

TOWN OF WALDEN, COLORADO

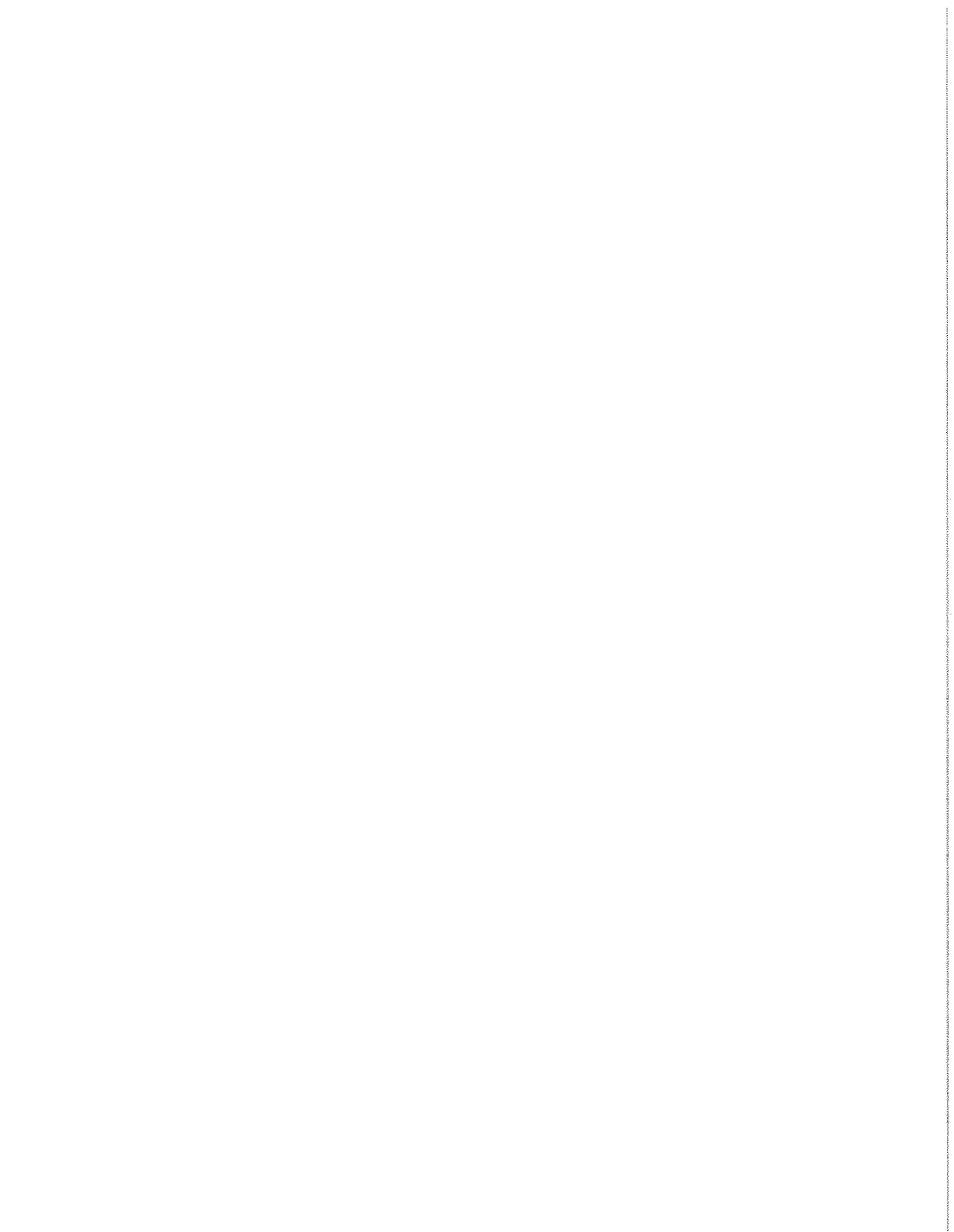
ANNUAL FINANCIAL REPORT

December 31, 2018

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HAMBLIN AND ASSOCIATES, LLC

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Independent Auditor's Report

To the Honorable Mayor and Board of Trustees
Town of Walden, 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 Walden, 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 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, 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

Management has elected to omit the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 31 – 34 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. 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 budgetary comparison information on pages 31 – 34 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other 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 schedules for the Capital Projects, Firemen's Pension, Public Utilities and Gas Funds, as well as the Local Highway Finance Report, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules for the Capital Projects, Firemen's Pension, Public Utilities and Gas Funds, as well as the Local Highway Finance Report are the responsibility of management and was 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 budgetary comparison schedules for the Capital Projects, Firemen's Pension, Public Utilities and Gas Funds, and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hamblin and Associates, LLC

Golden, Colorado
April 14, 2019

Basic Financial Statements

TOWN OF WALDEN, COLORADO

STATEMENT OF NET POSITION

December 31, 2018

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
CURRENT ASSETS			
Cash and equivalents	\$ 418,936	\$ 795,992	\$ 1,214,928
Restricted cash	21,830	188,631	210,461
Investments	20,010	-	20,010
Receivables:			
Accounts	-	233,720	233,720
Accrued interest	44	-	44
Property taxes	65,311	-	65,311
Due from other governments	40,119	-	40,119
Inventories	3,161	86,401	89,562
TOTAL CURRENT ASSETS	<u>569,411</u>	<u>1,304,744</u>	<u>1,874,155</u>
CAPITAL ASSETS, NET	<u>632,604</u>	<u>4,960,330</u>	<u>5,592,934</u>
OTHER NONCURRENT ASSETS			
Internal balances	(150)	150	-
TOTAL ASSETS	<u>1,201,865</u>	<u>6,265,224</u>	<u>7,467,089</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	-	12,900	12,900
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	18,541	212,149	230,690
NONCURRENT LIABILITIES			
Due within one year	-	169,500	169,500
Due in more than one year	-	2,026,277	2,026,277
TOTAL NONCURRENT LIABILITIES	<u>-</u>	<u>2,195,777</u>	<u>2,195,777</u>
TOTAL LIABILITIES	<u>18,541</u>	<u>2,407,926</u>	<u>2,426,467</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	65,311	-	65,311
NET POSITION			
Net investment in capital assets	632,604	2,764,553	3,397,157
Restricted for			
Debt services	-	188,631	188,631
Emergencies	23,000	-	23,000
Parks and capital asset acquisitions	246,096	-	246,096
Unrestricted	216,313	917,014	1,133,327
TOTAL NET POSITION	<u>\$ 1,118,013</u>	<u>\$ 3,870,198</u>	<u>\$ 4,988,211</u>

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

TOWN OF WALDEN, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
				GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES						
General government	\$ 597,988	\$ 266,250	\$ 20,775	\$ (310,963)	\$ -	\$ (310,963)
Public safety	163,100	-	-	(163,100)	-	(163,100)
Streets and highways	62,662	-	38,064	(24,598)	-	(24,598)
Culture and recreation	23,338	-	5,903	(17,435)	-	(17,435)
TOTAL GOVERNMENTAL ACTIVITIES	847,088	266,250	64,742	(516,096)	-	(516,096)
BUSINESS-TYPE ACTIVITIES						
Water and Sewer	539,298	1,091,402	-	-	552,104	552,104
Gas	875,727	981,261	-	-	105,534	105,534
TOTAL BUSINESS-TYPE ACTIVITIES	1,415,025	2,072,663	-	-	657,638	657,638
GENERAL REVENUES						
Property taxes				65,808	-	65,808
Specific ownership taxes				18,205	-	18,205
Sales tax				418,204	-	418,204
Franchise taxes				15,640	-	15,640
Other taxes				52,293	-	52,293
License and permits				8,016	-	8,016
Fines and forfeits				162	-	162
Other miscellaneous revenue				3,874	27,628	31,502
Unrestricted interest income				1,521	-	1,521
Transfers				(200,000)	200,000	-
TOTAL GENERAL REVENUES				383,723	227,628	611,351
CHANGE IN NET POSITION				(132,373)	885,266	752,893
NET POSITION - Beginning				1,250,386	2,984,932	4,235,318
NET POSITION - Ending				\$ 1,118,013	\$ 3,870,198	\$ 4,988,211

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

TOWN OF WALDEN, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
 December 31, 2018

	General	Streets And Alleys	Conservation Trust	Sales Tax Capital Improvement	Capital Projects	Total Governmental Funds
ASSETS						
Cash and equivalents	\$ 87,354	\$ 93,524	\$ 58,495	\$ 132,885	\$ 46,678	\$ 418,936
Restricted cash	21,830	-	-	-	-	21,830
Investments	20,010	-	-	-	-	20,010
Receivables:						
Property taxes	58,279	-	-	-	7,032	65,311
Accrued interest	44	-	-	-	-	44
Due from other governments	32,081	-	-	7,860	178	40,119
Inventories	-	3,161	-	-	-	3,161
Total Assets	<u>\$ 219,598</u>	<u>\$ 96,685</u>	<u>\$ 58,495</u>	<u>\$ 140,745</u>	<u>\$ 53,888</u>	<u>\$ 569,411</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts Payable, accrued liabilities and other	\$ 15,579	\$ 2,962	\$ -	\$ -	\$ -	\$ 18,541
Due to other funds	150	-	-	-	-	150
TOTAL LIABILITIES	<u>15,729</u>	<u>2,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,691</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue - property taxes	58,279	-	-	-	7,032	65,311
FUND BALANCES						
Nonspendable						
Inventories	-	3,161	-	-	-	3,161
Restricted						
Parks	-	-	58,495	-	-	58,495
Capital asset acquisition	-	-	-	140,745	46,856	187,601
Emergencies	21,900	1,100	-	-	-	23,000
Assigned						
Streets and alleys maintenance	-	89,462	-	-	-	89,462
Unassigned	<u>123,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,690</u>
TOTAL FUND BALANCES	<u>145,590</u>	<u>93,723</u>	<u>58,495</u>	<u>140,745</u>	<u>46,856</u>	<u>485,409</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 219,598</u>	<u>\$ 96,685</u>	<u>\$ 58,495</u>	<u>\$ 140,745</u>	<u>\$ 53,888</u>	<u>\$ 569,411</u>
TOTAL FUND BALANCE - GOVERNMENTAL FUNDS						\$ 485,409
Amounts reported for governmental activities in the Statement of Net Position are different because:						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:						
Net Capital Assets						<u>632,604</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES						<u>\$ 1,118,013</u>

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

TOWN OF WALDEN, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended December 31, 2018

	General	Streets And Alleys	Conservation Trust	Sales Tax Capital Improvement	Capital Projects	Total Governmental Funds
REVENUES						
Taxes	\$ 365,085	\$ -	\$ -	139,716	8,591	\$ 513,392
Licenses and Permits	8,016	-	-	-	-	8,016
Intergovernmental Revenue	53,062	42,530	5,903	-	-	101,495
Charges for Services	266,250	-	-	-	-	266,250
Fines and Forfeits	162	-	-	-	-	162
Investment Income	1,521	-	-	-	-	1,521
Miscellaneous	23,878	-	-	-	-	23,878
TOTAL REVENUES	717,974	42,530	5,903	139,716	8,591	914,714
EXPENDITURES						
Current						
General Government	543,565	-	-	22,058	141	565,764
Public Safety	160,312	-	-	-	-	160,312
Streets and Highways	12,585	35,908	-	-	-	48,493
Health and Welfare	594	-	-	-	-	594
Culture and Recreation	11,767	-	-	-	-	11,767
TOTAL EXPENDITURES	728,823	35,908	-	22,058	141	786,930
REVENUE OVER (UNDER) EXPENDITURES	(10,849)	6,622	5,903	117,658	8,450	127,784
OTHER FINANCING SOURCES (USES)						
Transfers In (out)	-	-	-	(200,000)	-	(200,000)
NET CHANGE IN FUND BALANCES	(10,849)	6,622	5,903	(82,342)	8,450	(72,216)
FUND BALANCES - Beginning	156,439	87,101	52,592	223,087	38,406	557,625
FUND BALANCE - Ending	\$ 145,590	\$ 93,723	\$ 58,495	\$ 140,745	\$ 46,856	\$ 485,409
Net Change in Fund Balances - Total Governmental Funds						\$ (72,216)

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 the useful lives as annual depreciation expense.

Depreciation expense

Change in Net Position - Governmental Activities

	(60,157)
Change in Net Position - Governmental Activities	\$ (132,373)

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

TOWN OF WALDEN, COLORADO

STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
December 31, 2018

	Public Utility Fund	Gas Utility Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and equivalents	\$ 252,499	\$ 543,493	\$ 795,992
Cash restricted with fiscal agent	-	188,631	188,631
Receivables			
Accounts	119,479	114,241	233,720
Due from Other Funds	3,452	(3,302)	150
Inventories	71,342	15,059	86,401
TOTAL CURRENT ASSETS	446,772	858,122	1,304,894
CAPITAL ASSETS			
Property, plant and equipment	7,315,904	3,677,776	10,993,680
Accumulated depreciation	(3,931,650)	(2,101,700)	(6,033,350)
TOTAL CAPITAL ASSETS	3,384,254	1,576,076	4,960,330
TOTAL ASSETS	3,831,026	2,434,198	6,265,224
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	-	12,900	12,900
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable, accrued expenses and other	90,051	122,098	212,149
Notes payable	-	78,558	78,558
Contract payable	20,210	-	20,210
Bonds payable	35,732	35,000	70,732
TOTAL CURRENT LIABILITIES	145,993	235,656	381,649
NONCURRENT LIABILITIES			
Notes payable	-	528,360	528,360
Contract payable	42,880	-	42,880
Bonds payable	480,037	975,000	1,455,037
TOTAL NONCURRENT LIABILITIES	522,917	1,503,360	2,026,277
TOTAL LIABILITIES	668,910	1,739,016	2,407,926
NET POSITION			
Net investment in capital assets	2,805,395	(40,842)	2,764,553
Restricted for debt services	-	188,631	188,631
Unrestricted	356,721	560,293	917,014
TOTAL NET POSITION	\$ 3,162,116	\$ 708,082	\$ 3,870,198

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

TOWN OF WALDEN, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
Year Ended December 31, 2018

	<u>Public Utility Fund</u>	<u>Gas Utility Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 423,161	\$ 981,261	\$ 1,404,422
Other operating	668,241	-	668,241
TOTAL OPERATING REVENUES	<u>1,091,402</u>	<u>981,261</u>	<u>2,072,663</u>
OPERATING EXPENSES			
General and administrative	187,379	-	187,379
Water plant operations	100,271	-	100,271
Sewer plant operations	66,322	-	66,322
Cost of gas purchased	-	283,895	283,895
Gas utility operations	-	432,191	432,191
Depreciation	173,507	90,404	263,911
TOTAL OPERATING EXPENSES	<u>527,479</u>	<u>806,490</u>	<u>1,333,969</u>
NET OPERATING INCOME (LOSS)	<u>563,923</u>	<u>174,771</u>	<u>738,694</u>
NONOPERATING REVENUE (EXPENSES)			
Transfers in (out)	200,000	-	200,000
Other nonoperating income	8,546	18,082	26,628
Tap fees	1,000	-	1,000
Interest Expense	(11,819)	(69,237)	(81,056)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>197,727</u>	<u>(51,155)</u>	<u>146,572</u>
CHANGE IN NET POSITION	761,650	123,616	885,266
NET POSITION - Beginning	<u>2,400,466</u>	<u>584,466</u>	<u>2,984,932</u>
NET POSITION - Ending	<u>\$ 3,162,116</u>	<u>\$ 708,082</u>	<u>\$ 3,870,198</u>

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

TOWN OF WALDEN, COLORADO

STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
 Year Ended December 31, 2018

	Public Utility Fund	Gas Utility Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 1,026,516	\$ 988,079	\$ 2,014,595
Payments to suppliers	(278,461)	(703,180)	(981,641)
Due to/due from reconciliations	(3,326)	3,582	256
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>744,729</u>	<u>288,481</u>	<u>1,033,210</u>
Cash Flows From Noncapital Financing Activities:			
Tap fees and other non-operating income	9,546	18,082	27,628
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on long-term obligations	(54,478)	(110,902)	(165,380)
Interest paid on long-term obligations	(11,819)	(69,237)	(81,056)
Net (Acquisition) Disposition of Capital Assets	(1,084,374)	-	(1,084,374)
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,150,671)</u>	<u>(180,139)</u>	<u>(1,330,810)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Transfers in	200,000	-	200,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	(196,396)	126,424	(69,972)
CASH AND CASH EQUIVALENTS, Beginning	448,895	605,700	1,054,595
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 252,499</u>	<u>\$ 732,124</u>	<u>\$ 984,623</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 563,923	\$ 174,771	\$ 738,694
Adjustments to Reconcile Operating Income (Loss) to net cash provided (used) by operating activities:			
Depreciation	173,507	90,404	263,911
Changes in assets and liabilities:			
(Increase) Decrease in accounts receivable	(66,495)	7,756	(58,739)
(Increase) Decrease in inventory	1,609	(938)	671
(Increase) Decrease in due from other funds	(3,326)	3,582	256
Decrease in loss on refunding	-	-	-
Increase (decrease) in accounts payable	75,511	12,906	88,417
Increase (decrease) in deferred revenue	-	-	-
Total Adjustments	<u>180,806</u>	<u>113,710</u>	<u>294,516</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 744,729</u>	<u>\$ 288,481</u>	<u>\$ 1,033,210</u>

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

TOWN OF WALDEN, COLORADO
FIREMAN'S PENSION FUND
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2018

ASSETS

Cash and cash equivalents	\$ 51,564
Receivables	
Property taxes	2,136
Due from other governments	44
	44
TOTAL ASSETS	\$ 53,744

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND PLAN NET POSITION

LIABILITIES

Accounts Payable	\$ -
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DEFERRED INFLOW OF RESOURCES

Unearned revenue - property taxes	2,136
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PLAN NET POSITION

Held in trust for pension benefits	51,608
	51,608

TOTAL LIABILITES, DEFERRED INFLOWS OF RESOURCES AND PLAN NET POSTION	\$ 53,744
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The accompanying notes are an integral part of the financial statements.

TOWN OF WALDEN, COLORADO

FIREMEN'S PENSION FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended December 31, 2018

ADDITIONS	
Investment earnings and other	\$ 146
General property taxes	1,753
Specific ownership taxes	293
State contribution	-
Jackson County contribution	6,840
Town contribution	5,000
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TOTAL ADDITIONS	14,032
DEDUCTIONS	
Retirement	21,500
Treasurer's fees and other	28
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TOTAL DEDUCTIONS	21,528
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NET DECREASE	(7,496)
NET POSITION - Beginning	59,104
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NET POSITION - Ending	\$ 51,608
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The accompanying notes are an integral part of the financial statements.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

1. Summary Of Significant Accounting Policies

The Town of Walden, Colorado (the Town), operates as a statutory town under Colorado law. The Town is governed by a Board of Trustees consisting of six elected trustees and an elected mayor. The Town provides for the following services as authorized by law: public safety (police and fire), streets and highways, water, sewer, gas, health and welfare, culture and recreation, public improvements, planning and general administrative services.

The accounting policies of the Town conform to generally accepted accounting principles (GAAP). The following is a summary of the Town's significant policies:

Reporting Entity

The Town is considered a primary government for financial reporting purposes since it is a general purpose local government. A primary government consists of all funds, organizations, departments and offices that are part of the municipal corporation and not legally separate.

The financial statements include those of the Town (primary government) and organizations for which the Town is financially accountable (component units). Together, these organizations comprise the Town's reporting entity. The reporting entity includes only the financial statements of the primary government, since there are no component units.

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 nonfiduciary activities of the Town. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely for the most part on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use or benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund 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 proprietary fund and 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. 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.

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. 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 are generally 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, sales taxes, franchise taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available when cash is received.

The Town reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted or committed to expenditures for specified purposes. The Town has three major special revenue funds: (1) the Street and Alley Fund, which is funded primarily by highway user taxes and motor vehicle special assessments; (2) the Conservation Trust Fund to account for state-shared revenues from the Colorado State Lottery and (3) the Sales Tax Capital Improvement Fund to account for a voter-approved sales tax to be used for capital improvements.

Capital Projects Fund - The Capital Projects Fund is used to account for the acquisition or construction of major capital assets (other than those financed by proprietary funds). The principal funding sources are property taxes and transfers from the General Fund. The Town maintains only one capital projects fund.

The Town reports the following major proprietary funds:

Enterprise Funds - The Town has two major enterprise funds: (1) the Public Utilities Fund, which is used to account for the furnishing of water, sewer and waste disposal services and (2) the Gas Utility Fund, which is used to separately account for the operations of the gas utility owned and operated by the Town.

The Town reports the following fiduciary fund:

Pension Trust Fund - The Firemen's Pension Fund is used to account for assets held by the Town in a trustee capacity for pension benefits to qualified personnel.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The major exception to this rule is administrative charges between the general governmental and water and sewer functions. Elimination of these charges would distort the direct costs and program revenues reported for these functions.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied by the Board of Trustees in accordance with the Town's budget development procedures. Property assessments are performed by the Jackson County Assessor, while property taxes are collected by the Jackson County Treasurer. Property taxes are collected in the year after the property is assessed and the taxes levied.

The property taxes are an ad valorem (according to value) tax levied on taxable real and personal property on the basis of assessed valuation. Real property consists of land and associated improvements. Personal property includes any portable property used to generate income (inventories, equipment, etc.). Two factors account for the income derived from property taxes: (1) the calculation of assessed valuation and (2) the mill levy.

	Tax Year
Beginning of fiscal year for taxes	January 1
Assessed valuation certified by County Assessor	August 25
Property tax levy by Board of Trustees	December 15
Tax levy certified to County Commissioners	December 15
County Commissioners certify levy to County Assessor	December 22
	Ensuing Collection Year
Taxes attach as an enforceable lien on property	January 1
County Assessor delivers tax warrant to County Treasurer	January 10
Tax notices rendered	January 10
First installment due date (one-half of taxes due)	February 28
Taxes due in full (unless installments elected by taxpayer)	April 30
Second installment due date (second half due)	June 15

Stewardship, Compliance and Accountability

Annual budgets are established for all funds of the Town. Budgetary comparisons are included in the appropriate financial statements and schedules as required by law. The legal level of budgetary control for all funds is at the individual fund level. All appropriations unexpended at the end of the year lapse to the applicable fund. Encumbrance accounting is not used by the Town for budget or financial reporting purposes.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

The following is a summary of the procedures used in establishing budgetary data reflected in the financial statements:

1. On or before October 15, the Town Clerk submits to the Board of Trustees a proposed budget for the next year.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to December 1, the Board adopts the budget and passes the appropriation and mill levy ordinances.
4. After commencement of the fiscal year, the appropriation ordinance is non-repealable. However, the Board may adopt supplemental appropriations by ordinance or resolution due to circumstances which could not be foreseen at the time of adoption of the original budget.

Investments

The Town has stated its investments at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31. Investments in money market funds, U.S. Treasury funds and local government investment pools are at fair value, which is determined by the fund trustee using quoted market prices. The fair value of the Town's position in the pool is the same as the value of the pool shares.

Receivables

Accounts and loans receivable are expressed net of allowances for doubtful accounts.

Inventory

Inventories are valued at cost using the first-in, first-out method and are expensed as they are used.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks 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 more than \$5,000 and an estimated useful life in excess of two years.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

In the case of capitalization of general *infrastructure* capital assets (i.e., those reported by governmental activities) at transition, the Town chose to include such assets *prospectively* beginning at the effective date of GASB Statement No. 34. As a Phase 3 government, the Town is not required to, and therefore has chosen not to, report major general infrastructure assets retroactively.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Type</u>	<u>Years</u>
Buildings	40 - 50
Building improvements	15 - 20
Public domain infrastructure	10 - 50
Water and sewer system infrastructure	15 - 50
Gas system infrastructure	40
Machinery and equipment	5 - 20

Compensated Absences

Vacation and sick pay are expensed when paid. Accumulated unpaid vacation is not accrued at December 31 since it is considered immaterial. Accumulated unpaid sick leave is not accrued since it does not meet the criteria for accrual.

Statement of Cash Flows

For purposes of the statement of cash flows, the Town considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Time deposits are not considered cash equivalents for the statement of cash flows.

Refundings of Long-Term Debt

For refunding resulting in defeasance of debt in proprietary funds, the difference between the reacquisition price and the net carrying amount of the refunded debt is deferred and amortized using the straight-line method to interest expense over the life of the new debt or the refunded debt, whichever is shorter.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

Deferred Outflows and Inflows of Resource

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that period. The Town has a deferred loss on refunding, which is recorded as a deferred outflow. The deferred loss results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is reported in the statement of net position and is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses and capital contributions. Net position is classified into the following three components:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of amounts that do not meet the definition of "restricted" or "net investment in capital assets."

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

If both restricted and unrestricted resources are available to use for the same purpose, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance

In the fund financial statements, governmental funds report fund balances based on GASB reporting standards that establish criteria for classifying fund balances into specifically defined classifications to make the nature and extent of constraints both useful and understandable. The classifications 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. Fund balances are classified in the financial statements as follows:

Nonspendable fund balance - those amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact, such as inventories or revolving loans.

Restricted fund balance - those amounts that are restricted for specific purposes due to externally imposed constraints imposed by creditors, grantors, constitutional provisions, laws or regulations of other governments or enabling legislation of the Town that is legally enforceable, such as Conservation Trust Fund balances or TABOR emergency reserves.

Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Trustees, the Town's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Trustees.

Assigned fund balance - those amounts that are constrained by the Town's intent to use for specific purposes, but are neither restricted nor committed, such as capital projects. Only the Board of Trustees has authority to assign funds.

Unassigned fund balance - those amounts that are remaining after amounts are set aside using the above classifications.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

2. Cash and Investments

The Town's pooled cash checking account is available for use by all funds of the Town. Each fund type's portion of this pooled account is reflected on the balance sheet. Investments held separately by several of the Town's funds included Certificates of Deposit.

Cash Deposits

Colorado statutes require protection of public moneys in banks and savings and loans beyond that provided by federal depository insurance. The Public Deposit Protection Act (PDPA) in Section 11-10.5-107(5), C.R.S., requires all units of local government to deposit cash in eligible public depositories. Eligible public depositories are required to pledge designated eligible collateral that has a market value equal to at least 102% of the deposits exceeding those amounts insured by federal insurance. Upon liquidation of a defaulting eligible depository, the statute requires the State Banking Board to seize the eligible collateral, liquidate the collateral and repay the public deposits to the depositing government.

PDPA allows financial institutions to create a single collateral pool for all public funds. The pool for all the uninsured deposits is to be maintained by a third-party custodian. The custodian is required to hold the securities in the name of the collateral pool (that is, collectively for the governments secured by the collateral). The eligible collateral is defined by PDPA. The State Division of Banking monitors the naming of eligible public depositories and the reporting of uninsured deposits and assets maintained in the collateral pools. Under PDPA, the local government's responsibility is to ensure that the bank is a PDPA-eligible depository, register with the Division of Banking to obtain an Official Custodian Identification Number and provide the bank with the assigned number before funds are deposited.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

2. Cash and Investments (Continued)

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of a third party. Pursuant to Statement No. 40 of GASB, deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and the deposits are:

(1) Uncollateralized, (2) collateralized with securities held by the pledging financial institution or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor - government's name. If a government has deposits at the end of the fiscal year that are exposed to custodial credit risk, the amount of those deposits must be disclosed.

Since the Town's deposits are in an eligible public depository and its deposits are recognized by the custodian as one of the governments covered by the financial institution's collateral pool, the Town's deposits are fully collateralized, and there is no custodial credit risk.

At December 31, 2018, the carrying value of the Town's deposits was \$1,496,974, and the bank balances were \$1,634,530. Of the bank balances, \$270,010 was covered by federal deposit insurance, and \$1,445,553 was collateralized under PDPA.

Certificates of Deposit held by the Town are subject to penalties for early withdrawal.

Investment policies are governed by Colorado statute and the Town's own investment policies. Investments of the Town may include the following (certain limitations apply):

- Obligations of the United States and its agencies
- Obligations which are guaranteed by the United States government
- Obligations of the World Bank, Inter-American Development Bank and African Development Bank
- General obligation bonds of any state, District of Columbia, U.S. territory or any of their subdivisions
- Revenue bonds of any state, District of Columbia, U.S. territory or any of their subdivisions
- Bankers acceptances issued by state or national banks
- Commercial paper
- The Town's own obligations
- Repurchase agreements in U.S. government and U.S. government agency securities
- Money market funds
- Guaranteed investment contracts
- Designated local government investment pools

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

2. Cash and Investments (Continued)

Custodial Credit Risk

Investments of the Town are exposed to custodial credit risk if the securities are uninsured, are not registered in the Town's name and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the Town's name. As of December 31, 2018, none of the Town's investments are subject to custodial credit risk.

Credit Quality Risk

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations. This risk is assessed by national rating agencies which assign a credit quality rating for many investments. Credit quality ratings for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not reported; however, credit quality ratings are reported for obligations of U.S. government agencies that are not explicitly guaranteed by the U.S. government. Based on these parameters, as of December 31, 2018, the Town has no investments that are subject to credit quality risk reporting.

Concentration of Credit Risk

The Town has no investments.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Foreign Currency Risk

The Town's investments were not subject to foreign currency risk.

Restricted Cash

Restricted cash consists of certificates of deposit pledged as collateral to secure funds for the revolving loan program.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

3. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Balance</u> <u>1/1/2018</u>	<u>Additions</u>	<u>Adjustments/</u> <u>Deletions</u>	<u>Balance</u> <u>12/31/2018</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 44,507	\$ -	\$ -	\$ 44,507
Capital assets being depreciated:				
Buildings	219,303	-	-	219,303
Improvements other than buildings	1,050,388	-	-	1,050,388
Infrastructure	66,275	-	-	66,275
Software	39,209	-	-	39,209
Vehicles and equipment	326,376	-	-	326,376
Total Capital Assets Being Depreciated	<u>1,701,551</u>	<u>-</u>	<u>-</u>	<u>1,701,551</u>
Less accumulated depreciation:				
Buildings	(138,515)	(4,058)	-	(142,573)
Improvements other than buildings	(615,393)	(28,826)	-	(644,219)
Infrastructure	(53,736)	(3,268)	-	(57,004)
Software	(6,535)	(12,070)	-	(18,605)
Vehicles and equipment	(239,118)	(11,935)	-	(251,053)
Total accumulated depreciation	<u>(1,053,297)</u>	<u>(60,157)</u>	<u>-</u>	<u>(1,113,454)</u>
Net Capital Assets Being Depreciated	<u>648,254</u>	<u>(60,157)</u>	<u>-</u>	<u>588,097</u>
Net Governmental Activities Capital Assets	<u>\$ 692,761</u>	<u>\$ (60,157)</u>	<u>\$ -</u>	<u>\$ 632,604</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 2,742	\$ -	\$ -	\$ 2,742
Water rights	60,220	-	-	60,220
Construction in Progress	165,344	1,084,374	-	1,249,718
Total Capital Assets Not Being Depreciated	<u>228,306</u>	<u>1,084,374</u>	<u>-</u>	<u>1,312,680</u>
Capital assets being depreciated:				
Water plant and system	4,676,412	-	-	4,676,412
Sewer plant and system	1,243,972	-	-	1,243,972
Gas plant and system	3,559,840	-	-	3,559,840
Vehicles and equipment	200,776	-	-	200,776
Total Capital Assets Being Depreciated	<u>9,681,000</u>	<u>-</u>	<u>-</u>	<u>9,681,000</u>
Less accumulated depreciation:				
Water plant and system	(2,782,841)	(146,963)	-	(2,929,804)
Sewer plant and system	(918,295)	(24,225)	-	(942,520)
Gas plant and system	(1,901,044)	(88,998)	-	(1,990,042)
Vehicles and equipment	(167,259)	(3,725)	-	(170,984)
Total accumulated depreciation	<u>(5,769,439)</u>	<u>(263,911)</u>	<u>-</u>	<u>(6,033,350)</u>
Net Capital Assets Being Depreciated	<u>3,911,561</u>	<u>(263,911)</u>	<u>-</u>	<u>3,647,650</u>
Net Business-Type Activities Capital Assets	<u>\$ 4,139,867</u>	<u>\$ 820,463</u>	<u>\$ -</u>	<u>\$ 4,960,330</u>

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

3. Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 31,630
Public safety	2,788
Streets and highways	14,169
Culture and recreation	11,571
Governmental Activities Total	<u>\$ 60,158</u>
Business-Type Activities	
Public Utilities (Water & Sewer)	\$ 24,325
Gas Utilities	90,404
Business-type Activities Total	<u>\$ 114,729</u>

4. Interfund Balances

The following is a summary of individual fund receivables and payables at December 31, 2018. The purpose of these internal balances was to finance capital improvements in the recipient funds.

	Advances From	Advances To
General Fund	\$ -	\$ 150
Streets & Alleys Fund	-	-
Public Utilities Fund	3,452	-
Gas Utilities Fund	<u>-</u>	<u>3,302</u>
Totals	<u>\$ 3,452</u>	<u>\$ 3,452</u>

5. Long-Term Debt

Contract Payable

During 1981, the Town entered into a contract with the State of Colorado, acting through the Colorado Water Conservation Board (CWCB), to provide \$450,000 of long-term financing for construction of improvements to the Town's water distribution system. Under the terms of the contract, the Town pledged the water treatment plant as collateral for a long-term obligation. The Town must repay the obligation in 40 annual installments of \$22,734 (which includes principal and interest at 4%) beginning July 15, 1982, and yearly thereafter until the entire principal sum is paid. The Town is required to manage, operate and maintain the water system without expense to the State and assumes all legal liability for these requirements. The balance of the obligation at December 31, 2018 is \$63,090.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

5. Long-Term Debt (Continued)

The requirements to amortize the long-term contract payable to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 20,210	\$ 2,524	\$ 22,734
2020	21,019	1,715	22,734
2021	21,861	874	22,735
	<u>\$ 63,090</u>	<u>\$ 5,113</u>	<u>\$ 68,203</u>

Bonds Payable

During 2006, the Town issued its Public Utility Enterprise Water Revenue Bond, Series 2006, in the amount of \$900,000 to help pay for upgrades to the Town's water treatment facilities. As part of the transaction, the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA). Under the terms of the loan agreement, the Town is obligated to repay the loan plus interest at 1.75% in annual installments of \$44,602. The Town pledged its net revenue from the operation of the water utility for repayment of the loan and is required to provide rates and charges in order to maintain coverage of 110% on its Public Utility Enterprise obligations. The loan is payable from and collateralized by the Town's water and sewer revenues in the amount of \$758,386 through 2031. Principal and interest paid for the current year and pledged revenue received was \$44,602. The proportion of the pledged revenue to total water revenues is not estimable because annual fees and usage fluctuate. The balance of the bond at December 31, 2018 is \$515,769.

The requirements to amortize the bond payable to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 35,732	\$ 8,870	\$ 44,602
2020	36,360	8,242	44,602
2021	36,999	7,603	44,602
2022	37,649	6,953	44,602
2023	38,311	6,291	44,602
2024-2028	201,896	21,115	223,011
2029-2032	128,823	3,951	132,774
	<u>\$ 515,769</u>	<u>\$ 63,026</u>	<u>\$ 578,796</u>

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

5. Long-Term Debt (Continued)

The Town's Gas Utility Fund obligations at December 31, 2018, consist of the following:

\$1,500,000 Gas Utility Revenue Refunding Bonds, Series 1996A - These bonds were issued for the purpose of refinancing the lease obligation of the Walden Capital Leasing Corporation. The bonds bear interest of 4.875% and are payable annually on June 1 from 1997 through 2036. Interest is payable each June 1 and December 1 as long as the bonds are outstanding.

Debt service requirements for the Series 1996A gas utility revenue bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 35,000	\$ 48,385	\$ 83,385
2020	40,000	46,557	86,557
2021	40,000	44,607	84,607
2022	40,000	42,656	82,656
2023	45,000	40,584	85,584
2024-2028	255,000	167,578	422,578
2029-2032	325,000	97,378	422,378
2033-2036	230,000	17,062	13,103
	<u>\$1,010,000</u>	<u>\$ 504,807</u>	<u>\$ 1,280,848</u>

Jackson County \$830,000 promissory note for a loan on January 18, 2015 - This note bears interest at 3.5% and is payable annually on January 18th from 2016 through 2025. Note proceeds were used to pay off the 2002 bonds, repay monies borrowed from other funds of the Town, and repay the 1996 bond reserve.

The requirements to amortize the note payable to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 78,558	\$ 21,242	\$ 99,800
2020	81,308	18,493	99,800
2021	84,154	15,647	99,800
2022	87,099	12,701	99,800
2023	90,147	9,653	99,800
2024-2028	185,652	9,730	195,382
	<u>\$ 606,918</u>	<u>\$ 87,466</u>	<u>\$ 694,384</u>

The bond and note ordinances require \$187,000 be restricted for Debt Service Reserves.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

5. Long-Term Debt (Continued)

Interest expense of \$69,237 and \$11,819 was incurred by the Gas Utility and Public Utilities Funds, respectively, in 2018, all of which was charged to expense.

Long-term debt activity for the year ended December 31, 2018, was as follows:

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Business-Type Activities					
Gas revenue bond payable -1996A	\$ 1,045,000	\$ -	\$ (35,000)	\$ 1,010,000	\$ 35,000
Jackson County note payable - Gas	682,820	-	(75,902)	606,918	78,558
Water contract payable - CWCB	82,523	-	(19,433)	63,090	20,210
Water bond payable - CWRPDA	550,814	-	(35,045)	515,769	35,732
Total Business-Type Activities	<u>\$ 2,361,156</u>	<u>\$ -</u>	<u>\$ (165,380)</u>	<u>\$ 2,195,777</u>	<u>\$169,500</u>

6. Pension Plan - Volunteer Firemen's Pension Plan

The Town has a Volunteer Firemen's Pension Plan (the Plan) which has characteristics of both a defined benefit plan and a defined contribution plan. The Town accounts for the plan as a defined benefit plan. The Plan is noncontributory regarding participants. Under state statutes, the Town has no obligation to keep the Plan actuarially sound.

The Plan was established pursuant to the authority of the Colorado statutes in effect at the time of inception of the Plan. The Plan is governed by the Pension Board of the North Park Volunteer Fire Department and is accounted for in the Firemen's Pension Fund.

The Plan is a defined benefit plan covering volunteer firefighters of the North Park Fire Department. The Plan provides \$100 of monthly retirement payments to volunteer firemen after they have completed 20 years of service. The Fund also provides death and disability payments to members of the volunteer fire department injured or killed in the line of duty.

Funding is provided through property taxes levied by the Town, contributions from the State of Colorado and Jackson County, when available, and interest earned on investments. None of these entities are obligated to provide funding for the Plan. Eighteen retired volunteers are currently vested members of the Plan.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

6. Pension Plan - Volunteer Firemen's Pension Plan (Continued)

Plan net assets of \$51,564 are held in cash and certificates of deposit at Mountain Valley Bank. Cash and certificates of deposit are fully insured by the Federal Deposit Insurance Corporation.

Retirement payments are recognized as an expense when current benefits are paid to retirees. A summary of additions to the Plan for the current and prior five years is as follows:

	2018	2017	2016	2015	2014	2013
Property taxes	\$ 1,762	\$ 1,661	\$ 1,770	\$ 1,720	\$ 1,770	\$ 1,082
Specific ownership taxes	293	435	406	422	395	627
State of Colorado contributions	-	5,036	1,924	5,105	4,778	5,115
Jackson County contributions	6,840	3,900	3,600	3,600	3,600	2,400
Investment earnings and other	137	647	171	50	1,337	1,676
Total Additions	\$ 9,032	\$ 11,679	\$ 7,871	\$ 10,897	\$ 11,880	\$ 10,900

Information that meets the parameters of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, regarding the annual required contributions was not available for disclosure for the years 2009 through 2018 for the Plan since an actuarial study has not been prepared.

Statewide Pension Plan

The Town contributes to the Colorado County Officials and Employees Retirement Association (CCOERA) pension plan on behalf of all full-time nonuniformed employees. Employees are required to participate in the plan after one year of service.

The plan is a defined contribution plan through which contributions of employers are combined with contributions of employees and invested in income-earning instruments for the benefit of plan participants. Any county, municipality or special district of the State of Colorado may, with the consent of CCOERA, become a member and participate in the plan by adopting it for its officers and employees. During 2018, the Town and participating employees each contributed amounts equal to 3% of compensation to the plan. The total contribution in 2018 was \$4,480. Employee contributions must match employer contributions; however, employees may make additional voluntary contributions not to exceed 10% of compensation. Participants are immediately vested 100% in their own contributions and earnings. Vesting in employer contributions and earnings occurs at the rate of 20% per year. Copies of the plan's financial statements may be obtained from CCOERA.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

7. Risk Management

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is an organization created by intergovernmental agreement in 1982 solely to provide property and casualty coverage to its members. In 1987, CIRSA/WC was formed as a separate pool by intergovernmental agreement to provide coverage to members under the Colorado Workmen's Compensation Act. Both organizations have a legal obligation for claims against members to the extent that funds are available in annually established loss funds and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so. Settled claims have not exceeded coverage in any of the past three fiscal years.

8. Tax, Spending and Debt Limitations

Colorado voters passed an amendment (the Amendment) to the State Constitution, Article X, Section 20, also known as the Taxpayer Bill of Rights or TABOR, which has several limitations, including those for revenue, expenditures, property taxes and issuance of debt. The Amendment is complex and subject to judicial interpretation. In the opinion of management, the Town is in compliance with the provisions of the Amendment.

In accordance with the Amendment, an emergency reserve has been established for the Town to use for declared emergencies. The reserve is reflected as net position/fund balance "restricted/reserved for emergencies" in the financial statements.

On November 2, 1999, voters of the Town affirmed a "Debrucing measure" passed by the Board of Trustees, which exempts the Town from the revenue and spending limits of the Amendment. The measure allowed the Town to retain excess revenue in 1998 and any derived in future years.

9. Regulatory Matters

The Town operates a public utility in Colorado but has been ruled as exempt from the jurisdiction of the Colorado Public Utilities Commission. The Town also operates a public utility in Wyoming. As such, the Town is subject to the jurisdiction of the Wyoming Public Service Commission.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2018

10. Revolving Loan Program

Several years ago, the Town received a grant for the purpose of establishing a "revolving loan" program. The Town pledges collateral as security for a local bank to make low-interest loans to local businesses in accordance with the program's guidelines. At December 31, 2018, the Town had \$64,310 available for this purpose.

11. Related-Party Transactions

The Board of Trustees receive minimal compensation for attending monthly meetings. For 2018, the Board voted that they receive zero compensation for 2018 and 2019. Two of the Town's elected Trustees have relationships with local businesses that conduct financial transactions with the Town. Amounts paid to these businesses in 2018 include approximately \$3,025 for supplies and services.

12. Jointly Governed Organization

The Town, through an intergovernmental agreement with Jackson County, created a fire authority (the Authority), which provides firefighting services to the citizens of both participating governments. The Authority is an independent legal entity organized under state statutes, and the Town has no equity interest in it. The Authority's governing board is comprised of two members from each of the participating governments.

13. Subsequent Events

The Town has evaluated subsequent events through the date on which the financial statements were available to be issued. There were not items to report.

Required Supplementary Information

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2018

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Taxes	\$ 320,394	\$ 365,085	\$ 44,691
Licences and permits	5,722	8,016	2,294
Intergovernmental	61,150	53,062	(8,088)
Charges for Services	246,000	266,250	20,250
Fines and forfeits	500	162	(338)
Investment earnings	900	1,521	621
Miscellaneous	13,500	23,878	10,378
TOTAL REVENUES	648,166	717,974	69,808
EXPENDITURES			
General government	630,535	543,565	86,970
Public safety	153,602	160,312	(6,710)
Streets and highways	14,000	12,585	1,415
Health and welfare	1,500	594	906
Culture and recreation	10,850	11,767	(917)
TOTAL EXPENDITURES	810,487	728,823	81,664
NET CHANGE IN FUND BALANCE	(162,321)	(10,849)	151,472
FUND BALANCE - BEGINNING	156,439	156,439	-
FUND BALANCE - ENDING	\$ (5,882)	\$ 145,590	\$ 151,472

See the accompanying Independent Auditor's Report.

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE

STREETS AND ALLEYS FUND

Year Ended December 31, 2018

	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Intergovernmental	\$ 29,750	\$ 42,530	\$ 12,780
TOTAL REVENUES	<u>29,750</u>	<u>42,530</u>	<u>12,780</u>
EXPENDITURES			
Streets and highways	<u>99,500</u>	<u>35,908</u>	<u>63,592</u>
NET CHANGE IN FUND BALANCE	(69,750)	6,622	76,372
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>70,000</u>	<u>-</u>	<u>(70,000)</u>
REVENUE AND OTHER SOURCES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USES	250	6,622	6,372
FUND BALANCE - Beginning	<u>87,101</u>	<u>87,101</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ 87,351</u>	<u>\$ 93,723</u>	<u>\$ 76,372</u>

See the accompanying Independent Auditor's Report.

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE

CONSERVATION TRUST FUND

Year Ended December 31, 2018

	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Intergovernmental	\$ 4,200	\$ 5,903	\$ 1,703
TOTAL REVENUES	<u>4,200</u>	<u>5,903</u>	<u>1,703</u>
EXPENDITURES			
Culture and Recreation	<u>84,913</u>	<u>-</u>	<u>84,913</u>
TOTAL EXPENDITURES	<u>84,913</u>	<u>-</u>	<u>84,913</u>
NET CHANGE IN FUND BALANCE	(80,713)	5,903	86,616
FUND BALANCE - Beginning	<u>52,592</u>	<u>52,592</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ (28,121)</u>	<u>\$ 58,495</u>	<u>\$ 86,616</u>

See the accompanying Independent Auditor's Report.

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE
SALES TAX CAPITAL IMPROVEMENT FUND

Year Ended December 31, 2018

	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Sales taxes	\$ 115,000	\$ 139,716	\$ 24,716
EXPENDITURES			
ESTIP Agreement	25,000	22,058	2,942
OTHER FINANCING (USES)			
Transfers in (out)	(310,000)	(200,000)	110,000
NET CHANGE IN FUND BALANCE	(220,000)	(82,342)	137,658
FUND BALANCE - Beginning	-	223,087	223,087
FUND BALANCE - Ending	<u>\$ (220,000)</u>	<u>\$ 140,745</u>	<u>\$ 360,745</u>

See the accompanying Independent Auditor's Report.

Other Supplementary Information

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE

CAPITAL PROJECTS FUND

Year Ended December 31, 2018

	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Taxes	\$ 9,041	\$ 8,591	\$ (450)
TOTAL REVENUES	<u>9,041</u>	<u>8,591</u>	<u>(450)</u>
EXPENDITURES			
General Government	250	141	109
Public Safety	<u>77,791</u>	<u>-</u>	<u>77,791</u>
TOTAL EXPENDITURES	<u>78,041</u>	<u>141</u>	<u>77,900</u>
NET CHANGE IN FUND BALANCE	(69,000)	8,450	(78,350)
FUND BALANCE - Beginning	<u>38,406</u>	<u>38,406</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ (30,594)</u>	<u>\$ 46,856</u>	<u>\$ (78,350)</u>

See the accompanying Independent Auditor's Report.

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE

FIREMAN FUND

Year Ended December 31, 2018

	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
ADDITIONS			
Investment earnings and other	\$ 5	\$ 146	\$ 141
General Property taxes	1,756	1,753	(3)
Specific ownership taxes	506	293	(213)
State contribution	5,115	-	(5,115)
Jackson County contribution	3,600	6,840	3,240
Town contribution	5,000	5,000	-
TOTAL ADDITIONS	<u>15,982</u>	<u>14,032</u>	<u>(1,950)</u>
DEDUCTIONS			
Retirement	21,600	21,500	100
Treasurer's fees and other	132	28	104
TOTAL DEDUCTIONS	<u>21,732</u>	<u>21,528</u>	<u>204</u>
NET DECREASE	(5,750)	(7,496)	(1,746)
NET POSITION - BEGINNING	<u>59,104</u>	<u>59,104</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 53,354</u>	<u>\$ 51,608</u>	<u>\$ (1,746)</u>

See the accompanying Independent Auditor's Report.

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE
PUBLIC UTILITY (WATER & SEWER) FUND
 Year Ended December 31, 2018

	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Water	\$ 235,000	\$ 274,234	\$ 39,234
Sewer	125,000	148,927	23,927
Other	750	7,953	7,203
Tap fees	1,700	1,000	(700)
Transfers in	-	-	-
Interest	250	593	343
State Grant	1,011,000	668,241	(342,759)
Transfers in (out)	-	200,000	200,000
TOTAL REVENUES	<u>1,373,700</u>	<u>1,300,948</u>	<u>(72,752)</u>
EXPENDITURES			
Operating expenses	228,700	187,379	41,321
Other expenditures - water	94,000	100,271	(6,271)
Other expenditures - sewer	631,000	66,322	564,678
Interest expense	12,815	11,819	996
Payment on CWCB contract	19,435	19,433	2
Payment on CWRPDA loan	35,101	35,045	56
Capital outlay	981,000	1,084,374	(103,374)
TOTAL EXPENDITURES	<u>2,002,051</u>	<u>1,504,643</u>	<u>497,408</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	<u>\$ (628,351)</u>	<u>(203,695)</u>	<u>\$ 424,656</u>
GAAP BASIS ADJUSTMENTS:			
Capital outlay		1,084,374	
Depreciation expense		(173,507)	
Payments on long-term debt		54,478	
TOTAL GAAP BASIS ADJUSTMENTS:		<u>965,345</u>	
NET INCOME - GAAP BASIS		761,650	
NET POSITION - Beginning		<u>2,400,466</u>	
NET POSITION - Ending		<u>\$ 3,162,116</u>	

See the accompanying Independent Auditor's Report.

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE

GAS UTILITY FUND

Year Ended December 31, 2018

	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Gas sales	\$ 682,918	\$ 774,427	\$ 91,509
Monthly charges	210,286	206,834	(3,452)
Interest	500	1,311	811
Other	<u>10,300</u>	<u>16,771</u>	<u>6,471</u>
TOTAL REVENUES	<u>904,504</u>	<u>999,343</u>	<u>94,839</u>
EXPENDITURES			
Cost of gas purchased	320,000	283,895	36,105
Other operating expenses	589,500	432,191	157,309
Other expenditures			
Interest	50,095	69,237	(19,142)
Principal	35,000	110,902	(75,902)
Contingency	<u>25,000</u>	<u>-</u>	<u>25,000</u>
TOTAL EXPENDITURES	<u>1,019,595</u>	<u>896,225</u>	<u>123,370</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET AND GAAP BASIS	<u>\$ (115,091)</u>	103,118	<u>\$ 218,209</u>
GAAP BASIS ADJUSTMENTS			
Depreciation		(90,404)	
Principal paid		<u>110,902</u>	
TOTAL GAAP BASIS ADJUSTMENTS		<u>20,498</u>	
NET INCOME - GAAP BASIS		123,616	
NET POSITION - Beginning		<u>584,466</u>	
NET POSITION - Ending		<u>\$ 708,082</u>	

See the accompanying Independent Auditor's Report.

Steps for printing your content and returning to 'Edit Mode

1. Click Ctrl + A on a Windows machine or Command + A on a Mac to select all data.
2. Right-click your mouse and select Print.
3. Confirm that print settings are correct - make sure "selection only" isn't checked.
4. Print hard copy or to PDF.
5. Click "Edit Mode" to return to modifying your data.
6. Remember to click "Save" to save any changes.

ANNUAL HIGHWAY FINANCE REPORT - CY18

Email address:

City/County:

II - RECEIPTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Receipts from local sources

- 2. General Fund Appropriations: \$
- 3. Other local imposts: *from A.3. 'Total' below* \$
- 4. Miscellaneous local receipts: *from A.4. 'Total' below* \$
- 5. Transfers from toll facilities \$
- 6. Proceeds of sale of bonds and notes
 - a. Bonds - Original Issues: \$
 - b. Bonds - Refunding Issues: \$
 - c. Notes: \$

SubTotal: \$

B. Private Contributions \$

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

Please no commas or dollar signs for the input

A.3. Other local imposts

a. Property Taxes and Assessments	\$ <input type="text" value="0.00"/>
b. Other Local Imposts	
1. Sales Taxes:	\$ <input type="text" value="0.00"/>
2. Infrastructure and Impact Fees:	\$ <input type="text" value="0.00"/>
3. Liens:	\$ <input type="text" value="0.00"/>
4. Licenses:	\$ <input type="text" value="0.00"/>
5. Specific Ownership and/or Other:	\$ <input type="text" value="0.00"/>
Total: (a + b) carried to 'Other local imposts' above	\$ <input type="text" value="0.00"/>

A.4. Miscellaneous local receipts

Please no commas or dollar signs for the input

a. Interest on Investments:	\$ <input type="text" value="0.00"/>
b. Traffic fines & Penalties:	\$ <input type="text" value="0.00"/>
c. Parking Garage Fees:	\$ <input type="text" value="0.00"/>
d. Parking Meter Fees:	\$ <input type="text" value="0.00"/>
e. Sale of Surplus Property:	\$ <input type="text" value="0.00"/>
f. Charges for Services:	\$ <input type="text" value="0.00"/>
g. Other Misc. Receipts:	\$ <input type="text" value="0.00"/>
h. Other:	\$ <input type="text" value="0.00"/>
Total: (a through h) carried to 'Misc local receipts' above	\$ <input type="text" value="0.00"/>

C. Receipts from State Government

Please no commas or dollar signs for the input

1. Highway User Taxes:	\$ <input type="text" value="38,064.21"/>
3. Other State funds:	
c. Motor Vehicle Registrations:	\$ <input type="text" value="4,466.07"/>
d. Other (Specify):	
Comments: <input type="text" value="undefined"/>	\$ <input type="text" value="0.00"/>
e. Other (Specify):	
Comments: <input type="text" value="undefined"/>	\$ <input type="text" value="0.00"/>
Total: (1+3c,d,e)	\$ <input type="text" value="42,530.28"/>

D. Receipts from Federal Government

Please no commas or dollar signs for the input

2. Other Federal Agencies

a. Forest Service:	\$	0.00
b. FEMA:	\$	0.00
c. HUD:	\$	0.00
d. Federal Transit Administration:	\$	0.00
e. U.S. Corp of Engineers	\$	0.00
f. Other Federal:	\$	0.00
Total: (2a-f)		\$ 0.00

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Local highway disbursements

1. Capital outlay: <i>(from A.1.d. 'Total Capital Outlay' below)</i>	\$	28,248.68
2. Maintenance:	\$	0.00
3. Road and street services		
a. Traffic control operations:	\$	0.00
b. Snow and ice removal:	\$	0.00
c. Other:	\$	0.00
4. General administration & miscellaneous	\$	8,602.30
5. Highway law enforcement and safety	\$	0.00
Total: (A.1-5)		\$ 36,850.98

Please no commas or dollar signs for the input

B. Debt service on local obligations

1. Bonds		
a. Interest	\$	0.00
b. Redemption	\$	0.00
2. Notes		
a. Interest	\$	0.00

b. Redemption \$

SubTotal: (1+2) \$ 0.00

Please no commas or dollar signs for the input

C. Payments to State for Highways: \$

D. Payments to Toll Facilities: \$

Total Disbursements: (A+B+C+D) \$ 36,850.98

Please no commas or dollar signs for the input

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES - (Detail)

Please no commas or dollar signs for the input

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ 0.
b. Engineering Costs:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ 0.
c. Construction			
1. New Facilities:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ 0.
2. Capacity Improvements:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ 0.
3. System Preservation:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="26,932.00"/>	\$ 26,932.
4. System Enhancement:	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="1,316.68"/>	\$ 1,316.
5. Total Construction:			<u>\$ 28,248.</u>
d. Total Capital Outlay: (Lines A.1.a. + 1.b. + 1.c.5)			<u>\$ 28,248.</u>

IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DE
A. Bonds (Total)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.0
1. Bonds (Refunding Portion)		\$ 0.00	\$ 0.00	\$ 0.0
B. Notes (Total):	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.0

V - LOCAL ROAD AND STREET FUND BALANCE

Please no commas or dollar signs for the input

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliati
\$ 87,844.76	\$ 42,530.28	\$ 36,850.98	\$ 93,524.06	\$ 0.0

Notes & Comments:

undefined

Please enter your name:

Please provide a telephone number where you may be reached:

Please click on the "Save" button before viewing the data in a print format.

TOWN OF WALDEN
WALDEN, COLORADO

April 14, 2019

Hamblin and Associates, LLC
23720 Pondview Place
Golden, CO 80401

This representation letter is provided in connection with your audit of the financial statements of the Town of Walden, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 14, 2019, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the December 31, 2018 audit engagement letter.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Town of Walden or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) We have made available to you all financial records and related data.
- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) The Town has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- 26) As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 27) The Town has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The Town has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements properly classify all funds and activities.
- 32) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net assets (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 34) Provisions for uncollectible receivables have been properly identified and recorded.
- 35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 36) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 37) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 40) We have appropriately disclosed the Town's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
- 41) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 42) With respect to the budgetary comparison schedules:
- a) We acknowledge our responsibility for presenting the budgetary comparison schedules in accordance with accounting principles generally accepted in the United States of America, and we believe the budgetary comparison schedules, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the budgetary comparison schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Management Signature: James Austin Management Signature: Shirley Cure

Title: Mayor Title: Town Clerk