



Town of Wellington, Colorado

Financial Statements and Supplementary
Information
For the Year Ended December 31, 2016

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, 2016, 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, 2016, 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.



Emphasis of Matter

As discussed in Note 2 to the basic financial statements, management determined that capital assets were understated in prior years related to infrastructure dedications. The result of this correction was to increase net position in the governmental activities by \$2,962,302 and business activities by \$2,140,306. Our opinion is not modified with respect to this matter.

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 25, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Wellington (the "Town"), 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, 2016. Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the Basic Financials Statements, Notes to the Basic Financial Statements and Supplementary Information.

FINANCIAL HIGHLIGHTS

The assets of the Town exceeded its liabilities and deferred inflows at the close of 2016 by \$78,720,427. Of this amount, \$26,820,145 may be used to meet the Town's ongoing obligations to citizens and creditors.

- * The Town's total net position increased by \$17,303,261 from the prior year. Net investment in *Capital assets* increased by \$9,289,142. Much of the increase in *Capital assets* can be attributed to infrastructure dedications from the continued development activity, including a prior period adjustment totaling \$5,102,608 for these dedications. See Footnote 2 to the Basic Financial Statements for more discussion of the prior period adjustment. *Non-capital assets* increased by \$8,014,119. Most of the increase is attributable to higher revenues with the increased construction activity and expanded real property base.
- * At the end of calendar year 2016, unassigned fund balance for the General Fund was \$3,842,386 about 141 percent of total General Fund expenditures of \$2,718,775.
- * The Town retired \$694,871 of its debt (about 9 percent of the outstanding debt at January 1, 2016) 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 7, pages 41 and 42 of this report. The Town did *not* increase outstanding debt during 2016, excluding compensatory absences.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information that supports the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town finances. These statements are prepared in a manner similar to a private-sector business using the accrual basis of accounting and economic resources measurement focus.

The *Statement of Net Position* presents information on all the Town 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 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 that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business type activities*). The governmental activities

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

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

The government-wide financial statements can be found on pages 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. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds are described in reconciliations on page 20 and 22.

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

Proprietary funds. The Town of Wellington currently maintains one type *proprietary fund*, called *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.

Business-type activities are reported providing the same type of information as the government-wide financial statements, only in more detail. The business-type financial statements provide separate information for sewer, water and storm drainage operations, which are major enterprise funds of the Town of Wellington.

The basic proprietary fund financial statements detailing the business-type activities 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 required and certain other supplementary information concerning the Town of Wellington's budget comparison statements for the General Fund, non-major Conservation Trust Fund and the Town's three major enterprise funds Water, Sewer and Storm Drainage. 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 \$78,720,427 at the close of 2016.

By far the largest portion of the Town of Wellington’s net position (64 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 2016 compared with 2015 totals restated (see footnote 2).

Condensed Statement of Net Position

	2016		<u>Totals</u>	<u>2015 Totals Restated</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		
<u>ASSETS</u>				
Current assets	\$8,594,301	\$22,968,916	\$31,563,217	\$23,435,907
Capital assets	23,191,041	34,458,508	57,649,549	54,165,833
<u>Total assets</u>	<u>31,785,342</u>	<u>57,427,424</u>	<u>89,212,766</u>	<u>77,601,740</u>
<u>LIABILITIES</u>				
Current liabilities	1,051,651	1,264,584	2,316,235	2,232,692
Long-term liabilities	2,242,298	4,950,815	7,193,113	7,884,903
<u>Total liabilities</u>	<u>3,293,949</u>	<u>6,215,399</u>	<u>9,509,348</u>	<u>10,117,595</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned revenue - property taxes	<u>895,212</u>	<u>87,779</u>	<u>982,991</u>	<u>955,998</u>
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	21,024,025	29,507,693	50,531,718	46,353,557
Restricted for:				
Emergencies	263,576	-	263,576	184,639
Other purposes	397,698	707,290	1,104,988	971,547
Unrestricted	<u>5,910,882</u>	<u>20,909,263</u>	<u>26,820,145</u>	<u>19,018,404</u>
<u>Total net position</u>	<u>\$27,596,181</u>	<u>\$51,124,246</u>	<u>\$78,720,427</u>	<u>\$66,528,147</u>

Exclusive of capital assets, the restricted portion (\$1,368,564) of net position (1.7 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$26,820,145) may be used to meet the Town’s ongoing obligations to citizens and creditors.

The following focuses on changes in net position of the Town’s governmental and business-type activities.

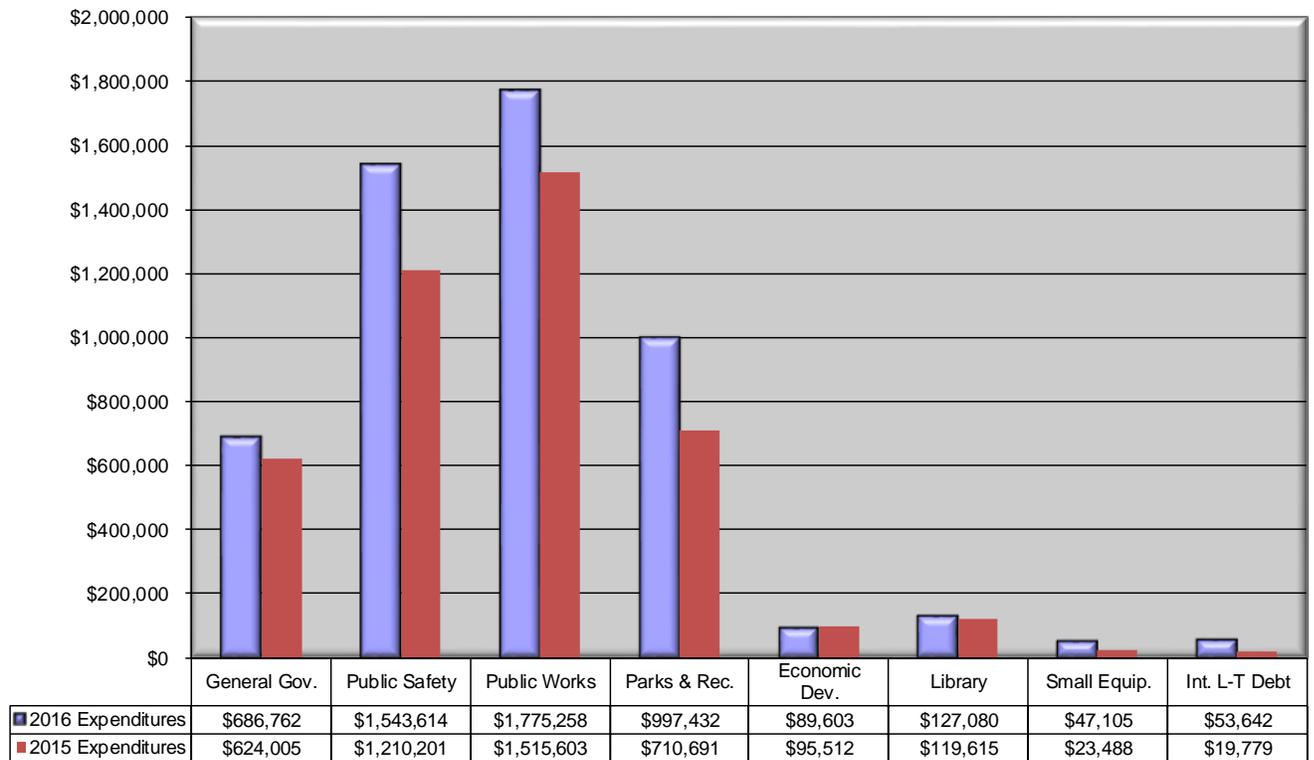
Condensed Statement of Activities

	2016			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>	<u>2015 Totals Restated</u>
Revenues				
Program revenues				
Charges for services	\$991,300	\$3,427,784	\$4,419,084	\$3,663,745
Operating grants and contributions	79,654	-	79,654	338,308
Capital grants and contributions	1,928,646	8,724,351	10,652,997	6,381,257
General revenues				
Property taxes	858,370	87,052	945,422	720,593
Open space taxes	222,412	-	222,412	202,065
Sales and use taxes	1,937,760	-	1,937,760	1,235,448
Franchise fees	163,134	-	163,134	157,935
Highway users tax	227,382	-	227,382	216,129
Other taxes	1,281,819	-	1,281,819	1,314,979
Impact fees	996,198	322,629	1,318,827	608,054
Grants, undesignated	6,378	-	6,378	4,315
Earnings on investments	19,107	42,788	61,895	17,938
Other	153,861	24,903	178,764	36,249
Transfers	29,155	-	29,155	19,550
Total revenues & transfers	<u>8,895,176</u>	<u>12,629,507</u>	<u>21,524,683</u>	<u>14,916,565</u>
Expenses				
General government	686,762	-	686,762	624,005
Public safety	1,543,614	-	1,543,614	1,210,201
Public works	1,775,258	-	1,775,258	1,515,603
Parks and recreation	997,432	-	997,432	710,691
Economic development	89,603	-	89,603	95,512
Library	127,080	-	127,080	119,615
Small equipment	47,105	-	47,105	23,488
Interest on long-term debt	53,642	-	53,642	19,779
Water	-	2,273,191	2,273,191	1,806,716
Sewer	-	1,094,634	1,094,634	1,043,217
Storm drainage	-	635,709	635,709	440,125
Total expenses	<u>5,320,496</u>	<u>4,003,534</u>	<u>9,324,030</u>	<u>7,608,952</u>
Change in net position	3,574,680	8,625,973	12,200,653	7,307,613
Net position at beginning of year (restated see footnote 2)	24,021,501	42,498,273	66,519,774	54,109,553
Prior period adjustment (see footnote 2)				<u>5,110,981</u>
Net position at end of year	<u>\$27,596,181</u>	<u>\$51,124,246</u>	<u>\$78,720,427</u>	<u>\$66,528,147</u>

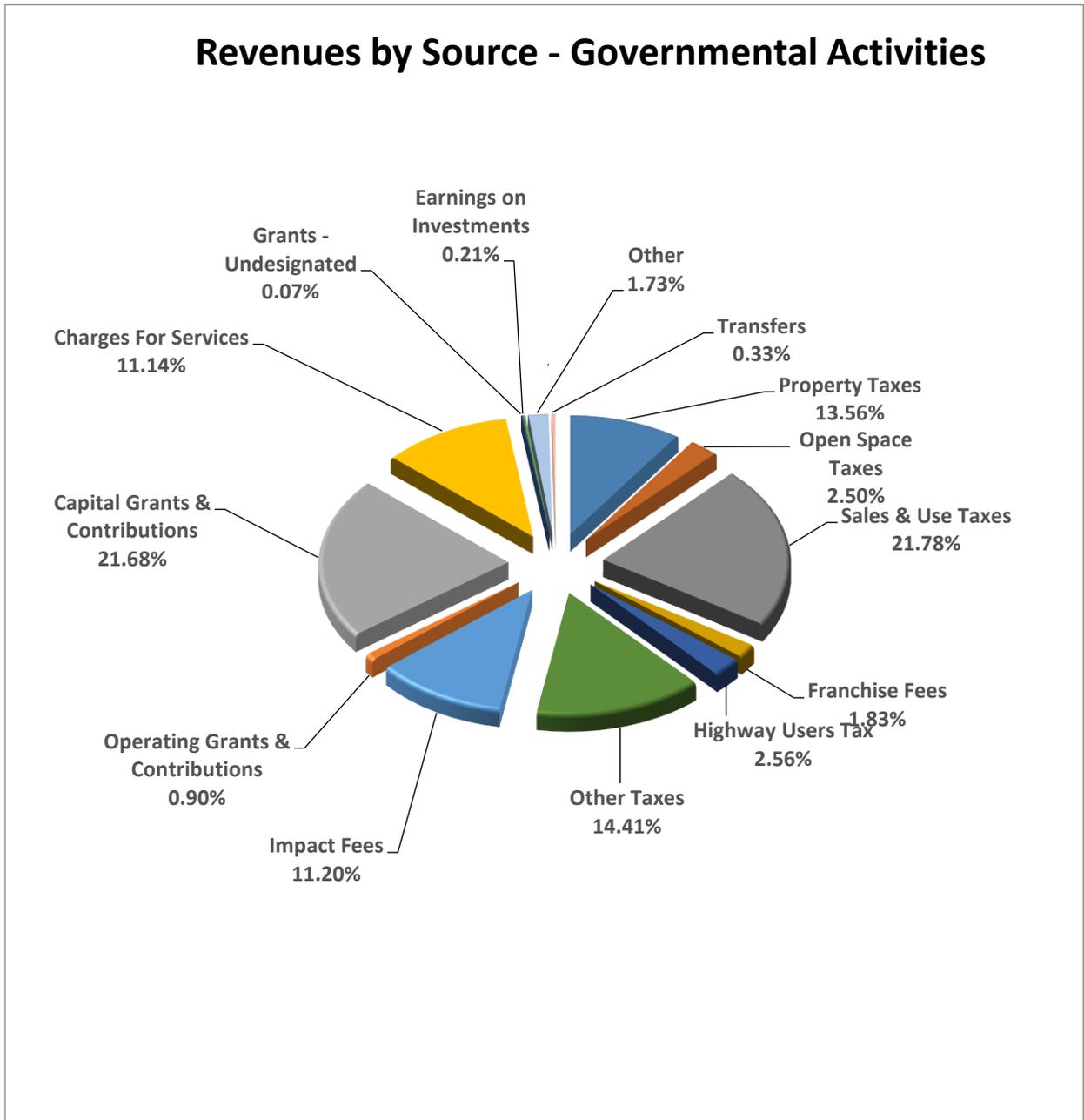
A portion of the “*Net position at end of year*” net position shown in the above Condensed Statement of Activities is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be expensed. Within the governmental activities category restrictions 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 2016 are shown in graphical form below. For comparative purposes, the figures from 2015 (Restated) are included. All categories of governmental activities, with the exception of “Economic Development”, have increased above year ago levels. As the Town continues to grow, increasing costs in these activities will likely trend higher. Interest expense is a result of the Park Fund loan closed in 2015 for the Wellington Community Park (\$2,400,000).

PROGRAM EXPENDITURES - GOVERNMENTAL ACTIVITIES

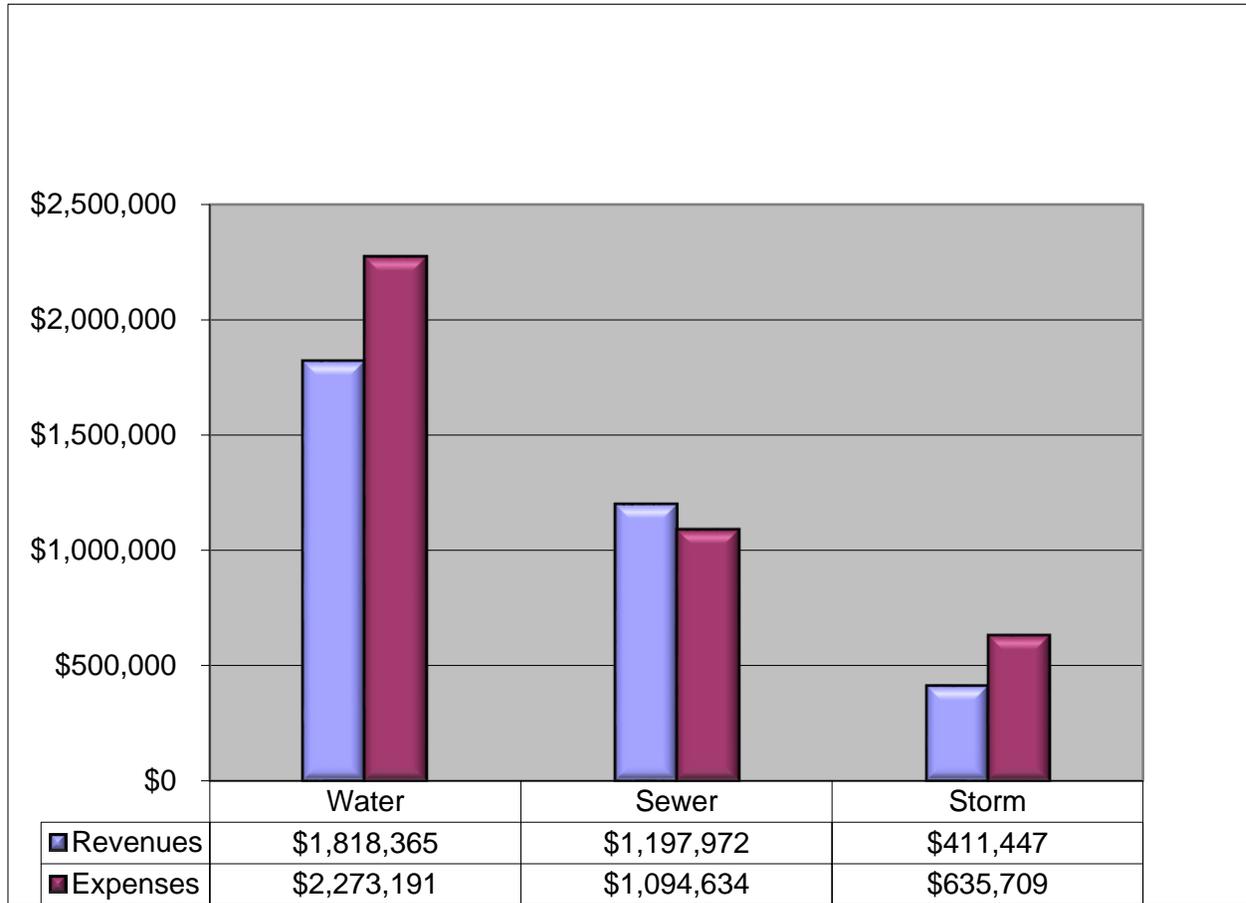


The following chart displays *revenues* categorized by source for the governmental activities. The source of revenue entitled "Other Taxes" consists of the following: Severance Taxes (\$30,343 – General Fund), Motor Vehicle Use Tax (\$308,720 – Street Fund), Sales Tax received by governmental funds *other* than the General Fund (\$442,598 – Park Fund), Use Tax on Building Materials received by governmental funds *other* than the General Fund (\$372,371 - Park Fund), Motor Vehicle Specific Ownership Tax (\$68,542 – Street Fund), Motor Vehicle Registration Tax (\$26,845 – Street Fund), Road & Bridge Tax (\$31,023 – Street Fund), and Interest on Delinquent (property) Taxes (\$1,377 – General Fund). The "Other Taxes" total is \$1,281,819. The total of all revenues depicted is \$8,895,176.



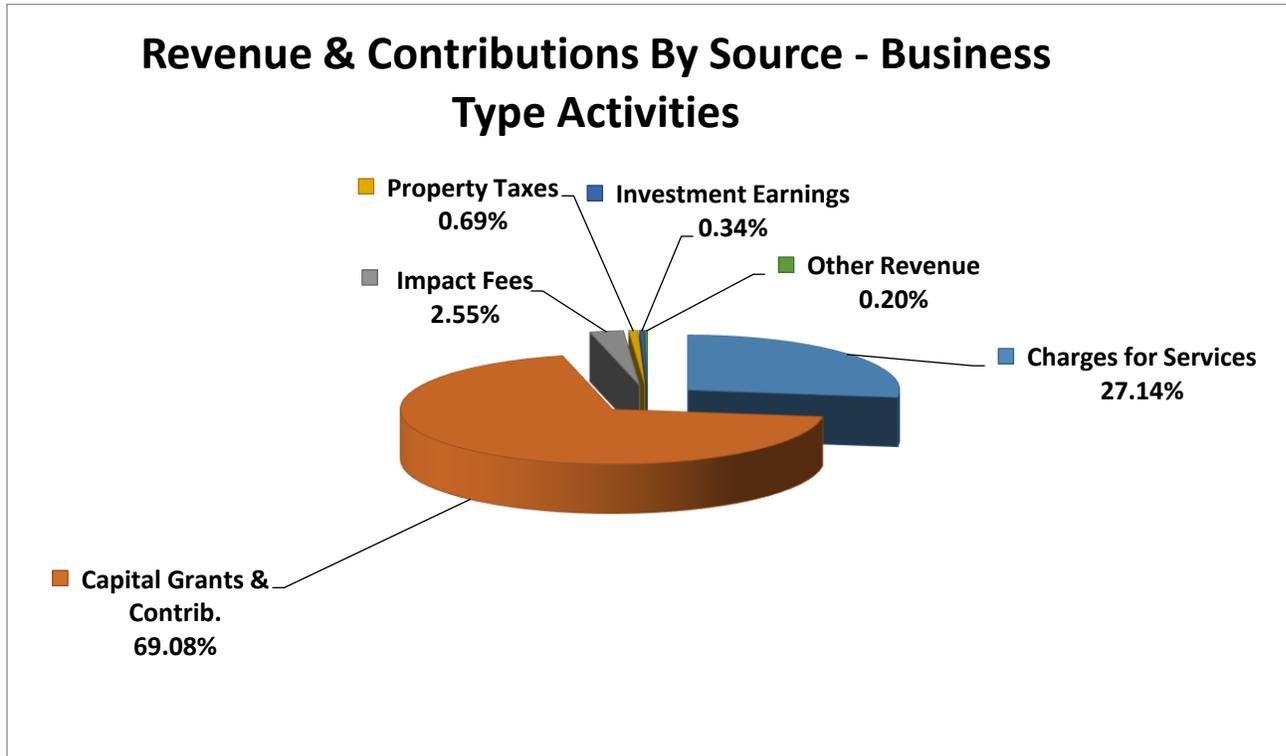
The following chart displays revenues and expenses of the *Business-type Activities*

Program Revenues & Expenses - Business-type Activities



Operating and interest expenses exceed operating revenues in all but the Sewer Fund. However, each business activity fund includes a significant *non-cash* expense. The operating expenses include depreciation. Depreciation is an estimate of the deterioration of fixed assets. There was no actual cash expenditure involved in “depreciation expense”. *Non-cash* depreciation was \$649,618, \$357,590 and \$65,214 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” (69.08%). This category consists of “Uniform Capital Investment Fees” (Water Fund) in the amount of \$4,316,367 and Sewer Fund “Tap Fees” of \$2,595,000. Also included are infrastructure dedications. In 2016, infrastructure dedications were: Water Fund - \$813,009; Sewer Fund - \$456,507; Storm Drainage Fund - \$543,468. The total amount of Capital Grants & Contributions in 2016 was \$8,724,351.



Financial Analysis of the Town’s Funds

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

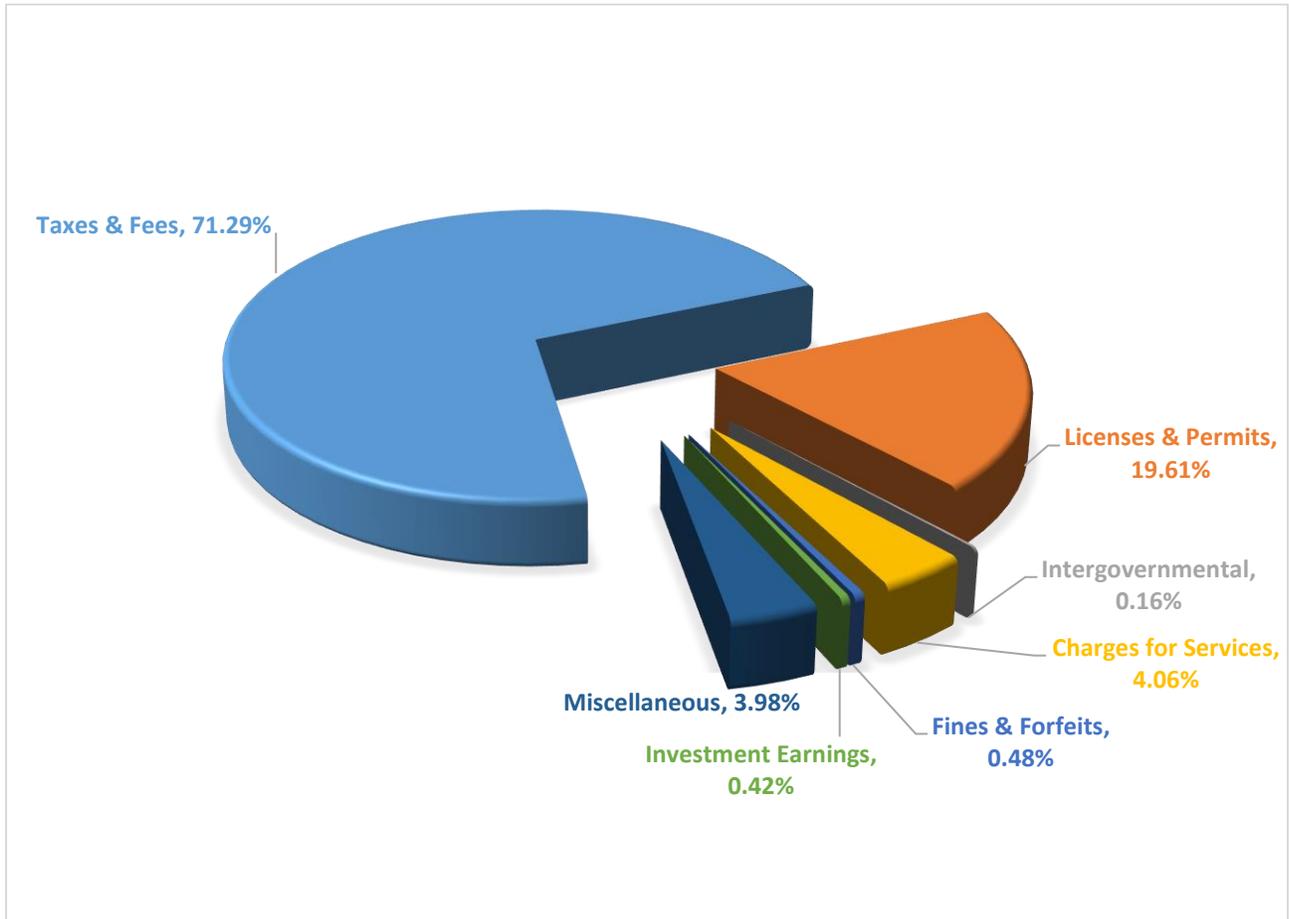
Governmental funds. The focus of the Town *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town financing requirements. *Unassigned fund balance* may serve as a useful measure of a government’s net resources *available for spending* at the end of the fiscal year. As of the end of the current fiscal year, the Town governmental funds (General, Street, Park and Conservation Trust Funds) reported combined ending fund balances of \$6,651,610. Approximately 57.8% of this total amount (\$3,842,386) 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 non-spendable form (i.e., inventories) or that portions of fund balance have been restricted, committed or assigned to specific purposes as follows:

Nonspendable:	\$13,709
Restricted:	\$661,274
Committed:	\$51,088
Assigned:	\$2,083,153
Unassigned:	<u>\$3,842,386</u>
TOTAL:	\$6,651,610

General Fund Budgetary Highlights

The General Fund accounts for all of the general services provided by the Town of Wellington. At the end of 2016, the fund balance of the General Fund totaled \$4,493,492, an increase of \$1,073,045 over the fund balance at the end of 2015 (\$3,420,447).

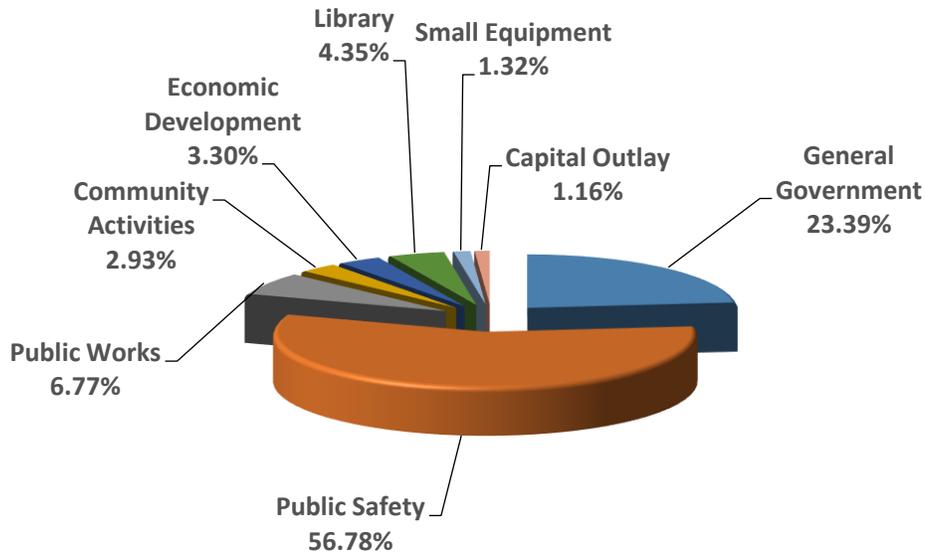
Revenues by Source - General Fund



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 (56.78%). "Public Safety" includes amounts paid to Larimer County Sheriff's Office (\$924,964), amounts paid to SafeBuilt for building inspections (\$560,524) and amounts expended for the Town's Code Enforcement program (\$58,126). The total of all Public Safety was \$1,543,614 in 2016. General Fund expenditures by type are presented below in graphical form.

EXPENDITURES BY TYPE - GENERAL FUND



The Town Board amended the 2016 General Fund, Street Fund, Storm Drainage Fund and Library Trust Fund budgets. The original General Fund, Street Fund, Storm Drainage Fund and Library Trust Fund budgeted *expenditures* were \$2,457,066, \$2,309,660, \$4,204,023, \$1,605,025 and \$10,375 respectively. Generally, these funds were over expended to provide the spending necessary to support increased revenues from accelerating new home construction. 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 for building inspection charges and engineering services exceeded budget by \$396,000. However, revenues from building permit activity for inspection fees and use taxes exceeded budget by \$895,000. In the *Street Fund*, the primary issues were unbudgeted payments of \$66,500 to a developer for traffic signals and infrastructure dedications of new streets to the Town exceeding budget by \$460,000. The signals were covered by an increase to the road impact fee and the dedications are offset by infrastructure dedication revenue of a like amount. New home construction in excess of plan also impacted the *Storm Drainage Fund* causing payments to BBRSA (Boxelder Basin Regional Stormwater Authority) to exceed budget by \$193,000. These overages were offset by revenues exceeding budget for storm water impact and utility fees of \$265,000. 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 2016, the 34% transfer caused an over expenditure of \$19,000.

Budgeted *expenditures, as amended* in each of the funds amended were: *General Fund*: amended budgeted expenditures were increased by \$395,505 from \$2,457,066 to \$2,852,571. *Street Fund*: amended budgeted expenditures were increased by \$596,651 from \$2,309,660 to \$2,906,311. *Storm Drainage Fund*: Amended budgeted expenditures were increased by \$192,845 from \$1,605,025 to \$1,797,870. *Library Trust Fund*: amended budgeted expenditures were increased by \$18,955 from \$10,375 to \$29,330. Note that the *Water Fund, Sewer*

Fund, Conservation Trust Fund and Park Fund did *not* need to be amended.

Proprietary Funds. The Town 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 \$14,700,670, \$6,143,403 and \$65,190 respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town business-type activities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town net investment in *capital assets* for its governmental *and* business type activities as of December 31, *2016*, amounts to \$50,531,718 (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, *2015*, (after restatement see footnote 2) the net investment in capital assets is \$46,353,557 (net of accumulated depreciation and debt). Net investment in capital assets increased 9 percent from 2015 to 2016 after restatement.

During 2016 the Waste Water Treatment Plant and Wellington Park were substantially completed and transferred from Construction in Progress. The most significant additions in net investment in capital assets for 2016 were infrastructure dedications in the Street Fund, Water Fund, Sewer Fund and Storm Drainage Fund and construction in progress for the Garfield Street project.

Capital Assets at Year End

(net of depreciation, compared to 2015 Restated)

	Governmental Activities		Business-Type Activities		TOTAL	
	<u>2016</u>	<u>2015 Restated</u>	<u>2016</u>	<u>2015 Restated</u>	<u>2016</u>	<u>2015 Restated</u>
Land:	\$1,351,018	\$1,351,018	\$119,233	\$119,233	\$1,470,251	\$1,470,251
Water Rights:	160,380	160,380	-	-	160,380	160,380
Water Delivery Rights:	-	-	423,746	423,746	423,746	423,746
Buildings & Improvements:	302,564	310,862	-	-	302,564	310,862
Improvements Other Than Buildings:	9,442,652	4,702,941	-	-	9,442,652	4,702,941
Streets & Improvements:	11,454,806	10,148,335	-	-	11,454,806	10,148,335
Machinery & Equipment:	233,409	229,660	-	-	233,409	229,660
Utility Systems & Equipment:	-	-	32,779,666	26,561,405	32,779,666	26,561,405
Construction in Progress:	246,212	5,087,118	1,135,863	5,071,135	1,382,075	10,158,253
TOTAL	<u>\$23,191,041</u>	<u>\$21,990,314</u>	<u>\$34,458,508</u>	<u>\$32,175,519</u>	<u>\$57,649,549</u>	<u>\$54,165,833</u>

Additional information on the Town of Wellington's capital assets can be found in footnote 6 on pages 39 and 40 of this report.

Long-term debt. At the end of 2016, the Town had total debt outstanding of \$7,119,433. Of this amount, \$170,000

comprises debt backed by the full faith and credit of the Town (i.e., the Town's taxing authority). The remainder of the Town debt represents bonds and loans secured solely by specified revenue sources (Water & Sewer Fund revenues – i.e., Charges for Services).

Outstanding Debt at Year End

	Governmental		Business-Type		TOTAL	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
FNB WCP Loan (Park Fund):	\$2,167,016	\$2,382,419	-	-	\$2,167,016	\$2,382,419
1984 General Obligation Bonds (Water Fund):	-	-	170,000	190,000	170,000	190,000
1982 CWCB General Obligation Bonds (Water Fund):	-	-	345,682	387,766	345,682	387,766
2001 CWR&PDA Loan (Sewer Fund):	-	-	359,640	417,022	359,640	417,022
2002 CWR&PDA Loan (Water Fund):	-	-	1,782,095	2,042,097	1,782,095	2,042,097
2014 Bond Issue - WWTP Expansion (Sewer Fund):	-	-	2,295,000	2,395,000	2,295,000	2,395,000
TOTAL	\$2,167,016	\$2,382,419	\$4,952,417	\$5,431,885	\$7,119,433	\$7,814,304

This outstanding debt does not include compensated absences of \$75,282 at the end of 2016.

Additional information on the Town long-term debt can be found in footnote 7, pages 41-42 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budget guides the efficient, effective and economic use of the Town's resources, as well as focus on the highest priority objectives. Through the budget, the Town Council sets the direction, allocates resources and establishes priorities.

The Town Council approved the 2017 budget on December 13, 2016, appropriating \$18,030,775 for expenditures in 2017. The initial *2016* appropriation, was \$14,277,527. The 2017 initial budget reflects a 26.3% *increase* from the 2016 initial budget. However, the 2017 initial budget was 16.5% more than the 2016 budget appropriating \$15,481,483 after amendment.

The Town realized continued impressive numbers of new home building permits in 2016 with a 30% increase following a strong year in 2015. This trend is expected to continue into 2017 and increases were reflected in the 2017 budget.

The Town will face many challenges in 2017 and beyond. The Town is growing exponentially, with approximately 400 new homes scheduled in 2017 alone. This will add an additional 1000 residents per year in the coming years, and all indications show that the population growth will continue. Additionally, the Poudre School District has scheduled to build a new high school on the western border of Town, with construction expected to be complete by 2021. The Town will be challenged to provide appropriate resources to meet this growing demand.

Providing sufficient drinking water will be a major hurdle for the Town. The Town currently has sufficient supply for a population of up to 15,000 residents; however, the Town treatment facility can only produce half that amount. Current population trends predict that the Town will pass 10,000 in the next two years. The Town is working on a Water Treatment Plant upgrade that will double treatment by late 2018. Additionally, the Town is upgrading its well water treatment capability that will increase production by 14%, adding an additional 100,000 gallons/day of clean potable water. Construction for the well upgrade will be complete in 2017. The Town is also looking for alternative water supplies. Several resources are being considered, and infrastructure costs to bring in additional water will be considerable.

Another capital project includes construction of a new town hall building. The Town has outgrown its existing location and is leasing additional space on Cleveland Avenue. However, projected staffing increases in the next few years to meet the demands of a growing population will soon exceed the capacity of both locations. In 2017 and 2018 the Town will increase staffing to include a public works director, town planner, five new operators at the Town's Water and Wastewater Treatment facilities, and park maintenance, thereby increasing total FTEs by 32%. Construction of the new town hall building is expected to begin late 2018.

The Town is also seeing growth in its commercial corridors. The Town's exposure along I-25 has led to an increase in restaurant, convenience, and fast-food establishments. Additionally, Wellington is a recognized Main Street Community, which is bringing more commercial interest to our downtown. A new restaurant and a tap room will open in summer 2017, bringing more residents and visitors to town. As for industrial activity, a new vitamin water manufacturer is set to open in late 2017, bringing approximately 25 new jobs to town. Additional industrial growth is expected in the Box Elder Business Park, with three new buildings currently under construction.

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, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,338,635	\$ -	\$ 2,338,635
Equity in pooled cash and cash equivalents	442,295	2,202,670	2,644,965
Investments	4,282,627	20,033,607	24,316,234
Receivables	1,097,035	403,082	1,500,117
Internal balances	420,000	(420,000)	-
Inventory	-	41,328	41,328
Prepaid items	13,709	939	14,648
Restricted cash and cash equivalents	-	707,290	707,290
Capital assets:			
Nondepreciable	1,757,610	1,678,842	3,436,452
Depreciable, net of accumulated depreciation	21,433,431	32,779,666	54,213,097
Total assets	31,785,342	57,427,424	89,212,766
Liabilities			
Accounts payable	525,219	1,191,135	1,716,354
Accrued interest payable	4,172	60,798	64,970
Accrued wages payable	19,182	12,651	31,833
Developer deposit	503,078	-	503,078
Noncurrent liabilities:			
Accrued compensated absences	75,282	-	75,282
Due within one year	220,657	495,303	715,960
Due in more than one year	1,946,359	4,455,512	6,401,871
Total liabilities	3,293,949	6,215,399	9,509,348
Deferred inflows of resources			
Unearned revenue - property taxes	895,212	87,779	982,991
Total deferred inflows of resources	895,212	87,779	982,991
Net position			
Net investment in capital assets	21,024,025	29,507,693	50,531,718
Restricted for:			
Emergencies	263,576	-	263,576
Parks and recreation	397,698	707,290	1,104,988
Unrestricted	5,910,882	20,909,263	26,820,145
Total net position	\$ 27,596,181	\$ 51,124,246	\$ 78,720,427

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

**Town of Wellington
Statement of Activities**

Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 686,762	\$ 152,833	\$ -	\$ -
Public safety	1,543,614	738,421	-	-
Public works	1,775,258	18,106	-	1,928,146
Parks and recreation	997,432	81,940	79,654	500
Economic development	89,603	-	-	-
Library	127,080	-	-	-
Small equipment	47,105	-	-	-
Interest on long-term debt	53,642	-	-	-
Total governmental activities	5,320,496	991,300	79,654	1,928,646
Business-type activities:				
Water	2,273,191	1,818,365	-	5,129,376
Sewer	1,094,634	1,197,972	-	3,051,507
Storm drainage	635,709	411,447	-	543,468
Total business-type activities	4,003,534	3,427,784	-	8,724,351
Total primary government	\$ 9,324,030	\$ 4,419,084	\$ 79,654	\$ 10,652,997

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

Prior period adjustment (Note 2)

Net position at end of year

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (533,929)	\$ -	\$ (533,929)
(805,193)	-	(805,193)
170,994	-	170,994
(835,338)	-	(835,338)
(89,603)	-	(89,603)
(127,080)	-	(127,080)
(47,105)	-	(47,105)
(53,642)	-	(53,642)
(2,320,896)	-	(2,320,896)
-	4,674,550	4,674,550
-	3,154,845	3,154,845
-	319,206	319,206
-	8,148,601	8,148,601
(2,320,896)	8,148,601	5,827,705
858,370	-	858,370
-	87,052	87,052
222,412	-	222,412
1,937,760	-	1,937,760
163,134	-	163,134
227,382	-	227,382
1,281,819	-	1,281,819
996,198	322,629	1,318,827
6,378	-	6,378
19,107	42,788	61,895
153,861	24,903	178,764
5,866,421	477,372	6,343,793
29,155	-	29,155
5,895,576	477,372	6,372,948
3,574,680	8,625,973	12,200,653
21,059,199	40,357,967	61,417,166
2,962,302	2,140,306	5,102,608
\$ 27,596,181	\$ 51,124,246	\$ 78,720,427

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

Town of Wellington
Balance Sheet
Governmental Funds
December 31, 2016

	General	Street	Park	Conservation Trust (Nonmajor)	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 293,037	\$ 362,148	\$ 1,208,534	\$ 397,698	\$ 2,261,417
Equity in pooled cash and cash equivalents	442,295	-	-	-	442,295
Cash with fiscal agent	16,829	43,226	17,163	-	77,218
Investments	4,069,745	206,986	5,896	-	4,282,627
Receivables	1,001,676	17,954	77,405	-	1,097,035
Due from other funds	420,000	-	-	-	420,000
Prepaid items	4,710	2,917	6,082	-	13,709
Totals assets	\$ 6,248,292	\$ 633,231	\$ 1,315,080	\$ 397,698	\$ 8,594,301
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	\$ 347,321	\$ 83,501	\$ 94,397	\$ -	\$ 525,219
Accrued wages payable	9,189	3,625	6,368	-	19,182
Developer deposit	503,078	-	-	-	503,078
Total liabilities	859,588	87,126	100,765	-	1,047,479
Deferred inflows of resources					
Unearned revenue - property taxes	895,212	-	-	-	895,212
Total deferred inflows of resources	895,212	-	-	-	895,212
Fund balances					
Nonspendable	4,710	2,917	6,082	-	13,709
Restricted	263,576	-	-	397,698	661,274
Committed	51,088	-	-	-	51,088
Assigned	331,732	543,188	1,208,233	-	2,083,153
Unassigned	3,842,386	-	-	-	3,842,386
Total fund balances	4,493,492	546,105	1,214,315	397,698	6,651,610
Total liabilities, deferred inflows of resources and fund balances	\$ 6,248,292	\$ 633,231	\$ 1,315,080	\$ 397,698	\$ 8,594,301

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, 2016

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

Total fund balance - governmental funds	\$ 6,651,610
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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	\$ 37,236,380	
Accumulated depreciation	<u>(14,045,339)</u>	23,191,041

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	\$ (2,167,016)	
Accrued interest payable	(4,172)	
Accrued compensated absences	(75,282)	(2,246,470)
Total net position - governmental activities		\$ 27,596,181

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, 2016

	General	Street	Park	Conservation Trust Fund (Nonmajor)	Total Governmental Funds
Revenues					
Taxes and impact fees	\$2,682,264	\$1,180,560	\$1,824,251	\$ -	\$ 5,687,075
Licenses and permits	737,971	450	-	-	738,421
Intergovernmental	5,878	-	-	80,154	86,032
Charges for services	152,833	-	81,940	-	234,773
Fines and forfeitures	18,106	-	-	-	18,106
Earnings on investments	15,710	981	2,102	314	19,107
Contributions and grants	-	1,928,146	500	-	1,928,646
Miscellaneous	149,903	2,237	1,721	-	153,861
Total revenues	3,762,665	3,112,374	1,910,514	80,468	8,866,021
Expenditures					
Current:					
General government	635,994	-	-	-	635,994
Public safety	1,543,614	-	-	-	1,543,614
Public works	184,152	626,419	-	-	810,571
Parks and recreation	79,591	-	694,840	-	774,431
Economic development	89,603	-	-	-	89,603
Library	118,171	-	-	-	118,171
Small equipment	36,018	10,213	874	-	47,105
Capital outlay	31,632	2,253,058	169,120	-	2,453,810
Debt Service:					
Principal	-	-	215,403	-	215,403
Interest	-	-	54,056	-	54,056
Total expenditures	2,718,775	2,889,690	1,134,293	-	6,742,758
Excess (deficiency) of revenues over expenditures	1,043,890	222,684	776,221	80,468	2,123,263
Other financing sources					
Transfers in	29,155	-	-	-	29,155
Total other financing sources	29,155	-	-	-	29,155
Net change in fund balances	1,073,045	222,684	776,221	80,468	2,152,418
Fund balances at beginning of year	3,420,447	323,421	438,094	317,230	4,499,192
Fund balances at end of year	\$4,493,492	\$ 546,105	\$1,214,315	\$ 397,698	\$ 6,651,610

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, 2016

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

Total net change in fund balance - governmental funds. \$ 2,152,418

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	\$2,453,810	
Depreciation expense	<u>(1,244,710)</u>	1,209,100

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. 215,403

Decrease 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. 414

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. (2,655)

Change in net position of governmental activities \$ 3,574,680

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

Town of Wellington
Statement of Net Position
Proprietary Funds
December 31, 2016

	Water	Sewer	Storm Drainage	Total
Assets				
Current assets				
Equity in pooled cash and cash equivalents	\$ 277,098	\$ 1,211,136	\$ 714,436	\$ 2,202,670
Investments	14,309,078	4,950,430	774,099	20,033,607
Receivables	223,674	131,143	48,265	403,082
Inventory	39,272	2,056	-	41,328
Prepaid items	313	313	313	939
Total current assets	14,849,435	6,295,078	1,537,113	22,681,626
Noncurrent assets				
Restricted cash and cash equivalents	357,290	350,000	-	707,290
Capital assets:				
Land	36,130	83,103	-	119,233
Water rights	423,746	-	-	423,746
Construction in progress	443,706	3,846	688,311	1,135,863
Utilities systems	22,249,615	19,584,081	2,036,203	43,869,899
Equipment	470,496	508,226	3,458	982,180
Less accumulated depreciation	(7,695,001)	(4,196,857)	(180,555)	(12,072,413)
Total capital assets - net	15,928,692	15,982,399	2,547,417	34,458,508
Total noncurrent assets	16,285,982	16,332,399	2,547,417	35,165,798
Total assets	31,135,417	22,627,477	4,084,530	57,847,424
Liabilities				
Current liabilities				
Accounts payable	50,616	89,440	1,051,079	1,191,135
Accrued interest payable	4,258	56,540	-	60,798
Accrued wages payable	6,112	5,695	844	12,651
Due to other funds	-	-	420,000	420,000
Current portion of long-term debt	124,467	370,836	-	495,303
Total current liabilities	185,453	522,511	1,471,923	2,179,887
Noncurrent liabilities				
Long-term debt	749,253	3,706,259	-	4,455,512
Total noncurrent liabilities	749,253	3,706,259	-	4,455,512
Total liabilities	934,706	4,228,770	1,471,923	6,635,399
Deferred inflows of resources				
Unearned revenue - property taxes	87,779	-	-	87,779
Total deferred inflows of resources	87,779	-	-	87,779
Net position				
Net investment in capital assets	15,054,972	11,905,304	2,547,417	29,507,693
Restricted for rate stabilization	-	350,000	-	350,000
Restricted for maintenance	357,290	-	-	357,290
Unrestricted	14,700,670	6,143,403	65,190	20,909,263
Total net position	\$ 30,112,932	\$ 18,398,707	\$ 2,612,607	\$ 51,124,246

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, 2016

	Water	Sewer	Storm Drainage	Totals
Operating revenues				
Charges for services	\$ 1,810,146	\$ 1,197,972	\$ 411,447	\$ 3,419,565
Miscellaneous	8,219	-	-	8,219
Total operating revenues	1,818,365	1,197,972	411,447	3,427,784
Operating expenses				
Administrative	207,249	172,938	526,222	906,409
Operating	1,250,631	429,291	26,295	1,706,217
Small equipment	124,751	7,917	17,978	150,646
Depreciation	649,618	357,590	65,214	1,072,422
Total operating expenses	2,232,249	967,736	635,709	3,835,694
Operating income (loss)	(413,884)	230,236	(224,262)	(407,910)
Non-operating revenues (expenses)				
Property taxes and impact fees	87,052	-	322,629	409,681
Earnings on investments	28,992	11,828	1,968	42,788
Interest expense	(40,942)	(126,898)	-	(167,840)
Other non-operating revenue	1,048	23,845	10	24,903
Total non-operating revenues (expenses)	76,150	(91,225)	324,607	309,532
Income (loss) before contributions	(337,734)	139,011	100,345	(98,378)
Capital contributions	5,129,376	3,051,507	543,468	8,724,351
Changes in net position	4,791,642	3,190,518	643,813	8,625,973
Net position at beginning of year	24,205,671	14,588,145	1,564,151	40,357,967
Prior period adjustment (Note 2)	1,115,619	620,044	404,643	2,140,306
Net position at end of year	\$ 30,112,932	\$ 18,398,707	\$ 2,612,607	\$ 51,124,246

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

Town of Wellington
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2016

	Water	Sewer	Storm Drainage	Total
Cash flows from operating activities				
Cash received from customers	\$ 1,824,990	\$ 1,221,124	\$ 412,943	\$ 3,459,057
Cash payments to suppliers	(1,180,577)	(550,964)	(351,157)	(2,082,698)
Cash payments to employees	(425,355)	(330,424)	(47,979)	(803,758)
Net cash flows from operating activities	219,058	339,736	13,807	572,601
Cash flows from non-capital financing activities				
Property taxes	87,779	-	14,046	101,825
Impact fees	-	-	308,583	308,583
Other non-operating revenue	1,048	23,845	10	24,903
Change in interfund balances due	1,280,709	-	420,000	1,700,709
Net cash flows from non-capital financing activities	1,369,536	23,845	742,639	2,136,020
Cash flows from capital and related financing activities				
Capital contributions	4,316,367	2,595,000	-	6,911,367
Acquisitions of capital assets	(570,508)	(225,721)	(118,097)	(914,326)
Principal paid on long-term debt	(119,466)	(360,002)	-	(479,468)
Interest paid on long-term debt	(41,123)	(140,555)	-	(181,678)
Net cash flows from capital and related financing activities	3,585,270	1,868,722	(118,097)	5,335,895
Cash flows from investing activities				
Earnings on investments	28,992	11,828	1,968	42,788
Purchase of investments	(6,680,927)	(1,614,292)	(164,225)	(8,459,444)
Change in restricted cash and cash equivalents	(52,973)	-	-	(52,973)
Net cash flows from investing activities	(6,704,908)	(1,602,464)	(162,257)	(8,469,629)
Net change in cash and cash equivalents	(1,531,044)	629,839	476,092	(425,113)
Cash and cash equivalents at beginning of year	1,808,142	581,297	238,344	2,627,783
Cash and cash equivalents at end of year	\$ 277,098	\$ 1,211,136	\$ 714,436	\$ 2,202,670
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (413,884)	\$ 230,236	\$ (224,262)	\$ (407,910)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	649,618	357,590	65,214	1,072,422
Changes in operating assets:				
Receivables	6,625	23,152	1,496	31,273
Inventory	(5,017)	3,890	-	(1,127)
Prepaid items	(313)	(313)	(313)	(939)
Accounts payable	(19,060)	(276,913)	171,399	(124,574)
Accrued wages payable	1,089	2,094	273	3,456
Net cash flows from operating activities	\$ 219,058	\$ 339,736	\$ 13,807	\$ 572,601
Noncash investing, capital and financing activities:				
Capital assets acquired through accounts payable	\$ 20,334	\$ 71,383	\$ 536,384	\$ 628,101
Capital assets acquired with capital contribution	\$ 813,009	\$ 456,507	\$ 543,468	\$ 1,812,984

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

Town of Wellington
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2016

	Library Trust
Assets	
Equity in pooled cash and cash equivalents, restricted	\$ 30,474
Investments	293,133
Total assets	323,607
Net position	\$ 323,607

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, 2016

	Library Trust
<hr/>	
Additions	
Library impact fees	\$ 85,749
Total additions	85,749
<hr/>	
Deductions	
Transfer out	29,155
Total deductions	29,155
<hr/>	
Change in net position	56,594
Net position at beginning of year	267,013
<hr/>	
Net position at end of year	\$ 323,607
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The accompanying notes are an integral part of these financial statements.

Town of Wellington

Notes to Financial Statements

December 31, 2016

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, 2016

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, 2016

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, 2016

- 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 Budget	Total Revisions	Final Budget
Governmental funds:			
General fund	\$ 2,457,066	\$ 395,505	\$ 2,852,571
Special revenue funds:			
Street fund	2,309,660	596,651	2,906,311
Park fund	1,292,702	-	1,292,702
Conservation trust fund	-	-	-
Business type funds:			
Water fund	4,856,910	-	4,856,910
Sewer fund	1,745,790	-	1,745,790
Storm drainage fund	1,605,025	192,845	1,797,870
Fiduciary fund type:			
Library trust fund	10,375	18,955	29,330
Total funds	\$14,277,528	\$ 1,203,956	\$15,481,484

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.

Investments

Investments are reported at fair value in accordance with *GASB Statement No. 72, Fair Value Measurement and Application*.

Town of Wellington

Notes to Financial Statements

December 31, 2016

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, 2016

Assets are depreciated using the straight-line method over the assets estimated useful lives. 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 \$75,282 at December 31, 2016.

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, 2016, 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, 2016

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 - represents the net position of the Town, which is not restricted for any project or other purpose. A deficit will require future funding.

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, 2016

As of December 31, 2016, fund balances are composed of the following:

	General Fund	Street Fund	Park Fund	Conservation Trust Fund	Total Governmental
Nonspendable:					
Prepaid items	\$ 4,710	\$ 2,917	\$ 6,082	\$ -	\$ 13,709
Restricted:					
Emergencies	263,576	-	-	-	263,576
Parks and open space	-	-	-	397,698	397,698
Committed:					
Cemetery operations	51,088	-	-	-	51,088
Assigned:					
Capital projects	-	254,021	1,000,473	-	1,254,494
Subsequent year's expenditures	331,732	289,167	207,760	-	828,659
Unassigned	3,842,386	-	-	-	3,842,386
Total fund balances	\$ 4,493,492	\$ 546,105	\$ 1,214,315	\$ 397,698	\$ 6,651,610

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. Prior Period Adjustment

For the fiscal year 2016, the Town discovered an error from prior years. Infrastructure installed in a development within the Town, was not dedicated to the Town because of dissolution of the developer during the economic downturn. However, the developer subsequently deeded the development's infrastructure to the Town. The Town should have recognized the value of the infrastructure at the time of the deed, but did not. Correction of the error results in a prior period adjustment; details are:

Town of Wellington
Notes to Financial Statements

December 31, 2016

	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,118,222	\$ -	\$ 1,118,222
Streets and improvements	2,145,513	-	2,145,513
Utilities system	-	2,185,926	2,185,926
Accumulated depreciation	(301,433)	(180,076)	(481,509)
Developer payable	-	134,456	134,456
Total	\$ 2,962,302	\$ 2,140,306	\$ 5,102,608

3. Cash and Investments

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 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, 2016, the District had deposits with financial institutions with a carrying amount (book balance) of \$5,676,618. The bank balances with the financial institutions were \$5,697,923, which of this amount, \$562,126 was covered by federal depository insurance, with the excess in 2016 covered by PDPA.

Cash and cash equivalents, including restricted cash, held by the District at December 31 were as follows:

Cash on hand	\$ 1,520
Cash with county treasurer and clerk	43,226
Cash deposits	5,676,618
Total	\$ 5,721,364

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

Statement of net position:	
Cash and cash equivalents	\$ 2,338,635
Equity in pooled cash and cash equivalents	2,644,965
Restricted cash and cash equivalents	707,290
Statement of fiduciary net position:	
Equity in pooled cash and cash equivalents, restricted	30,474
Total	\$ 5,721,364

Town of Wellington
Notes to Financial Statements

December 31, 2016

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.

The Town categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2016, assets measured at fair value on a recurring basis have been categorized into the hierarchy as follows:

	Assets at Fair Value as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 258,882	\$ -	\$ 258,882
Colotrust	-	24,350,485	-	24,350,485
Total	\$ -	\$24,609,367	\$ -	\$24,609,367

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, 2016, 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.

Town of Wellington
Notes to Financial Statements

December 31, 2016

Local Government Investment Pools

At December 31, 2016, the Town had invested \$24,350,485 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.

4. Receivables

Receivables at December 31, 2016, consisted of the following:

Types	Governmental Activities	Business-Type Activities	Total
Taxes	\$ 958,311	\$ 87,779	\$ 1,046,090
Trade accounts	-	315,303	315,303
Intergovernmental	79,301	-	79,301
Other	59,423	-	59,423
Total	\$ 1,097,035	\$ 403,082	\$ 1,500,117

5. Interfund Receivables/Payables and Transfers

The Town's interfund receivables and payables at December 31, 2016 (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
General	Storm Drainage	\$ 420,000
Total - fund financial statements		420,000
Total internal balances - government-wide statement of net position		\$ 420,000

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.

During the year ended December 31, 2016, the fiduciary fund transferred \$29,155 to the General Fund.

Town of Wellington
Notes to Financial Statements

December 31, 2016

6. Capital Assets

A summary of changes in governmental activities capital assets for the year ended December 31, 2016, is as follows:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land and water rights	\$ 1,511,398	\$ -	\$ -	\$ 1,511,398
Construction in progress	5,087,118	133,177	(4,974,083)	246,212
Total capital assets, not being depreciated	6,598,516	133,177	(4,974,083)	1,757,610
Capital assets, being depreciated:				
Buildings and improvements	960,430	28,392	-	988,822
Improvements other than buildings	7,415,193	5,100,745	(9,852)	12,506,086
Streets and improvements	18,588,318	2,112,317	-	20,700,635
Machinery and equipment	1,231,848	53,262	(1,883)	1,283,227
Total capital assets, being depreciated	28,195,789	7,294,716	(11,735)	35,478,770
Less accumulated depreciation for:				
Buildings and improvements	(649,568)	(36,690)	-	(686,258)
Improvements other than buildings	(2,712,252)	(352,661)	1,479	(3,063,434)
Streets and improvements	(8,439,983)	(805,846)	-	(9,245,829)
Machinery and equipment	(1,002,188)	(49,513)	1,883	(1,049,818)
Total accumulated depreciated	(12,803,991)	(1,244,710)	3,362	(14,045,339)
Total capital assets, being depreciated, net	15,391,798	6,050,006	(8,373)	21,433,431
Governmental activities capital assets, net	\$21,990,314	\$ 6,183,183	\$(4,982,456)	\$23,191,041

**Town of Wellington
Notes to Financial Statements**

December 31, 2016

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

Governmental activities:	
General government	\$ 48,113
Public works	964,687
Parks and recreation	223,001
Library	8,909
Total depreciation expense - governmental activities	\$ 1,244,710

A summary of changes in business-type activities capital assets for the year ended December 31, 2016, is as follows:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Business-type activities:				
Land and water rights	\$ 542,979	\$ -	\$ -	\$ 542,979
Construction in progress	5,071,135	1,091,893	(5,027,165)	1,135,863
Total capital assets, not being depreciated	5,614,114	1,091,893	(5,027,165)	1,678,842
Capital assets, being depreciated:				
Utilities systems	36,630,805	7,239,094	-	43,869,899
Equipment	940,839	51,589	(10,248)	982,180
Total capital assets, being depreciated	37,571,644	7,290,683	(10,248)	44,852,079
Less accumulated depreciation	(11,010,239)	(1,072,422)	10,248	(12,072,413)
Total capital assets, being depreciated, net	26,561,405	6,218,261	-	32,779,666
Business-type activities capital assets, net	\$32,175,519	\$ 7,310,154	\$(5,027,165)	\$34,458,508

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

Business-type activities:	
Water	\$ 649,618
Sewer	357,590
Storm drainage	65,214
Total depreciation expense - business-type activities	\$ 1,072,422

Town of Wellington
Notes to Financial Statements

December 31, 2016

7. 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, 2016 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 \$75,282 at December 31, 2016.

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”). The 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, 2016

Following is a summary of the debt transactions for the year ended December 31, 2016:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
2014 First National Bank loan	\$2,382,419	\$ -	\$(215,403)	\$ 2,167,016	\$ 220,657
Accrued compensated absences	72,627	103,314	(100,659)	75,282	-
	<u>\$2,455,046</u>	<u>\$ 103,314</u>	<u>\$(316,062)</u>	<u>\$ 2,242,298</u>	<u>\$220,657</u>
Business-Type Activities					
1984 general obligation water bond	\$ 190,000	\$ -	\$ (20,000)	\$ 170,000	\$ 21,000
1982 Colorado Water Conservation Board loan	387,766	-	(42,084)	345,682	43,767
2001 Colorado Water Resource and Power Development Authority loan	417,022	-	(57,382)	359,640	59,700
2002 Colorado Water Resource and Power Development Authority loan	2,042,097	-	(260,002)	1,782,095	270,836
2014 general obligation sewer bond	2,395,000	-	(100,000)	2,295,000	100,000
	<u>\$5,431,885</u>	<u>\$ -</u>	<u>\$(479,468)</u>	<u>4,952,417</u>	<u>\$495,303</u>
Current portion of long-term debt				(495,303)	
Discount on long-term debt				(1,602)	
Non-current portion of long-term liabilities				<u>\$ 4,455,512</u>	

The following table represents future debt service requirements as of December 31, 2016:

Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2017	\$ 220,657	\$ 48,803	\$ 495,303	\$ 161,476	\$ 926,239
2018	225,881	43,579	510,881	146,728	927,069
2019	231,228	38,232	527,046	131,221	927,727
2020	236,607	32,853	543,383	114,734	927,577
2021	242,304	27,156	570,317	98,103	937,880
2022 - 2026	1,010,339	49,920	1,125,487	303,795	2,489,541
2027 - 2031	-	-	700,000	177,540	877,540
2032 - 2035	-	-	480,000	38,800	518,800
	<u>\$ 2,167,016</u>	<u>\$ 240,543</u>	<u>\$ 4,952,417</u>	<u>\$ 1,172,397</u>	<u>\$ 8,532,373</u>

Town of Wellington
Notes to Financial Statements

December 31, 2016

8. 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	\$1,818,365	
Connection fees	4,316,367	
Subtotal	6,134,732	
Operation and maintenance expenses (not including depreciation)	1,582,631	
Net revenue as defined in loan agreement		\$ 4,552,101
2016 principal due	\$ 57,382	
2016 interest due	16,113	
	73,495	
	x110%	80,845
Amount the current year revenues were in excess of the requirements of the CWRPDA loan agreement.		\$ 4,471,256

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, 2016

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

Operating revenues	\$1,197,972	
Connection fees	<u>2,595,000</u>	
Subtotal	3,792,972	
Operation and maintenance expenses (not including depreciation)	<u>610,146</u>	
Net revenue as defined in loan agreement		\$ 3,182,826
2016 principal due	\$ 260,002	
2016 interest due	<u>61,428</u>	
	321,430	
	x110%	353,573
Amount the current year revenues were in excess of the requirements of the CWRPDA loan agreement.		<u>\$ 2,829,253</u>

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

The Town Board approved resolution 1-2012 SE establishing rate stabilization account in the Sewer Fund in conformity with the rate covenant provisions of the 2002 CWRPDA loan agreement. This resolution restricted \$350,000 specifically for debt service on the aforementioned CWRPDA loan, retroactive to December 31, 2011. This restriction, plus the calculation shown above, demonstrates the Town is in compliance with the requirements of the CWRPDA loan at December 31, 2016.

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 \$357,290 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, 2016

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

Operating revenues	\$1,197,972	
Connection fees	<u>2,595,000</u>	
Subtotal	3,792,972	
Operation and maintenance expenses	<u>610,146</u>	
Net revenue as defined in loan agreement		\$ 3,182,826
2016 principal due	\$ 100,000	
2016 interest due	<u>73,428</u>	
	173,428	
	x120%	208,114
Amount the current year revenues were in excess of the requirements of the general bond obligation.		<u>\$ 2,974,712</u>

9. 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.

10. 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 or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The Town has restricted \$263,576 for this purpose.

On November 5, 1996, the voting citizens of the Town of Wellington authorized the Town (retroactive to January 1, 1995) to, without imposing any new taxes or increases in tax rates, retain all revenue from all sources in 1995 and subsequent years, and to spend the same as a voter-approved revenue change and as exception to limits which would otherwise apply for each of said years under Colorado Constitution Article

Town of Wellington
Notes to Financial Statements

December 31, 2016

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.

11. Subsequent Events

Management of the Town has evaluated subsequent events through July 25, 2017, 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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,762,652	\$ 2,196,887	\$ 2,519,130	\$ 322,243
Franchise fees	155,500	155,500	163,134	7,634
Licenses and permits	291,887	752,785	737,971	(14,814)
Intergovernmental	3,750	3,750	5,878	2,128
Charges for services	60,205	60,205	152,833	92,628
Fines and forfeitures	14,000	14,000	18,106	4,106
Earnings on investments	780	780	15,710	14,930
Miscellaneous	16,600	16,600	149,903	133,303
Total revenues	2,305,374	3,200,507	3,762,665	562,158
Expenditures				
Current:				
General government:				
Legislative	173,862	173,862	190,772	(16,910)
Judicial	27,350	27,350	19,833	7,517
Administrative	235,593	235,593	204,863	30,730
Planning and zoning	95,800	239,805	220,526	19,279
Public safety:				
Police	917,440	917,440	924,964	(7,524)
Protective inspections	384,820	636,320	618,650	17,670
Public works:				
Sanitation	26,750	26,750	14,340	12,410
Operating	99,884	99,884	107,769	(7,885)
Cemetery	4,200	4,200	2,952	1,248
General use buildings	60,150	60,150	59,091	1,059
Park and recreation:				
Community activities	90,149	90,149	79,591	10,558
Economic development	80,000	80,000	89,603	(9,603)
Library	159,318	159,318	118,171	41,147
Small equipment	50,750	50,750	36,018	14,732
Capital outlay	43,000	43,000	31,632	11,368
Total expenditures	2,449,066	2,844,571	2,718,775	125,796
Excess of revenues over expenditures	(143,692)	355,936	1,043,890	687,954
Other financing sources (uses)				
Transfers in	2,550	2,550	29,155	26,605
Transfers out	(8,000)	(8,000)	-	8,000
Total other financing sources (uses)	(5,450)	(5,450)	29,155	34,605
Net change in fund balance	\$ (149,142)	\$ 350,486	1,073,045	\$ 722,559
Fund balance at beginning of year			3,420,447	
Fund balance at end of year			\$ 4,493,492	

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, 2016

	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	\$ 575,500	\$ 575,500	\$ 662,512	\$ 87,012	\$ 936,701	\$ 936,701	\$ 1,346,101	\$ 409,400
Impact fees	150,000	518,048	518,048	-	181,250	181,250	478,150	296,900
Licenses and permits	250	250	450	200	-	-	-	-
Charges for services	-	-	-	-	67,613	67,613	81,940	14,327
Earnings on investments	50	50	981	931	300	300	2,102	1,802
Contributions and grants	1,468,675	1,928,204	1,928,146	(58)	-	-	500	500
Miscellaneous	250	250	2,237	1,987	250	250	1,721	1,471
Total revenues	2,194,725	3,022,302	3,112,374	90,072	1,186,114	1,186,114	1,910,514	724,400
Expenditures								
Current:								
Public works/Parks and recreation:								
Administrative	64,938	80,374	81,437	(1,063)	96,436	96,436	100,375	(3,939)
Operating	420,547	460,810	544,982	(84,172)	335,044	335,044	363,309	(28,265)
Recreation	-	-	-	-	280,456	280,456	231,156	49,300
Small equipment and other	4,500	85,923	10,213	75,710	105,750	105,750	874	104,876
Capital outlay	1,819,675	2,279,204	2,253,058	26,146	206,000	206,000	169,120	36,880
Debt Service	-	-	-	-	269,016	269,016	269,459	(443)
Total expenditures	2,309,660	2,906,311	2,889,690	16,621	1,292,702	1,292,702	1,134,293	158,409
Net change in fund balances	\$ (114,935)	\$ 115,991	222,684	\$ 106,693	\$ (106,588)	\$ (106,588)	776,221	\$ 882,809
Fund balances at beginning of year			323,421				438,094	
Fund balances at end of year			\$ 546,105				\$ 1,214,315	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 65,000	\$ 65,000	\$ 80,154	\$ 15,154
Earnings on investments	200	200	314	114
Total revenues	65,200	65,200	80,468	15,268
Net change in fund balance	\$ 65,200	\$ 65,200	80,468	\$ 15,268
Fund balance at beginning of year			317,230	
Fund balance at end of year			\$ 397,698	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 1,446,750	\$ 1,446,750	\$ 1,810,146	\$ 363,396
Miscellaneous	-	-	8,219	8,219
Total operating revenues	1,446,750	1,446,750	1,818,365	371,615
Operating expenses				
Administrative	260,909	260,909	207,249	53,660
Operating	1,168,253	1,168,253	1,250,631	(82,378)
Small equipment	26,000	26,000	124,751	(98,751)
Total operating expenses	1,455,162	1,455,162	1,582,631	(127,469)
Operating income (loss)	(8,412)	(8,412)	235,734	244,146
Non-operating revenues (expenses)				
Property taxes	87,058	87,058	87,052	(6)
Capital contributions	2,493,373	2,493,373	5,129,376	2,636,003
Earnings on investments	450	450	28,992	28,542
Other non-operating revenue	3,500	3,500	1,048	(2,452)
Interest expense	(41,128)	(41,128)	(40,942)	186
Principal paid	(149,487)	(149,487)	(119,466)	30,021
Capital outlay	(3,211,133)	(3,211,133)	(654,481)	2,556,652
Total non-operating revenues (expenses)	(817,367)	(817,367)	4,431,579	5,248,946
Change in net position - budgetary basis	\$ (825,779)	\$ (825,779)	4,667,313	\$ 5,493,092
Reconciliation to GAAP Basis				
Depreciation			(649,618)	
Principal paid			119,466	
Capital outlay			654,481	
Change in net position - GAAP basis			4,791,642	
Net position at beginning of year			24,205,671	
Prior period adjustment (Note 2)			1,115,619	
Net position at end of year			\$ 30,112,932	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 875,000	\$ 875,000	\$ 1,197,972	\$ 322,972
Total operating revenues	875,000	875,000	1,197,972	322,972
Operating expenses				
Administrative	184,303	184,303	172,938	11,365
Operating	491,119	491,119	429,291	61,828
Small equipment	20,100	20,100	7,917	12,183
Total operating expenses	695,522	695,522	610,146	85,376
Operating income	179,478	179,478	587,826	408,348
Non-operating revenues (expenses)				
Capital contributions	1,353,182	1,353,182	3,051,507	1,698,325
Earnings on investments	200	200	11,828	11,628
Other nonoperating revenue	3,500	3,500	23,845	20,345
Interest expense	(140,555)	(140,555)	(126,898)	13,657
Principal paid	(360,002)	(360,002)	(360,002)	-
Capital outlay	(380,855)	(380,855)	(297,104)	83,751
Loan reserve	(168,856)	(168,856)	-	168,856
Total non-operating revenues (expenses)	306,614	306,614	2,303,176	1,996,562
Change in net position - budgetary basis	\$ 486,092	\$ 486,092	2,891,002	\$ 2,404,910
Reconciliation to GAAP basis				
Depreciation			(357,590)	
Principal paid			360,002	
Capital outlay			297,104	
Change in net position - GAAP basis			3,190,518	
Net position at beginning of year			14,588,145	
Prior period adjustment (Note 2)			620,044	
Net position at end of year			\$ 18,398,707	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 380,000	\$ 411,447	\$ 411,447	\$ -
Total operating revenues	380,000	411,447	411,447	-
Operating expenses				
Administrative	337,349	530,194	526,222	3,972
Operating	56,048	56,048	26,295	29,753
Small equipment	9,000	9,000	17,978	(8,978)
Total operating expenses	402,397	595,242	570,495	24,747
Operating loss	(22,397)	(183,795)	(159,048)	24,747
Non-operating revenues (expenses)				
Taxes	9,300	9,300	14,046	4,746
Capital contributions	502,628	502,628	543,468	40,840
Earnings on investments	20	20	1,968	1,948
Impact fees	75,000	308,583	308,583	-
Other nonoperating revenue	200	200	10	(190)
Capital outlay	(1,202,628)	(1,202,628)	(654,481)	548,147
Total non-operating revenues (expenses)	(615,480)	(381,897)	213,594	595,491
Change in net position - budgetary basis	\$ (637,877)	\$ (565,692)	54,546	\$ 620,238
Reconciliation to GAAP basis				
Depreciation			(65,214)	
Capital outlay			654,481	
Change in net position - GAAP basis			643,813	
Net position at beginning of year			1,564,151	
Prior period adjustment (Note 2)			404,643	
Net position at end of year			\$ 2,612,607	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Additions				
Library impact fees	\$ 30,000	\$ 85,750	\$ 85,749	\$ (1)
Grants and contributions	375	-	-	-
Total additions	30,375	85,750	85,749	(1)
Deductions				
Library expenditures	175	175	-	175
Transfer out	10,200	29,155	29,155	-
Total deductions	10,375	29,330	29,155	175
Change in net position	\$ 20,000	\$ 56,420	56,594	\$ 174
Net position at beginning of year			<u>267,013</u>	
Net position at end of year			<u>\$ 323,607</u>	

See accompanying Independent Auditor's Report.

State Compliance Section

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Wellington
	YEAR ENDING : December 31, 2016

This Information From The Records Of : Town of Wellington	Prepared By: Keith Wilson Phone: 970-568-3381
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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)	387,998
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	490,946
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	926,333	c. Other	
4. Miscellaneous local receipts (from page 2)	3,610	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	82,543
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	961,487
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)	929,943	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	254,227	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,184,170	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)	961,487

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
	323,421	1,184,170	961,487	546,104	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
 YEAR ENDING (mm/yy):
December 31, 2016

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	981
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	308,720	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	518,048	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	769
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	99,565	g. Other Misc. Receipts	1,860
6. Total (1. through 5.)	926,333	h. Other	
c. Total (a. + b.)	926,333	i. Total (a. through h.)	3,610
	(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	227,382	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	26,845	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) CDOT Grant		f. Other Federal	
f. Total (a. through e.)	26,845	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	254,227	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		2,323	2,323
c. Construction:			
(1). New Facilities		1,995	1,995
(2). Capacity Improvements			
(3). System Preservation		301,417	301,417
(4). System Enhancement & Operation		82,263	82,263
(5). Total Construction (1) + (2) + (3) + (4)	0	385,675	385,675
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	387,998	387,998
			(Carry forward to page 1)

Notes and Comments:

County Road & Bridge Tax:	31,023	Street Cut Permits:	450
Specific Ownership Tax:	68,542	Misc. Revenue:	1,410
	99,565		1,860