Town of Wellington, Colorado

Financial Statements and Supplementary Information
For the Year Ended December 31, 2018

ACM

Town of Wellington

Contents

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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 and the budgetary comparison information on pages 47 and 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary comparison information on pages 49 through 53 and the Local Highway Finance Report on pages 54 and 55 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

ACM LLP

Greeley, Colorado
August 13, 2019

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, 2018. 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 2018 by $88,593,457. Of this amount, $34,909,242 may be used to meet the Town's ongoing obligations to citizens and creditors.

- The Town's total net position increased by $4,484,378 from the prior year. Net investment in Capital assets increased by $17,051. Non-capital assets increased by $3,627,838.

- At the end of calendar year 2018, unassigned fund balance for the general fund was $4,734,573, an increase of $785,956 or 19.90% from the prior year. This amount is 161% of total general fund expenditures of $2,945,294.

- The Town retired $718,240 of its debt (11.22% percent of the outstanding debt at January 1, 2018) excluding compensatory absences computations during the fiscal year. The key factor in this decrease was the semi-annual and annual principal payments made on the Town's outstanding debts shown in Footnote 6, pages 41 and 42 of this report. The Town did ***not*** increase outstanding debt during 2018, 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.

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 pages 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.

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 $88,593,457 at the close of 2018.

By far the largest portion of the Town of Wellington's net position (65.11%) 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 2018 compared with 2017 totals.

Condensed Statement of Net Position

	2018			
	Governmental Activities	Business-Type Activities	Totals	2017 Totals
ASSETS				
Current assets	$10,348,853	$28,701,735	$39,050,588	$35,422,750
Capital assets	22,632,934	35,072,279	57,705,213	57,688,162
Total assets	32,981,787	63,774,014	96,755,801	93,110,912
LIABILITIES				
Current liabilities	874,647	1,158,344	2,032,991	1,367,655
Long-term liabilities	1,506,803	3,417,967	4,924,770	6,479,972
Total liabilities	2,381,450	4,576,311	6,957,761	7,847,627
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - property taxes	1,113,035	91,548	1,204,583	1,154,206
NET POSITION				
Invested in capital assets, net of related debt	20,894,903	31,127,266	52,022,169	51,286,878
Restricted for:				
Emergencies	196,870	-	196,870	197,790
Other purposes	559,442	905,734	1,465,176	1,232,798
Unrestricted	7,836,087	27,073,155	34,909,242	31,391,613
Total net position	$29,487,302	$59,106,155	$88,593,457	$84,109,079

Exclusive of capital assets, the restricted portion ($1,662,046) of net position (1.88 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of ***unrestricted net position*** ($34,909,242) may be used to meet the Town's ongoing obligations to citizens and creditors.

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

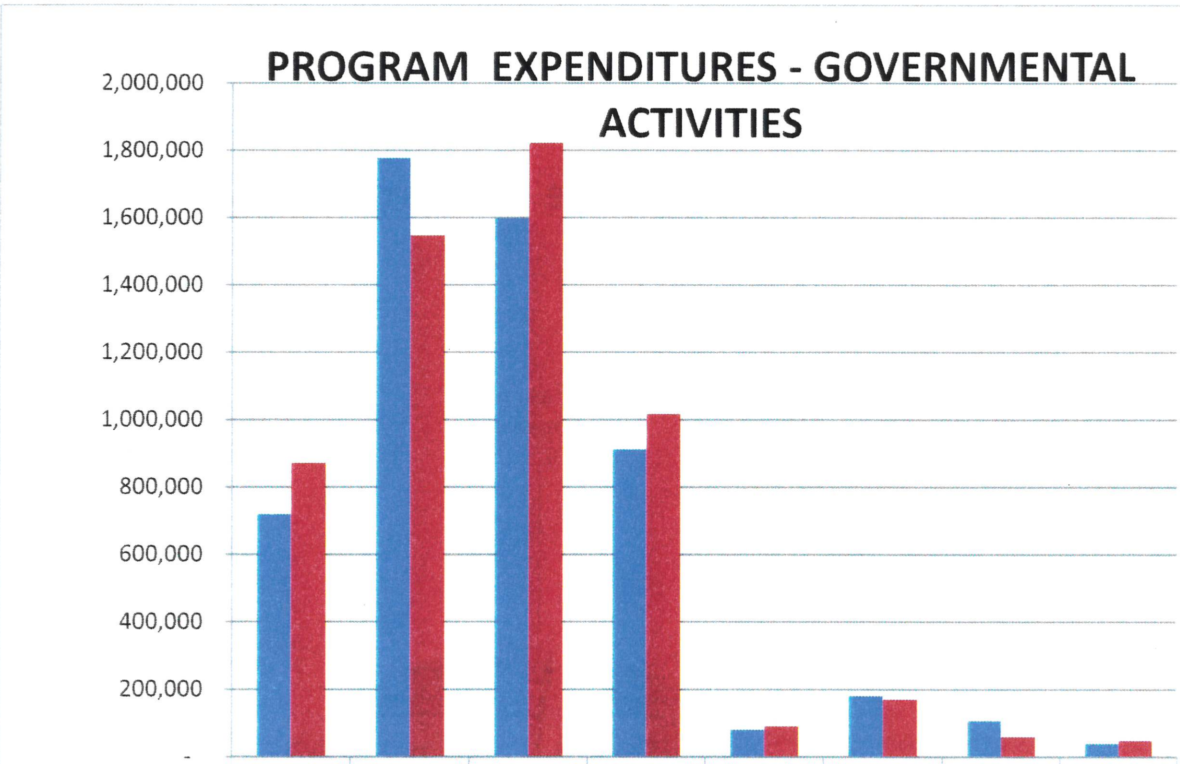
Condensed Statement of Activities
2018

Revenues	Governmental Activities	Business-Type Activities	Totals	2017 Totals
Program revenues				
Charges for services	$826,623	$3,870,595	$4,697,218	$4,671,447
Operating grants and contributions	84,148	-	84,148	75,430
Capital grants and contributions	-	3,736,017	3,736,017	5,121,171
General revenues				
Property taxes	1,056,966	86,937	1,143,903	970,909
Open space taxes	253,344	-	253,344	238,479
Sales and use taxes	2,126,186	-	2,126,186	2,037,311
Franchise fees	190,097	-	190,097	174,669
Highway users tax	318,048	-	318,048	242,535
Other taxes	1,045,970	-	1,045,970	1,012,306
Impact fees	648,198	196,503	844,701	958,757
Grants, undesignated	5,162	-	5,162	5,979
Earnings on investments	81,434	388,869	470,303	208,002
Other	10,813	20,529	31,342	16,290
Transfers	-	-	-	14,875
Total revenues & transfers	**$6,646,989**	**$8,299,450**	**$14,946,439**	**$15,748,160**

Expenses				
General government	719,111	-	719,111	871,272
Public safety	1,776,870	-	1,776,870	1,547,528
Public works	1,598,380	-	1,598,380	1,823,348
Parks and recreation	912,192	-	912,192	1,017,089
Economic development	80,575	-	80,575	91,027
Library	180,121	-	180,121	169,547
Small equipment	106,517	-	106,517	58,774
Interest on long-term debt	39,249	-	39,249	48,079
Water	-	3,053,477	3,053,447	2,774,957
Sewer	-	1,367,832	1,367,832	1,320,394
Storm drainage	-	627,767	627,767	637,493
Total expenses	**5,413,015**	**5,049,046**	**10,462,061**	**10,359,508**
Change in net position	1,233,974	3,250,404	4,484,378	5,388,652
Net position at beginning of year	28,253,328	55,855,751	84,109,079	78,720,427
Net position at end of year	**$29,487,302**	**$59,106,155**	**$88,593,457**	**$84,109,079**

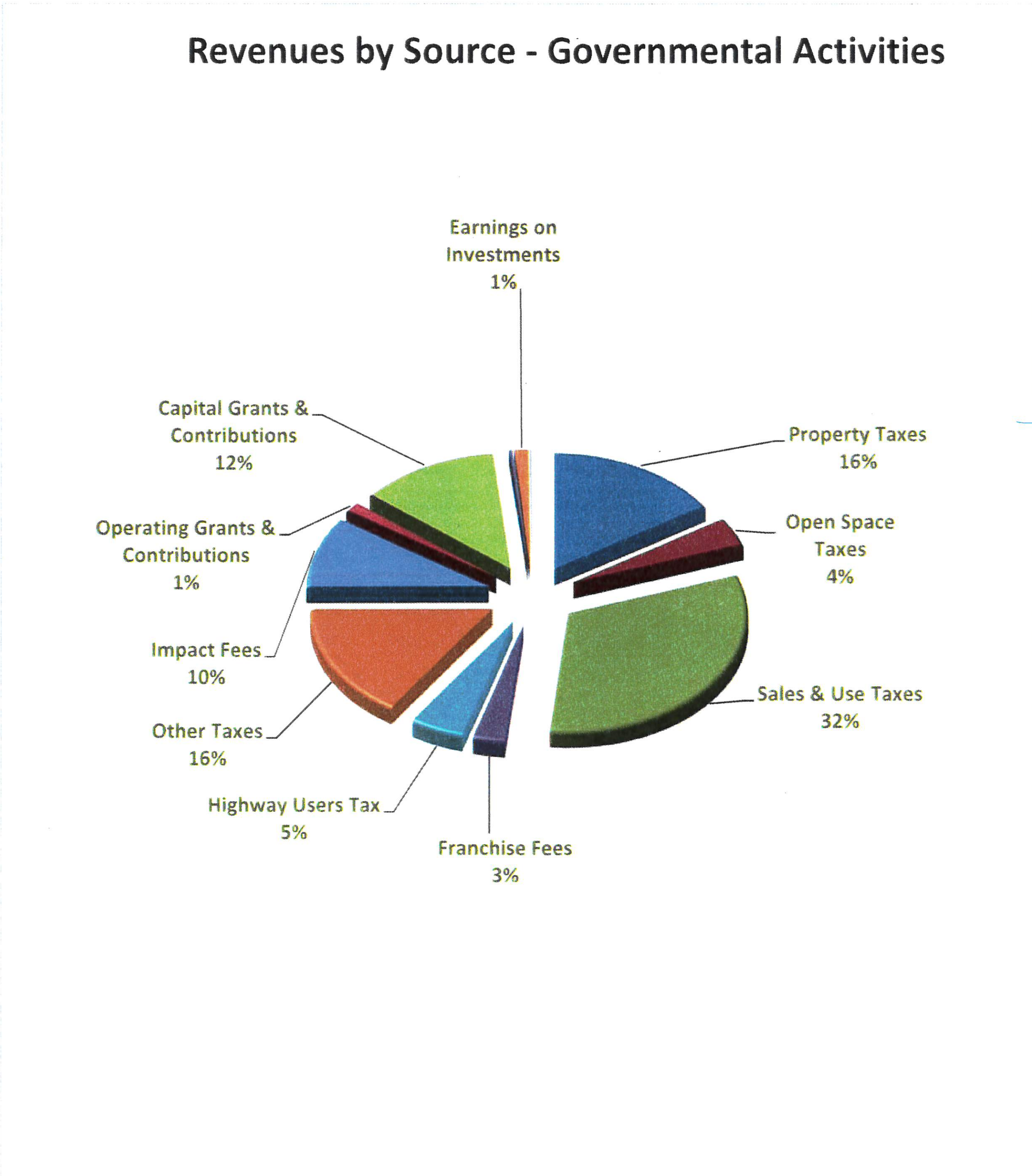
A portion of the "*Net position at end of year*" net position shown in the above **Condensed Statement of Activities** is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be expensed. Within the governmental activities category, restrictions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

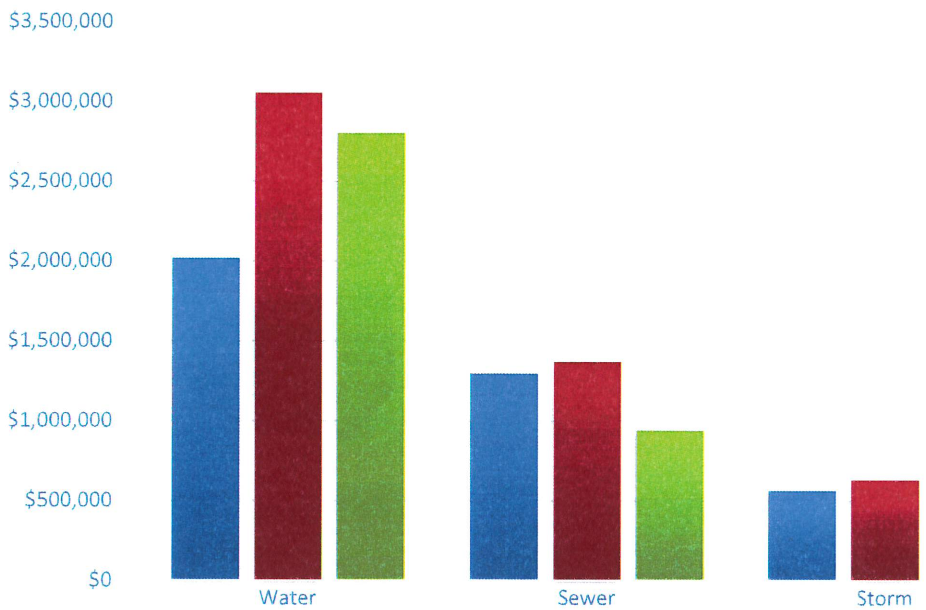


	General Gov.	Public Safety	Public Works	Parks & Rec.	Economic Dev.	Library	Small Equip.	Int. L-T Debt
2018 Expenditures	719,111	1,776,870	1,598,380	912,192	80,575	180,121	106,517	39,249
2017 Expenditures	871,272	1,547,528	1,823,348	1,017,089	91,027	169,547	58,774	48,079

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 ($30,258, General Fund), Sales Tax received by governmental funds other than the General Fund ($522,965, Park Fund), Use Tax on Building Materials received by governmental funds other than the General Fund ($203,415), Motor Vehicle Specific Ownership Tax ($76,304, Street Fund), Road and Bridge Tax ($38,619, Street Fund), and other miscellaneous revenues of $133,801 for total governmental activities revenues of $6,657,802.



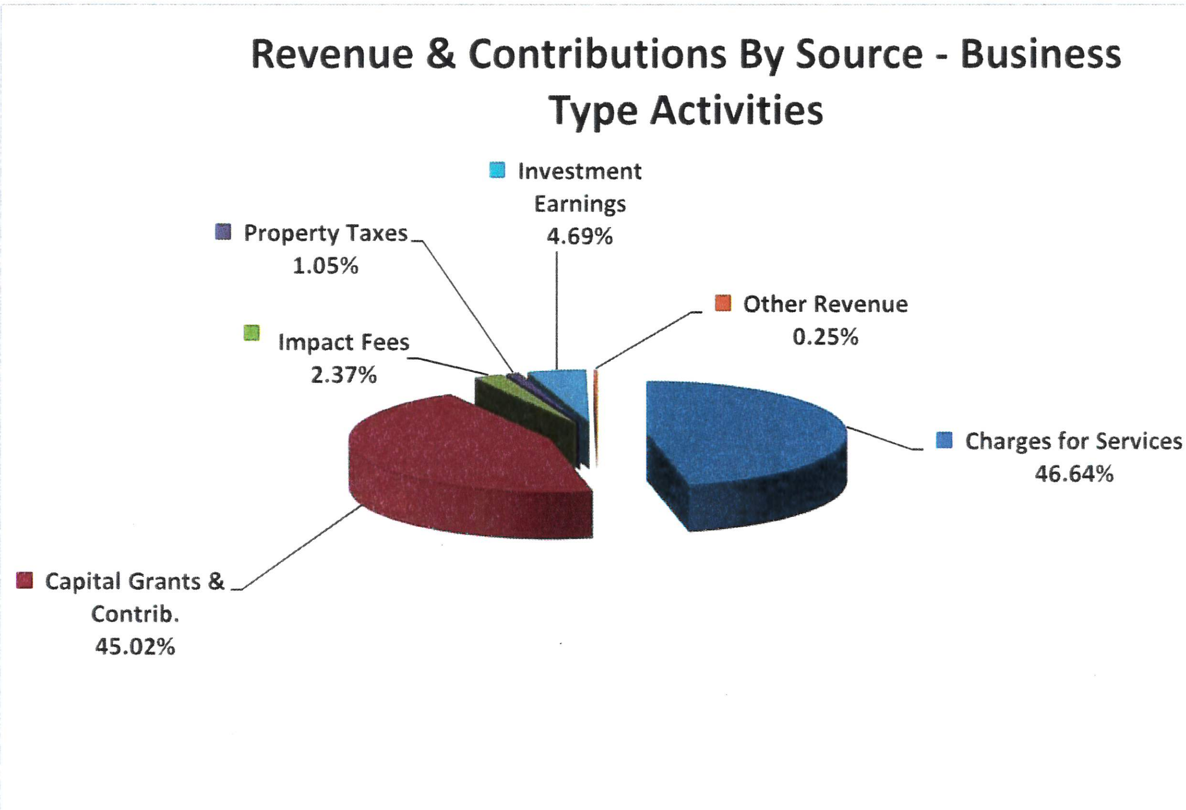
The following chart displays revenues and expenses of the Business-type Activities.



	Water	Sewer	Storm
Operating Revenues	$2,017,115	$1,292,735	$560,745
Operating Expenses	$3,053,477	$1,367,832	$627,767
Impact Fees	$2,798,517	$937,500	

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 $657,642, $454,674 and $111,021 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 $392,720.

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" (49.64%). This category consists of Raw Water Fees, Tap Fees and Infrastructure Dedications in the Water and Sewer Funds in the amount of $3,932,520. The total amount of Capital Grants & Contributions in 2017 was $4,654,102.



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.

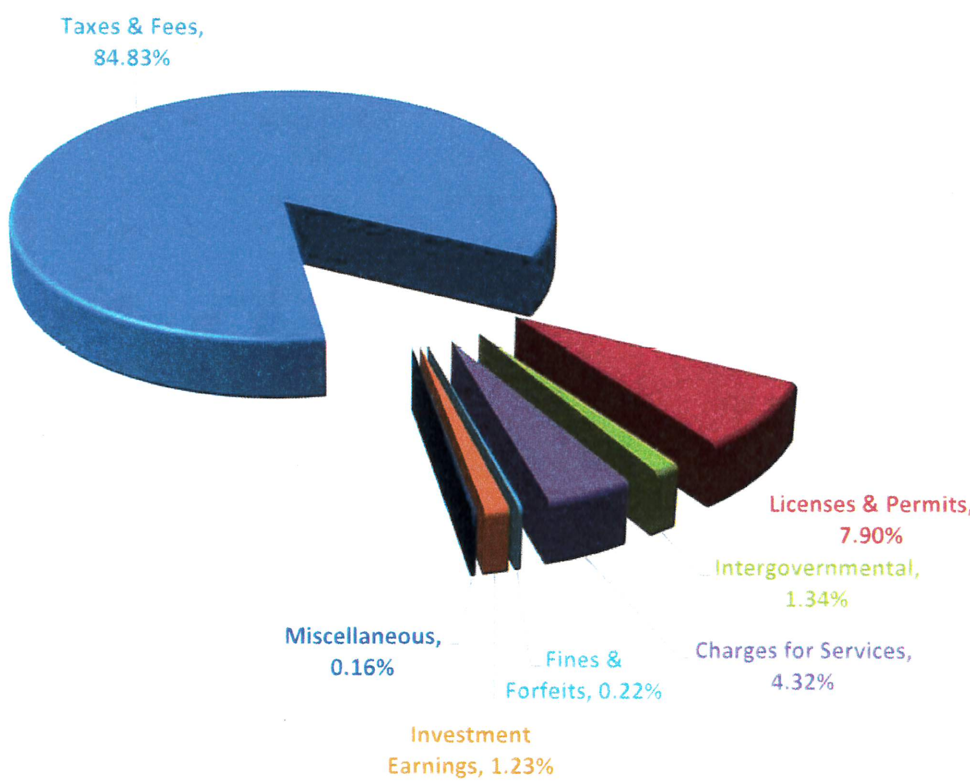
Governmental Funds. The focus of the Town of Wellington's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Wellington's financing requirements. Unassigned fund balance may serve as 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 $8,688,583, an increase of $1,490,277. Approximately 54.49% of this total amount ($4,734,573) 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:

Nonspendable:	$20,571
Restricted:	756,312
Committed:	54,656
Assigned:	3,122,471
Unassigned:	4,734,573
TOTAL:	$8,688,583

General Fund Budgetary Highlights

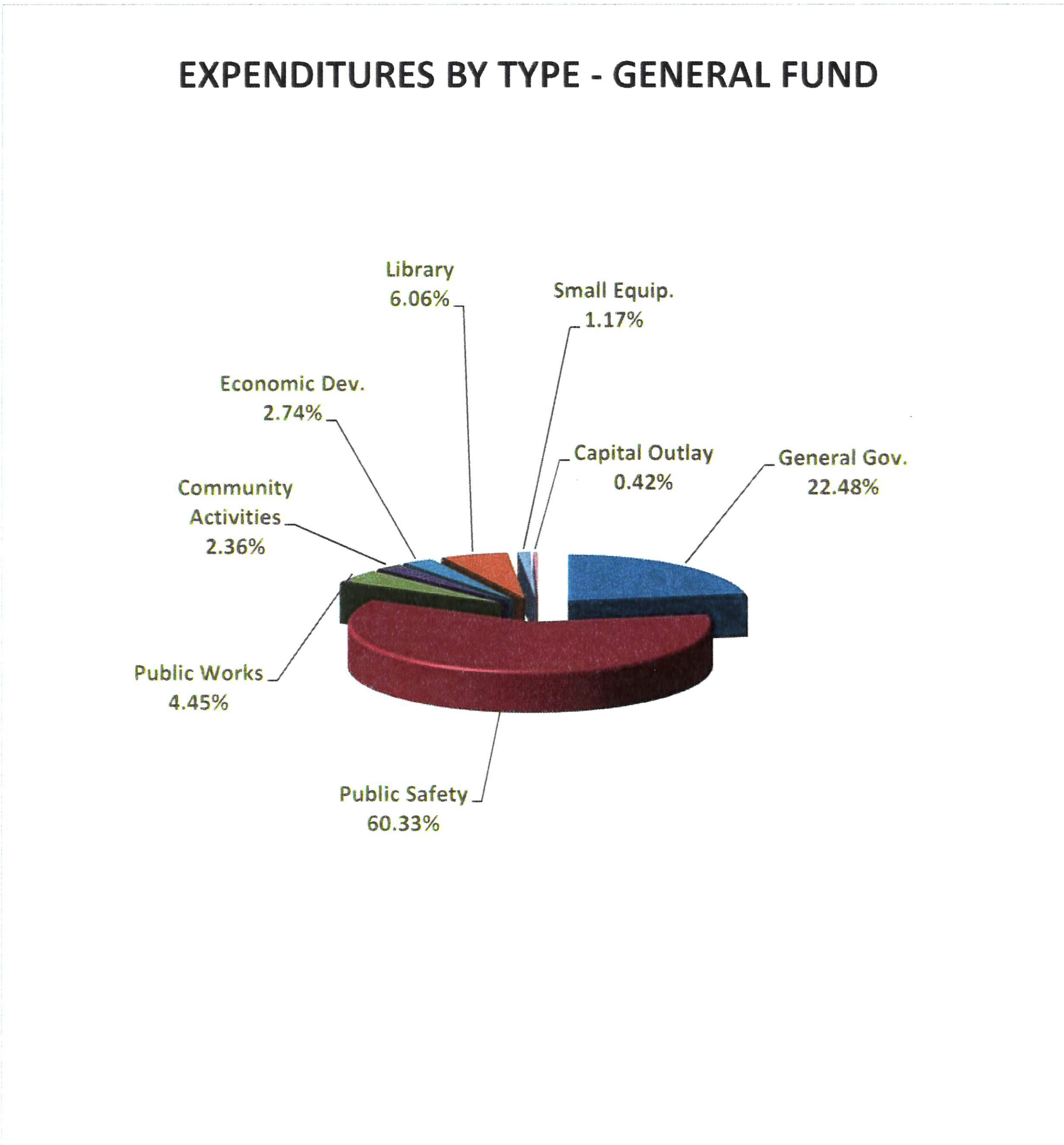
The General Fund accounts for all the general services provided by the Town of Wellington. At the end of 2018, the fund balance of the General Fund totaled $5,006,670, an increase of $575,904, or 13.00%, over the fund balance at the end of 2017, $4,430,766.



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.

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. The primary General Fund expenditure is Public Safety at 60.33% of the total expended. Public Safety includes amounts paid to Larimer County Sheriff's Office, ($1,350,219), amounts paid to SafeBuilt for building inspections, $349,197, and amounts expended for the Town's Code Enforcement program, $57,864. The total of all Public Safety was $1,776,870 in 2018.

General Fund expenditures by type are presented below in graphical form.



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, 2018 amounts to $52,022,169 (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, 2017, the net investment in capital assets was $57,688,162 (net of accumulated depreciation and debt). Net investment in capital assets decreased 2.94 % from 2017 to 2018.

Town of Wellington's Capital Assets at Year End (net of depreciation) compared to 2017

	Governmental Activities		*Business-Type Activities*		TOTAL	
	2018	2017	2018	2017	2018	2017
Land:	$1,351,018	$1,351,018	$119,233	$119,233	$1,470,251	$1,470,251
Water Rights:	160,380	160,380	-	-	160,380	160,380
Water Delivery Rights:	-	-	733,346	423,746	733,346	423,746
Buildings & Improvements:	250,735	264,334	-	-	250,735	264,334
Improvements Other Than Buildings:	9,128,196	9,134,995	-	-	9,128,196	9,134,995
Streets & Improvements:	11,340,440	11,761,785	-	-	11,340,440	11,761,785
Machinery & Equipment:	254,331	267,449	-	-	254,331	267,449
Utility Systems & Equipment:	-	-	32,506,043	33,635,324	32,506,043	33,635,324
Construction in Progress:	147,834	142,883	1,713,657	427,015	1,861,491	569,898
TOTAL	$22,632,934	$23,082,844	$35,072,279	$34,605,318	$57,705,213	$57,688,162

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

DEBT ADMINISTRATION

Long-Term Debt. At the end of 2018, the Town of Wellington had total debt outstanding of $3,946,233. Of this amount, $383,397 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 Activities		Business-Type Activities		TOTAL	
	2018	2017	2018	2017	2018	2017
FNB WCP Loan (Park Fund):	$1,738,031	$1,945,389	$ -	$ -	$1,738,031	$1,945,389
1984 General Obligation Bonds (Water Fund):	-	-	127,000	149,000	127,000	149,000
1982 CWCB General Obligation Bonds (Water Fund):	-	-	256,397	301,915	256,397	301,915
2001 CWR&PDA Loan (Water Fund):	-	-	237,828	299,940	237,828	299,940
2002 CWR&PDA Loan (Sewer Fund):	-	-	1,235,008	1,511,260	1,235,008	1,511,260
2014 Bond Issue - WWTP Expansion (Sewer Fund):	-	-	2,090,000	2,195,000	2,090,000	2,195,000
TOTAL	$1,738,031	$1,945,389	$3,946,233	$4,457,115	$5,684,264	$6,402,504

This outstanding debt does not include compensated absences of $92,838 at the end of 2018.

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

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 Pete Brandjord, Town of Wellington Finance Director, brandjpa@wellingtoncolorado.gov, PO Box 127, 3735 Cleveland Ave., Wellington, Colorado 80549.

Basic Financial Statements

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Town of Wellington
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 7,335,878	$ -	$ 7,335,878
Equity in pooled cash and cash equivalents	841,655	27,703,330	28,544,985
Investments	259,442	-	259,442
Receivables	1,471,307	444,685	1,915,992
Internal balances	420,000	(420,000)	-
Inventory	-	67,986	67,986
Prepaid items	20,571	-	20,571
Restricted cash and cash equivalents	-	905,734	905,734
Capital assets:			
Nondepreciable	1,659,232	2,566,236	4,225,468
Depreciable, net of accumulated depreciation	20,973,702	32,506,043	53,479,745
Total assets	32,981,787	63,774,014	96,755,801
Liabilities			
Accounts payable	519,190	601,783	1,120,973
Accrued interest payable	3,346	-	3,346
Accrued wages payable	28,045	29,515	57,560
Noncurrent liabilities:			
Accrued compensated absences	92,838	-	92,838
Due within one year	231,228	527,046	758,274
Due in more than one year	1,506,803	3,417,967	4,924,770
Total liabilities	2,381,450	4,576,311	6,957,761
Deferred inflows of resources			
Unearned revenue - property taxes	1,113,035	91,548	1,204,583
Total deferred inflows of resources	1,113,035	91,548	1,204,583
Net position			
Net investment in capital assets	20,894,903	31,127,266	52,022,169
Restricted for:			
Emergencies	196,870	-	196,870
Parks and recreation	559,442	-	559,442
Rate stabilization and maintenance	-	905,734	905,734
Unrestricted	7,836,087	27,073,155	34,909,242
Total net position	$ 29,487,302	$ 59,106,155	$ 88,593,457

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

Town of Wellington
Statement of Activities

Year Ended December 31, 2018

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ 719,111	$ 190,556	$ -	$ -
Public safety	1,776,870	525,215	-	-
Public works	1,598,380	14,580	-	-
Parks and recreation	912,192	96,272	84,148	-
Economic development	80,575	-	-	-
Library	180,121	-	-	-
Small equipment	106,517	-	-	-
Interest on long-term debt	39,249	-	-	-
Total governmental activities	5,413,015	826,623	84,148	-
Business-type activities:				
Water	3,053,447	2,017,115	-	2,798,517
Sewer	1,367,832	1,292,735	-	937,500
Storm drainage	627,767	560,745	-	-
Total business-type activities	5,049,046	3,870,595	-	3,736,017
Total primary government	$ 10,462,061	$ 4,697,218	$ 84,148	$ 3,736,017

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

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
$ (528,555)	$ -	$ (528,555)
(1,251,655)	-	(1,251,655)
(1,583,800)	-	(1,583,800)
(731,772)	-	(731,772)
(80,575)	-	(80,575)
(180,121)	-	(180,121)
(106,517)	-	(106,517)
(39,249)	-	(39,249)
(4,502,244)	-	(4,502,244)
-	1,762,185	1,762,185
-	862,403	862,403
-	(67,022)	(67,022)
-	2,557,566	2,557,566
(4,502,244)	2,557,566	(1,944,678)
1,056,966	-	1,056,966
-	86,937	86,937
253,344	-	253,344
2,126,186	-	2,126,186
190,097	-	190,097
318,048	-	318,048
1,045,970	-	1,045,970
648,198	196,503	844,701
5,162	-	5,162
81,434	388,869	470,303
10,813	20,529	31,342
5,736,218	692,838	6,429,056
1,233,974	3,250,404	4,484,378
28,253,328	55,855,751	84,109,079
$ 29,487,302	$ 59,106,155	$ 88,593,457

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

Town of Wellington
Balance Sheet
Governmental Funds

December 31, 2018

	General	Street	Park	Conservation Trust (Nonmajor)	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 3,698,586	$ 1,200,146	$ 1,811,437	$ 559,442	$ 7,269,611
Equity in pooled cash and cash equivalents	841,655	-	-	-	841,655
Cash with fiscal agent	-	56,903	9,364	-	66,267
Investments	259,442	-	-	-	259,442
Receivables	1,365,890	15,898	89,519	-	1,471,307
Due from other funds	420,000	-	-	-	420,000
Prepaid items	20,571	-	-	-	20,571
Totals assets	$ 6,606,144	$ 1,272,947	$ 1,910,320	$ 559,442	$ 10,348,853
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	$ 474,379	$ 36,778	$ 8,033	$ -	$ 519,190
Accrued wages payable	12,060	5,975	10,010	-	28,045
Total liabilities	486,439	42,753	18,043	-	547,235
Deferred inflows of resources					
Unearned revenue - property taxes	1,113,035	-	-	-	1,113,035
Total deferred inflows of resources	1,113,035	-	-	-	1,113,035
Fund balances					
Nonspendable	20,571	-	-	-	20,571
Restricted	196,870	-	-	559,442	756,312
Committed	54,656	-	-	-	54,656
Assigned	-	1,230,194	1,892,277	-	3,122,471
Unassigned	4,734,573	-	-	-	4,734,573
Total fund balances	5,006,670	1,230,194	1,892,277	559,442	8,688,583
Total liabilities, deferred inflows of resources and fund balances	$ 6,606,144	$ 1,272,947	$ 1,910,320	$ 559,442	$ 10,348,853

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, 2018

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

Total fund balance - governmental funds		$ 8,688,583
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	$ 38,937,918	
Accumulated depreciation	(16,304,984)	22,632,934
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	$ (1,738,031)	
Accrued interest payable	(3,346)	
Accrued compensated absences	(92,838)	(1,834,215)
Total net position - governmental activities		$ 29,487,302

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, 2018

	General	Street	Park	Conservation Trust Fund (Nonmajor)	Total Governmental Funds
Revenues					
Taxes and impact fees	$ 2,737,517	$ 1,578,969	$ 1,322,323	$ -	$ 5,638,809
Licenses and permits	497,615	27,600	-	-	525,215
Intergovernmental	4,662	-	-	84,648	89,310
Charges for services	190,556	-	96,272	-	286,828
Fines and forfeitures	14,580	-	-	-	14,580
Earnings on investments	69,373	3,654	7,671	736	81,434
Miscellaneous	6,895	2,582	1,336	-	10,813
Total revenues	3,521,198	1,612,805	1,427,602	85,384	6,646,989
Expenditures					
Current:					
General government	662,052	-	-	-	662,052
Public safety	1,776,870	-	-	-	1,776,870
Public works	131,179	579,409	-	-	710,588
Parks and recreation	69,480	-	841,493	-	910,973
Economic development	80,575	-	-	-	80,575
Library	178,472	-	-	-	178,472
Small equipment	34,405	65,809	6,303	-	106,517
Capital outlay	12,261	410,019	61,379	-	483,659
Debt Service:					
Principal	-	-	207,358	-	207,358
Interest	-	-	39,648	-	39,648
Total expenditures	2,945,294	1,055,237	1,156,181	-	5,156,712
Excess of revenues over expenditures	575,904	557,568	271,421	85,384	1,490,277
Fund balances at beginning of year	4,430,766	672,626	1,620,856	474,058	7,198,306
Fund balances at end of year	$ 5,006,670	$ 1,230,194	$ 1,892,277	$ 559,442	$ 8,688,583

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, 2018

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

Total net change in fund balance - governmental funds		$ 1,490,277
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	$ 483,659	
Depreciation expense	(933,569)	(449,910)
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.		207,358
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.		399
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.		(14,150)
Change in net position of governmental activities		$ 1,233,974

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

Town of Wellington
Statement of Net Position
Proprietary Funds
December 31, 2018

	Water	Sewer	Storm Drainage	Total
Assets				
Current assets				
Equity in pooled cash and cash equivalents	$ 17,805,936	$ 8,707,893	$ 1,189,501	$ 27,703,330
Receivables	234,235	145,836	64,614	444,685
Inventory	55,059	12,927	-	67,986
Total current assets	18,095,230	8,866,656	1,254,115	28,216,001
Noncurrent assets				
Restricted cash and cash equivalents	555,734	350,000	-	905,734
Capital assets:				
Land	36,130	83,103	-	119,233
Water rights	733,346	-	-	733,346
Construction in progress	1,684,524	29,133	-	1,713,657
Utilities systems	22,866,740	19,687,822	3,294,642	45,849,204
Equipment	575,084	561,137	14,328	1,150,549
Less accumulated depreciation	(9,012,756)	(5,103,384)	(377,570)	(14,493,710)
Total capital assets - net	16,883,068	15,257,811	2,931,400	35,072,279
Total noncurrent assets	17,438,802	15,607,811	2,931,400	35,978,013
Total assets	35,534,032	24,474,467	4,185,515	64,194,014
Liabilities				
Current liabilities				
Accounts payable	154,444	8,818	438,521	601,783
Accrued wages payable	15,030	13,101	1,384	29,515
Due to other funds	-	-	420,000	420,000
Current portion of long-term debt	134,960	392,086	-	527,046
Total current liabilities	304,434	414,005	859,905	1,578,344
Noncurrent liabilities				
Long-term debt	485,045	2,932,922	-	3,417,967
Total noncurrent liabilities	485,045	2,932,922	-	3,417,967
Total liabilities	789,479	3,346,927	859,905	4,996,311
Deferred inflows of resources				
Unearned revenue - property taxes	91,548	-	-	91,548
Total deferred inflows of resources	91,548	-	-	91,548
Net position				
Net investment in capital assets	16,263,063	11,932,803	2,931,400	31,127,266
Restricted for rate stabilization	-	350,000	-	350,000
Restricted for maintenance	555,734	-	-	555,734
Unrestricted	17,834,208	8,844,737	394,210	27,073,155
Total net position	$ 34,653,005	$ 21,127,540	$ 3,325,610	$ 59,106,155

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, 2018

	Water	Sewer	Storm Drainage	Totals
Operating revenues				
Charges for services	$ 2,013,473	$ 1,292,735	$ 560,745	$ 3,866,953
Miscellaneous	3,642	-	-	3,642
Total operating revenues	2,017,115	1,292,735	560,745	3,870,595
Operating expenses				
Administrative	321,480	223,062	480,786	1,025,328
Operating	1,862,957	599,769	31,785	2,494,511
Small equipment	183,618	18,514	4,175	206,307
Depreciation	657,642	454,674	111,021	1,223,337
Total operating expenses	3,025,697	1,296,019	627,767	4,949,483
Operating income (loss)	(1,008,582)	(3,284)	(67,022)	(1,078,888)
Non-operating revenues (expenses)				
Property taxes and impact fees	86,937	-	196,503	283,440
Earnings on investments	270,200	105,005	13,664	388,869
Interest expense	(27,750)	(71,813)	-	(99,563)
Other non-operating revenue	5,000	15,529	-	20,529
Total non-operating revenues (expenses)	334,387	48,721	210,167	593,275
Income (loss) before transfers and contributions	(674,195)	45,437	143,145	(485,613)
Capital contributions	2,798,517	937,500	-	3,736,017
Changes in net position	2,124,322	982,937	143,145	3,250,404
Net position at beginning of year	32,528,683	20,144,603	3,182,465	55,855,751
Net position at end of year	$ 34,653,005	$ 21,127,540	$ 3,325,610	$ 59,106,155

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

Town of Wellington
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2018

	Water	Sewer	Storm Drainage	Total
Cash flows from operating activities				
Cash received from customers	$ 2,020,073	$ 1,290,336	$ 554,854	$ 3,865,263
Cash payments to suppliers	(1,811,385)	(362,081)	(498,570)	(2,672,036)
Cash payments to employees	(660,374)	(502,366)	(53,089)	(1,215,829)
Net cash flows from operating activities	(451,686)	425,889	3,195	(22,602)
Cash flows from non-capital financing activities				
Property taxes	91,502	-	17,126	108,628
Impact fees	-	-	179,377	179,377
Other non-operating revenue	5,000	15,529	-	20,529
Net cash flows from non-capital financing activities	96,502	15,529	196,503	308,534
Cash flows from capital and related financing activities				
Capital contributions	2,798,517	937,500	-	3,736,017
Acquisitions of capital assets	(1,611,961)	(47,671)	-	(1,659,632)
Principal paid on long-term debt	(129,630)	(381,252)	-	(510,882)
Interest paid on long-term debt	(31,523)	(124,180)	-	(155,703)
Net cash flows from capital and related financing activities	1,025,403	384,397	-	1,409,800
Cash flows from investing activities				
Earnings on investments	270,200	105,005	13,664	388,869
Change in restricted cash and cash equivalents	(146,994)	-	-	(146,994)
Net cash flows from investing activities	123,206	105,005	13,664	241,875
Net change in cash and cash equivalents	793,425	930,820	213,362	1,937,607
Cash and cash equivalents at beginning of year	17,012,511	7,777,073	976,139	25,765,723
Cash and cash equivalents at end of year	$ 17,805,936	$ 8,707,893	$ 1,189,501	$ 27,703,330
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ (1,008,582)	$ (3,284)	$ (67,022)	$ (1,078,888)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	657,642	454,674	111,021	1,223,337
Changes in operating assets and liabilities:				
Receivables	2,958	(2,399)	(5,891)	(5,332)
Inventory	6,271	(10,821)	-	(4,550)
Accounts payable	(114,034)	(17,192)	(35,412)	(166,638)
Accrued wages payable	4,059	4,911	499	9,469
Net cash flows from operating activities	$ (451,686)	$ 425,889	$ 3,195	$ (22,602)
Noncash investing, capital and financing activities:				
Capital assets acquired through accounts payable	$ (135,009)	$ -	$ -	$ (135,009)
Capital assets acquired through accounts payable in prior year	$ 104,343	$ -	$ -	$ 104,343

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

Town of Wellington
Statement of Fiduciary Net Position
Fiduciary Fund

December 31, 2018

		Library Trust
Assets		
Equity in pooled cash and cash equivalents, restricted	$	97,903
Investments		300,602
Total assets		398,505
Liabilities		
Unearned revenue		-
Total liabilities		-
Net position	$	398,505

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, 2018

		Library Trust
Additions		
Library impact fees	$	39,000
Grants and contributions		4,500
Total additions		43,500
Deductions		
Library expenditures		4,478
Total deductions		4,478
Change in net position		39,022
Net position at beginning of year		359,483
Net position at end of year	$	398,505

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

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.

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.

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;

- 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	$ 3,503,308	$ -	$ 3,503,308
Special revenue funds:			
Street fund	1,408,846	60,000	1,468,846
Park fund	1,946,439	-	1,946,439
Conservation trust fund	100,000	-	100,000
Business type funds:			
Water fund	3,349,804	1,629,882	4,979,686
Sewer fund	1,928,082	-	1,928,082
Storm drainage fund	650,479	-	650,479
Fiduciary fund type:			
Library trust fund	17,000	-	17,000
Total funds	$ 12,903,958	$ 1,689,882	$ 14,593,840

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.

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.

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 $92,838 at December 31, 2018.

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, 2018, there is no accrual in the fund financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources.

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

Fund Balance and Net Position

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

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

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

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.

As of December 31, 2018, fund balances are composed of the following:

	General Fund	Street Fund	Park Fund	Conservation Trust Fund	Total Governmental
Nonspendable:					
Prepaid items	$ 20,571	$ -	$ -	$ -	$ 20,571
Restricted:					
Emergencies	196,870	-	-	-	196,870
Parks and open space	-	-	-	559,442	559,442
Committed:					
Cemetery operations	54,656	-	-	-	54,656
Assigned:					
Capital projects	-	741,793	1,021,662	-	1,763,455
Subsequent year's expenditures	-	488,401	870,615		1,359,016
Unassigned	4,734,573	-	-	-	4,734,573
Total fund balances	$ 5,006,670	$ 1,230,194	$ 1,892,277	$ 559,442	$ 8,688,583

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.

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, 2018, the Town had deposits with financial institutions with a carrying amount (book balance) of $10,300,100. The bank balances with the financial institutions were $11,553,595, which of this amount, $750,000 was covered by federal depository insurance, with the excess in 2018 covered by PDPA.

Cash and cash equivalents, including restricted cash, held by the Town at December 31, 2018 were as follows:

Cash on hand	$ 5,925
Cash with county treasurer and clerk	66,267
Cash deposits	21,114,843
Local government investment pool	15,697,465
Total	$ 36,884,500

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

Statement of net position:	
Cash and cash equivalents	$ 7,335,878
Equity in pooled cash and cash equivalents	28,544,985
Restricted cash and cash equivalents	905,734
Statement of fiduciary net position:	
Equity in pooled cash and cash equivalents, restricted	97,903
Total	$ 36,884,500

Investments

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

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

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

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

At December 31, 2018, assets measured at fair value on a recurring basis have been categorized into the hierarchy as follows:

	Assets at Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 259,442	$ -	$ 259,442
Total	$ -	$ 259,442	$ -	$ 259,442

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, 2018, 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, 2018, the Town had invested $26,512,208 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, 2018, consisted of the following:

Types	Governmental Activities	Business-Type Activities	Total
Taxes	$ 1,197,752	$ 91,548	$ 1,289,300
Trade accounts	-	353,137	353,137
Intergovernmental	101,814	-	101,814
Other	171,741	-	171,741
Total	$ 1,471,307	$ 444,685	$ 1,915,992

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, 2018, the Storm Drainage Fund owed the General Fund $420,000.

Interfund Transfers

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, or to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. There were no transfers made during the year ended December 31, 2018.

5. Capital Assets

A summary of changes in governmental activities capital assets for the year ended December 31, 2018, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land and water rights	$ 1,511,398	$ -	$ -	$ 1,511,398
Construction in progress	142,883	4,951	-	147,834
Total capital assets, not being depreciated	1,654,281	4,951	-	1,659,232
Capital assets, being depreciated:				
Buildings and improvements	988,822	9,007	-	997,829
Improvements other than buildings	12,574,625	3,254	-	12,577,879
Streets and improvements	21,861,439	466,447	-	22,327,886
Machinery and equipment	1,375,092	-	-	1,375,092
Total capital assets, being depreciated	36,799,978	478,708	-	37,278,686
Less accumulated depreciation for:				
Buildings and improvements	(724,488)	(22,606)	-	(747,094)
Improvements other than buildings	(3,439,630)	(10,053)	-	(3,449,683)
Streets and improvements	(10,099,654)	(887,792)	-	(10,987,446)
Machinery and equipment	(1,107,643)	(13,118)	-	(1,120,761)
Total accumulated depreciated	(15,371,415)	(933,569)	-	(16,304,984)
Total capital assets, being depreciated, net	21,428,563	(454,861)	-	20,973,702
Governmental activities capital assets, net	$ 23,082,844	$ (449,910)	$ -	$ 22,632,934

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

Governmental activities:	
General government	$ 42,909
Public works	887,792
Parks and recreation	1,219
Library	1,649
Total depreciation expense - governmental activities	$ 933,569

A summary of changes in business-type activities capital assets for the year ended December 31, 2018, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Land and water rights	$ 542,979	$ 309,600	$ -	$ 852,579
Construction in progress	427,015	1,327,736	(41,094)	1,713,657
Total capital assets, not being depreciated	969,994	1,637,336	(41,094)	2,566,236
Capital assets, being depreciated:				
Utilities systems	45,827,471	21,733	-	45,849,204
Machinery and equipment	1,078,226	72,323	-	1,150,549
Total capital assets, being depreciated	46,905,697	94,056	-	46,999,753
Less accumulated depreciation	(13,270,373)	(1,223,337)	-	(14,493,710)
Total capital assets, being depreciated, net	33,635,324	(1,129,281)	-	32,506,043
Business-type activities capital assets, net	$ 34,605,318	$ 508,055	$ (41,094)	$ 35,072,279

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

Business-type activities:	
Water	$ 657,642
Sewer	454,674
Storm drainage	111,021
Total depreciation expense - business-type activities	$ 1,223,337

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, 2018, the Town met the coverage amount.

Business-Type Activities

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

In 2002, the Town entered into a loan payabale 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.

Following is a summary of the debt transactions for the year ended December 31, 2018:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
2014 First National Bank loan	$ 1,945,389	$ -	$ (207,358)	$ 1,738,031	$ 231,228
Accrued compensated absences	78,688	108,248	(94,098)	92,838	-
Total	$ 2,024,077	$ 108,248	$ (301,456)	$ 1,830,869	$ 231,228
Business-Type Activities					
1984 general obligation water bond	$ 149,000	$ -	$ (22,000)	$ 127,000	$ 23,000
1982 Colorado Water Conservation Board loan	301,915	-	(45,518)	256,397	47,339
2001 Colorado Water Resource and Power Development Authority loan	299,940	-	(62,112)	237,828	64,620
2002 Colorado Water Resource and Power Development Authority loan	1,511,260	-	(276,252)	1,235,008	287,086
2014 general obligation sewer bond	2,195,000	-	(105,000)	2,090,000	105,000
Total	$ 4,457,115	$ -	$ (510,882)	3,946,233	$ 527,045
Current portion of long-term debt				(527,045)	
Discount on long-term debt				(1,220)	
Non-current portion of long-term liabilities				$ 3,417,968	

The following table represents future debt service requirements as of December 31, 2018:

	Governmental Activities		Business-Type Activities		
Year	Principal	Interest	Principal	Interest	Total
2019	$ 231,228	$ 38,232	$ 527,045	$ 131,222	$ 927,727
2020	236,607	32,853	543,383	114,734	927,577
2021	242,304	27,156	570,318	98,103	937,881
2022	248,040	21,420	562,109	80,386	911,955
2023	253,912	15,548	198,378	63,695	531,533
2024-2028	525,940	12,952	630,000	245,743	1,414,635
2029-2033	-	-	750,000	123,710	873,710
2034	-	-	165,000	6,600	171,600
	$ 1,738,031	$ 148,161	$ 3,946,233	$ 864,193	$ 6,696,618

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	$ 2,017,115	
Connection fees	2,798,517	
Subtotal	4,815,632	
Operation and maintenance expenses (not including depreciation)	2,359,138	
Net revenue as defined in loan agreement		$ 2,456,494
2018 principal due	$ 62,112	
2018 interest due	11,383	
	73,495	
	x110%	80,845
Amount the current year revenues were in excess of the requirements of the CWRPDA loan agreement.		$ 2,375,649

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.

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

Operating revenues	$ 1,292,735	
Connection fees	937,500	
Subtotal	2,230,235	
Operation and maintenance expenses (not including depreciation)	841,345	
Net revenue as defined in loan agreement		$ 1,388,890
2018 principal due	$ 276,252	
2018 interest due	53,253	
	329,505	
	x110%	362,456
Amount the current year revenues were in excess of the requirements of the CWRPDA loan agreement.		$ 1,026,434

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, 2018.

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 $555,734 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.

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

Operating revenues	$ 1,292,735	
Connection fees	937,500	
Subtotal	2,230,235	
Operation and maintenance expenses (not including depreciation)	841,345	
Net revenue as defined in loan agreement		$ 1,388,890
2018 principal due	$ 105,000	
2018 interest due	70,928	
	175,928	
	x120%	211,114
Amount the current year revenues were in excess of the requirements of the general bond obligation.		$ 1,177,776

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 $196,870 for this purpose.

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

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 August 13, 2019, the date that the financial statements were available to be issued. In May 2019, the Town issued State Revolving Revenue Bonds, 2019 Series A, totaling approximately $24,021,000. There were no additional transactions or events that would require adjustment to or disclosure in the financial statements identified.

Required Supplementary Information

Town of Wellington

Schedule of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual) - General Fund

Year Ended December 31, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 2,432,750	$ 2,432,750	$ 2,547,420	$ 114,670
Franchise fees	166,700	166,700	190,097	23,397
Licenses and permits	529,325	529,325	497,615	(31,710)
Intergovernmental	5,000	5,000	4,662	(338)
Charges for services	82,250	82,250	190,556	108,306
Fines and forfeitures	11,500	11,500	14,580	3,080
Earnings on investments	22,000	22,000	69,373	47,373
Miscellaneous	12,000	12,000	6,895	(5,105)
Total revenues	3,261,525	3,261,525	3,521,198	259,673
Expenditures				
Current:				
General government:				
Legislative	220,321	220,321	191,526	28,795
Judicial	22,500	22,500	19,602	2,898
Administrative	327,037	327,037	278,659	48,378
Planning and zoning	247,002	247,002	172,265	74,737
Public safety:				
Police	1,356,507	1,356,507	1,361,799	(5,292)
Protective inspections	449,375	449,375	415,071	34,304
Public works:				
Sanitation	20,250	20,250	14,702	5,548
Operating	49,263	49,263	55,655	(6,392)
Cemetery	22,500	22,500	2,462	20,038
General use buildings	66,750	66,750	58,360	8,390
Parks and recreation:				
Community activities	93,100	93,100	69,480	23,620
Economic development	101,000	101,000	80,575	20,425
Library	179,203	179,203	178,472	731
Small equipment	40,500	40,500	34,405	6,095
Capital outlay	308,000	308,000	12,261	295,739
Total expenditures	3,503,308	3,503,308	2,945,294	558,014
Excess of revenues over expenditures	(241,783)	(241,783)	575,904	817,687
Other financing sources (uses)				
Transfers in	17,000	17,000	-	(17,000)
Total other financing sources (uses)	17,000	17,000	-	(17,000)
Net change in fund balance	$ (224,783)	$ (224,783)	575,904	$ 800,687
Fund balance at beginning of year			4,430,766	
Fund balance at end of year			$ 5,006,670	

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, 2018

	Street Fund				Park Fund			
	Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)	Original	Final	Amounts	Positive (Negative)
Revenues								
Taxes	$ 900,000	$ 900,000	$ 1,139,571	$ 239,571	$ 1,002,750	$ 1,002,750	$ 1,113,523	$ 110,773
Impact fees	340,000	340,000	439,398	99,398	270,000	270,000	208,800	(61,200)
Licenses and permits	250	250	27,600	27,350	-	-	-	-
Charges for services	-	-	-	-	132,815	132,815	96,272	(36,543)
Earnings on investments	1,250	1,250	3,654	2,404	3,000	3,000	7,671	4,671
Miscellaneous	-	-	2,582	2,582	-	-	1,336	1,336
Total revenues	1,241,500	1,241,500	1,612,805	371,305	1,408,565	1,408,565	1,427,602	19,037
Expenditures								
Current:								
Public works/Parks and recreation:								
Administrative	117,575	117,575	110,686	6,889	89,679	89,679	97,188	(7,509)
Operating	422,271	482,271	468,723	13,548	445,419	445,419	435,098	10,321
Recreation	-	-	-	-	331,856	331,856	309,207	22,649
Small equipment and other	125,500	125,500	65,809	59,691	205,469	205,469	6,303	199,166
Capital outlay	743,500	743,500	410,019	333,481	605,000	605,000	61,379	543,621
Debt Service	-	-	-	-	269,016	269,016	247,006	22,010
Total expenditures	1,408,846	1,468,846	1,055,237	413,609	1,946,439	1,946,439	1,156,181	790,258
Deficiency of revenues over expenditures	(167,346)	(227,346)	557,568	784,914	(537,874)	(537,874)	271,421	809,295
Other financing sources								
Transfer In	-	-	-	-	100,000	100,000	-	(100,000)
Total other financing sources	-	-	-	-	100,000	100,000	-	(100,000)
Net change in fund balances	$ (167,346)	$ (227,346)	557,568	$ 784,914	$ (437,874)	$ (437,874)	271,421	$ 709,295
Fund balances at beginning of year			672,626				1,620,856	
Fund balances at end of year			$ 1,230,194				$ 1,892,277	

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, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 70,000	$ 70,000	$ 84,648	$ 14,648
Earnings on investments	350	350	736	386
Total revenues	70,350	70,350	85,384	15,034
Other financing uses				
Transfer Out	(100,000)	(100,000)	-	100,000
Total other financing uses	(100,000)	(100,000)	-	100,000
Net change in fund balance	$ (29,650)	$ (29,650)	85,384	$ 115,034
Fund balance at beginning of year			474,058	
Fund balance at end of year			$ 559,442	

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, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating revenues				
Charges for services	$ 2,057,000	$ 2,057,000	$ 2,013,473	$ (43,527)
Miscellaneous	-	-	3,642	3,642
Total operating revenues	2,057,000	2,057,000	2,017,115	(39,885)
Operating expenses				
Administrative	511,919	511,919	321,480	190,439
Operating	1,711,020	2,159,586	1,862,957	296,629
Small equipment	192,600	192,600	183,618	8,982
Total operating expenses	2,415,539	2,864,105	2,368,055	496,050
Operating income (loss)	(358,539)	(807,105)	(350,940)	456,165
Non-operating revenues (expenses)				
Property taxes	87,043	87,043	86,937	(106)
Capital contributions	3,900,000	3,900,000	2,798,517	(1,101,483)
Earnings on investments	90,000	90,000	270,200	180,200
Other non-operating revenue	-	-	5,000	5,000
Interest expense	(30,612)	(30,612)	(27,750)	2,862
Principal paid	(130,653)	(130,653)	(129,630)	1,023
Capital outlay	(773,000)	(1,954,316)	(1,611,961)	342,355
Total non-operating revenues (expenses)	3,142,778	1,961,462	1,391,313	(570,149)
Change in net position - budgetary basis	$ 2,784,239	$ 1,154,357	1,040,373	$ (113,984)
Reconciliation to GAAP Basis				
Depreciation			(657,642)	
Principal paid			129,630	
Capital outlay			1,611,961	
Change in net position - GAAP basis			2,124,322	
Net position at beginning of year			32,528,683	
Net position at end of year			$ 34,653,005	

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, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Operating revenues				
Charges for services	$ 1,400,000	$ 1,400,000	$ 1,292,735	$ (107,265)
Total operating revenues	1,400,000	1,400,000	1,292,735	(107,265)
Operating expenses				
Administrative	232,747	232,747	223,062	9,685
Operating	601,817	601,817	599,769	2,048
Small equipment	15,750	15,750	18,514	(2,764)
Total operating expenses	850,314	850,314	841,345	8,969
Operating income	549,686	549,686	451,390	(98,296)
Non-operating revenues (expenses)				
Capital contributions	1,500,000	1,500,000	937,500	(562,500)
Earnings on investments	35,000	35,000	105,005	70,005
Other nonoperating revenue	-	-	15,529	15,529
Interest expense	(124,181)	(124,181)	(71,813)	52,368
Principal paid	(381,252)	(381,252)	(381,252)	-
Capital outlay	(572,335)	(572,335)	(47,671)	524,664
Total non-operating revenues (expenses)	457,232	457,232	557,298	100,066
Change in net position - budgetary basis	$ 1,006,918	$ 1,006,918	1,008,688	$ 1,770
Reconciliation to GAAP basis				
Depreciation			(454,674)	
Principal paid			381,252	
Capital outlay			47,671	
Change in net position - GAAP basis			982,937	
Net position at beginning of year			20,144,603	
Net position at end of year			$ 21,127,540	

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Operating revenues				
Charges for services	$ 540,000	$ 540,000	$ 560,745	$ 20,745
Total operating revenues	540,000	540,000	560,745	20,745
Operating expenses				
Administrative	475,475	475,475	480,786	(5,311)
Operating	53,504	53,504	31,785	21,719
Small equipment	10,500	10,500	4,175	6,325
Total operating expenses	539,479	539,479	516,746	22,733
Operating loss	521	521	43,999	43,478
Non-operating revenues (expenses)				
Taxes	14,500	14,500	17,126	2,626
Earnings on investments	5,000	5,000	13,664	8,664
Impact fees	168,000	168,000	179,377	11,377
Capital outlay	(111,000)	(111,000)	-	111,000
Total non-operating revenues (expenses)	76,500	76,500	210,167	133,667
Change in net position - budgetary basis	$ 77,021	$ 77,021	254,166	$ 177,145
Reconciliation to GAAP basis				
Depreciation			(111,021)	
Change in net position - GAAP basis			143,145	
Net position at beginning of year			3,182,465	
Net position at end of year			$ 3,325,610	

See accompanying Independent Auditor's Report.

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

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, 2018**
This Information From The Records Of : **Town of Wellington**	Prepared By: Pete Brandjord Phone: **970-568-3381**

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	1,217,716
4. Miscellaneous local receipts (from page 2)	33,836
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	1,251,552
B. Private Contributions	
C. Receipts from State government (from page 2)	361,253
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	1,612,805

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	381,654
2. Maintenance:	497,088
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	
c. Other	
d. Total (a. through c.)	0
4. General administration & miscellaneous	110,686
5. Highway law enforcement and safety	
6. Total (1 through 5)	989,428
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
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)	989,428

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
685,485	1,612,805	989,428	1,308,862	0

Notes and Comments:

FORM FHWA-536 (Rev. 1-05) PREVIOUS EDITIONS OBSOLETE (Next Page)

	STATE: **Colorado**
LOCAL HIGHWAY FINANCE REPORT	YEAR ENDING (mm/yy): **12/18**

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	3,654
b. Other local imposts:		b. Traffic Fines & Penalities	
1. Sales Taxes	667,395	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	439,398	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	110,923	g. Other Misc. Receipts	30,182
6. Total (1. through 5.)	1,217,716	h. Other	
c. Total (a. + b.)	1,217,716	i. Total (a. through h.)	33,836
	(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	318,048	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	43,205	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.)	43,205	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	361,253	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		381,654	381,654
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	381,654	381,654
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	381,654	381,654
			(Carry forward to page 1)

Notes and Comments:

		Developer Road Fee	25,200
County Road & Bridge Tax:	35,619	**Street Cut Permits:**	2,400
Specific Ownership Tax:	75,304	**Misc. Revenue:**	2,582
	110,923		30,182

FORM FHWA-536 (Rev.1-05) PREVIOUS EDITIONS OBSOLETE