,366,335

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.

Town of Wellington

Notes to Financial Statements

December 31, 2015

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.

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.

Town of Wellington
Notes to Financial Statements

December 31, 2015

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:

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 \$72,627 at December 31, 2015.

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, 2015, 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.

Town of Wellington

Notes to Financial Statements

December 31, 2015

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.

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.

**Town of Wellington
Notes to Financial Statements**

December 31, 2015

As of December 31, 2015, fund balances are composed of the following:

	General Fund	Street Fund	Park Fund	Conservation Trust Fund	Total Governmental
Nonspendable:					
Prepaid items	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Inventory	-	-	6,534	-	6,534
Restricted:					
Emergencies	184,639	-	-	-	184,639
Parks and open space	-	-	-	317,230	317,230
Committed:					
Cemetery operations	50,493	-	-	-	50,493
Assigned:					
Capital projects	-	323,421	431,560	-	754,981
Subsequent year's expenditures	149,142	-	-	-	149,142
Unassigned	3,031,173	-	-	-	3,031,173
Total fund balances	\$ 3,420,447	\$ 323,421	\$ 438,094	\$ 317,230	\$ 4,499,192

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

Notes to Financial Statements

December 31, 2015

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, 2015, the District had deposits with financial institutions with a carrying amount (book balance) of \$5,139,611. The bank balances with the financial institutions were \$5,224,625, which of this amount, \$324,516 was covered by federal depository insurance, with the excess in 2015 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, 2015, 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, 2015, the Town had invested \$16,081,863 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
Notes to Financial Statements

December 31, 2015

At December 31, 2015, the Town had cash and cash equivalent balances, including restricted cash, as follows:

Cash on hand	\$ 614
Cash with county treasurer and clerk	59,957
Cash deposits	5,139,611
Local government investment pool	16,081,863
Total	\$21,282,045

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

Statement of net position:	
Cash and cash equivalents	\$16,617,627
Equity in pooled cash and cash equivalents	3,743,088
Restricted cash and cash equivalents	654,317
Statement of fiduciary net position:	
Restricted cash and cash equivalents	214,130
Equity in pooled cash and cash equivalents, restricted	52,883
Total	\$21,282,045

3. Receivables

Receivables at December 31, 2015, consisted of the following:

Types	Governmental Activities	Business-Type Activities	Total
Taxes	\$ 923,062	\$ 87,052	\$ 1,010,114
Trade accounts	-	324,803	324,803
Intergovernmental	80,781	-	80,781
Other	418,870	22,500	441,370
Total	\$ 1,422,713	\$ 434,355	\$ 1,857,068

Town of Wellington
Notes to Financial Statements

December 31, 2015

4. Interfund Receivables/Payables and Transfers

The Town's interfund receivables and payables at December 31, 2015 (at the fund level) are shown below. These amounts represent short-term receivables and payables. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Receivable Fund	Payable Fund	Amount
Park	Conservation Trust	\$ 180,000
Water	Street	386,956
Water	Park	893,753
Total - fund financial statements		1,460,709
Less: fund eliminations		(180,000)
Total internal balances - government-wide statement of net position		\$ 1,280,709

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.

Transfers In:	Transfers Out		
	General Fund	Conservation Trust Fund	Fiduciary Fund
Governmental funds:			
General Fund	\$ -	\$ -	\$ 19,550
Street Fund	50,000	-	-
Park Fund	350,000	180,000	-
Total	\$ 400,000	\$ 180,000	\$ 19,550

Town of Wellington
Notes to Financial Statements

December 31, 2015

5. Capital Assets

A summary of changes in governmental activities capital assets for the year ended December 31, 2015, 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	1,085,329	4,120,642	(118,853)	5,087,118
Total capital assets, not being depreciated	1,478,505	4,120,642	(118,853)	5,480,294
Capital assets, being depreciated:				
Buildings and improvements	954,950	5,480	-	960,430
Improvements other than buildings	6,707,061	57,812	-	6,764,873
Streets and improvements	15,671,805	1,421,320	-	17,093,125
Machinery and equipment	1,185,656	46,192	-	1,231,848
Total capital assets, being depreciated	24,519,472	1,530,804	-	26,050,276
Less accumulated depreciation for:				
Buildings and improvements	(614,373)	(35,195)	-	(649,568)
Improvements other than buildings	(2,524,070)	(188,182)	-	(2,712,252)
Streets and improvements	(7,531,388)	(615,535)	-	(8,146,923)
Machinery and equipment	(954,872)	(47,316)	-	(1,002,188)
Total accumulated depreciated	(11,624,703)	(886,228)	-	(12,510,931)
Total capital assets, being depreciated, net	12,894,769	644,576	-	13,539,345
Governmental activities capital assets, net	\$14,373,274	\$4,765,218	\$(118,853)	\$19,019,639

Town of Wellington
Notes to Financial Statements

December 31, 2015

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

Governmental activities:	
General government	\$ 48,397
Public works	754,869
Parks and recreation	74,052
Library	8,910
Total depreciation expense - governmental activities	\$ 886,228

A summary of changes in business-type activities capital assets for the year ended December 31, 2015, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Land and water rights	\$ 398,769	\$ 144,210	\$ -	\$ 542,979
Construction in progress	1,423,435	3,647,700		5,071,135
Total capital assets, not being depreciated	1,822,204	3,791,910	-	5,614,114
Capital assets, being depreciated:				
Utilities systems	33,450,686	994,193	-	34,444,879
Equipment	876,185	64,654	-	940,839
Total capital assets, being depreciated	34,326,871	1,058,847	-	35,385,718
Less accumulated depreciation	(9,945,980)	(884,183)	-	(10,830,163)
Total capital assets, being depreciated, net	24,380,891	174,664	-	24,555,555
Business-type activities capital assets, net	\$26,203,095	\$3,966,574	\$ -	\$30,169,669

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

Business-type activities:	
Water	\$ 543,641
Sewer	311,954
Storm drainage	28,588
Total depreciation expense - business-type activities	\$ 884,183

Town of Wellington
Notes to Financial Statements

December 31, 2015

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, 2015 the Town met the coverage amount.

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 \$72,627 at December 31, 2015.

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.

Town of Wellington
Notes to Financial Statements

December 31, 2015

Following is a summary of the debt transactions for the year ended December 31, 2015:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
2014 First National Bank loan	\$2,400,000	\$ -	\$ (17,581)	\$ 2,382,419	\$ 215,403
Accrued compensated absences	63,878	85,720	(76,971)	\$ 72,627	-
	<u>\$2,463,878</u>	<u>\$ 85,720</u>	<u>\$ (94,552)</u>	<u>\$ 2,455,046</u>	<u>\$215,403</u>
Business-Type Activities					
1984 general obligation water bond	\$ 209,000	\$ -	\$ (19,000)	\$ 190,000	\$ 20,000
1982 Colorado Water Conservation Board loan	428,231	-	(40,465)	387,766	42,084
2001 Colorado Water Resource and Power Development Authority loan	472,177	-	(55,155)	417,022	57,381
2002 Colorado Water Resource and Power Development Authority loan	2,296,682	-	(254,585)	2,042,097	260,002
2014 general obligation sewer bond	2,500,000	-	(105,000)	2,395,000	100,000
	<u>\$5,906,090</u>	<u>\$ -</u>	<u>\$(474,205)</u>	<u>5,431,885</u>	<u>\$479,467</u>
Current portion of long-term debt				(479,467)	
Discount on long-term debt				(2,028)	
Non-current portion of long-term liabilities				<u>\$ 4,950,390</u>	

The following table represents future debt service requirements as of December 31, 2015:

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 215,403	\$ 54,057	\$ 479,467	\$ 175,379
2017	220,657	48,803	495,303	161,477
2018	225,881	43,579	510,881	146,729
2019	231,228	38,232	527,096	131,221
2020	236,607	32,583	543,381	114,734
2021 - 2025	1,252,643	109,659	1,570,756	352,421
2026 - 2030	-	-	675,000	201,818
2031 - 2035	-	-	630,000	64,000
	<u>\$ 2,382,419</u>	<u>\$ 326,913</u>	<u>\$ 5,431,884</u>	<u>\$ 1,347,779</u>

Town of Wellington
Notes to Financial Statements

December 31, 2015

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 \$134,456 at December 31, 2015. The developer has since gone out of business and the improvements to the property have never been made. A final determination of this liability has not been made as of December 31, 2015.

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	\$1,510,837	
Connection fees	2,603,257	
Subtotal	4,114,094	
Operation and maintenance expenses	1,217,267	
Net revenue as defined in loan agreement		\$ 2,896,827
2015 principal due	\$ 55,155	
2015 interest due	18,341	
	73,496	
	x110%	80,846
Amount the current year revenues were in excesss of the requirements of the CWRPDA loan agreement.		\$ 2,815,981

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, 2015

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

Operating revenues	\$1,051,481	
Connection fees	1,732,500	
Subtotal	2,783,981	
Operation and maintenance expenses	556,534	
<hr/>		
Net revenue as defined in loan agreement		\$ 2,227,447
2015 principal due	\$ 254,585	
2015 interest due	75,569	
	330,154	
	x110%	363,169
<hr/>		
Amount the current year revenues were in excess of the requirements of the CWRPDA loan agreement.		\$ 1,864,278

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, 2015.

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 \$304,317 in the Water Fund and \$350,000 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, 2015

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

Operating revenues	\$1,051,481	
Connection fees	1,732,500	
Subtotal	2,783,981	
Operation and maintenance expenses	556,534	
<hr/>		
Net revenue as defined in loan agreement		\$ 2,227,447
2015 principal due	\$ 105,000	
2015 interest due	64,433	
	169,433	
	x120%	203,320
<hr/>		
Amount the current year revenues were in excess of the requirements of the general bond obligation.		\$ 2,024,127

8. Contingencies

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.

Litigation

The Town is currently involved in legal proceedings which, in the opinion of management, will not have a material adverse effect upon the financial position of the Town.

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 \$184,639 for this purpose.

Town of Wellington

Notes to Financial Statements

December 31, 2015

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.

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. Subsequent Events

Management of the Town has evaluated subsequent events through July 29, 2016, the date that the financial statements were available to be issued. No events requiring adjustment to or 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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,883,813	\$ 2,306,663	\$ 2,286,939	\$ (19,724)
Franchise fees	151,000	151,000	157,935	6,935
Licenses and permits	290,178	535,302	511,189	(24,113)
Intergovernmental	3,750	3,750	4,315	565
Charges for services	19,205	94,072	128,407	34,335
Fines and forfeitures	14,000	14,000	12,955	(1,045)
Earnings on investments	780	11,242	11,388	146
Miscellaneous	14,250	34,250	35,522	1,272
Total revenues	2,376,976	3,150,279	3,148,650	(1,629)
Expenditures				
Current:				
General government:				
Legislative	153,808	168,905	198,153	(29,248)
Judicial	24,100	24,100	27,669	(3,569)
Administrative	202,224	202,224	200,330	1,894
Planning and zoning	95,500	117,436	140,707	(23,271)
Public safety:				
Police	756,753	776,053	777,174	(1,121)
Protective inspections	388,036	456,837	433,027	23,810
Public works:				
Sanitation	26,750	26,750	20,819	5,931
Operating	110,129	110,129	99,954	10,175
Cemetery	4,200	4,200	1,474	2,726
General use buildings	50,300	50,300	52,684	(2,384)
Park and recreation:				
Community activities	71,800	81,800	83,350	(1,550)
Economic development	85,000	93,618	95,512	(1,894)
Library	155,445	155,445	110,705	44,740
Small equipment	35,750	35,750	21,596	14,154
Capital outlay	55,000	60,480	8,404	52,076
Total expenditures	2,214,795	2,364,027	2,271,558	92,469
Excess of revenues over expenditures	162,181	786,252	877,092	90,840
Other financing sources (uses)				
Transfers in	2,550	19,550	19,550	-
Transfers out	(358,000)	(408,000)	(400,000)	8,000
Total other financing sources (uses)	(355,450)	(388,450)	(380,450)	8,000
Net change in fund balance	\$ (193,269)	\$ 397,802	496,642	\$ 98,840
Fund balance at beginning of year			2,923,805	
Fund balance at end of year			\$ 3,420,447	

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, 2015

	Street Fund				Park Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues								
Taxes	\$ 270,000	\$ 308,189	\$ 311,074	\$ 2,885	\$ 784,367	\$ 949,359	\$ 1,003,321	\$ 53,962
Impact fees	48,000	136,800	137,700	900	174,000	317,900	317,900	-
Licenses and permits	250	250	690	440	-	-	-	-
Charges for services	-	-	-	-	65,900	65,900	68,350	2,450
Earnings on investments	200	200	154	(46)	300	300	519	219
Contributions and grants	843,176	1,082,026	1,160,000	77,974	425,000	75,000	5,500	(69,500)
Miscellaneous	250	250	78	(172)	250	250	467	217
Total revenues	1,161,876	1,527,715	1,609,696	81,981	1,449,817	1,408,709	1,396,057	(12,652)
Expenditures								
Current:								
Public works/Parks and recreation:								
Administrative	65,242	65,242	62,246	2,996	84,355	84,345	87,236	(2,891)
Operating	424,313	424,313	523,557	(99,244)	248,792	248,792	276,775	(27,983)
Recreation	-	-	-	-	230,132	230,132	189,278	40,854
Small equipment and other	113,000	117,400	1,892	115,508	19,000	33,248	-	33,248
Capital outlay	1,152,026	1,478,497	1,330,840	147,657	3,466,500	4,285,810	4,193,349	92,461
Debt Service	-	-	-	-	75,775	75,775	32,774	43,001
Total expenditures	1,754,581	2,085,452	1,918,535	166,917	4,124,554	4,958,102	4,779,412	178,690
Deficiency of revenues over expenditures	(592,705)	(557,737)	(308,839)	248,898	(2,674,737)	(3,549,393)	(3,383,355)	166,038
Other financing sources								
Transfer In	-	50,000	50,000	-	350,000	530,000	530,000	-
Loan proceeds	-	-	-	-	1,800,000	-	-	-
Total other financing sources	-	50,000	50,000	-	2,150,000	530,000	530,000	-
Net change in fund balances	\$ (592,705)	\$ (507,737)	(258,839)	\$ 248,898	\$ (524,737)	\$ (3,019,393)	(2,853,355)	\$ 166,038
Fund balances at beginning of year			582,260				3,291,449	
Fund balances at end of year			<u>\$ 323,421</u>				<u>\$ 438,094</u>	

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 68,000	\$ 68,000	\$ 64,466	\$ (3,534)
Earnings on investments	200	200	229	29
Total revenues	68,200	68,200	64,695	(3,505)
Other financing uses				
Transfer Out	-	(180,000)	(180,000)	-
Total other financing uses	-	(180,000)	(180,000)	-
Net change in fund balance	\$ 68,200	\$ (111,800)	(115,305)	\$ (3,505)
Fund balance at beginning of year			432,535	
Fund balance at end of year			\$ 317,230	

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 1,106,250	\$ 1,106,250	\$ 1,507,147	\$ 400,897
Miscellaneous	11,000	11,000	3,690	(7,310)
Total operating revenues	1,117,250	1,117,250	1,510,837	393,587
Operating expenses				
Administrative	236,098	236,098	190,188	45,910
Operating	1,012,425	1,012,425	1,012,961	(536)
Small equipment	28,700	28,700	14,118	14,582
Total operating expenses	1,277,223	1,277,223	1,217,267	59,956
Operating income (loss)	(159,973)	(159,973)	293,570	453,543
Non-operating revenues (expenses)				
Property taxes	87,893	87,893	87,880	(13)
Capital contributions	1,668,599	1,668,599	3,041,757	1,373,158
Earnings on investments	250	250	2,412	2,162
Other non-operating revenue	3,500	3,500	-	(3,500)
Interest expense	(48,080)	(48,080)	(45,808)	2,272
Principal paid	(114,640)	(114,640)	(114,620)	20
Capital outlay	(2,711,359)	(2,711,359)	(289,650)	2,421,709
Total non-operating revenues (expenses)	(1,113,837)	(1,113,837)	2,681,971	3,795,808
Change in net position - budgetary basis	\$ (1,273,810)	\$ (1,273,810)	2,975,541	\$ 4,249,351
Reconciliation to GAAP Basis				
Depreciation			(543,641)	
Principal paid			114,620	
Capital outlay			289,650	
Change in net position - GAAP basis			2,836,170	
Net position at beginning of year			21,369,501	
Net position at end of year			\$ 24,205,671	

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 870,000	\$ 1,049,231	\$ 1,051,481	\$ 2,250
Total operating revenues	870,000	1,049,231	1,051,481	2,250
Operating expenses				
Administrative	167,898	167,898	152,243	15,655
Operating	450,340	450,340	403,301	47,039
Small equipment	13,600	13,600	990	12,610
Total operating expenses	631,838	631,838	556,534	75,304
Operating income	238,162	417,393	494,947	77,554
Non-operating revenues (expenses)				
Capital contributions	1,101,998	1,934,533	1,950,500	15,967
Earnings on investments	200	200	3,050	2,850
Intergovernmental revenue	-	279,342	279,342	-
Other nonoperating revenue	3,500	3,500	120	(3,380)
Interest expense	(75,543)	(165,543)	(174,729)	(9,186)
Principal paid	(254,585)	(342,083)	(359,585)	(17,502)
Capital outlay	(3,087,498)	(4,184,143)	(3,643,091)	541,052
Loan reserve	(154,559)	(154,559)	-	154,559
Total non-operating revenues (expenses)	(2,466,487)	(2,628,753)	(1,944,393)	684,360
Change in net position - budgetary basis	\$ (2,228,325)	\$ (2,211,360)	(1,449,446)	\$ 761,914
Reconciliation to GAAP basis				
Depreciation			(311,954)	
Principal paid			359,585	
Capital outlay			3,643,091	
Change in net position - GAAP basis			2,241,276	
Net position at beginning of year			12,346,869	
Net position at end of year			\$ 14,588,145	

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 355,000	\$ 379,836	\$ 379,836	\$ -
Total operating revenues	355,000	379,836	379,836	-
Operating expenses				
Administrative	316,362	378,789	375,283	3,506
Operating	57,050	57,050	34,767	22,283
Small equipment	11,000	11,000	1,487	9,513
Total operating expenses	384,412	446,839	411,537	35,302
Operating loss	(29,412)	(67,003)	(31,701)	35,302
Non-operating revenues (expenses)				
Taxes	9,300	9,300	10,549	1,249
Capital contributions	222,112	222,112	218,000	(4,112)
Earnings on investments	20	20	186	166
Impact fees	72,000	141,905	141,905	-
Other nonoperating revenue	200	200	62	(138)
Capital outlay	(252,112)	(274,722)	(43,516)	231,206
Total non-operating revenues (expenses)	51,520	98,815	327,186	228,371
Change in net position - budgetary basis	\$ 22,108	\$ 31,812	295,485	\$ 263,673
Reconciliation to GAAP basis				
Depreciation			(28,588)	
Capital outlay			43,516	
Change in net position - GAAP basis			310,413	
Net position at beginning of year			1,253,738	
Net position at end of year			\$ 1,564,151	

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, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Additions				
Library impact fees	\$ 30,000	\$ 57,500	\$ 57,500	\$ -
Grants and contributions	175	175	200	25
Total additions	30,175	57,675	57,700	25
Deductions				
Library expenditures	175	175	-	175
Transfer out	10,200	19,550	19,550	-
Total deductions	10,375	19,725	19,550	175
Change in net position	\$ 19,800	\$ 37,950	38,150	\$ 200
Net position at beginning of year			<u>228,863</u>	
Net position at end of year			<u>\$ 267,013</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
This Information From The Records Of : Town of Wellington	Prepared By: Mike Cummins Phone: 970-568-3381
YEAR ENDING : December 31, 2015	

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)	693,603
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	391,667
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	50,000	b. Snow and ice removal	
3. Other local imposts (from page 2)	207,849	c. Other	
4. Miscellaneous local receipts (from page 2)	923	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	62,266
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,147,536
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)	258,772	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	629,925	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	888,697	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)	1,147,536

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
	582,260	888,697	1,147,536	323,421	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:

Colorado

YEAR ENDING (mm/yy):

December 31, 2015

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	154
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	137,700	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	70,149	g. Other Misc. Receipts	769
6. Total (1. through 5.)	207,849	h. Other	0
c. Total (a. + b.)	207,849	i. Total (a. through h.)	923
	(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	216,129	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	24,796	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) CDOT Grant	389,000	f. Other Federal	
f. Total (a. through e.)	413,796	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	629,925	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		531,471	531,471
(2). Capacity Improvements			0
(3). System Preservation		162,132	162,132
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	693,603	693,603
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	693,603	693,603
			(Carry forward to page 1)

Notes and Comments:

County Road & Bridge Tax:	<u>13,089</u>	Street Cut Permits:	<u>690</u>
Specific Ownership Tax:	<u>57,060</u>	Misc. Revenue:	<u>79</u>
	<u>70,149</u>		<u>769</u>
CDOT Grant:	<u>389,000</u>		