

TOWN OF CHEYENNE WELLS, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2018

Amanda L. Brown

Certified Public Accountant

1220 Maine Street, 2nd Floor
P.O. Box 405
Eads, CO 81036

719-438-5445
fax 877-225-7026
amanda@amandalbrown.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Town Council
Town of Cheyenne Wells
Cheyenne Wells, Colorado

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Cheyenne Wells, Colorado 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the 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 Cheyenne Wells, 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 accordance 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 and budgetary comparison information listed in the table of contents 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Cheyenne Wells, Colorado's basic financial statements. The other budgetary comparison schedules along with the Local Highway Finance Report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The other budgetary schedules and the 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Amanda L. Brown, CPA

Eads, Colorado
June 4, 2019

TOWN OF CHEYENNE WELLS, COLORADO
FINANCIAL STATEMENTS
DECEMBER 31, 2018

TABLE OF CONTENTS

	PAGE
Auditor's Opinion	1-2
Table of Contents	3-4
Management's Discussion and Analysis	5-11
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13-14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15-16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17-18
Statement of Net Position – Proprietary Fund	19
Statements of Revenues, Expenditures and Changes in Net Position - Proprietary Fund	20
Statements of Cash Flows - Proprietary Fund	21
Notes to Financial Statements	22-32
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	33

TOWN OF CHEYENNE WELLS, COLORADO
FINANCIAL STATEMENTS
DECEMBER 31, 2018

TABLE OF CONTENTS CONTINUED

Other Supplementary Information

Schedule of Revenues and Expenditures - Budget and Actual - Capital Projects Fund	34
Schedule of Revenues and Expenditures - Budget and Actual - Conservation Trust Fund	35
Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP Basis) - Utility Fund	36
Miscellaneous Section	
Local Highway Finance Report	37-38

TOWN OF CHEYENNE WELLS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

The discussion and analysis of the Town of Cheyenne Wells financial performance provides an overview and analysis of the Town's financial activities for the year ended on December 31, 2018. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town's total net position increased by \$410,210 or 6%.
- The Governmental activities net position increased by \$471,431.
- The Town's Business-type activities net position decreased by \$61,221.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information, and a section that presents combining statements for nonmajor governmental funds.

Basic financial statements - include two kinds of statements that present different views of the Town.

- **Government-wide financial statements** provide both long-term and short-term information about the Town's overall financial status. The required financial statements include statement of net position, and statement of activities. The measurement focus is on economic resources and accrual accounting is used. Assets and liabilities include both financial and capital and are reported as short and long term. Revenues and expenses are included regardless of when cash is received or paid.
- **Fund Financial Statements** focus on the individual parts of the Town reporting in more detail the Town's operations.
 1. **Government Funds** show how general government services like public safety, public works, recreation, and general government administration were financed in the short term and what remains for future spending. The required financial statements are a balance sheet and statement of revenues, expenditures and changes in fund balance. Only assets expected to be used and liabilities that come due during the year or soon thereafter are included. Capital assets are not included as assets. The measurement focus is on current financial resources and modified accrual accounting is used to report revenues and expenses that are received during the year or soon thereafter.
 2. **Proprietary Funds** include activities, such as the water system, are operated similar to private business with an economic resource focus and accrual accounting. The

TOWN OF CHEYENNE WELLS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

required financial statements include Statement of Net Position, Statement of Revenues, expenses, and changes in Net Position, and Statement of cash flows. All assets and liabilities, both financial and capital, long and short-term are provided and all revenues and expenses are included regardless of when cash is received or paid.

Notes to the basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information includes budgetary comparison schedules for the General Fund and major special revenue funds.

Other Supplementary Information includes combining statements for nonmajor governmental funds and budget comparison schedules for all nonmajor special revenue funds, capital project funds, and proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and it has changed. Net position-the difference between the Town's assets and liabilities- is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, additional nonfinancial factors need to be considered, such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

Governmental Activities – Most of the Town's basic services are included here, such as police, streets, parks and recreation departments, and general administration. Sales taxes, property taxes, franchise fees, and charges for services finance most of these activities.

Business-type Activities – The Town charges fees to customers to recover most of the costs of certain activities. The Town's water system is included here.

TOWN OF CHEYENNE WELLS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Town's most significant funds – not the Town as a whole. Funds are accounting devices that a Town uses to account for specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Town Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants, such as the Capital Projects Fund.

The Town has two kinds of funds:

- **Governmental Funds** – Most of the Town's basic services are included in the governmental funds, which focus on the flow of cash in and out and how balances remaining at the end of the year are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine the change in financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on the subsequent page that explains the differences between them.
- **Proprietary Funds** – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The Town's Water Enterprise Fund is a proprietary fund accounting for its water system activities.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town uses fund accounting to comply with finance-related legal requirements.

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Town's financing requirements. For example, 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.

A summary of the Town's net position for the year is as follows:

**TOWN OF CHEYENNE WELLS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current assets	\$1,922,684	\$2,317,454	\$ 851,258	\$ 886,578	\$2,773,942	\$3,204,032
Capital assets-net	2,428,084	2,656,922	2,526,860	2,432,156	4,954,944	5,089,078
Total assets	<u>4,350,768</u>	<u>4,974,376</u>	<u>3,378,118</u>	<u>3,318,734</u>	<u>7,728,886</u>	<u>8,293,110</u>
Current Liabilities	37,569	199,323	41,597	41,996	79,166	241,319
Non-current Liabilities	<u>25,287</u>	<u>24,804</u>	<u>6,124</u>	<u>7,562</u>	<u>31,411</u>	<u>32,366</u>
Total liabilities	62,856	224,127	47,721	49,558	110,577	273,685
Deferred Inflows	<u>223,561</u>	<u>214,467</u>	<u>-</u>	<u>-</u>	<u>223,561</u>	<u>214,467</u>
Net Position	<u>\$4,064,351</u>	<u>\$4,535,782</u>	<u>\$3,330,397</u>	<u>\$3,269,176</u>	<u>\$7,394,748</u>	<u>\$7,804,958</u>
Net Position						
Net Investment in Capital Asset	2,428,084	2,656,922	2,526,860	2,432,156	4,954,944	5,089,078
Restricted	63,494	67,274	20,000	20,000	83,494	87,274
Unrestricted	<u>1,572,773</u>	<u>1,811,586</u>	<u>783,537</u>	<u>817,020</u>	<u>2,356,310</u>	<u>2,628,606</u>
Net Position	<u>\$4,064,351</u>	<u>\$4,535,782</u>	<u>\$3,330,397</u>	<u>\$3,269,176</u>	<u>\$7,394,748</u>	<u>\$7,804,958</u>

The net position of the Town's governmental funds as of December 31, 2018 was \$4,535,782 of which \$1,811,586 was unrestricted and is available for spending at the government's discretion. The remainder is restricted for Tabor reserve in the amount of \$24,000, restricted for culture and recreation in the amount of \$43,274 and \$2,656,922 is invested in capital assets.

The General Fund is the main operating fund of the Town. As of December 31, 2018, the General Fund balance was \$992,537 of which \$966,789 was unassigned. Unassigned fund balance represents 298% of 2018 General Fund expenditures.

A summary of the Town's change in net position for the year is as follows:

**TOWN OF CHEYENNE WELLS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Program revenues:						
Operating Grants and Contributions	\$ 67,717	\$ 74,985	\$ -	\$ -	\$ 67,717	\$ 74,985
Capital Grants and Contributions	256,987	160,764	\$ -	-	256,987	160,764
Charges for services	299,583	22,980	295,486	305,640	595,069	328,620
Total Program Revenue	624,287	258,729	295,486	305,640	919,773	564,369
General Revenues:						
Taxes	443,994	457,087			443,994	457,087
Investment earnings	3,647	7,504	2,229	3,039	5,876	10,543
Total General Revenue	447,641	464,591	2,229	3,039	449,870	467,630
Total Revenue	1,071,928	723,320	297,715	308,679	1,369,643	1,031,999
Expenses						
General government	146,245	140,831			146,245	140,831
Judicial	3,133	2,865			3,133	2,865
Public safety	32,492	43,035			32,492	43,035
Highways and Streets	228,413	238,567			228,413	238,567
Culture and recreation	18,077	14,569			18,077	14,569
Water			320,941	369,900	320,941	369,900
Total expenses	428,360	439,867	320,941	369,900	749,301	809,767
Change in net position before transfers and special items	643,568	283,453	(23,226)	(61,221)	620,342	222,232
Transfers	-	-			-	-
Insurance Proceeds	-	-			-	-
Sale of Fixed Assets	-	187,978			-	187,978
Capital Contributions	-	-			-	-
Change in net position	643,568	471,431	(23,226)	(61,221)	620,342	410,210
Beginning net position	3,420,783	4,064,351	3,353,623	3,330,397	6,774,406	7,394,748
Ending net position	\$4,064,351	\$4,535,782	\$3,330,397	\$3,269,176	\$7,394,748	\$7,804,958

Total revenues and sale of fixed assets exceeded total expenses in both the Government and Business activities by \$410,210.

The Governmental activities net position increased by \$471,431. This change in net position is \$172,137 less than the prior year change in net position. This is mainly due to a decrease in revenue for the current year.

Business-type activities net position decreased by \$61,221 which is \$37,995 less than the prior year's change in net position.

TOWN OF CHEYENNE WELLS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

BUDGETARY HIGHLIGHTS

Capital Projects fund actual revenues of \$317,902 were \$392,568 less than budgeted revenues and actual expenditures of \$344,204 were \$345,796 less than budgeted expenditures, due to budgeted grants that were not received or still in progress.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of December 31, 2018, Cheyenne Wells investment in capital assets for its governmental and business type activities net of accumulated depreciation was \$5,089,078. This included infrastructure assets of \$2,586,291 acquired since 1990. Capital assets including buildings, streets, water system, equipment, and infrastructure are as follows:

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Land	\$ -	\$ 45,383	\$ 23,889	\$ 23,889	\$ 23,889	\$ 69,272
Buildings & Improvements	783,752	783,752	3,775,848	3,775,848	4,559,600	4,559,600
Equipment	861,097	891,367	73,195	73,195	934,292	964,562
Infrastructure	2,317,740	2,586,291	-	-	2,317,740	2,586,291
Total	<u>\$3,962,589</u>	<u>\$4,306,793</u>	<u>\$3,872,932</u>	<u>\$3,872,932</u>	<u>\$7,835,521</u>	<u>\$8,179,725</u>
Accumulated Depreciation	(1,534,505)	(1,649,871)	(1,346,072)	(1,440,776)	(2,880,577)	(3,090,647)
Capital Assets, Net	<u>\$2,428,084</u>	<u>\$2,656,922</u>	<u>\$2,526,860</u>	<u>\$2,432,156</u>	<u>\$4,954,944</u>	<u>\$5,089,078</u>

Major fixed asset additions for the year include:

- Infrastructure of \$268,551
- Land \$45,383

The Town does not have any debt or capitalized leases.

TOWN OF CHEYENNE WELLS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

ECONOMIC FACTORS AND 2019 BUDGET AND RATES

- Growth was assumed to be positive
- Sales tax revenues were projected at the current year level

Governmental activities revenues were budgeted at \$1,123,071 a \$211,773 increase from 2018 actual revenues and sale of fixed assets. Expenditures for governmental activities are projected to be \$1,097,215 which is an increase from the 2018 actual expenditures which were \$669,188. Increases in the governmental activities revenues and expenditures are mainly a result of an increase in budgeted grants for the year 2019.

The main business-type activity for the Town is the water utility. Revenues were budgeted at \$302,580, which represents a decrease from the 2018 actual revenues which were \$308,679. Budgeted expenditures of \$295,585 represent an increase over current year actual expenditures which were \$275,196.

REQUESTS FOR INFORMATION

This financial report is designed to provide the citizens, taxpayers, customers and investors and creditors of the Town of Cheyenne Wells, Colorado a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about this report or need additional financial information, contact the Town of Cheyenne Wells, Town Clerk, P.O. Box 125, Cheyenne Wells, Colorado 80810.

TOWN OF CHEYENNE WELLS, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
ASSETS	ACTIVITIES	ACTIVITIES	TOTAL
Current Assets:			
Cash and Cash Equivalents	\$ 1,455,293	\$ 553,831	\$ 2,009,124
Cash with County Treasurer	2,061	-	2,061
Investments	480,000	300,000	780,000
Intergovernmental Receivable	153,341	-	153,341
Accounts Receivable	10,544	13,564	24,108
Taxes Receivable	214,467	-	214,467
Internal Balances	-	-	-
Inventory	-	9,896	9,896
Prepaid Expenses	1,748	9,287	11,035
Total Current Assets	2,317,454	886,578	3,204,032
Non-Current Assets:			
Capital Assets			
Land	45,383	23,889	69,272
Buildings, Improvements & Water System	783,752	3,775,848	4,559,600
Equipment	891,367	73,195	964,562
Infrastructure	2,586,291	-	2,586,291
Accumulated Depreciation	(1,649,871)	(1,440,776)	(3,090,647)
Total Non-Current Assets	2,656,922	2,432,156	5,089,078
TOTAL ASSETS	4,974,376	3,318,734	8,293,110
LIABILITIES			
Current Liabilities:			
Accounts Payable	198,008	8,694	206,702
Payroll Liabilities	1,315	-	1,315
Meter Deposits	-	33,302	33,302
Total Current Liabilities	199,323	41,996	241,319
Long-Term Liabilities:			
Compensated absences	24,804	7,562	32,366
TOTAL LIABILITIES	224,127	49,558	273,685
DEFERRED INFLOWS			
Deferred Revenue - Property Taxes	214,467	-	214,467
NET POSITION			
Net Investment in Capital Assets	2,656,922	2,432,156	5,089,078
Restricted for Emergency Reserve	24,000	20,000	44,000
Restricted for Culture & Recreation	43,274	-	43,274
Unrestricted	1,811,586	817,020	2,628,606
TOTAL NET POSITION	\$ 4,535,782	\$ 3,269,176	\$ 7,804,958

The notes to the financial statements are an integral part of this statement

TOWN OF CHEYENNE WELLS, COLORADO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>FUNCTIONS / PROGRAMS</u>	PROGRAM REVENUES			
<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 140,831	\$ 14,075	\$ 12,529	
Judicial	2,865			
Public safety	43,035	8,905		
Highways and streets	238,567	-	58,204	\$ 160,764
Culture and recreation	14,569		4,252	
Total Governmental Activities	439,867	22,980	74,985	160,764
Business-Type Activities:				
Water	369,900	305,640	-	-
Total Business-Type Activities	369,900	305,640	-	-
Total Primary Government	\$ 809,767	\$ 328,620	\$ 74,985	\$ 160,764

Taxes:
Property Tax
Sales Tax
Franchise Tax
Sale of Fixed Assets
Interest
Total general revenues
Change in net position
Net Position beginning
Net Position ending

The notes to the financial statements are an integral part of this statement

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (114,227)		\$ (114,227)
(2,865)		(2,865)
(34,130)		(34,130)
(19,599)		(19,599)
(10,317)		(10,317)
<u>(181,138)</u>	<u>-</u>	<u>(181,138)</u>
	(64,260)	(64,260)
-	(64,260)	(64,260)
<u>\$ (181,138)</u>	<u>\$ (64,260)</u>	<u>\$ (245,398)</u>
\$ 239,912		\$ 239,912
152,550		152,550
64,625		64,625
187,978	-	187,978
7,504	\$ 3,039	10,543
<u>652,569</u>	<u>3,039</u>	<u>655,608</u>
471,431	(61,221)	410,210
4,064,351	3,330,397	7,394,748
<u>\$ 4,535,782</u>	<u>\$ 3,269,176</u>	<u>\$ 7,804,958</u>

**TOWN OF CHEYENNE WELLS, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>NONMAJOR GOVERNMENTAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Cash Equivalents	\$ 598,905	\$ 813,114	\$ 43,274	\$ 1,455,293
Cash with County Treasurer	2,061			2,061
Investments	400,000	80,000		480,000
Intergovernmental Receivable	6,569	146,772		153,341
Accounts Receivable	10,544			10,544
Taxes Receivable	214,467			214,467
Due From Other Funds		1,533		1,533
Prepaid Expenses	1,748			1,748
TOTAL ASSETS	<u>\$ 1,234,294</u>	<u>\$ 1,041,419</u>	<u>\$ 43,274</u>	<u>\$ 2,318,987</u>
 LIABILITIES, DEFERRED INFLOWS & FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 24,442	\$ 173,566		\$ 198,008
Due To Other Funds	1,533			1,533
Payroll Liabilities	1,315			1,315
TOTAL LIABILITIES	<u>27,290</u>	<u>173,566</u>	<u>-</u>	<u>200,856</u>
 DEFERRED INFLOWS				
Deferred Revenue - Property Taxes	214,467	-	-	214,467
 FUND BALANCES				
Nonspendable:				
Prepaid Expenses	1,748			1,748
Restricted for:				
Emergencies (TABOR)	24,000			24,000
Culture & Recreation			43,274	43,274
Assigned to:				
Capital Projects		867,853		867,853
Subsequent Year's Expenses	-			-
Unassigned:				
General Fund	966,789			966,789
TOTAL FUND BALANCES	<u>992,537</u>	<u>867,853</u>	<u>43,274</u>	<u>1,903,664</u>
TOTAL LIABILITY, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 1,234,294</u>	<u>\$ 1,041,419</u>	<u>\$ 43,274</u>	<u>\$ 2,318,987</u>

TOWN OF CHEYENNE WELLS, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2018

Total Fund Balances - Total Governmental Funds \$ 1,903,664

The following amounts reported for governmental activities are not current financial resources.

Therefore, they are not reported in the Governmental Funds Balance Sheet.

Governmental Capital assets	4,306,793
Accumulated Depreciation	(1,649,871)

The following amounts reported for governmental activities are not due and payable in the current period. Therefore, they are not reported in the Governmental Funds Balance Sheet.

Compensated Absences	(24,804)
----------------------	----------

Net Position of Governmental Activities	<u>\$ 4,535,782</u>
---	---------------------

TOWN OF CHEYENNE WELLS, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>NONMAJOR GOVERNMENTAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:				
Taxes	\$ 304,537	\$ 152,550		\$ 457,087
Licenses and Permits	6,950			6,950
Intergovernmental Revenue	70,733	160,764	\$ 4,252	235,749
Charges For Services	1,145	-		1,145
Fines and Forfeits	8,905			8,905
Interest Income	3,320	4,088	96	7,504
Miscellaneous	5,480	500		5,980
TOTAL REVENUES	<u>401,070</u>	<u>317,902</u>	<u>4,348</u>	<u>723,320</u>
EXPENDITURES:				
Current				
General Government	132,845	-		132,845
Judicial	2,865			2,865
Public Safety	41,499			41,499
Highways and Streets	142,356	-		142,356
Culture and Recreation	4,851	-	568	5,419
Capital Outlay	-	344,204		344,204
TOTAL EXPENDITURES	<u>324,416</u>	<u>344,204</u>	<u>568</u>	<u>669,188</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	76,654	(26,302)	3,780	54,132
OTHER FINANCIAL SOURCES (USES):				
Operating Transfers In (Out)	-	-	-	-
Sale of Fixed Assets	-	187,978	-	187,978
NET CHANGE IN FUND BALANCE	76,654	161,676	3,780	242,110
FUND BALANCES, BEGINNING OF YEAR	<u>915,883</u>	<u>706,177</u>	<u>39,494</u>	<u>1,661,554</u>
FUND BALANCES, END OF YEAR	<u>\$ 992,537</u>	<u>\$ 867,853</u>	<u>\$ 43,274</u>	<u>\$ 1,903,664</u>

The notes to the financial statements are an integral part of this statement

**TOWN OF CHEYENNE WELLS, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Net change in fund balances - total governmental funds \$ 242,110

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	344,204
Depreciation expense	(115,366)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Current-period change in the liability for compensated absences	483
---	-----

	\$ 471,431
Change in net position of governmental activities	\$ 471,431

TOWN OF CHEYENNE WELLS, COLORADO
PROPRIETARY FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	<u>UTILITY FUND</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 553,831
Investments	300,000
Accounts Receivable	13,564
Inventory	9,896
Prepaid Expenses	9,287
Total Current Assets	<u>886,578</u>
Non-Current Assets:	
Capital Assets	
Land	23,889
Buildings, Water Systems	3,775,848
Equipment	73,195
Less Accumulated Depreciation	<u>(1,440,776)</u>
Total Non-Current Assets	<u>2,432,156</u>
TOTAL ASSETS	<u>3,318,734</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 8,694
Payroll Liabilities	-
Meter Deposits	33,302
Total Current Liabilities	<u>41,996</u>
Long-Term Liabilities:	
Compensated absences	<u>7,562</u>
TOTAL LIABILITIES	<u>49,558</u>
NET POSITION	
Net Investment in Capital Assets	2,432,156
Restricted for Emergency Reserve	20,000
Unrestricted	<u>817,020</u>
TOTAL NET POSITION	<u><u>\$ 3,269,176</u></u>

The notes to the financial statements are an integral part of this statement

**TOWN OF CHEYENNE WELLS, COLORADO
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	UTILITY FUND
OPERATING REVENUES	
Charges for Services	\$ 305,615
Miscellaneous	25
	<u>305,640</u>
Total Operating Revenues	<u>305,640</u>
OPERATING EXPENSES	
Salaries	98,631
Employee Benefits	35,643
Chemicals and Supplies	10,638
Utilities	52,819
Depreciation	94,704
Payroll Taxes	7,553
Repairs	28,613
Outside Services	7,213
Office Supplies	28,825
Donations	3,759
Miscellaneous	1,502
	<u>369,900</u>
Total Operating Expenses	<u>369,900</u>
Net Operating Income (Loss)	<u>(64,260)</u>
NON-OPERATING REVENUES (EXPENSES)	
Grant	-
Interest Income	3,039
Total Non-operating Revenues	<u>3,039</u>
Income Before Operating Transfers	(61,221)
Operating Transfers In	-
	<u>(61,221)</u>
CHANGE IN NET POSITION	<u>(61,221)</u>
NET POSITION, BEGINNING OF YEAR	<u>3,330,397</u>
NET POSITION, END OF YEAR	<u><u>\$ 3,269,176</u></u>

The notes to the financial statements are an integral part of this statement

TOWN OF CHEYENNE WELLS, COLORADO
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts From Customers	\$ 307,130
Payments to Suppliers for Goods and Services	(177,673)
Payments to Employees	<u>(97,193)</u>
Net Cash Provided (Used) by Operating Activities:	<u>32,264</u>

CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:

Grants	-
Transfer from Other Funds	<u>-</u>
Net Cash From Non Capital Financing Activities	<u>-</u>

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:

Acquisition of Capital Assets	<u>-</u>
Net Cash Provided (Used) By Capital and Financing Activities	<u>-</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Redemption (Purchase) of Investments	-
Interest on Investments	<u>3,039</u>
Net Cash Provided (Used) By Investing Activities	<u>3,039</u>

Net Increase (Decrease) in Cash and Cash Equivalents 35,303

CASH AND CASH EQUIVALENTS

Beginning of Year	<u>518,528</u>
End of Year	<u><u>\$ 553,831</u></u>

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) Operating Activities

Net Operating Income (Loss)	\$ (64,260)
Depreciation	94,704
Changes in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	101
(Increase) Decrease in Allowance for Doubtful Accounts	-
(Increase) Decrease in Due From Other Funds	-
(Increase) Decrease in Inventory	1,036
(Increase) Decrease in Prepaid Expense	(1,154)
Increase (Decrease) in Accounts Payable	1,848
Increase (Decrease) in Payroll Liabilities	(2,838)
Increase (Decrease) in Compensated Absences	1,438
Increase (Decrease) in Customer Meter Deposits	<u>1,389</u>
Net Cash Provided By Operating Activities	<u><u>\$ 32,264</u></u>

The notes to the financial statements are an integral part of this statement

TOWN OF CHEYENNE WELLS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(1) Summary of Significant Accounting Policies

The financial statements of Town of Cheyenne Wells, Colorado have been prepared in conformity with generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Town of Cheyenne Wells operates under a council-mayor form of government. The Town has no component units using the criteria as set forth in generally accepted accounting principles.

There is a housing authority within the Town of Cheyenne Wells. The authority operates as an independent entity and does not meet the criteria to be a component unit.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary 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 and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants 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 as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual government funds and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentations

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred,

TOWN OF CHEYENNE WELLS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 Town's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, revenues are considered to be available if collected within 60 days after year-end. Expenditures generally are recorded 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 recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest 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. Sales tax collected and held at year end on behalf of the Town is also recognized as revenue if collected within 60 days after year end. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with an enterprise fund's ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are

TOWN OF CHEYENNE WELLS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Town reports the following 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.

Capital Projects Fund – Capital projects funds are used to account for the financial resources to be used for the acquisition of or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds, and trust funds).

The Town also has the following non-major special revenue fund:

Conservation Trust Fund – This fund is used to account for lottery proceeds required to be expended solely on park and recreation improvements.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

Water Fund – The water fund accounts for all financial activities associated with the Town's water service.

E. Short-term interfund receivables/payables

The Town from time to time authorizes advances between Town funds. Interfund receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due to/from other funds on the balance sheet.

F. Receivables

For all revenue the Town uses sixty days as receivable under the modified accrual basis of accounting.

TOWN OF CHEYENNE WELLS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

G. Inventory

Inventory of materials and supplies within the enterprise fund are valued at lower of cost (first in, first out) or market.

H. Prepayments

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Capital Assets

Capital assets, which include property, plant, vehicles, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are capitalized at actual or estimated costs. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of a government fund type are sold, the proceeds of the sale are recorded as revenues in the appropriate government fund. The Town reports gains and losses on the disposal of capital assets (carrying value less sale proceeds, if any) in the government-wide statement of activities and enterprise fund operating statement. Interest incurred during the construction phase of capital assets of business-type activities is included in the capitalized value of the assets constructed.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The Town's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets. Depreciation of all capital assets used in governmental activities and by proprietary funds is charged as an expense against their operations. Estimated useful lives are

Equipment	5 to 40	years
Buildings and water systems	30 to 50	years
Infrastructure	25 to 50	years

The government-wide financial statements include infrastructure assets reported retroactively back to 1990.

TOWN OF CHEYENNE WELLS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

J. Property Taxes

Property taxes are levied, assessed, become due and attach as an enforceable lien on property as of January 1. Taxpayers have the option of paying their taxes in full on or before April 30, or in paying in two installments of one half due by February 28 with the remaining one half due by June 15. Unpaid taxes become delinquent as of August 1 and are subject to collection procedures on or after October 1. The County bills and collects property taxes for the Town. The dollar amount of property taxes receivable is included as a receivable and a deferred inflow on the balance sheet of the General Fund.

K. Compensated Absences

Vacation and sick pay is accrued in the appropriate fund accounts according to the Town's vacation and sick pay policy at the employee's prevailing wage as of the last day of the year. The liability for compensated absences does not exceed a normal year's accumulation.

L. Fund Equity

In the fund financial statements the following classifications describe the relative strength of spending constraints.

- *Non-spendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory and prepaid amounts) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* – The portion of fund balance constrained for specific purposes according to the limitations imposed by the Town's highest level of decision making authority, the Town Council, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Town Council.
- *Assigned fund balance* – The portion of fund balance set aside for planned or intended purposes but are neither restricted nor committed. The intended use may be expressed by the Town Council or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum intended to be used for the purpose of that particular fund.

TOWN OF CHEYENNE WELLS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above criteria. The Town will only report a positive unassigned fund balance in the General Fund.

When both restricted and unrestricted fund balance are available for use, it is the Town's policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned.

(2) Budgetary Information

The town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to October 15, the town council begins preparing an operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures.
2. A public hearing is conducted at the town hall to obtain taxpayers comments.
3. Prior to January 1, the budget is legally enacted through passage of a resolution. Budgets may be amended by supplemental appropriation after notice and public hearing. Both the original and final budgets are reflected in the financial statements. All appropriations lapse at year end.
4. Budgets for the general, special revenue, and capital projects funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The enterprise funds are budgeted on a non-GAAP basis of accounting.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level for all funds.

(3) Deposits and Investments

For the purposes of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Deposits

The Town's deposits and cash on hand at December 31, 2018 are as follows:

TOWN OF CHEYENNE WELLS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Cash on hand	\$ 270
Cash with County Treasurer	2,061
Cash in savings and checking accounts	2,008,854
Certificates of Deposit	<u>780,000</u>
Total	<u>\$2,791,185</u>

A reconciliation of the Town’s deposits as shown on the Statement of Net Position follows:

Cash and Cash Equivalents	\$2,009,124
Cash with County Treasurer	2,061
Investments	<u>780,000</u>
Total	<u>\$2,791,185</u>

Custodial Credit Risk. Deposits are exposed to custodial credit risk (the risk that, in the event of the failure of a depository financial institution, the government would not be able to recover deposits or would not be able to recover collateral securities that are in the possession of an outside party), if they are not covered by depository insurance and are collateralized with securities held by the pledging financial institution, except for deposits collateralized by certain types of collateral pools including a single financial institution collateral pool where the fair value of the pool is equal to or exceeds all uninsured public deposits held by the financial institution (e.g. deposits insured by The Public Deposit Protection Act (PDPA)). Accordingly, none of the Town’s deposits and investments as of December 31, 2018 are deemed to be exposed to custodial credit risk. The Town has no policy regarding custodial credit risk for deposits.

All Town investments are held in bank certificates of deposits. These certificates are either insured by FDIC or are covered under The Public Deposit Protection Act and are not exposed to any other investment risks.

Colorado statutes specify in which instruments the local government may invest, which include:

1. Repurchase agreements in obligations of the United States;
2. Obligations of the United States or obligations unconditionally guaranteed by the United States;
3. General obligation or revenue bonds of any state, District of Columbia, U.S. territory or any of their subdivisions, with certain limitations;
4. Bankers acceptance issued by a state or national bank, with certain limitations;
5. Commercial paper, with certain limitations;
6. Any obligation, certificate of participation or lease/purchase of the investing public entity;

TOWN OF CHEYENNE WELLS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

7. Money market fund, with certain limitations, which invest in the types of securities listed above;
8. Guaranteed investment contracts, with certain limitations;
9. Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments.

(4) Capital Assets

Governmental Activities

A summary of changes in governmental activity capital assets is as follows:

	<u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Transfers Deletions</u>	<u>Dec. 31, 2018</u>
Non-depreciable assets:				
Land	\$ -	\$ 45,383	\$ -	\$ 45,383
Depreciable assets:				
Buildings & Improvements	783,752	-	-	783,752
Equipment	861,097	30,270	-	891,367
Infrastructure	2,317,740	268,551	-	2,586,291
Total depreciable assets	<u>\$ 3,962,589</u>	<u>\$ 298,821</u>	<u>\$ -</u>	<u>\$ 4,261,410</u>
Less accumulated depreciation for:				
Buildings	\$ (264,239)	\$ (19,034)	\$ -	\$ (283,273)
Equipment	(666,304)	(32,446)	-	(698,750)
Infrastructure	(603,962)	(63,886)	-	(667,848)
Total accumulated depreciation	<u>\$ (1,534,505)</u>	<u>\$ (115,366)</u>	<u>\$ -</u>	<u>\$ (1,649,871)</u>
Total capital assets, net	<u>\$ 2,428,084</u>	<u>\$ 228,838</u>	<u>\$ -</u>	<u>\$ 2,656,922</u>

Depreciation Expense was charge to functions/programs of the Town as follows:

General Government	\$ 7,688
Pubic Safety	1,536
Highways and Streets	96,992
Culture and Recreation	<u>9,150</u>
Total depreciation expense – governmental activities	<u>\$ 115,366</u>

TOWN OF CHEYENNE WELLS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Business-Type Activities

A summary of changes in Enterprise Funds capital assets is as follows:

	Dec. 31, 2017	Additions	Transfers Deletions	Dec. 31, 2018
Non-depreciable assets:				
Land	\$ 23,889	\$ -	-	\$ 23,889
Construction in Progress	-	-	-	-
Total non-depreciable assets	<u>\$ 23,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,889</u>
Depreciable assets:				
Buildings & Water System	\$ 3,775,848	\$ -	-	\$ 3,775,848
Equipment	73,195	-	-	73,195
Total depreciable assets	<u>\$ 3,849,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,849,043</u>
Total capital assets	<u>\$ 3,872,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,872,932</u>
Less accumulated depreciation:	<u>\$ (1,346,072)</u>	<u>\$ (94,704)</u>	<u>\$ -</u>	<u>(1,440,776)</u>
Total capital assets, net	<u><u>\$ 2,526,860</u></u>	<u><u>\$ (94,704)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,432,156</u></u>

Depreciation Expense was charge to functions/programs of the Town as follows:

Water	\$ <u>94,704</u>
-------	------------------

(5) Long Term Debt

The changes in long term debt during 2018 are summarized as follows:

	Balance Dec. 31, 2017	Additions	Payments	Balance Dec. 31, 2018	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 25,287	\$ -	\$ (483)	\$ 24,804	\$ -
Business-Type Activities:					
Compensated Absences	<u>\$ 6,124</u>	<u>\$ 1,438</u>	<u>\$ -</u>	<u>\$ 7,562</u>	<u>\$ -</u>
Total	<u><u>\$ 31,411</u></u>	<u><u>\$ 1,438</u></u>	<u><u>\$ (483)</u></u>	<u><u>\$ 32,366</u></u>	<u><u>\$ -</u></u>

Compensated absences related to governmental activities are normally paid by the General Fund.

TOWN OF CHEYENNE WELLS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(6) Pension Plans

The Town maintains a SEP prototype plan with Edward Jones. In 2018 all eligible employees were included in the plan. Total wages paid in 2018 were \$225,112. Eligible wages in 2018 were \$208,254 resulting in employer contribution of \$10,413 which was 5% of eligible wages. Voluntary contributions in the amount of \$3,125 were made to the plan by employees in 2018.

Yearly contributions to the plan are at the discretion of the Town but cannot exceed 15% of compensation.

(7) Risk Management

The Town is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is managing these risks as explained below.

CIRSA Workers Compensation Pool

The Town joined together with other municipalities in the State of Colorado to participate in the Colorado Intergovernmental Risk Sharing Agency Worker's Compensation Pool (CIRSAWCP), a public entity risk pool currently operating as a common risk management and insurance program for member municipalities. The intergovernmental agreement of formation of CIRSAWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for members' claim in excess of specified self-insured retention, which is determined each policy year. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

CIRSA Property and Casualty Pool

The Town has joined together with other municipalities in the State of Colorado to participate in the Colorado Intergovernmental Risk Sharing Agency Property and Casualty Pool (CIRSAPC), a public entity risk pool currently operating as a common risk management and insurance program for member municipalities. The Town pays an annual contribution to CIRSAPC for its property and casualty insurance coverage. The intergovernmental agreement of formation of CIRSAPC provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for member's claims in excess of a specified self-insured retention, which is determined each policy year. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

TOWN OF CHEYENNE WELLS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(8) Contingency

Tabor Amendment

In November 1992, the Colorado voters passed a constitutional amendment (Tabor Amendment) to the State Constitution (Article X, Section 20) which requires voter approval for any increases in mill levies, revenue limits, spending limits and creation of multi-year debt. In addition, the amendment requires that a reserve be established for emergencies of 3%.

The Town has reserved \$24,000 within the General Fund and \$20,000 within the Utility Fund for the emergency reserve under the Tabor Amendment.

In 1996 the voters of Cheyenne Wells approved a ballot issue allowing the Town to collect, retain and expend revenues it generates in 1995 and each subsequent year. Based upon the approval, the Town considers the revenue and spending limitations imposed by the Amendment no longer apply to the Town.

The Town believes that it is in compliance with the provisions of the Tabor Amendment. However, many provisions of the Tabor Amendment are complex and subject to further interpretation and will require judicial interpretation.

TOWN OF CHEYENNE WELLS, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 298,261	\$ 298,261	\$ 304,537	\$ 6,276
Licenses and Permits	5,150	5,150	6,950	1,800
Intergovernmental Revenues	62,600	62,600	70,733	8,133
Charges for Services	1,950	1,950	1,145	(805)
Fines and Forfeits	2,600	2,600	8,905	6,305
Interest	2,500	2,500	3,320	820
Miscellaneous	700	700	5,480	4,780
TOTAL REVENUES	373,761	373,761	401,070	27,309
EXPENDITURES				
Current				
General Government	144,662	144,662	132,845	11,817
Judicial	2,798	2,798	2,865	(67)
Public Safety	35,800	35,800	41,499	(5,699)
Highways and Streets	173,465	173,465	142,356	31,109
Culture and Recreation	8,800	8,800	4,851	3,949
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	365,525	365,525	324,416	41,109
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,236	8,236	76,654	68,418
OTHER FINANCIAL SOURCES (USES)				
Sale of Fixed Assets	-	-	-	-
NET CHANGE IN FUND BALANCE	8,236	8,236	76,654	68,418
FUND BALANCES, BEGINNING OF YEAR	718,831	718,831	\$ 915,883	197,052
FUND BALANCES, END OF YEAR	\$ 727,067	\$ 727,067	\$ 992,537	\$ 265,470

The notes to the financial statements are an integral part of this statement

**TOWN OF CHEYENNE WELLS, COLORADO
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 129,500	\$ 129,500	\$ 152,550	\$ 23,050
Intergovernmental Revenue	580,000	580,000	160,764	(419,236)
Charges for Services	-	-	-	-
Miscellaneous	-	-	500	500
Interest	970	970	4,088	3,118
TOTAL REVENUES	<u>710,470</u>	<u>710,470</u>	<u>317,902</u>	<u>(392,568)</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Highways and Streets	-	-	-	-
Culture & Recreation	-	-	-	-
Capital Outlay	690,000	690,000	344,204	345,796
TOTAL EXPENDITURES	<u>690,000</u>	<u>690,000</u>	<u>344,204</u>	<u>345,796</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	20,470	20,470	(26,302)	(46,772)
OTHER FINANCIAL SOURCES (USES)				
Operating Transfers (Out)	(20,000)	(20,000)	-	20,000
Sale of Fixed Assets	-	-	187,978	187,978
NET CHANGE IN FUND BALANCE	470	470	161,676	161,206
FUND BALANCES, BEGINNING OF YEAR	<u>368,763</u>	<u>368,763</u>	<u>706,177</u>	<u>337,414</u>
FUND BALANCES, END OF YEAR	<u>\$ 369,233</u>	<u>\$ 369,233</u>	<u>\$ 867,853</u>	<u>\$ 498,620</u>

The notes to the financial statements are an integral part of this statement

**TOWN OF CHEYENNE WELLS, COLORADO
SPECIAL REVENUE FUND - CONSERVATION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
REVENUES				
Intergovernmental Revenues	\$ 4,500	\$ 4,500	\$ 4,252	\$ (248)
Interest	28	28	96	68
TOTAL REVENUES	<u>4,528</u>	<u>4,528</u>	<u>4,348</u>	<u>(180)</u>
EXPENDITURES				
Current				
Culture and Recreation	8,000	8,000	568	7,432
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>8,000</u>	<u>8,000</u>	<u>568</u>	<u>7,432</u>
NET CHANGE IN FUND BALANCE	(3,472)	(3,472)	3,780	7,252
FUND BALANCES, BEGINNING OF YEAR	<u>35,051</u>	<u>35,051</u>	<u>39,494</u>	<u>4,443</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 31,579</u></u>	<u><u>\$ 31,579</u></u>	<u><u>\$ 43,274</u></u>	<u><u>\$ 11,695</u></u>

The notes to the financial statements are an integral part of this statement

TOWN OF CHEYENNE WELLS, COLORADO
UTILITY FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:	ORIGINAL	FINAL		(NEGATIVE)
Charges for Services	\$ 287,600	\$ 287,600	\$ 305,615	\$ 18,015
Interest	2,150	2,150	3,039	889
Miscellaneous	1,100	1,100	25	(1,075)
Transfers	20,000	20,000	-	(20,000)
TOTAL REVENUES	310,850	310,850	308,679	(2,171)
 EXPENDITURES:				
Salaries	108,053	108,053	98,631	9,422
Employee Benefits	41,125	41,125	35,643	5,482
Chemicals and Supplies	14,500	14,500	10,638	3,862
Utilities	54,200	54,200	52,819	1,381
Payroll Taxes	7,960	7,960	7,553	407
Repairs	29,300	29,300	28,613	687
Outside Services	12,000	12,000	7,213	4,787
Office Supplies	7,200	7,200	28,825	(21,625)
Donations	4,000	4,000	3,759	241
Miscellaneous	2,500	2,500	1,502	998
Capital Outlay	30,000	30,000	-	30,000
TOTAL EXPENDITURES	310,838	310,838	275,196	35,642
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 12	\$ 12	33,483	\$ 33,471
 RECONCILIATION TO GAAP BASIS				
Add: Capital Outlay			-	
Deduct: Depreciation			(94,704)	
CHANGE IN NET POSITION			\$ (61,221)	

The notes to the financial statements are an integral part of this statement

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Cheyenne Wells
		YEAR ENDING : December 2017
This Information From The Records Of (example - City of _ or County of Town of Cheyenne Wells)	Prepared By: Cindy Hoffman	Phone: 719-767-5865

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	268,551
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	121,835
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	83,219	b. Snow and ice removal	
3. Other local imposts (from page 2)	8,321	c. Other LIGHTING	20,521
4. Miscellaneous local receipts (from page 2)	230	d. Total (a. through c.)	20,521
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	410,907
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	91,770	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	148,247	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	240,017	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)	410,907

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
	0	240,017	410,907	0	(170,890)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2017

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	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	152,550	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	230
5. Specific Ownership &/or Other	26,661	g. Other Misc. Receipts	
6. Total (1. through 5.)	179,211	h. Other	
c. Total (a. + b.)	179,211	i. Total (a. through h.)	230
	(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	51,751	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	3,843	d. Federal Transit Admin	
d. Other (Specify) - DOLA grant	92,653	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	96,496	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	148,247	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
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		268,551	268,551
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	268,551	268,551
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	268,551	268,551
			(Carry forward to page 1)

Notes and Comments: