



Town of Wellington, Colorado

Financial Statements and Supplementary Information

For the Year Ended December 31, 2019



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, 2019, 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, 2019, 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 Matters

The COVID-19 outbreak in 2020 (see Note 10) has caused business disruption in a variety of industries, markets and geographic regions, which has resulted in considerable uncertainty as to the financial impact and duration, which cannot be reasonably estimated at this time. Our conclusion 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.

ACM LLP

Greeley, Colorado
July 28, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Wellington, we offer readers of the Town of Wellington's financial statements this narrative overview and analysis of the financial activities of the Town of Wellington for the fiscal year ended December 31, 2019. Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the Basic Financial Statements, Notes to the Basic Financial Statements and Supplementary Information.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Wellington exceeded its liabilities and deferred inflows at the close of 2019 by \$93,535,140. Of this amount, \$36,917,638 may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$4,941,683 from the prior year. Net investment in Capital assets increased by \$2,211,839. Non-capital assets increased by \$28,210,083.
- At the end of calendar year 2019, unassigned fund balance for the general fund was \$4,697,851, a decrease of \$36,722 or (.78%) from the prior year. This amount is 113% percent of total general fund expenditures of \$5,308,710.
- The Town retired \$762,624 of its debt (13.42% percent of the outstanding debt at January 1, 2019) excluding compensatory absences computations during the fiscal year. The key factor in this decrease was the semi-annual and annual principal payments made on the Town's outstanding debts shown in Footnote 6, pages 41 and 42 of this report. The Town did increase outstanding debt during 2019 by \$24.8 million, excluding compensatory absences.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Wellington's basic financial statements. The Town of Wellington's basic financial statements are comprised of three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information 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 of Wellington's 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 of Wellington's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the categories reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Wellington is improving or deteriorating.

The ***Statement of Activities*** presents information showing how the Town of Wellington's *net position* changed during the fiscal year. All changes in *net position* are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the Town of Wellington that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business type activities*). The governmental activities of the Town of Wellington include general government, public safety, public works, community development, culture, parks, and recreation. The business-type activities of the Town of Wellington include water, sewer and storm drainage operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The government-wide financial statements can be found on pages 16 to 18 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Wellington, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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 of *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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$93,535,140 at the close of 2019.

By far the largest portion of the Town of Wellington's net position (64.06 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 and accumulated depreciation. 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 2019 compared with 2018 totals.

Condensed Statement of Net Position

	2019			<u>2018 Totals</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>	
ASSETS				
Current assets	\$12,743,583	\$54,517,088	\$67,260,671	\$39,050,588
Capital assets	22,456,199	37,460,853	59,917,052	57,705,213
<u>Total assets</u>	<u>35,199,782</u>	<u>91,977,941</u>	<u>127,177,723</u>	<u>96,755,801</u>
LIABILITIES				
Current liabilities	1,114,232	3,076,573	4,190,805	2,032,991
Long-term liabilities	1,270,243	26,663,771	27,934,014	4,924,770
<u>Total liabilities</u>	<u>2,384,475</u>	<u>29,740,344</u>	<u>32,124,819</u>	<u>6,957,761</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - property taxes	1,432,171	85,593	1,517,764	1,204,583
NET POSITION				
Invested in capital assets, net of related debt	20,949,349	34,046,901	54,996,250	52,022,169
Restricted for:				
Emergencies	231,273	-	231,273	196,870
Other purposes	479,190	910,789	1,389,979	1,465,176
Unrestricted	9,723,324	27,194,314	36,917,638	34,909,242
<u>Total net position</u>	<u>\$31,383,136</u>	<u>\$62,152,004</u>	<u>\$93,535,140</u>	<u>\$88,593,457</u>

Exclusive of capital assets, the restricted portion (\$1,621,252) of net position (4.39 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$36,917,638) may be used to meet the Town's ongoing obligations to citizens and creditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS

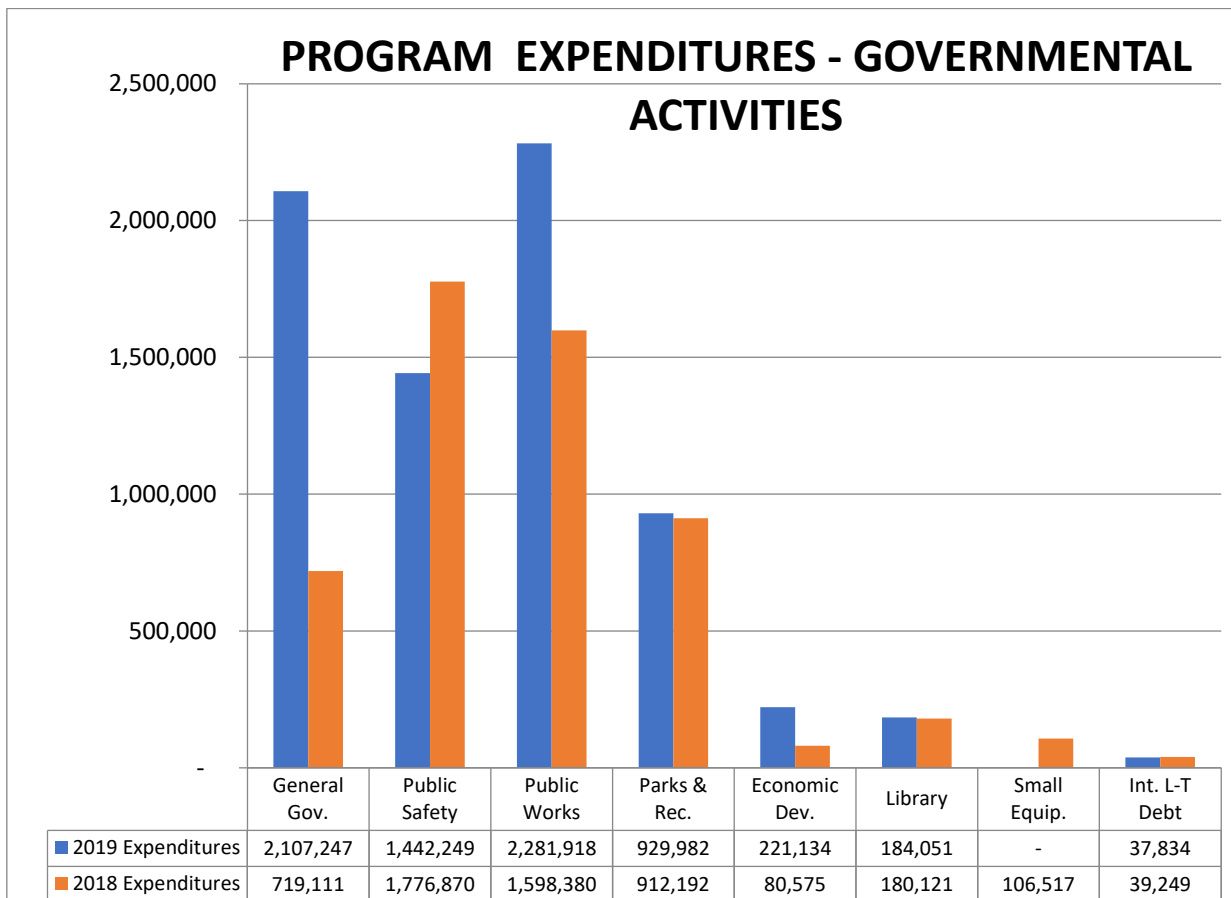
The following focuses on changes in net position of the Town's governmental and business-type activities.
Condensed Statement of Activities

	2019				
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>		<u>2018 Totals</u>
Revenues					
Program revenues					
Charges for services	\$764,134	\$3,944,975	\$4,709,109		\$4,697,218
Operating grants and contributions	108,361	-	108,361		84,148
Capital grants and contributions	-	3,914,316	3,914,316		3,736,017
General revenues					
Property taxes	1,105,706	91,079	1,196,785		1,143,903
Open space taxes	250,916	-	250,916		253,344
Sales and use taxes	2,740,101	-	2,740,101		2,126,186
Franchise fees	183,780	-	183,780		190,097
Highway users tax	327,548	-	327,548		318,048
Other taxes	1,325,843	-	1,325,843		1,045,970
Impact fees	733,218	216,909	950,127		844,701
Grants, undesignated	5,336	-	5,336		5,162
Earnings on investments	250,425	600,877	851,302		470,303
Other	22,595	26,057	48,652		31,342
Transfers	1,282,286	(1,265,286)	17,000		-
<u>Total revenues & transfers</u>	<u>9,100,249</u>	<u>7,528,927</u>	<u>16,629,176</u>		<u>14,946,439</u>
Expenses					
General government	2,107,247	-	2,107,247		719,111
Public safety	1,442,249	-	1,442,249		1,776,870
Public works	2,281,918	-	2,281,918		1,598,380
Parks and recreation	929,982	-	929,982		912,192
Economic development	221,134	-	221,134		80,575
Library	184,051	-	184,051		180,121
Small equipment	-	-	-		160,517
Interest on long-term debt	37,834	-	37,834		39,249
Water	-	2,640,768	2,640,768		3,053,477
Sewer	-	1,203,509	1,203,509		1,367,832
Storm drainage	-	638,801	638,801		627,767
<u>Total expenses</u>	<u>7,204,415</u>	<u>4,483,078</u>	<u>11,687,493</u>		<u>10,462,061</u>
Change in net position	1,895,834	3,045,849	4,941,683		4,484,378
Net position at beginning of year	29,487,302	59,106,155	88,593,457		84,109,079
<u>Net position at end of year</u>	<u>\$31,383,136</u>	<u>\$62,152,004</u>	<u>\$93,535,140</u>		<u>\$88,593,457</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS

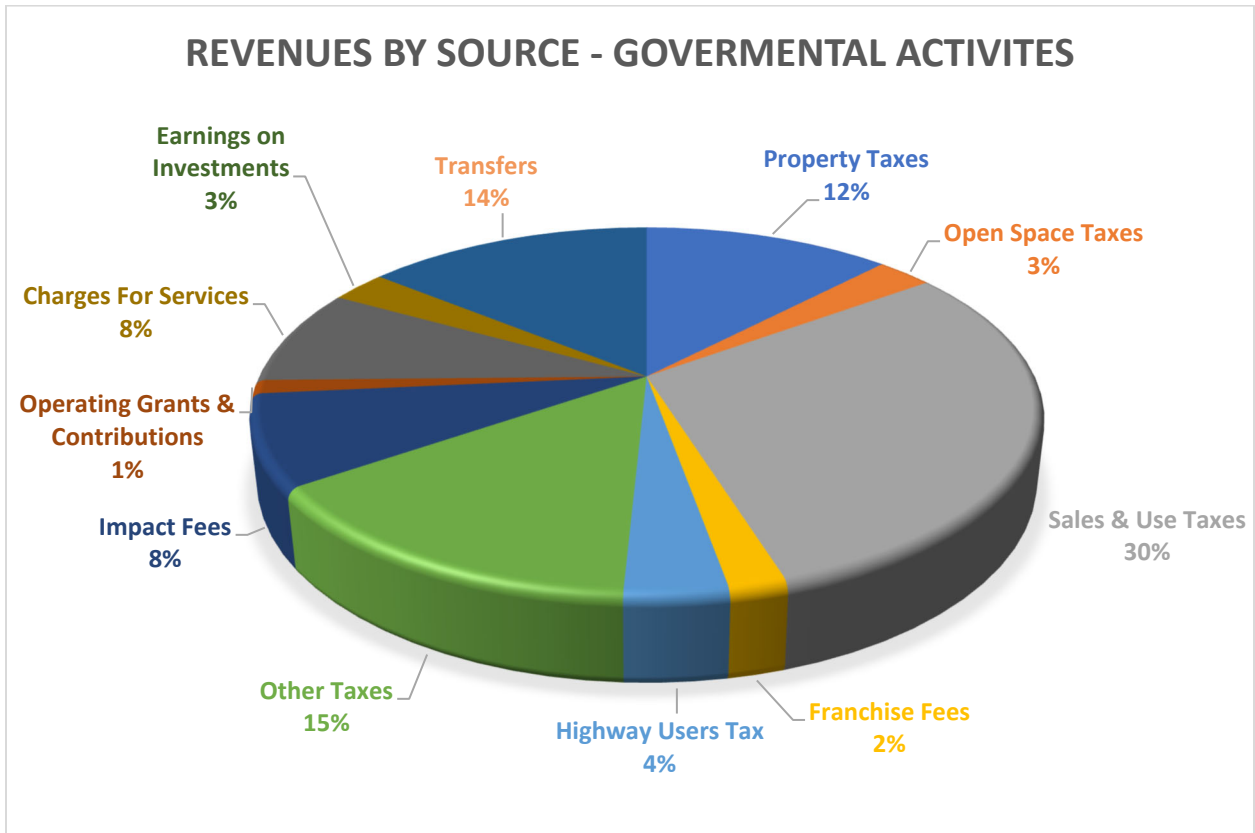
A portion of the “*Net position at end of year*” net position shown in the above **Condensed Statement of Activities** is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be expensed. Within the governmental activities category restrictions 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 loan agreements. Expenditures for the governmental activities are displayed below.

Expenditures for the **governmental activities** displayed in the previous table for 2019 are shown in graphical form below. For comparative purposes, the figures from 2018 are included. All categories of governmental activities, except for Public Safety, Small Equipment, and Interest on Long Term Deb have increased above year ago levels. As the Town continues to grow, increasing costs in these activities will likely trend higher.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following chart displays revenues categorized by source for the governmental activities. The sources of revenue included in "Other Taxes" consists of the following: Severance Tax (\$66,167, General Fund), Sales Tax received by governmental funds other than the General Fund (\$690,577, Park Fund), Use Tax on Building Materials received by governmental funds other than the General Fund, (\$237,666, Parks Fund), Motor Vehicle Specific Ownership Tax (\$101,449, Street Fund), Motor Vehicle Use Tax (\$165,412, Parks Fund), Motor Vehicle Registration Tax (\$25,210, Streets Fund) Road and Bridge Tax (\$38,137, Street Fund), and Interest on Delinquent accounts (\$1,225, General Fund). The "Other Taxes" total \$1,325,843. The total governmental activities revenues of \$9,100,249.



MANAGEMENT’S DISCUSSION AND ANALYSIS

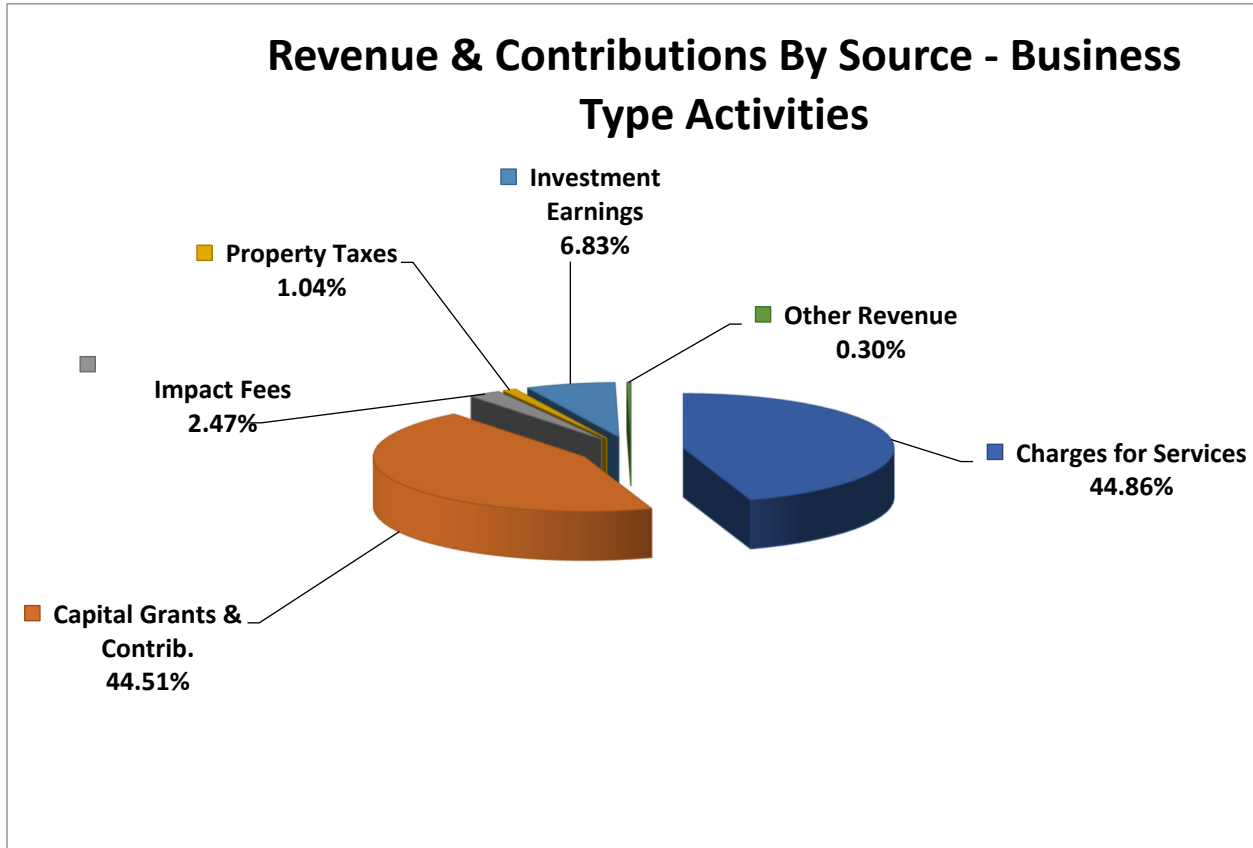
The following chart displays revenues and expenses of the Business-type Activities.



Operating and interest expenses were less than operating revenues in all the business-type activities. 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 \$701,861, \$452,655 and \$113,017 in the Water, Sewer and Storm Drainage Funds respectively. After deducting the non-cash depreciation in the Water Fund, operating expenses exceeded operating revenues by \$79,254. After deducting the non-cash depreciation in the Storm Fund, operating expenses exceeded operating revenues by \$68,264.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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" (44.51%). This category consists of Raw Water Fees, Tap Fees and Infrastructure Dedications in the Water and Sewer Funds in the amount of \$4,131,225. The total amount of Capital Grants & Contributions in 2018 was \$3,932,520.



Financial Analysis of the Town's Funds

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

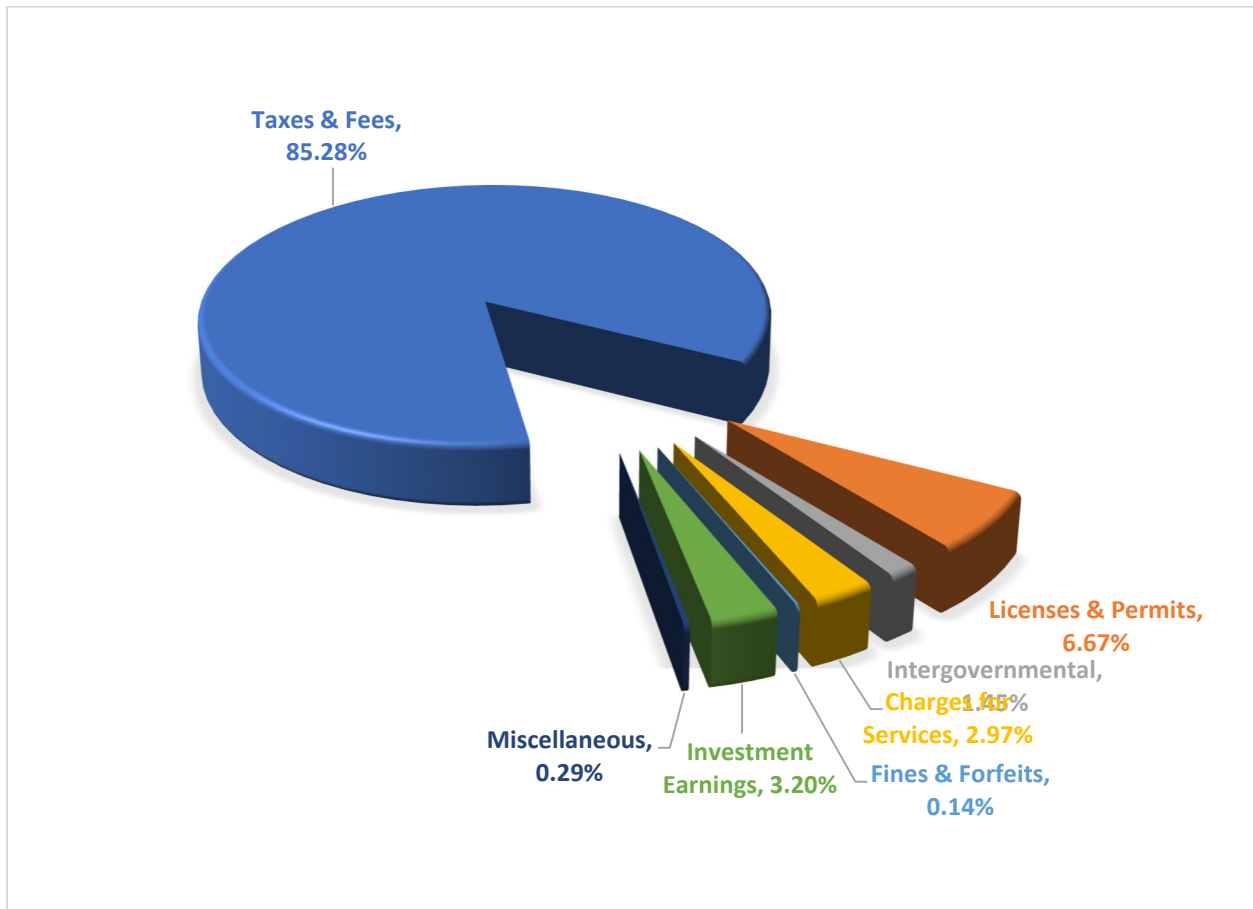
Governmental funds. The focus of the Town of Wellington's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Wellington's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town of Wellington's governmental funds (General, Street, Park and Conservation Trust Funds) reported combined ending fund balances of \$10,558,206, an increase of \$1,869,623. Approximately 44.49% of this total amount (\$4,697,851) 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 (e.g. inventories) or that portions of fund balance have been restricted, committed or assigned to specific purposes as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS

Nonspendable:	\$ 96,507
Restricted:	710,463
Committed:	57,118
Assigned:	4,996,267
Unassigned:	<u>4,697,851</u>
TOTAL:	\$10,558,206

General Fund Budgetary Highlights

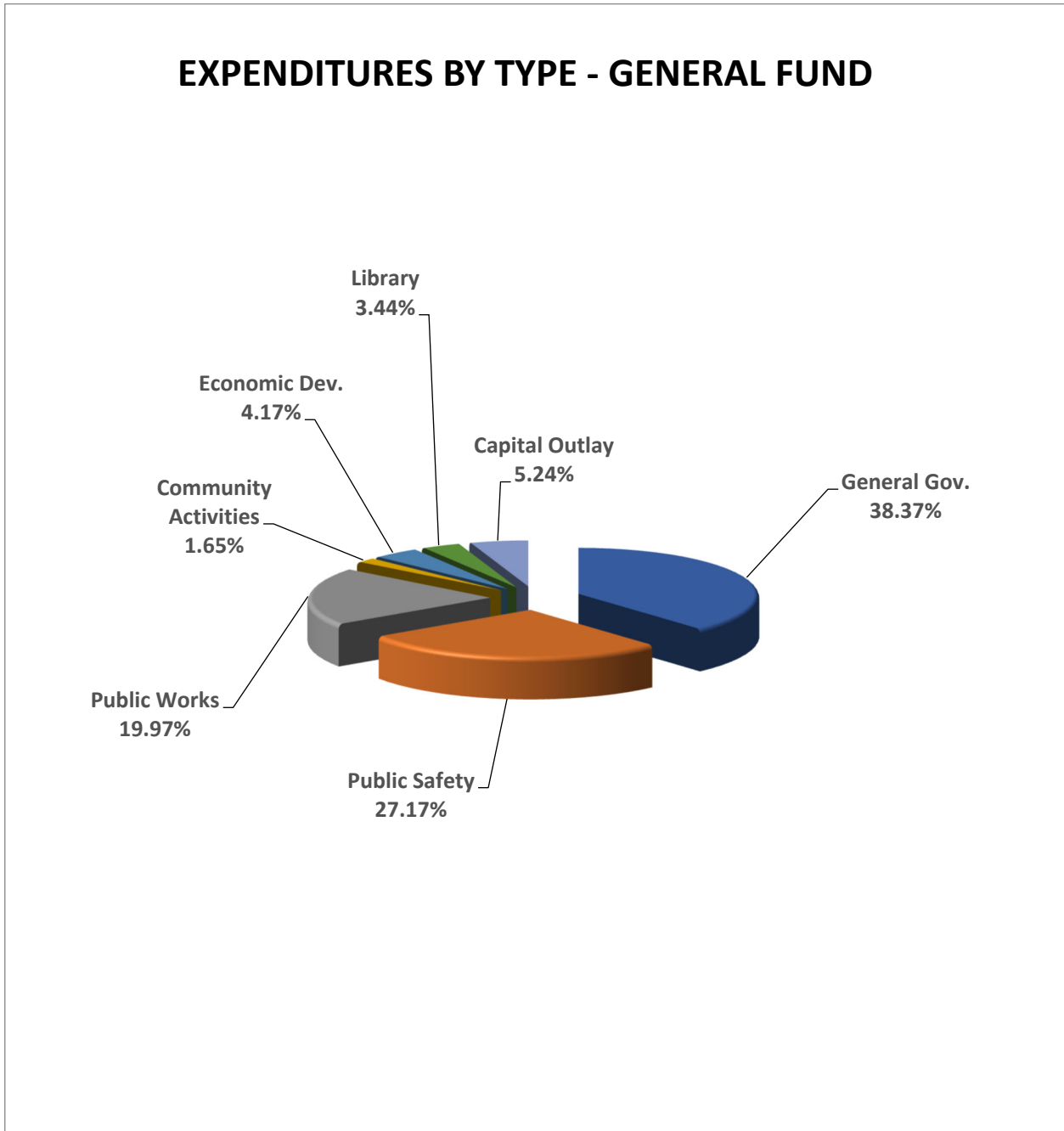
The General Fund accounts for all the general services provided by the Town of Wellington. At the end of 2019, the fund balance of the General Fund totaled \$5,852,350, an increase of \$845,680, or 16.89%, over the fund balance at the end of 2018, \$5,006,670.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund expenditures include all administrative functions of the Town, comprised of the Town Council, Town Administrator, Town Attorney, Finance Director, and all other administrative support staff. Public Safety at 27.17% of the total expended is the second largest expenditure for the General Fund. Public Safety includes amounts paid to Larimer County Sheriff's Office, \$1,382,047 and amounts expended for the Town's Code Enforcement program, \$60,202. The total of all Public Safety was \$1,442,249 in 2019. General Fund expenditures by type are presented below in graphical form.



MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET ADMINISTRATION

Capital assets. The Town of Wellington's net investment in capital assets for its governmental and business type activities as of December 31, 2019, amounts to \$59,917,052 (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, 2018, the net investment in capital assets was \$57,705,213 (net of accumulated depreciation and debt). Net investment in capital assets decreased 3.83 percent from 2018 to 2019.

Town of Wellington's Capital Assets at Year End (net of depreciation,) compared to 2018

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<u>TOTAL</u>	
	2019	2018	2019	2018	2019	2018
Land:	1,359,666	1,351,018	119,233	119,233	1,478,899	1,470,251
Water Rights:	160,380	160,380	-	-	160,380	160,380
Water Delivery Rights:	-	-	2,795,637	733,346	2,795,637	733,346
Buildings & Improvements:	505,416	250,735	-	-	505,416	250,735
Improvements Other Than Buildings:	9,024,271	9,128,196	-	-	9,024,271	9,128,196
Streets & Improvements:	11,029,215	11,340,440	-	-	11,029,215	11,340,440
Machinery & Equipment:	262,356	254,331	-	-	262,356	254,331
Utility Systems & Equipment:	-	-	32,481,362	32,506,043	32,596,257	32,506,043
Construction in Progress:	114,895	147,834	2,064,621	1,713,657	2,064,621	1,861,491
TOTAL	<u>22,456,199</u>	<u>22,632,934</u>	<u>37,460,853</u>	<u>35,072,279</u>	<u>59,917,052</u>	<u>57,705,213</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

DEBT ADMINISTRATION

Long-term debt. At the end of 2019, the Town of Wellington had total debt outstanding of \$27,435,570. Of this amount, \$314,879 comprises general obligation debt backed by the full faith and credit of the Town (i.e., the Town's property taxing authority). The FNB Wellington Community Park Fund Loan was approved by the Town's voters and is a special obligation payable out of the available funds and revenues of the Park Fund. The remainder of the Town of Wellington's debt represents bonds and loans secured solely by specified revenue sources (Water & Sewer Fund revenues - i.e., Charges for Services).

	Town of Wellington's Outstanding Debt at Year End					
	Governmental		Business-Type		TOTAL	
	Activities		Activities			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
FNB WCP Loan (Park Fund):	\$1,506,850	\$1,738,031	-	-	\$1,506,850	\$1,738,031
1984 General Obligation Bonds (Water Fund):	-	-	104,000	127,000	127,000	127,000
1982 CWCB General Obligation Bonds (Water Fund):	-	-	210,879	256,397	256,397	256,397
2001 CWR&PDA Loan (Water Fund):	-	-	173,207	237,828	237,828	237,828
2002 CWR&PDA Loan (Sewer Fund):	-	-	947,923	1,235,008	1,235,008	1,235,008
2014 Bond Issue - WWTP Expansion (Sewer Fund):	-	-	1,985,000	2,090,000	2,090,000	2,090,000
2019 CWR&PDA Loan (Water Fund):	-	-	24,014,561	-	24,014,561	-
TOTAL	\$1,506,850	\$1,738,031	\$27,435,570	\$3,946,233	\$29,467,644	\$5,684,264

This outstanding debt does not include compensated absences of \$121,518 at the end of 2019.

Additional information on the Town of Wellington's long-term debt can be found in footnote 6, pages 41-42.

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 2020 Budget on December 13, 2019, appropriating \$61,793,090 for expenditures in 2020. The initial 2019 appropriation was \$32,565,072. The 2020 initial Budget reflects a 90% increase from the 2019 initial Budget, largely due to an aggressive capital improvement plan which includes the initial stages of the Water Treatment Plant Expansion and Water Source Development. Introduction of transfers among the Funds has increased the expenditures by \$2,130,291.

One of the challenges Wellington faces in 2020 and beyond is to attract new commercial development. Since 2015, Wellington has grown at a steady 8% per year and currently estimates its population over 10,000. However, commercial development has not kept pace, and retail sales taxes in Wellington lag in comparison to surrounding communities. The 2020 budget will include funding for a full-time Economic Development Director and significant increases in marketing. Wellington is also partnering with the local Chamber of Commerce and Main Street organizations to coordinate marketing and recruitment efforts.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Another challenge associated with Wellington's growth will be to secure additional raw water supplies. Currently, Wellington has sufficient water rights to support a population of 21,000. At a 5% growth rate, Wellington will reach this plateau by 2033. Wellington is actively pursuing options to locate new water supplies and has engaged Wright Water Engineers to assist in this effort. Additionally, Wellington has engaged Clear Water Solutions, Inc. to help the Town prepare a Water Efficiency Plan which will identify conservation measures to create greater sustainability and resiliency to preserve our water resources.

Wellington's plan to construct a new Town Hall is currently on hold as the Town seeks to secure a location. Meanwhile, the Town continues to add staff to keep up with our growing community. The 2020 budget included 3.0 new full-time equivalents along with additional space secured by leasing a second building in Town. However, until a new Town Hall is constructed, the Town will be challenged to find sufficient workspace for staff.

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 Tyler Sexton, Town of Wellington Assistant Finance Director, sextontc@wellingtoncolorado.gov, PO Box 127, 3735 Cleveland Ave., Wellington, Colorado 80549

Basic Financial Statements

Town of Wellington
Statement of Net Position

December 31, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 10,116,044	\$ 27,138,299	\$ 37,254,343
Equity in pooled cash and cash equivalents	335,143	1,554,646	1,889,789
Receivables	1,775,889	467,087	2,242,976
Loan proceeds receivable	-	24,800,000	24,800,000
Internal balances	420,000	(420,000)	-
Inventory	-	66,267	66,267
Prepaid items	96,507	-	96,507
Restricted cash and cash equivalents	-	910,789	910,789
Capital assets:			
Nondepreciable	1,634,941	4,979,491	6,614,432
Depreciable, net of accumulated depreciation	20,821,258	32,481,362	53,302,620
Total assets	35,199,782	91,977,941	127,177,723
Liabilities			
Accounts payable	697,395	1,274,440	1,971,835
Accrued interest payable	2,901	237,440	240,341
Accrued wages payable	55,811	14,512	70,323
Noncurrent liabilities:			
Accrued compensated absences	121,518	-	121,518
Due within one year	236,607	1,550,181	1,786,788
Due in more than one year	1,270,243	26,663,771	27,934,014
Total liabilities	2,384,475	29,740,344	32,124,819
Deferred inflows of resources			
Unearned revenue - property taxes	1,432,171	85,593	1,517,764
Total deferred inflows of resources	1,432,171	85,593	1,517,764
Net position			
Net investment in capital assets	20,949,349	34,046,901	54,996,250
Restricted for:			
Emergencies	231,273	-	231,273
Parks and recreation	479,190	-	479,190
Rate stabilization and maintenance	-	910,789	910,789
Unrestricted	9,723,324	27,194,314	36,917,638
Total net position	\$ 31,383,136	\$ 62,152,004	\$ 93,535,140

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

Town of Wellington
Statement of Activities

Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,107,247	\$ 113,564	\$ -	\$ -
Public safety	1,442,249	521,478	-	-
Public works	2,281,918	10,810	-	-
Parks and recreation	929,982	118,282	108,361	-
Economic development	221,134	-	-	-
Library	184,051	-	-	-
Interest on long-term debt	37,834	-	-	-
Total governmental activities	7,204,415	764,134	108,361	-
Business-type activities:				
Water	2,640,768	2,018,161	-	2,751,816
Sewer	1,203,509	1,333,766	-	1,162,500
Storm drainage	638,801	593,048	-	-
Total business-type activities	4,483,078	3,944,975	-	3,914,316
Total primary government	\$ 11,687,493	\$ 4,709,109	\$ 108,361	\$ 3,914,316

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

Transfers

Total general revenues

Changes in net position

Net position at beginning of year

Net position at end of year

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (1,993,683)	\$ -	\$ (1,993,683)
(920,771)	-	(920,771)
(2,271,108)	-	(2,271,108)
(703,339)	-	(703,339)
(221,134)	-	(221,134)
(184,051)	-	(184,051)
(37,834)	-	(37,834)
(6,331,920)	-	(6,331,920)
-	2,129,209	2,129,209
-	1,292,757	1,292,757
-	(45,753)	(45,753)
-	3,376,213	3,376,213
(6,331,920)	3,376,213	(2,955,707)
1,105,706	-	1,105,706
-	91,079	91,079
250,916	-	250,916
2,740,101	-	2,740,101
183,780	-	183,780
327,548	-	327,548
1,325,843	-	1,325,843
733,218	216,909	950,127
5,336	-	5,336
250,425	600,877	851,302
22,595	26,057	48,652
1,282,286	(1,265,286)	17,000
8,227,754	(330,364)	7,897,390
1,895,834	3,045,849	4,941,683
29,487,302	59,106,155	88,593,457
\$ 31,383,136	\$ 62,152,004	\$ 93,535,140

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

Town of Wellington
Balance Sheet
Governmental Funds
December 31, 2019

	General	Street	Park	Conservation Trust (Nonmajor)	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 5,785,854	\$ 1,609,214	\$ 2,153,308	\$ 479,190	\$ 10,027,566
Equity in pooled cash and cash equivalents	33,484	-	301,659	-	335,143
Cash with fiscal agent	-	75,412	13,066	-	88,478
Receivables	1,656,987	18,372	100,530	-	1,775,889
Due from other funds	420,000	-	-	-	420,000
Prepaid items	96,507	-	-	-	96,507
Totals assets	\$ 7,992,832	\$ 1,702,998	\$ 2,568,563	\$ 479,190	\$ 12,743,583
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	\$ 658,388	\$ 27,885	\$ 11,122	\$ -	\$ 697,395
Accrued wages payable	49,923	-	5,888	-	55,811
Total liabilities	708,311	27,885	17,010	-	753,206
Deferred inflows of resources					
Unearned revenue - property taxes	1,432,171	-	-	-	1,432,171
Total deferred inflows of resources	1,432,171	-	-	-	1,432,171
Fund balances					
Nonspendable	96,507	-	-	-	96,507
Restricted	231,273	-	-	479,190	710,463
Committed	57,118	-	-	-	57,118
Assigned	769,601	1,675,113	2,551,553	-	4,996,267
Unassigned	4,697,851	-	-	-	4,697,851
Total fund balances	5,852,350	1,675,113	2,551,553	479,190	10,558,206
Total liabilities, deferred inflows of resources and fund balances	\$ 7,992,832	\$ 1,702,998	\$ 2,568,563	\$ 479,190	\$ 12,743,583

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, 2019

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

Total fund balance - governmental funds		\$ 10,558,206
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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	\$ 39,942,040	
Accumulated depreciation	<u>(17,485,841)</u>	22,456,199

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	\$ (1,506,850)	
Accrued interest payable	(2,901)	
Accrued compensated absences	(121,518)	(1,631,269)
Total net position - governmental activities		\$ 31,383,136

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, 2019

	General	Street	Park	Conservation Trust (Nonmajor)	Total Governmental Funds
Revenues					
Taxes and impact fees	\$ 3,272,013	\$ 1,841,778	\$ 1,553,321	\$ -	\$ 6,667,112
Licenses and permits	453,674	37,354	30,450	-	521,478
Intergovernmental	4,836	-	-	108,861	113,697
Charges for services	113,564	-	118,282	-	231,846
Fines and forfeitures	10,810	-	-	-	10,810
Earnings on investments	177,650	23,784	38,104	10,887	250,425
Miscellaneous	18,552	2,529	1,514	-	22,595
Total revenues	4,051,099	1,905,445	1,741,671	119,748	7,817,963
Expenditures					
Current:					
General government	2,036,862	-	-	-	2,036,862
Public safety	1,442,249	-	-	-	1,442,249
Public works	1,060,030	311,314	-	-	1,371,344
Parks and recreation	87,825	-	615,228	-	703,053
Economic development	221,134	-	-	-	221,134
Library	182,402	-	-	-	182,402
Capital outlay	278,208	599,350	126,564	-	1,004,122
Debt Service:					
Principal	-	-	231,181	-	231,181
Interest	-	-	38,279	-	38,279
Total expenditures	5,308,710	910,664	1,011,252	-	7,230,626
Excess of revenues over expenditures	(1,257,611)	994,781	730,419	119,748	587,337
Other financing sources (uses)					
Transfers in	2,103,291	-	200,000	-	2,303,291
Transfers out	-	(549,862)	(271,143)	(200,000)	(1,021,005)
Total other financing sources (uses)	2,103,291	(549,862)	(71,143)	(200,000)	1,282,286
Net change in fund balances	845,680	444,919	659,276	(80,252)	1,869,623
Fund balances at beginning of year	5,006,670	1,230,194	1,892,277	559,442	8,688,583
Fund balances at end of year	\$ 5,852,350	\$ 1,675,113	\$ 2,551,553	\$ 479,190	\$10,558,206

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, 2019

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

Total net change in fund balance - governmental funds	\$ 1,869,623
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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 depreciation expense exceeded capital outlay during the year.

Capital outlay	\$ 1,004,122	
Depreciation expense	<u>(1,180,857)</u>	(176,735)

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.	231,181
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Decrease in interest payable is reflected against expense in the statement of activities and not reflected as an expenditure in the statement of revenues, expenditures and changes in fund balances.	445
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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.	(28,680)
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Change in net position of governmental activities	\$ 1,895,834
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The accompanying notes are an integral part of these financial statements.

Town of Wellington
Statement of Net Position
Proprietary Funds
December 31, 2019

	Water	Sewer	Storm Drainage	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 17,091,983	\$ 9,091,334	\$ 954,982	\$ 27,138,299
Equity in pooled cash and cash equivalents	1,216,466	3,886	334,294	1,554,646
Receivables	240,482	155,400	71,205	467,087
Loan proceeds receivable	24,800,000	-	-	24,800,000
Inventory	54,722	11,545	-	66,267
Total current assets	43,403,653	9,262,165	1,360,481	54,026,299
Noncurrent assets				
Restricted cash and cash equivalents	560,789	350,000	-	910,789
Capital assets:				
Land	36,130	83,103	-	119,233
Water rights	2,795,637	-	-	2,795,637
Construction in progress	1,984,812	76,609	3,200	2,064,621
Utilities systems	23,236,341	20,260,112	3,347,642	46,844,095
Equipment	668,841	715,341	14,328	1,398,510
Less accumulated depreciation	(9,714,617)	(5,556,039)	(490,587)	(15,761,243)
Total capital assets - net	19,007,144	15,579,126	2,874,583	37,460,853
Total noncurrent assets	19,567,933	15,929,126	2,874,583	38,371,642
Total assets	62,971,586	25,191,291	4,235,064	92,397,941
Liabilities				
Current liabilities				
Accounts payable	820,927	63,566	389,947	1,274,440
Accrued interest payable	192,914	44,526	-	237,440
Accrued wages payable	5,260	9,252	-	14,512
Due to other funds	-	-	420,000	420,000
Current portion of long-term debt	1,147,262	402,919	-	1,550,181
Total current liabilities	2,166,363	520,263	809,947	3,496,573
Noncurrent liabilities				
Long-term debt	24,133,767	2,530,004	-	26,663,771
Total noncurrent liabilities	24,133,767	2,530,004	-	26,663,771
Total liabilities	26,300,130	3,050,267	809,947	30,160,344
Deferred inflows of resources				
Unearned revenue - property taxes	85,593	-	-	85,593
Total deferred inflows of resources	85,593	-	-	85,593
Net position				
Net investment in capital assets	18,526,115	12,646,203	2,874,583	34,046,901
Restricted for rate stabilization	-	350,000	-	350,000
Restricted for maintenance	560,789	-	-	560,789
Unrestricted	17,498,959	9,144,821	550,534	27,194,314
Total net position	\$ 36,585,863	\$ 22,141,024	\$ 3,425,117	\$ 62,152,004

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, 2019

	Water	Sewer	Storm Drainage	Totals
Operating revenues				
Charges for services	\$ 2,018,161	\$ 1,333,766	\$ 593,048	\$ 3,944,975
Total operating revenues	2,018,161	1,333,766	593,048	3,944,975
Operating expenses				
Operating	1,544,098	579,911	525,784	2,649,793
Small equipment	40,999	15,539	-	56,538
Depreciation	701,861	452,655	113,017	1,267,533
Total operating expenses	2,286,958	1,048,105	638,801	3,973,864
Operating income (loss)	(268,797)	285,661	(45,753)	(28,889)
Non-operating revenues (expenses)				
Property taxes and impact fees	91,079	-	216,909	307,988
Earnings on investments	399,513	181,209	20,155	600,877
Interest expense	(353,810)	(155,404)	-	(509,214)
Other non-operating revenue	20,027	6,030	-	26,057
Total non-operating revenues (expenses)	156,809	31,835	237,064	425,708
Income (loss) before transfers and contributions	(111,988)	317,496	191,311	396,819
Transfers out	(706,970)	(466,512)	(91,804)	(1,265,286)
Capital contributions	2,751,816	1,162,500	-	3,914,316
Changes in net position	1,932,858	1,013,484	99,507	3,045,849
Net position at beginning of year	34,653,005	21,127,540	3,325,610	59,106,155
Net position at end of year	\$ 36,585,863	\$ 22,141,024	\$ 3,425,117	\$ 62,152,004

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

Town of Wellington
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2019

	Water	Sewer	Storm Drainage	Total
Cash flows from operating activities				
Cash received from customers	\$ 2,011,914	\$ 1,324,202	\$ 586,457	\$ 3,922,573
Cash payments to suppliers	(652,332)	(241,594)	(574,358)	(1,468,284)
Cash payments to employees	(275,715)	(301,575)	(1,384)	(578,674)
Net cash flows from operating activities	1,083,867	781,033	10,715	1,875,615
Cash flows from non-capital financing activities				
Property taxes	85,124	-	19,430	104,554
Impact fees	-	-	197,479	197,479
Transfers out	(706,970)	(466,512)	(91,804)	(1,265,286)
Other non-operating revenue	20,027	6,030	-	26,057
Net cash flows from non-capital financing activities	(601,819)	(460,482)	125,105	(937,196)
Cash flows from capital and related financing activities				
Capital contributions	2,751,816	1,162,500	-	3,914,316
Acquisitions of capital assets	(2,825,937)	(773,970)	(56,200)	(3,656,107)
Principal paid on long-term debt	(138,976)	(392,085)	-	(531,061)
Interest paid on long-term debt	(160,896)	(110,878)	-	(271,774)
Net cash flows from capital and related financing activities	(373,993)	(114,433)	(56,200)	(544,626)
Cash flows from investing activities				
Earnings on investments	399,513	181,209	20,155	600,877
Change in restricted cash and cash equivalents	(5,055)	-	-	(5,055)
Net cash flows from investing activities	394,458	181,209	20,155	595,822
Net change in cash and cash equivalents	502,513	387,327	99,775	989,615
Cash and cash equivalents at beginning of year	17,805,936	8,707,893	1,189,501	27,703,330
Cash and cash equivalents at end of year	\$ 18,308,449	\$ 9,095,220	\$ 1,289,276	\$ 28,692,945
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (268,797)	\$ 285,661	\$ (45,753)	\$ (28,889)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	701,861	452,655	113,017	1,267,533
Changes in operating assets and liabilities:				
Receivables	(6,247)	(9,564)	(6,591)	(22,402)
Inventory	337	1,382	-	1,719
Accounts payable	666,483	54,748	(48,574)	672,657
Accrued wages payable	(9,770)	(3,849)	(1,384)	(15,003)
Net cash flows from operating activities	\$ 1,083,867	\$ 781,033	\$ 10,715	\$ 1,875,615

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

Town of Wellington
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2019

	Library Trust
Assets	
Cash and cash equivalents	\$ 422,211
Equity in pooled cash and cash equivalents, restricted	2,544
Total assets	424,755
Net position	\$ 424,755

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, 2019

	Library Trust
<hr/>	
Additions	
Library impact fees	\$ 43,250
Total additions	<u>43,250</u>
Deductions	
Transfer out	17,000
Total deductions	<u>17,000</u>
Change in net position	26,250
Net position at beginning of year	398,505
Net position at end of year	<u>\$ 424,755</u>

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

Town of Wellington

Notes to Financial Statements

December 31, 2019

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, 2019

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, 2019

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 from the Colorado Conservation Trust Fund which are required to be used to fund park and recreation services.

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

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- 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	\$ 3,680,639	\$ 2,215,786	\$ 5,896,425
Special revenue funds:			
Street fund	1,896,464	-	1,896,464
Park fund	2,597,362	(92,563)	2,504,799
Conservation trust fund	200,000	-	200,000
Business type funds:			
Water fund	20,601,201	5,084,533	25,685,734
Sewer fund	2,807,723	(24,722)	2,783,001
Storm drainage fund	764,683	(2,000)	762,683
Fiduciary fund type:			
Library trust fund	17,000	-	17,000
Total funds	\$ 32,565,072	\$ 7,181,034	\$ 39,746,106

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. Short-term investments, consisting of funds invested in a local government investment pool (Note 2) are considered to be cash equivalents and are measured at net asset value, which approximates fair value. 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.

Town of Wellington

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Investments

Investments, consisting of funds invested in certificates of deposit, are measured at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

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.

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Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., streets and roads, bridges, water lines, storm-water drainage, traffic signals, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date received.

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

Assets are depreciated using the straight-line method 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 \$121,518 at December 31, 2019.

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, 2019, 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.

Town of Wellington

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

Fund Balance and Net Position

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

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

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

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.

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As of December 31, 2019, fund balances are composed of the following:

	General Fund	Street Fund	Park Fund	Conservation Trust Fund	Total Governmental
Nonspendable:					
Prepaid items	\$ 96,507	\$ -	\$ -	\$ -	\$ 96,507
Restricted:					
Emergencies	231,273	-	-	-	231,273
Parks and open space	-	-	-	479,190	479,190
Committed:					
Cemetery operations	57,118	-	-	-	57,118
Assigned:					
Capital projects	-	1,675,113	2,281,888	-	3,957,001
Subsequent year's expenditures	769,601	-	269,665	-	1,039,266
Unassigned	4,697,851	-	-	-	4,697,851
Total fund balances	\$ 5,852,350	\$ 1,675,113	\$ 2,551,553	\$ 479,190	\$ 10,558,206

Interfund Transactions

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

Estimates

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

2. Cash and Investments

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.

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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, 2019, the Town had deposits with financial institutions with a carrying amount (book balance) of \$457,515. The bank balances with the financial institutions were \$493,638, which of this amount, \$328,905 was covered by federal depository insurance, with the excess in 2019 covered by PDPA.

Cash and cash equivalents, including restricted cash, held by the Town at December 31, 2019 were as follows:

Cash on hand	\$ 300
Cash with county treasurer and clerk	88,478
Cash deposits	457,515
Local government investment pool	39,933,383
Total	\$ 40,479,676

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

Statement of net position:	
Cash and cash equivalents	\$ 37,254,343
Equity in pooled cash and cash equivalents	1,889,789
Restricted cash and cash equivalents	910,789
Statement of fiduciary net position:	
Cash and cash equivalents	422,211
Equity in pooled cash and cash equivalents, restricted	2,544
Total	\$ 40,479,676

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.

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Notes to Financial Statements

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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, 2019, the Town had no investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust (the "Trust"), discussed below.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates.

Local Government Investment Pools

At December 31, 2019, the Town had invested \$39,933,383 in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

3. Receivables

Receivables at December 31, 2019, consisted of the following:

Types	Governmental Activities	Business-Type Activities	Total
Taxes	\$ 1,648,662	\$ 85,593	\$ 1,734,255
Trade accounts	-	379,566	379,566
Intergovernmental	47,254	-	47,254
Other	79,973	1,928	81,901
Total	\$ 1,775,889	\$ 467,087	\$ 2,242,976

4. Interfund Receivables/Payables and Transfers/

The Town's interfund receivables and payables 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. At December 31, 2019, the Storm Drainage Fund owed the General Fund \$420,000.

**Town of Wellington
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Interfund Transfers

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, or to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following transfers were made during the year ended December 31, 2019:

		Transfers Out							
Transfers In:	Street Fund	Park Fund	Conservation Trust Fund	Water Fund	Sewer Fund	Drainage Fund	Fiduciary Fund	Total	
General Fund	\$ 549,862	\$ 271,143	\$ -	\$ 706,970	\$ 466,512	\$ 91,804	\$ 17,000	\$2,103,291	
Park Fund	-	-	200,000	-	-	-	-	200,000	
Total	\$ 549,862	\$ 271,143	\$ 200,000	\$ 706,970	\$ 466,512	\$ 91,804	\$ 17,000	\$2,303,291	

Town of Wellington
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5. Capital Assets

A summary of changes in governmental activities capital assets for the year ended December 31, 2019, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land and water rights	\$ 1,511,398	\$ 8,648	\$ -	\$ 1,520,046
Construction in progress	147,834	5,875	(38,814)	114,895
Total capital assets, not being depreciated	1,659,232	14,523	(38,814)	1,634,941
Capital assets, being depreciated:				
Buildings and improvements	997,829	278,208	-	1,276,037
Improvements other than buildings	12,577,879	106,089	-	12,683,968
Streets and improvements	22,327,886	599,349	-	22,927,235
Machinery and equipment	1,375,092	44,767	-	1,419,859
Total capital assets, being depreciated	37,278,686	1,028,413	-	38,307,099
Less accumulated depreciation for:				
Buildings and improvements	(747,094)	(23,527)	-	(770,621)
Improvements other than buildings	(3,449,683)	(210,014)	-	(3,659,697)
Streets and improvements	(10,987,446)	(910,574)	-	(11,898,020)
Machinery and equipment	(1,120,761)	(36,742)	-	(1,157,503)
Total accumulated depreciated	(16,304,984)	(1,180,857)	-	(17,485,841)
Total capital assets, being depreciated, net	20,973,702	(152,444)	-	20,821,258
Governmental activities capital assets, net	\$ 22,632,934	\$ (137,921)	\$ (38,814)	\$ 22,456,199

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

Governmental activities:	
General government	\$ 41,705
Public works	910,574
Parks and recreation	226,929
Library	1,649
Total depreciation expense - governmental activities	\$ 1,180,857

Town of Wellington
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A summary of changes in business-type activities capital assets for the year ended December 31, 2019, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Land and water rights	\$ 852,579	\$ 2,062,291	\$ -	\$ 2,914,870
Construction in progress	1,713,657	443,008	(92,044)	2,064,621
Total capital assets, not being depreciated	2,566,236	2,505,299	(92,044)	4,979,491
Capital assets, being depreciated:				
Utilities systems	45,849,204	994,891	-	46,844,095
Machinery and equipment	1,150,549	247,961	-	1,398,510
Total capital assets, being depreciated	46,999,753	1,242,852	-	48,242,605
Less accumulated depreciation	(14,493,710)	(1,267,533)	-	(15,761,243)
Total capital assets, being depreciated, net	32,506,043	(24,681)	-	32,481,362
Business-type activities capital assets, net	\$ 35,072,279	\$ 2,480,618	\$ (92,044)	\$ 37,460,853

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

Business-type activities:	
Water	\$ 701,861
Sewer	452,655
Storm drainage	113,017
Total depreciation expense - business-type activities	\$ 1,267,533

Town of Wellington

Notes to Financial Statements

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6. Long-Term Debt

Governmental Activities

In 2014, the Town borrowed \$2,400,000 from First National Bank, with monthly principal and interest payments beginning in 2016 and maturing in 2029. The loan requires monthly payments of \$22,455 principal and interest, fixed at 2.31%. The Park Fund is required to maintain a coverage amount of 125% of principal and interest. For the year ended December 31, 2019, the Town met the coverage amount.

Business-Type Activities

In 2019, the Town entered into a loan payable with the Colorado Water Resource and Power Development Authority (“CWRPDA”). The 20 year loan requires varying semi-annual principal and interest payments at interest ranging from 3.0 to 5.0% through August 1, 2039. 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. As of December 31, 2019, the Town had not drawn down funds from this loan. The remaining amount available of \$24.8 million to be received is reflected as loan proceeds receivable in the accompanying statement of net position.

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
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Following is a summary of the debt transactions for the year ended December 31, 2019:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
2014 First National Bank loan	\$ 1,738,031	\$ -	\$ (231,181)	\$ 1,506,850	\$ 236,607
Accrued compensated absences	92,838	34,362	(5,682)	121,518	-
Total	\$ 1,830,869	\$ 34,362	\$ (236,863)	\$ 1,628,368	\$ 236,607
Business-Type Activities					
1984 general obligation water bond	\$ 127,000	\$ -	\$ (23,000)	\$ 104,000	\$ 24,000
1982 Colorado Water Conservation Board loan	256,397	-	(45,518)	210,879	49,232
2001 Colorado Water Resource and Power Development Authority loan	237,828	-	(64,621)	173,207	67,232
2002 Colorado Water Resource and Power Development Authority loan	1,235,008	-	(287,085)	947,923	297,919
2014 general obligation sewer bond	2,090,000	-	(105,000)	1,985,000	105,000
2019 Colorado Water Resource and Power Development Authority loan	-	24,020,780	(6,219)	24,014,561	1,006,798
Total	\$ 3,946,233	\$24,020,780	\$ (531,443)	27,435,570	\$1,550,181
Current portion of long-term debt				(1,550,181)	
Discount on long-term debt				(838)	
Premium on long-term debt				779,220	
Non-current portion of long-term liabilities				<u>\$ 26,663,771</u>	

The following table represents future debt service requirements as of December 31, 2019:

Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2020	\$ 236,607	\$ 32,853	\$ 1,550,181	\$ 572,700	\$ 2,392,341
2021	242,304	27,156	1,595,689	534,069	2,399,218
2022	248,040	21,420	1,611,968	494,854	2,376,282
2023	253,912	15,548	1,268,681	456,911	1,995,052
2024	259,892	9,568	1,211,978	429,634	1,911,072
2025-2029	266,095	3,384	6,389,477	1,802,901	8,461,857
2030-2034	-	-	6,929,981	1,251,234	8,181,215
2035-2039	-	-	6,877,615	440,862	7,318,477
	<u>\$ 1,506,850</u>	<u>\$ 109,929</u>	<u>\$ 27,435,570</u>	<u>\$ 5,983,165</u>	<u>\$ 35,035,514</u>

**Town of Wellington
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7. Rate Maintenance

Water Fund

Pursuant to the 2001 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	\$ 2,018,161	
Connection fees	2,751,816	
	4,769,977	
Subtotal	4,769,977	
Operation and maintenance expenses (not including depreciation)	1,585,097	
Net revenue as defined in loan agreement		\$ 3,184,880
2019 principal due	\$ 64,621	
2019 interest due	8,873	
	73,494	
	x110%	80,843
Amount the current year revenues were in excess of the requirements of the CWRPDA loan agreement.		\$ 3,104,037

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 2002 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, 2019

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

Operating revenues	\$ 1,333,766	
Connection fees	<u>1,162,500</u>	
Subtotal	2,496,266	
Operation and maintenance expenses (not including depreciation)	<u>595,450</u>	
Net revenue as defined in loan agreement		\$ 1,900,816
2019 principal due	\$ 287,085	
2019 interest due	<u>36,286</u>	
	323,371	
	x110%	355,708
<hr/>		
Amount the current year revenues were in excess of the requirements of the CWRPDA loan agreement.		<u>\$ 1,545,108</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 a 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, 2019.

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 \$560,789 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, 2019

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

Operating revenues	\$ 1,333,766	
Connection fees	<u>1,162,500</u>	
Subtotal	2,496,266	
Operation and maintenance expenses (not including depreciation)	<u>595,450</u>	
Net revenue as defined in loan agreement		\$ 1,900,816
2019 principal due	\$ 105,000	
2019 interest due	<u>69,458</u>	
	174,458	
	x120%	209,350
Amount the current year revenues were in excess of the requirements of the general bond obligation.		<u>\$ 1,691,466</u>

8. Contingencies

Risk Management

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

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

9. Taxes, Spending and Debt Limitations

Tabor Amendment

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 \$231,273 for this purpose.

Town of Wellington

Notes to Financial Statements

December 31, 2019

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

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

10. Subsequent Events

Management of the Town has evaluated subsequent events through July 28, 2020, the date that the financial statements were available to be issued.

The COVID-19 outbreak, which was declared a worldwide pandemic on March 11, 2020 by the World Health Organization ("WHO"), has caused business disruption in a variety of industries, markets and geographic regions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent to which the District's operational and financial performance will be affected is also uncertain. Therefore, while the District expects this matter to negatively impact their business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time.

Required Supplementary Information

Town of Wellington
Schedule of Revenues, Expenditures and Changes in Fund
Balance (Budget and Actual) - General Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 2,759,216	\$ 2,759,216	\$ 3,088,233	\$ 329,017
Franchise fees	179,500	179,500	183,780	4,280
Licenses and permits	533,325	533,325	453,674	(79,651)
Intergovernmental	5,000	5,000	4,836	(164)
Charges for services	104,500	104,500	113,564	9,064
Fines and forfeitures	17,500	17,500	10,810	(6,690)
Earnings on investments	60,000	60,000	177,650	117,650
Miscellaneous	12,000	12,000	18,552	6,552
Total revenues	3,671,041	3,671,041	4,051,099	380,058
Expenditures				
Current:				
General government:				
Legislative	245,291	64,556	31,319	33,237
Judicial	27,500	39,259	25,965	13,294
Administrator	461,629	298,547	319,184	(20,637)
Finance	-	667,400	643,744	23,656
Customer service	-	159,224	155,447	3,777
Human resources	-	157,621	95,242	62,379
Information technology	-	114,750	151,636	(36,886)
Planning and zoning	262,210	747,277	614,325	132,952
Public safety:				
Police	1,436,094	1,436,094	1,382,045	54,049
Protective inspections	454,707	72,021	60,204	11,817
Public works:				
Operating	100,491	1,120,035	972,237	147,798
Cemetery	22,500	22,500	12,921	9,579
General use buildings	66,750	66,750	74,872	(8,122)
Parks and recreation:				
Community activities	96,465	96,465	87,825	8,640
Economic development	159,050	251,650	221,134	30,516
Library	179,652	188,149	182,402	5,747
Small equipment	40,500	-	-	-
Capital outlay	127,800	394,127	278,208	115,919
Total expenditures	3,680,639	5,896,425	5,308,710	587,715
Excess of revenues over expenditures	(9,598)	(2,225,384)	(1,257,611)	967,773
Other financing sources				
Transfers in	17,000	2,103,291	2,103,291	-
Total other financing sources	17,000	2,103,291	2,103,291	-
Net change in fund balance	\$ 7,402	\$ (122,093)	845,680	\$ 967,773
Fund balance at beginning of year			5,006,670	
Fund balance at end of year			\$ 5,852,350	

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, 2019

	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	\$1,003,613	\$ 1,003,613	\$ 1,317,310	\$ 313,697	\$ 1,115,147	\$ 1,115,147	\$ 1,344,571	\$ 229,424
Impact fees	401,200	401,200	524,468	123,268	318,600	318,600	208,750	(109,850)
Licenses and permits	250	250	37,354	37,104	-	-	30,450	30,450
Charges for services	-	-	-	-	89,200	89,200	118,282	29,082
Earnings on investments	3,000	3,000	23,784	20,784	3,800	3,800	38,104	34,304
Miscellaneous	-	-	2,529	2,529	-	-	1,514	1,514
Total revenues	1,408,063	1,408,063	1,905,445	497,382	1,526,747	1,526,747	1,741,671	214,924
Expenditures								
Current:								
Public works/Parks and recreation:								
Administrative	137,330	-	-	-	177,112	-	-	-
Operating	590,683	299,651	311,314	(11,663)	643,066	482,667	317,967	164,700
Recreation	-	-	-	-	318,693	306,317	297,261	9,056
Small equipment and other	121,500	-	-	-	13,819	-	-	-
Capital outlay	1,046,951	1,046,951	599,350	447,601	1,175,212	1,175,212	126,564	1,048,648
Debt Service	-	-	-	-	269,460	269,460	269,460	-
Total expenditures	1,896,464	1,346,602	910,664	435,938	2,597,362	2,233,656	1,011,252	1,222,404
Deficiency of revenues over expenditures	(488,401)	61,461	994,781	933,320	(1,070,615)	(706,909)	730,419	1,437,328
Other financing sources (uses)								
Transfers in	-	-	-	-	200,000	200,000	200,000	-
Transfers out	-	(549,862)	(549,862)	-	-	(271,143)	(271,143)	-
Total other financing sources (uses)	-	(549,862)	(549,862)	-	200,000	(71,143)	(71,143)	-
Net change in fund balances	\$ (488,401)	\$ (488,401)	444,919	\$ 933,320	\$ (870,615)	\$ (778,052)	659,276	\$ 1,437,328
Fund balances at beginning of year			1,230,194				1,892,277	
Fund balances at end of year			\$ 1,675,113				\$ 2,551,553	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 108,861	\$ 28,861
Earnings on investments	400	400	10,887	10,487
Total revenues	80,400	80,400	119,748	39,348
Other financing uses				
Transfers out	(200,000)	(200,000)	(200,000)	400,000
Total other financing uses	(200,000)	(200,000)	(200,000)	400,000
Net change in fund balance	\$ (119,600)	\$ (119,600)	(80,252)	\$ 439,348
Fund balance at beginning of year			559,442	
Fund balance at end of year			\$ 479,190	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 2,017,750	\$ 2,017,750	\$ 2,018,161	\$ 411
Total operating revenues	2,017,750	2,017,750	2,018,161	411
Operating expenses				
Administrative	435,206	-	-	-
Operating	2,243,158	1,949,641	1,544,098	405,543
Small equipment	195,100	185,850	40,999	144,851
Total operating expenses	2,873,464	2,135,491	1,585,097	550,394
Operating income (loss)	(855,714)	(117,741)	433,064	550,805
Non-operating revenues (expenses)				
Property taxes	85,793	85,793	91,079	5,286
Capital contributions	5,115,536	5,115,536	2,751,816	(2,363,720)
Earnings on investments	330,000	330,000	399,513	69,513
Other non-operating revenue	-	-	20,027	20,027
Interest expense	(26,152)	(26,152)	(353,810)	(327,658)
Principal paid	(133,163)	(133,163)	(138,976)	(5,813)
Capital outlay	(12,452,886)	(17,568,422)	(2,825,937)	14,742,485
Loan proceeds	-	-	24,020,780	24,020,780
Premium on loan	-	-	779,220	779,220
Transfers out	-	(706,970)	(706,970)	-
Reserves	(5,115,536)	(5,115,536)	-	5,115,536
Total non-operating revenues (expenses)	(12,196,408)	(12,196,408)	24,036,742	36,940,120
Change in net position - budgetary basis	\$ (13,052,122)	\$ (12,314,149)	24,469,806	\$ 37,490,925
Reconciliation to GAAP Basis				
Depreciation			(701,861)	
Principal paid			138,976	
Capital outlay			2,825,937	
Loan proceeds			(24,020,780)	
Premium on loan			(779,220)	
Change in net position - GAAP basis			1,932,858	
Net position at beginning of year			34,653,005	
Net position at end of year			\$ 36,585,863	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Operating revenues				
Charges for services	\$ 1,380,000	\$ 1,380,000	\$ 1,333,766	\$ (46,234)
Total operating revenues	1,380,000	1,380,000	1,333,766	(46,234)
Operating expenses				
Administrative	271,115	-	-	-
Operating	869,814	604,795	579,911	24,884
Small equipment	30,395	68,650	15,539	53,111
Total operating expenses	1,171,324	673,445	595,450	77,995
Operating income	208,676	706,555	738,316	31,761
Non-operating revenues (expenses)				
Capital contributions	1,770,000	1,770,000	1,162,500	(607,500)
Earnings on investments	150,000	150,000	181,209	31,209
Other nonoperating revenue	-	-	6,030	6,030
Interest expense	(144,354)	(144,354)	(155,404)	(11,050)
Principal paid	(392,085)	(392,085)	(392,085)	-
Capital outlay	(1,099,960)	(1,106,605)	(773,970)	332,635
Transfers out	-	(466,512)	(466,512)	-
Total non-operating revenues (expenses)	283,601	(189,556)	(438,232)	(248,676)
Change in net position - budgetary basis	\$ 492,277	\$ 516,999	300,084	\$ (216,915)
Reconciliation to GAAP basis				
Depreciation			(452,655)	
Principal paid			392,085	
Capital outlay			773,970	
Change in net position - GAAP basis			1,013,484	
Net position at beginning of year			21,127,540	
Net position at end of year			\$ 22,141,024	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 550,000	\$ 550,000	\$ 593,048	\$ 43,048
Total operating revenues	550,000	550,000	593,048	43,048
Operating expenses				
Administrative	502,662	-	-	-
Operating	69,321	479,279	525,784	(46,505)
Small equipment	2,500	1,400	-	1,400
Total operating expenses	574,483	480,679	525,784	(45,105)
Operating loss	(24,483)	69,321	67,264	(2,057)
Non-operating revenues (expenses)				
Taxes	16,050	16,050	19,430	3,380
Earnings on investments	10,000	10,000	20,155	10,155
Impact fees	198,240	198,240	197,479	(761)
Capital outlay	(190,200)	(190,200)	(56,200)	134,000
Transfers out	-	(91,804)	(91,804)	-
Total non-operating revenues (expenses)	34,090	(57,714)	89,060	146,774
Change in net position - budgetary basis	\$ 9,607	\$ 11,607	156,324	\$ 144,717
Reconciliation to GAAP basis				
Depreciation			(113,017)	
Capital outlay			56,200	
Change in net position - GAAP basis			99,507	
Net position at beginning of year			3,325,610	
Net position at end of year			\$ 3,425,117	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Additions				
Library impact fees	\$ 50,000	\$ 50,000	\$ 43,250	\$ (6,750)
Total additions	50,000	50,000	43,250	(6,750)
Deductions				
Transfer out	17,000	17,000	17,000	-
Total deductions	17,000	17,000	17,000	-
Change in net position	\$ 33,000	\$ 33,000	26,250	\$ (6,750)
Net position at beginning of year			398,505	
Net position at end of year			\$ 424,755	

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, 2019

This Information From The Records Of : Town of Wellington	Prepared By: 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)	260,927
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	311,313
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)	1,489,020	c. Other	
4. Miscellaneous local receipts (from page 2)	62,129	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	0
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	572,240
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)	1,551,149	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	352,758	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,903,907	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)	572,240

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,308,862	1,903,907	572,240	2,640,529	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
 YEAR ENDING (mm/yy):
12/19

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	23,784
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	824,966	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	524,468	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	139,586	g. Other Misc. Receipts	38,345
6. Total (1. through 5.)	1,489,020	h. Other	
c. Total (a. + b.)	1,489,020	i. Total (a. through h.)	62,129
	(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	327,548	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	25,210	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.)	25,210	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	352,758	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		0	0
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements			
(3). System Preservation		260,927	260,927
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	260,927	260,927
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	260,927	260,927
			(Carry forward to page 1)

Notes and Comments:

County Road & Bridge Tax:	38,137	Developer Road Fee	35,404
Specific Ownership Tax:	101,449	Street Cut Permits:	1,950
	139,586	Misc. Revenue:	991
			38,345