

**CITY OF WALSENBURG
WALSENBURG, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

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CITY OF WALSENBURG, COLORADO

ROSTER OF CITY OFFICIALS

DECEMBER 31, 2018

CITY COUNCIL

James Eccher – Mayor

Dennis Hoyt – Mayor Pro Tem

Charles Montoya – Councilor

James Hudgens – Councilor

Greg Daniels – Councilor

Clint Boehler – Councilor

Don Martinez – Councilor

ADMINISTRATION

James Toth – City Administrator

Mark Ellis – Finance Director

FINANCIAL SECTION

City of Walsenburg, Colorado
Management's Discussion and Analysis
December 31, 2018

This discussion and analysis of the City of Walsenburg's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The City of Walsenburg's overall financial position continues to be strong, increasing by \$559 thousand (2.2%) during 2018.
- The assets of the City exceeded its liabilities at the close of 2018 by approximately \$25.6 million (net position). Of this amount, approximately \$6.88 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- At December 31, 2018, the combined net position of the City's governmental activities were approximately \$6.53 million, a decrease of approximately \$163,578, (see page 3 – Governmental Activities), and fund balance decreased by approximately \$61,932. Of the \$2,339,574 million fund balance, 70% is held in the streets improvement fund and 20% is held in the capital improvement fund. The fund balance in the general fund increased by \$199,649 in 2018. The Northlands General Improvement District fund balance is \$305,621.
- At December 31, 2018, the combined net position of the City's business-type activities were approximately \$19.1 million, an increase of approximately \$722 thousand (see page 3 – Business-type Activities).
- Total tax revenues, which include real property taxes and on-going sales and use tax remittances, decreased by approximately \$20,556 (1%) over 2017 collections.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City of Walsenburg's basic financial statements. The City's basic financial statements comprise three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other and required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Walsenburg's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Walsenburg's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful

indicator of whether the financial position of the City of Walsenburg is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Walsenburg that are principally supported by taxes and intergovernmental revenues (Governmental Activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-type Activities). The Governmental Activities of the City of Walsenburg include general government, public safety (police & code enforcement), public works administration, streets, planning and economic development, and parks and recreation. The Business-type Activities of the City of Walsenburg include Water, Gas, Sewer and the Water Park.

The government-wide financial statements include only the City of Walsenburg.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and bond covenants, however, City Council establishes other funds to help control and manage spendable resources for particular purposes (i.e. Capital Improvement Fund). All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds — Some important basic services are reported in governmental funds, which focus on how spendable resources flow into and out of those funds and the balances left at year-end that are available for future years. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation that accompanies the fund financial statements. Walsenburg's government funds are the following: General Fund, Capital Improvement Fund, Streets Improvement Fund, Northlands General Improvement District Fund, Downtown General Improvement

District Fund and Conservation Trust Fund.

Proprietary funds — The City maintains governmental proprietary funds as well as the business-type proprietary funds. Financial activity in these funds wholly comprises all relationships between the operational costs for the particular services each fund represents and all fees that are collected to compensate these service expenditures. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. For the business-type propriety funds the City provides several utilities, or enterprise funds. All are reported in the government-wide statements, but more detail and additional information are provided such as cash flows. Governmental propriety funds include Internal Services. Walsenburg’s proprietary funds are the Gas Fund, Water Fund, Sewer Fund, Water Park Fund and Internal Service Fund.

Fiduciary funds — Resources held for the benefit of parties outside the government are reported in fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s operations. The accounting used for fiduciary funds is similar to that used for proprietary funds. The City maintains a Volunteer Firefighters’ Pension Fund.

The basic fiduciary fund financial statements can be found within the basic financial statements, just before the Notes to the Financial Statements.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the basic financial statements.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents the combining statements for the City’s non-major Governmental Funds. Schedules that compare actual revenues and expenditures/expenses to budgeted amounts are also included. Combining and individual fund statements and schedules can be found after the Notes in the financial section. Non-major government funds are the Downtown General Improvement District Fund and Conservation Trust Fund.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by approximately \$25.6 million at the close of 2018. A condensed Statement of Net

	CONDENSED STATEMENT OF NET POSITION					
	Governmental Activities		Business-type Activities		Total	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
ASSETS						
Current and Other Assets	\$ 2,472,363	\$ 2,752,606	\$ 12,235,481	\$ 5,456,853	\$ 14,707,844	\$ 8,209,459
Capital Assets	4,668,128	4,787,435	27,025,871	26,135,732	31,693,999	30,923,167
Total Assets	<u>7,140,491</u>	<u>7,540,041</u>	<u>39,261,352</u>	<u>31,592,585</u>	<u>46,401,843</u>	<u>39,132,626</u>
DEFERRED OUTFLOWS						
	-	-	122,435	131,853	122,435	131,853
LIABILITIES						
Current Liabilities	134,589	313,193	1,384,005	1,551,381	1,518,594	1,864,574
Noncurrent Liabilities	112,900	164,946	18,899,091	11,794,563	19,011,991	11,959,509
Total Liabilities	<u>247,489</u>	<u>478,139</u>	<u>20,283,096</u>	<u>13,345,944</u>	<u>20,530,585</u>	<u>13,824,083</u>
DEFERRED INFOWS						
	363,661	368,983	-	-	363,661	368,983
NET POSITION						
Net Investment in Capital Assets	4,576,718	4,661,009	6,851,285	12,977,404	11,428,003	17,638,413
Restricted	2,343,633	2,604,214	4,978,413	4,978,413	7,322,046	7,582,627
Unrestricted	(391,010)	(572,304)	7,270,993	422,677	6,879,983	(149,627)
Total Net Position	<u>\$ 6,529,341</u>	<u>\$ 6,692,919</u>	<u>\$ 19,100,691</u>	<u>\$ 18,378,494</u>	<u>\$ 25,630,032</u>	<u>\$ 25,071,413</u>

Restricted assets at the end of 2018 were \$7.32 million and are available only for specific projects as identified in the respective funding documents. Net investment in capital assets totaled \$11.4 million at December 31, 2018, leaving unrestricted net position of \$6.9 million, which may be used to meet the City's ongoing obligations to citizens and creditors.

The City continues to maintain positive net position for the primary government, as well as for the governmental and business-type activities.

CHANGES IN NET POSITION

The City's total revenues of \$6.75 million exceeded program expenditures of \$6.19 million. The total increase in net position for 2018 is approximately \$558 thousand.

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
PROGRAM REVENUES						
Charges for Services	\$ 389,908	\$ 332,216	\$ 3,875,360	\$ 3,763,274	\$ 4,265,268	\$ 4,095,490
Operating Grants	518,216	489,687	10,826	101,791	529,042	591,478
Capital Grants	-	-	31,745	2,219,222	31,745	2,219,222
Total Program Revenues	<u>908,124</u>	<u>821,903</u>	<u>3,917,931</u>	<u>6,084,287</u>	<u>4,826,055</u>	<u>6,906,190</u>
GENERAL REVENUES						
Property Taxes	273,935	283,905	-	-	273,935	283,905
Specific Ownership Taxes	25,895	26,239	-	-	25,895	26,239
Sales Taxes	1,214,260	1,225,200	-	-	1,214,260	1,225,200
Franchise Taxes	127,980	113,919	-	-	127,980	113,919
Other Taxes	109,977	123,340	-	-	109,977	123,340
Interest Income	17,901	11,143	146,131	117,510	164,032	128,653
Gain (Loss) on Capital Assets	-	29,595	-	-	-	29,595
Insurance Proceeds	2,043	6,553	1,000	5,923	3,043	12,476
Other Revenues	4,650	40,530	-	-	4,650	40,530
Total General Revenues	<u>1,776,641</u>	<u>1,860,424</u>	<u>147,131</u>	<u>123,433</u>	<u>1,923,772</u>	<u>1,983,857</u>
TRANSFERS						
	<u>(511,525)</u>	<u>(517,440)</u>	<u>511,525</u>	<u>517,440</u>	<u>-</u>	<u>-</u>
Total Revenues & Transfers	<u>2,173,240</u>	<u>2,164,887</u>	<u>4,576,587</u>	<u>6,725,160</u>	<u>6,749,827</u>	<u>8,890,047</u>
PROGRAM EXPENSES						
General Government	557,424	558,738	-	-	557,424	558,738
Public Safety	717,059	771,420	-	-	717,059	771,420
Public Works	869,647	645,152	-	-	869,647	645,152
Culture and Recreation	185,853	178,527	-	-	185,853	178,527
Water Operations	-	-	962,694	1,384,781	962,694	1,384,781
Sewer Operations	-	-	1,437,199	1,182,329	1,437,199	1,182,329
Noncapitalized Capital Outlay	-	-	1,271,348	1,455,561	1,271,348	1,455,561
Wild Waters (Nonmajor)	-	-	183,150	192,190	183,150	192,190
Interest	114	223	-	-	114	223
Depreciation - unallocated	6,721	-	-	-	6,721	-
Total Program Expenses	<u>2,336,818</u>	<u>2,154,060</u>	<u>3,854,391</u>	<u>4,214,861</u>	<u>6,191,209</u>	<u>6,368,921</u>
CHANGE IN NET POSITION						
	(163,578)	10,827	722,196	2,510,299	558,618	2,521,126
Net Position, Beginning	6,692,919	6,682,092	18,378,495	15,868,195	25,071,414	22,550,287
NET POSITION, ENDING	<u>\$ 6,529,341</u>	<u>\$ 6,692,919</u>	<u>\$ 19,100,691</u>	<u>\$ 18,378,494</u>	<u>\$ 25,630,032</u>	<u>\$ 25,071,413</u>

Governmental Activities

Governmental activities decreased Walsenburg's net position by approximately \$163 thousand during the year 2018. This was largely due to expenditures in the Streets and Capital Improvement funds invested in capital assets during the year.

Business-type Activities

Business-type activities increased Walsenburg's net position by \$722 thousand during the year 2018. Cash expenses in the Water Park exceeded revenue, and this fund depends on transfers in to support operations. The gas, water and sewer funds generated net operating income and an increase in net position before fund transfers.

Budgetary Highlights

The City's budgets are prepared in accordance with the Colorado Revised Statutes. Differences between the original and final budgets result from transfers between departments and supplemental appropriations made during the year. The transfers between departments are generally the result of the City's budget management process which monitors department budgets and the budget in total. The City Council, upon request of the City Administrator, may transfer funds from departments with anticipated budget surpluses to those with anticipated budget shortfalls. Transfers of this type have no impact on the budget in total.

- \$160,500 transferred to the General Fund.
- \$276,800 transferred to the Water Fund
- \$234,725 transferred to the Sewer Fund.

General Fund revenues in 2018 were less than the anticipated budget by \$178,516 (9.5%).

Capital Asset and Debt Administration

Capital Assets - The City of Walsenburg invested approximately \$62,280 and \$1.9 million in capital assets for its governmental-type and business-type activities, respectively, during the year ended December 31, 2018. The City's total investment in land, buildings, equipment and vehicles is \$30.63 million city-wide after applying depreciation.

	12/31/17			12/31/18
Governmental Activities	Audit	Additions	Deletions	Balance
Capital Assets not being Depreciated				-
Land	\$ 2,015,386	\$ -	\$ -	2,015,386
Capital Assets being Depreciated				
Buildings and Improvements	1,730,970	9,300	-	1,740,270
Infrastructure	2,476,339	-	-	2,476,339
Equipment and Furniture	851,467	-	-	851,467
Vehicles	25,605	52,980	-	78,585
Software	20,595	-	-	20,595
Total Capital Assets being Depreciated	<u>5,104,976</u>	<u>62,280</u>	<u>-</u>	<u>5,167,256</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(1,251,216)	(35,208)	-	(1,286,424)
Infrastructure	(621,990)	(61,909)	-	(683,899)
Equipment and Furniture	(437,418)	(74,052)	-	(511,470)
Vehicles	(1,707)	(10,419)	-	(12,126)
Software	<u>(20,595)</u>	<u>-</u>	<u>-</u>	<u>(20,595)</u>
Total Accumulated Depreciation	<u>(2,332,926)</u>	<u>(181,588)</u>	<u>-</u>	<u>(2,514,514)</u>
Net Capital Assets	<u>\$ 4,787,436</u>	<u>\$ (119,308)</u>	<u>\$ -</u>	<u>\$ 4,668,128</u>

	12/31/17		12/31/18	
Business-type Activities	Audit	Additions	Deletions	Balance
Capital Assets not being Depreciated				
Land, Easements and Water Rights	\$ 2,588,765	\$ 1,112,128	\$ -	3,700,893
Construction in Progress	883,843	567,830	148,664	1,600,337
Total Capital Assets not being Depreciated	<u>3,472,608</u>	<u>1,679,958</u>	<u>148,664</u>	<u>5,301,230</u>
Capital Assets being Depreciated				
Buildings and Improvements	12,593,765	-	-	12,593,765
Utility Plant and Improvements	22,279,290	117,914	-	22,397,204
Equipment and Furniture	1,074,596	71,137	-	1,145,733
Vehicles	176,510	27,780	-	204,290
Total Capital Assets being Depreciated	<u>36,124,161</u>	<u>216,831</u>	<u>-</u>	<u>36,340,992</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(9,224,706)	(131,441)	-	(9,356,147)
Utility Plant and Improvements	(5,079,724)	(547,514)	-	(5,627,238)
Equipment and Furniture	(578,897)	(69,522)	-	(648,419)
Vehicles	(27,195)	(26,290)	-	(53,485)
Total Accumulated Depreciation	<u>(14,910,522)</u>	<u>(774,767)</u>	<u>-</u>	<u>(15,685,289)</u>
Net Capital Assets	<u>\$ 24,686,247</u>	<u>\$ 1,122,022</u>	<u>\$ 148,664</u>	<u>\$ 25,956,933</u>

The City depreciates all capital assets except land utilizing straight-line depreciation applied to the useful life of each respective asset.

Long-term Debt - At the end of 2018, the City has long-term debt totaling \$18.9 million, of which \$130,000 is applicable to governmental activities, and \$18.77 million applies to business-type activities.

	12/31/17		12/31/18	
	Balance	Advances	Payments	Balance
Governmental Activities				
Capital lease obligations	\$ 126,427	\$ -	\$ 35,016	\$ 91,411
Compensated absences	69,119	-	30,599	38,520
Total Governmental Activities	<u>\$ 195,546</u>	<u>\$ -</u>	<u>\$ 65,615</u>	<u>\$ 129,931</u>
Business-type Activities				
Revenue bonds:				
2017A Revenue Bonds	\$ 3,592,599	\$ -	\$ 51,540	\$ 3,541,059
2017B Revenue Bonds	71,246	-	1,157	70,089
2017C Revenue Bonds	8,045,000	-	437,035	7,607,965
2018 CWCB Note Payable	-	6,889,210	-	6,889,210
Short-term Water Rights Note Payable	-	700,000	-	700,000
Compensated absences	85,718	5,051	-	90,769
Total Business-type Activities	<u>\$ 11,794,563</u>	<u>\$ 7,594,261</u>	<u>\$ 489,732</u>	<u>\$ 18,899,092</u>

Other Matters

Factors which are expected to have a significant impact on the City's 2018 budget include:

1. Tax revenues will provide a favorable result.

Sales taxes collections in 2019 increased 2% over 2018 receipts due the improving economy in surrounding areas and due to the increased travel through the City. The City continues to seek additional revenues to meet the needs of its citizens.

2. The City is obliged to pay \$721,900 in principal and interest on bonds in the Water and Sewer Funds.

Water and sewer rates were adjusted in 2011 to account for the repayment of the construction bonds so this payment should not cause a major impact; however, maintenance and repair of the aging infrastructure remain a major concern. The City continues to monitor and adjust water and sewer rates as necessary. The City restructured the financing for the bonds in the Water and Sewer Funds in 2017 to take advantage of lower interest rates and reduce interest expense going forward.

3. The City Lake Dam is under capacity restriction by the State Dam Engineer. The City is expected to reconstruct the dam beginning in January of 2019. City Lake is the main water storage facility that feeds the water treatment plant for the City's potable water supply.

The City has secured funding from the Colorado Water Conservation Board (CWCB) for the reconstruction and expansion of City Lake to secure the City's potable water supply and protect its storage rights. Funding is in the form a a loan of \$6.8 million and a grant of \$804,000. The loan is for a 30-year term at a 2% interest rate. Repayment of the loan will not begin until construction is complete in Q4 of 2019. The loan will be repaid through the current water fund revenues. The City does not anticipate an increase in water rates or debt service fees in order to repay the loan to CWCB.

4. Fire Recovery and Flood Mitigation from the 2018 Spring Fire.

In 2018 Huerfano County experienced a historic wildfire that devastated over 100,000 acres. The resulting impact to the burn area and watershed prompted the State and NRCS to extend fire recovery and flood mitigation efforts into Huerfano County and the City of Walsenburg. NRCS awarded the City with a grant of \$2.2 M for the purpose of infrastructure protection and Cucharas River flood mitigation to protect life and property in the City of Walsenburg. The City has an un-funded match requirement for the 2019 fiscal year of \$78,000. A portion of the match requirement will be funded through in-kind activities as well as volunteer hours that can be applied toward the match.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to show the City's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the City Administrator at City of Walsenburg, 525 South Albert Street, Walsenburg, CO 81089, or at cityadmin@cityofwalsenburg.com.

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

City Council
City of Walsenburg
Walsenburg, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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 City of Walsenburg, Colorado, as of and for the year ended December 31, 2018, and the related notes to the financial statements which collectively comprise the City'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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 City of Walsenburg, Colorado, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City of Walsenburg's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis

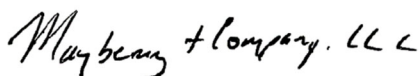
Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining and budgetary comparison statements and schedules listed as other supplementary information pages 39-54 are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Local Highway Finance Report* pages 55-59 are presented for purposes of legal compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Englewood, Colorado
September 30, 2019

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the City's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of all funds and activities as of December 31, 2018.

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CITY OF WALSENBURG, COLORADO

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash and Investments	\$ 1,645,802	\$ 4,176,462	\$ 5,822,264
Restricted Cash and Investments	178,436	710,000	888,436
Receivables			
Property Tax Receivable	207,073	-	207,073
Utility Receivable	-	527,071	527,071
Cash with Fiscal Agent	38,910	6,821,000	6,859,910
Accounts Receivable	287,556	1,017	288,573
Internal Balances	110,022	(110,022)	-
Inventory	-	84,892	84,892
Prepaid Expenses	4,564	25,061	29,625
Total Current Assets	<u>2,472,363</u>	<u>12,235,481</u>	<u>14,707,844</u>
Noncurrent Assets			
Capital Assets not being Depreciated	2,015,386	4,708,903	6,724,289
Capital Assets being Depreciated	5,167,256	36,635,993	41,803,249
Accumulated Depreciation	(2,514,514)	(15,685,289)	(18,199,803)
Loans Receivable	-	1,185,071	1,185,071
Other Noncurrent Assets	-	181,193	181,193
Total Noncurrent Assets	<u>4,668,128</u>	<u>27,025,871</u>	<u>31,693,999</u>
TOTAL ASSETS	<u>7,140,491</u>	<u>39,261,352</u>	<u>46,401,843</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES			
Deferred Charge on Refunding	-	122,435	122,435
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 7,140,491</u>	<u>\$ 39,383,787</u>	<u>\$ 46,524,278</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 54,043	\$ 760,887	\$ 814,930
Accrued Liabilities	71,669	5,036	76,705
Accrued Salaries and Benefits	8,877	16,401	25,278
Retainage Payable	-	22,776	22,776
Deposits and Escrow	-	558,836	558,836
Accrued Interest Payable	-	20,069	20,069
Total Current Liabilities	<u>134,589</u>	<u>1,384,005</u>	<u>1,518,594</u>
Noncurrent Liabilities			
Due within one year	32,440	1,203,589	1,236,029
Due in more than one year	80,460	17,695,502	17,775,962
Total Noncurrent Liabilities	<u>112,900</u>	<u>18,899,091</u>	<u>19,011,991</u>
TOTAL LIABILITIES	<u>247,489</u>	<u>20,283,096</u>	<u>20,530,585</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	207,073	-	207,073
Other Deferred Inflows	156,588	-	156,588
TOTAL DEFERRED INFLOWS	<u>363,661</u>	<u>-</u>	<u>363,661</u>
NET POSITION			
Net Investment in Capital Assets	4,576,718	6,851,285	11,428,003
Restricted Net Position	2,343,633	4,978,413	7,322,046
Unrestricted Net Position	(391,010)	7,270,993	6,879,983
TOTAL NET POSITION	<u>6,529,341</u>	<u>19,100,691</u>	<u>25,630,032</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 7,140,491</u>	<u>\$ 39,383,787</u>	<u>\$ 46,524,278</u>

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

CITY OF WALSENBURG

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
FUNCTIONS/PROGRAMS				
Government Activities				
Current:				
General Government	\$ 565,922	\$ 343,035	\$ 61,522	\$ -
Public Safety	722,180	4,506	-	-
Public Works	861,818	42,367	441,643	-
Culture and Recreation	186,783	-	15,051	-
Interest on Debt	114	-	-	-
TOTAL GOVERNMENT ACTIVITIES	2,336,817	389,908	518,216	-
Business-type Activities				
Current:				
Natural Gas	962,694	1,238,204	-	1,660
Water	1,437,199	1,380,678	826	24,346
Sewer	1,271,348	1,198,210	-	5,739
Wild Waters (Nonmajor)	183,150	58,268	10,000	-
TOTAL BUSINESS-TYPE ACTIVITIES	3,854,391	3,875,360	10,826	31,745
TOTAL GOVERNMENT	\$ 6,191,208	\$ 4,265,268	\$ 529,042	\$ 31,745
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Sales Taxes				
Franchise Taxes				
Other Taxes				
Interest Income				
Insurance Proceeds				
Other Revenues				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION - Beginning				
NET POSITION - Ending				

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
\$ (161,365)	\$ -	\$ (161,365)
(717,674)	-	(717,674)
(377,808)	-	(377,808)
(171,732)	-	(171,732)
(114)	-	(114)
<u>(1,428,693)</u>	<u>-</u>	<u>(1,428,693)</u>
-	277,170	277,170
-	(31,349)	(31,349)
-	(67,399)	(67,399)
-	(114,882)	(114,882)
-	<u>63,540</u>	<u>63,540</u>
<u>(1,428,693)</u>	<u>63,540</u>	<u>(1,365,153)</u>
273,935	-	273,935
25,895	-	25,895
1,214,260	-	1,214,260
127,980	-	127,980
109,977	-	109,977
17,901	146,131	164,032
2,043	1,000	3,043
4,649	-	4,649
<u>(511,525)</u>	<u>511,525</u>	<u>-</u>
<u>1,265,115</u>	<u>658,656</u>	<u>1,923,771</u>
(163,578)	722,196	558,618
<u>6,692,919</u>	<u>18,378,495</u>	<u>25,071,414</u>
<u>\$ 6,529,341</u>	<u>\$ 19,100,691</u>	<u>\$ 25,630,032</u>

CITY OF WALSENBURG, COLORADO

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2018

With Comparative Totals for December 31, 2017

	General Fund	SPECIAL	
		REVENUE	CAPITAL PROJECT
		FUND	FUNDS
		Northlands Gen Imp Dist Fund	Street Improvement Fund
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash and Investments	\$ 149,060	\$ 220,690	\$ 1,528,246
Restricted Cash and Investments	-	178,436	-
Receivables			
Property Tax Receivable	205,279	-	-
Cash with Fiscal Agent	38,910	-	-
Accounts Receivable	105,743	63,083	60,770
Internal Balances	(43,714)	-	84,911
Prepaid Expenses	4,564	-	-
TOTAL ASSETS	\$ 459,842	\$ 462,209	\$ 1,673,927
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 19,076	\$ -	\$ 32,101
Accrued Liabilities	71,669	-	-
Accrued Salaries and Benefits	8,877	-	-
Retainage Payable	-	-	-
TOTAL LIABILITIES	99,622	-	32,101
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	205,279	-	-
Other Deferred Inflows	-	156,588	-
TOTAL DEFERRED INFLOWS	205,279	156,588	-
FUND BALANCE			
Nonspendable Fund Balance	4,564	-	-
Restricted Fund Balance	159,000	305,621	1,641,826
Unassigned Fund Balance	(8,623)	-	-
TOTAL FUND BALANCE	154,941	305,621	1,641,826
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 459,842	\$ 462,209	\$ 1,673,927

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

Other Funds	Total	
	2018	2017
\$ (217,810)	\$ 1,680,186	\$ 1,994,813
-	178,436	165,436
1,794	207,073	212,395
-	38,910	23,670
57,960	287,556	241,706
397,036	438,233	438,233
-	4,564	4,564
<u>\$ 238,980</u>	<u>\$ 2,834,958</u>	<u>\$ 3,080,817</u>

\$ -	\$ 51,177	\$ 175,701
-	71,669	114,792
-	8,877	5,882
-	-	13,953
-	131,723	310,328
1,794	207,073	212,395
-	156,588	156,588
<u>1,794</u>	<u>363,661</u>	<u>368,983</u>
-	4,564	4,564
237,186	2,343,633	2,604,214
-	(8,623)	(207,272)
<u>237,186</u>	<u>2,339,574</u>	<u>2,401,506</u>
<u>\$ 238,980</u>	<u>\$ 2,834,958</u>	<u>\$ 3,080,817</u>

CITY OF WALSENBURG, COLORADO

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2018**

Fund Balance - Governmental Funds		\$ 2,339,574
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	\$ 2,015,386	
Capital assets, being depreciated	4,767,167	
Accumulated depreciation	<u>(2,394,365)</u>	4,388,188
Internal Service operations primarily benefit Governmental Activities		
Internal Service Fund Net Position		(176,931)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Accrued compensated absences		<u>(21,490)</u>
Total Net Position - Governmental Activities		<u>\$ 6,529,341</u>

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

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CITY OF WALSENBURG, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	General Fund	Special Revenue	Capital Projects
		Funds	
		Northlands Gen Imp Dist Fund	Street Improvement Fund
REVENUES			
Taxes	\$ 816,998	\$ 123,561	\$ 404,753
Intergovernmental Revenues	500,243	-	-
Licenses and Permits	127,001	-	-
Fines and Forfeits	3,312	-	-
Internal Charges	230,285	-	-
Charges for Services	2,935	26,375	-
Investment Earnings	15	3,622	7,061
Other Revenues	7,017	-	-
TOTAL REVENUES	1,687,806	153,558	411,814
EXPENDITURES			
Current:			
General Government	281,565	152,436	-
Public Safety	717,059	-	-
Public Works	365,076	-	589
Parks, Recreation and Other	160,426	-	-
Capital Outlay	121,055	-	429,718
Debt Service	3,476	-	-
TOTAL EXPENDITURES	1,648,657	152,436	430,307
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	39,149	1,122	(18,493)
OTHER FINANCING SOURCES (USES)			
Transfers (In)	160,500	1,488	-
Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	160,500	1,488	-
NET CHANGE IN FUND BALANCE - GAAP BASIS	199,649	2,610	(18,493)
FUND BALANCE, BEGINNING	(44,708)	303,011	1,660,319
FUND BALANCE, ENDING	\$ 154,941	\$ 305,621	\$ 1,641,826

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

	Other Funds	Total	
		2018	2017
\$	406,732	\$ 1,752,044	\$ 1,772,602
	15,051	515,294	489,523
	-	127,001	68,561
	-	3,312	3,379
	-	230,285	229,258
	-	29,310	31,019
	7,204	17,902	11,146
	2,599	9,616	76,839
	<u>431,586</u>	<u>2,684,764</u>	<u>2,682,327</u>
	3,771	437,772	442,001
	-	717,059	771,420
	-	365,665	330,793
	-	160,426	153,100
	-	550,773	309,917
	-	3,476	3,476
	<u>3,771</u>	<u>2,235,171</u>	<u>2,010,707</u>
	<u>427,815</u>	<u>449,593</u>	<u>671,620</u>
	-	161,988	199,358
	<u>(673,513)</u>	<u>(673,513)</u>	<u>(819,798)</u>
	<u>(673,513)</u>	<u>(511,525)</u>	<u>(620,440)</u>
	<u>(245,698)</u>	<u>(61,932)</u>	<u>51,180</u>
	<u>482,884</u>	<u>2,401,506</u>	<u>2,350,326</u>
\$	<u>237,186</u>	<u>\$ 2,339,574</u>	<u>\$ 2,401,506</u>

CITY OF WALSENBURG, COLORADO

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018**

Change in Fund Balance - Governmental Funds		\$	(61,932)
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	62,280		
Depreciation Expense	<u>(135,859)</u>		(73,579)
Internal Service operations primarily benefit Governmental Activities			
Change in net position - Internal Service Funds			(48,459)
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level			
Principal payments on capital leases	3,362		
Change in accrued compensated absences	<u>17,030</u>		<u>20,392</u>
Change in Net Position - Governmental Activities		\$	<u><u>(163,578)</u></u>

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

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CITY OF WALSENBURG, COLORADO

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2018

With Comparative Totals for December 31, 2017

	Business-type Activities			
	Natural Gas	Water	Sewer	Wild Waters (Nonmajor)
	Fund	Fund	Fund	Fund
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments				
Cash and Investments	\$ 2,006,740	\$ 1,205,401	\$ 1,016,904	\$ (52,583)
Restricted Cash and Investments	-	333,700	376,300	-
Receivables				
Intergovernmental Receivables	-	-	-	-
Utility Receivable	249,199	134,171	143,701	-
Cash with Fiscal Agent	-	6,821,000	-	-
Accounts Receivable	(174)	1,297	(106)	-
Internal Balances	142,883	476,860	(388,026)	(341,739)
Inventory	84,892	-	-	-
Prepaid Expenses	1,148	21,427	1,734	752
Total Current Assets	<u>2,484,688</u>	<u>8,993,856</u>	<u>1,150,507</u>	<u>(393,570)</u>
Noncurrent Assets				
Capital Assets not being depreciated	35,500	4,380,355	219,947	73,101
Capital Assets being depreciated	8,355,907	12,945,726	13,021,847	2,312,513
Accumulated Depreciation	(6,719,269)	(6,740,492)	(1,514,486)	(711,042)
Loans Receivable	-	1,185,071	-	-
Other Noncurrent Assets	1,759	34,166	130,377	14,891
Total Noncurrent Assets	<u>1,673,897</u>	<u>11,804,826</u>	<u>11,857,685</u>	<u>1,689,463</u>
TOTAL ASSETS	<u>4,158,585</u>	<u>20,798,682</u>	<u>13,008,192</u>	<u>1,295,893</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES				
Deferred Charge on Refunding	-	57,992	64,443	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 4,158,585</u>	<u>\$ 20,856,674</u>	<u>\$ 13,072,635</u>	<u>\$ 1,295,893</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 184,676	\$ 533,962	\$ 41,856	\$ 393
Accrued Liabilities	6,521	(646)	-	(839)
Accrued Salaries and Benefits	4,793	6,119	5,489	-
Retainage Payable	-	22,776	-	-
Deposits and Escrow	445,253	113,583	-	-
Accrued Interest Payable	-	9,034	11,035	-
Total Current Liabilities	<u>641,243</u>	<u>684,828</u>	<u>58,380</u>	<u>(446)</u>
Noncurrent Liabilities				
Due within one year	-	911,232	292,357	-
Due in more than one year	26,243	10,286,431	7,382,828	-
Total Noncurrent Liabilities	<u>26,243</u>	<u>11,197,663</u>	<u>7,675,185</u>	<u>-</u>
TOTAL LIABILITIES	<u>667,486</u>	<u>11,882,491</u>	<u>7,733,565</u>	<u>(446)</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
NET POSITION				
Net Investment in Capital Assets	1,672,138	(579,364)	4,083,939	1,674,572
Restricted Net Position	3,791,728	1,186,685	-	-
Unrestricted Net Position	(1,972,767)	8,366,862	1,255,131	(378,233)
TOTAL NET POSITION	<u>3,491,099</u>	<u>8,974,183</u>	<u>5,339,070</u>	<u>1,296,339</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 4,158,585</u>	<u>\$ 20,856,674</u>	<u>\$ 13,072,635</u>	<u>\$ 1,295,893</u>

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

<u>Govt Act</u>			
<u>Total Enterprise</u>	<u>Internal Service</u>	<u>Total</u>	
<u>Funds</u>	<u>Funds</u>	<u>2018</u>	<u>2017</u>
\$ 4,176,462	\$ (34,384)	\$ 4,142,078	\$ 3,716,998
710,000	-	710,000	710,000
-	-	-	502,023
527,071	-	527,071	539,214
6,821,000	-	6,821,000	-
1,017	-	1,017	1,885
(110,022)	(328,211)	(438,233)	(110,022)
84,892	-	84,892	85,999
25,061	-	25,061	10,756
<u>12,235,481</u>	<u>(362,595)</u>	<u>11,872,886</u>	<u>5,456,853</u>
4,708,903	-	4,708,903	3,177,609
36,635,993	400,089	37,036,082	36,419,163
(15,685,289)	(120,149)	(15,805,438)	(14,910,523)
1,185,071	-	1,185,071	1,264,334
181,193	-	181,193	185,149
<u>27,025,871</u>	<u>279,940</u>	<u>27,305,811</u>	<u>26,135,732</u>
39,261,352	(82,655)	39,178,697	31,592,585
122,435	-	122,435	131,853
<u>\$ 39,383,787</u>	<u>\$ (82,655)</u>	<u>\$ 39,301,132</u>	<u>\$ 31,724,438</u>
\$ 760,887	\$ 2,866	\$ 763,753	\$ 700,285
5,036	-	5,036	-
16,401	-	16,401	14,425
22,776	-	22,776	-
558,836	-	558,836	816,248
20,069	-	20,069	20,422
<u>1,384,005</u>	<u>2,866</u>	<u>1,386,871</u>	<u>1,551,380</u>
1,203,589	32,440	1,236,029	489,733
<u>17,695,502</u>	<u>58,970</u>	<u>17,754,472</u>	<u>11,304,830</u>
<u>18,899,091</u>	<u>91,410</u>	<u>18,990,501</u>	<u>11,794,563</u>
<u>20,283,096</u>	<u>94,276</u>	<u>20,377,372</u>	<u>13,345,943</u>
6,851,285	188,530	7,039,815	12,977,404
4,978,413	-	4,978,413	5,850,592
7,270,993	(365,461)	6,905,532	(449,501)
<u>19,100,691</u>	<u>(176,931)</u>	<u>18,923,760</u>	<u>18,378,495</u>
<u>\$ 39,383,787</u>	<u>\$ (82,655)</u>	<u>\$ 39,301,132</u>	<u>\$ 31,724,438</u>

CITY OF WALSENBURG, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	Business-type Activities				
	Natural Gas	Water	Sewer	Wild Waters (Nonmajor)	Total Enterprise
	Fund	Fund	Fund	Fund	Funds
Operating Revenues					
Utility Charges	\$ 1,198,935	\$ 1,253,586	\$ 1,044,459	\$ -	\$ 3,496,980
Recreation Charges	-	-	-	53,268	53,268
Rents	-	7,686	-	-	7,686
Internal Charges	-	-	152,436	-	152,436
Other Charges for Services	39,269	119,406	1,315	5,000	164,990
Total Revenues	<u>1,238,204</u>	<u>1,380,678</u>	<u>1,198,210</u>	<u>58,268</u>	<u>3,875,360</u>
Operating Expenses					
Personnel Services	319,865	345,921	303,286	46,446	1,015,518
Commodity Charges	298,338	1,284	-	-	299,622
Administrative/Office Expenses	16,659	17,973	15,637	507	50,776
Insurance	13,025	13,025	24,359	1,737	52,146
Internal Charges	77,639	89,610	63,036	-	230,285
Operating Supplies	15,904	75,050	32,694	37,248	160,896
Professional Fees/Contracted Services	57,082	251,668	74,260	311	383,321
Repairs and Maintenance	30,542	119,808	66,395	6,398	223,143
Travel and Training	1,876	4,801	2,801	324	9,802
Telephone and Utilities	20,959	44,347	138,018	26,592	229,916
Other Operating Expenses	8,086	3,600	6,578	630	18,894
Depreciation Expense	94,428	293,933	323,448	62,957	774,766
Other Capital Outlay	8,291	110,750	12,508	-	131,549
Total Expenditures	<u>962,694</u>	<u>1,371,770</u>	<u>1,063,020</u>	<u>183,150</u>	<u>3,580,634</u>
Operating Income (Loss)	<u>275,510</u>	<u>8,908</u>	<u>135,190</u>	<u>(124,882)</u>	<u>294,726</u>
Other Income (Expense)					
Intergovernmental Revenue	-	826	-	10,000	10,826
Investment Earnings	30,248	107,353	8,530	-	146,131
Other Revenue	-	1,000	-	-	1,000
Interest Expense	-	(65,429)	(208,328)	-	(273,757)
Gain (Loss) on Sale of Assets	-	-	-	-	-
Total Other Income (Expense)	<u>30,248</u>	<u>43,750</u>	<u>(199,798)</u>	<u>10,000</u>	<u>(115,800)</u>
Net Income (Loss) before Transfers	305,758	52,658	(64,608)	(114,882)	178,926
Transfers					
Transfers In/(Out)	-	276,800	234,725	-	511,525
Net Income (Loss)	<u>305,758</u>	<u>329,458</u>	<u>170,117</u>	<u>(114,882)</u>	<u>690,451</u>
Contributed Capital					
Plant Investment Fees	1,660	24,346	5,700	-	31,706
Intergovernmental Revenue	-	-	39	-	39
Change in Net Position	307,418	353,804	175,856	(114,882)	722,196
Net Position, Beginning	<u>3,183,681</u>	<u>8,620,379</u>	<u>5,163,214</u>	<u>1,411,221</u>	<u>18,378,495</u>
Net Position, Ending	<u>\$ 3,491,099</u>	<u>\$ 8,974,183</u>	<u>\$ 5,339,070</u>	<u>\$ 1,296,339</u>	<u>\$ 19,100,691</u>

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

<u>Govt Activities</u>		
<u>Internal</u>		
<u>Service</u>		
<u>Funds</u>	<u>Total</u>	
	<u>2018</u>	<u>2017</u>
\$ -	\$ 3,496,980	\$ 3,420,401
-	53,268	59,130
-	7,686	32,599
-	152,436	101,624
-	164,990	149,520
-	<u>3,875,360</u>	<u>3,763,274</u>
-	1,015,518	930,887
-	299,622	657,811
-	50,776	41,906
-	52,146	70,835
-	230,285	229,258
-	160,896	190,854
-	383,321	669,509
-	223,143	132,853
-	9,802	21,662
-	229,916	228,350
-	18,894	64,900
45,728	820,494	646,333
-	<u>131,549</u>	<u>83,919</u>
<u>45,728</u>	<u>3,626,362</u>	<u>3,969,077</u>
<u>(45,728)</u>	<u>248,998</u>	<u>(205,803)</u>
-	10,826	101,791
-	146,131	117,510
-	1,000	5,923
(2,731)	(276,488)	(291,123)
-	-	(28,333)
<u>(2,731)</u>	<u>(118,531)</u>	<u>(94,232)</u>
(48,459)	130,467	(300,035)
-	511,525	620,441
<u>(48,459)</u>	<u>641,992</u>	<u>320,406</u>
-	31,706	39,160
-	39	2,180,062
(48,459)	673,737	2,539,628
<u>(128,472)</u>	<u>18,250,023</u>	<u>15,710,395</u>
<u>\$ (176,931)</u>	<u>\$ 18,923,760</u>	<u>\$ 18,250,023</u>

CITY OF WALSENBURG

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	Business-type Activities				
	Natural Gas	Water	Sewer	Wild Waters (Nonmajor)	Total Enterprise
	Fund	Fund	Fund	Fund	Funds
Cash Flows From Operating Activities:					
Cash Received from Customers	\$ 993,434	\$ 1,381,598	\$ 1,197,660	\$ 58,268	\$ 3,630,960
Cash Paid to Suppliers	(437,671)	(281,608)	(943,400)	(76,076)	(1,738,755)
Cash Paid to or on Behalf of Employees	(319,390)	(339,826)	(299,700)	(44,775)	(1,003,691)
Net Cash Provided by Operating Activities	<u>236,373</u>	<u>760,164</u>	<u>(45,440)</u>	<u>(62,583)</u>	<u>888,514</u>
Cash Flows From Capital and Related Financing Activities:					
Tap Fees Received	1,660	24,346	5,700	-	31,706
Loan Proceeds	-	7,589,210	-	-	7,589,210
Debt Principal Payments	-	(205,407)	(284,326)	-	(489,733)
Grant Proceeds	20,552	826	481,510	10,000	512,888
Interest Payments	-	(60,757)	(203,935)	-	(264,692)
Proceeds of Capital Asset Sales	-	-	-	-	-
Acquisition of Capital Assets	-	(1,716,133)	(9,215)	-	(1,725,348)
Cash Flows Used by Capital and Related Financing Activities:	<u>22,212</u>	<u>5,632,085</u>	<u>(10,266)</u>	<u>10,000</u>	<u>5,654,031</u>
Cash Flows (Uses) From Noncapital Financing Activities:					
Cash from Other Funds	-	276,800	234,725	-	511,525
Other Revenues (Expense)	-	1,000	-	-	1,000
Tax Revenue	-	(6,821,000)	-	-	(6,821,000)
Net Cash Provided (Used) by Noncapital Financing Activities:	<u>-</u>	<u>(6,543,200)</u>	<u>234,725</u>	<u>-</u>	<u>(6,308,475)</u>
Cash Flows (Uses) From Investing Activities:					
Proceeds from Loans Receivable	-	84,863	-	-	84,863
Interest Received	30,248	101,753	8,530	-	140,531
Net Cash Used by Investing Activities	<u>30,248</u>	<u>186,616</u>	<u>8,530</u>	<u>-</u>	<u>225,394</u>
Net Increase (Decrease) in Cash	288,833	35,665	187,549	(52,583)	459,464
Cash - Beginning	<u>1,717,907</u>	<u>1,503,436</u>	<u>1,205,655</u>	<u>-</u>	<u>4,426,998</u>
Cash - Ending	<u>\$ 2,006,740</u>	<u>\$ 1,539,101</u>	<u>\$ 1,393,204</u>	<u>\$ (52,583)</u>	<u>\$ 4,886,462</u>
Cash and Investments	\$ 2,006,740	\$ 1,205,401	\$ 1,016,904	\$ (52,583)	\$ 4,176,462
Restricted Cash and Investments	-	333,700	376,300	-	710,000
Total	<u>\$ 2,006,740</u>	<u>\$ 1,539,101</u>	<u>\$ 1,393,204</u>	<u>\$ (52,583)</u>	<u>\$ 4,886,462</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:					
Operating Income (Loss)	\$ 275,510	\$ 8,908	\$ 135,190	\$ (124,882)	\$ 294,726
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation Expense	94,428	293,933	323,448	62,957	774,766
Changes in Assets and Liabilities Related to Operations					
(Increase) Decrease in:					
Utility Receivable	18,457	(5,626)	(688)	-	12,143
Accounts Receivable	587	143	138	-	868
Inventory	1,107	-	-	-	1,107
Prepaid Expenses	-	(14,308)	-	-	(14,308)
Other Current Assets	-	-	-	-	-
Other Noncurrent Assets	23	2,036	1,703	194	3,956
(Increase) Decrease in:					
Accounts Payable	103,212	465,975	(508,572)	(13)	60,602
Accrued Liabilities	6,521	(646)	-	(839)	5,036
Accrued Salaries and Benefits	(100)	1,252	826	-	1,978
Deposits and Escrow	(263,814)	6,403	-	-	(257,411)
Accrued Compensated Absences	442	2,094	2,515	-	5,051
Total Adjustments	<u>(39,137)</u>	<u>751,256</u>	<u>(180,630)</u>	<u>62,299</u>	<u>593,788</u>
Net Cash Used for Operating Activities	<u>\$ 236,373</u>	<u>\$ 760,164</u>	<u>\$ (45,440)</u>	<u>\$ (62,583)</u>	<u>\$ 888,514</u>

The accompanying notes are an integral part of these financial statements

Govt Activities		
Internal		
Service		
Funds	Total	
	2018	2017
\$ -	\$ 3,630,960	\$ 4,072,066
-	(1,738,755)	(2,448,706)
-	(1,003,691)	(930,048)
-	<u>888,514</u>	<u>693,312</u>
-	31,706	39,160
-	7,589,210	13,413,892
(31,654)	(521,387)	(11,943,105)
-	512,888	2,080,446
(2,730)	(267,422)	(304,207)
-	-	(38,200)
-	(1,725,348)	(4,895,355)
(34,384)	<u>5,619,647</u>	<u>(1,647,369)</u>
-	511,525	800,341
-	1,000	5,923
-	(6,821,000)	-
-	(6,308,475)	806,264
-	84,863	78,359
-	140,531	128,669
-	<u>225,394</u>	<u>207,028</u>
(34,384)	425,080	59,235
-	4,426,998	4,367,763
\$ (34,384)	\$ 4,852,078	\$ 4,426,998
\$ (34,384)	\$ 4,142,078	\$ 3,716,998
-	710,000	710,000
\$ (34,384)	\$ 4,852,078	\$ 4,426,998
\$ (45,728)	\$ 248,998	\$ (205,803)
45,728	820,494	646,333
-	12,143	68,624
-	868	99,805
-	1,107	(3,933)
-	(14,308)	3,737
-	-	160
-	3,956	(117,155)
-	60,602	78,616
-	5,036	(12,986)
-	1,978	(574)
-	(257,411)	140,363
-	5,051	(3,875)
45,728	<u>639,516</u>	<u>899,115</u>
\$ -	\$ 888,514	\$ 693,312

CITY OF WALSENBURG, COLORADO

STATEMENT OF FIDUCIARY NET POSITION

VOLUNTEER FIREMENS' PENSION FUND

DECEMBER 31, 2018

With Comparative Totals for December 31, 2017

	Volunteer Firemens' Pension	Total	
	Fund	2018	2017
ASSETS			
Cash and Investments	\$ 35,300	\$ 35,300	\$ 38,701
NET POSITION			
Restricted Net Position	\$ 35,300	\$ 35,300	\$ 38,701

See accompanying Independent Auditors' Report.

CITY OF WALSENBURG, COLORADO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

VOLUNTEER FIREMENS' PENSION FUND

DECEMBER 31, 2018

With Comparative Totals for December 31, 2017

	Volunteer Firemens' Pension	Total	
	Fund	2018	2017
ADDITIONS			
Earnings on Investments	\$ 1,099	\$ 1,099	\$ 412
DEDUCTIONS			
Benefits Paid	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>
CHANGE IN NET POSITION	(3,401)	(3,401)	(4,088)
BEGINNING NET POSITION	<u>38,701</u>	<u>38,701</u>	<u>42,789</u>
ENDING NET POSITION	<u>\$ 35,300</u>	<u>\$ 35,300</u>	<u>\$ 38,701</u>

See accompanying Independent Auditors' Report.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Walsenburg, Colorado (the City), a municipal corporation, as defined by Colorado Revised Statutes (CRS), was established under CRS. An elected Mayor and City Council are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The City is located in Huerfano County, Colorado, and its major operations include police protection, road maintenance, utilities and culture and recreation.

This summary of the City of Walsenburg's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the City of Walsenburg conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the City and (b) organizations for which the City is financially accountable. The City is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. Consideration is also given to other organizations which are fiscally dependent, i.e., unable to adopt a budget, levy taxes or issue debt without approval by the City. Organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Blended Component Units. Based on the criteria above, the City has two component units. The Northlands General Improvement District has the power to acquire, construct or install public improvements within its own boundaries and to finance such improvements by levying a general property tax upon the benefiting property. The Northlands General Improvement District is a blended component unit presented as a major capital projects fund. The Walsenburg General Improvement District (the Downtown General Improvement District) is a blended component unit and is presented herein as a nonmajor special revenue fund. Each district is an entity which is legally separate from the City. The City Council, as required by state statute, sits as the Board of Directors for both districts. Services provided by each district are entirely for the benefit of the citizens of that district. The fiscal year end for both districts is December 31.

The City is not considered a component unit of any other government.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support. Likewise, the primary government is reported separately from the legally separate, discretely presented component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds, rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Measurement Focus and 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 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payments are due.

Sales taxes, intergovernmental grants and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting and Financial Statement Presentation (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds) and the capital projects funds. The following are the City's major and nonmajor governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Street Improvement Fund* is a major fund, categorized as a capital projects fund used to fund maintenance and/or capital outlay relating specifically to street improvements, supported by a designated 1.0% sales tax.

The *Northlands General Improvement District Fund* is a major fund, categorized as a special revenue fund because it accounts for the resources used to repay the Sewer Fund for the debt incurred related to Sewer capital assets constructed within the district's boundaries.

The *Capital Improvement Fund* is a nonmajor fund, categorized as a capital projects fund that is used to account for capital projects that are supported by a 1.0% sales tax, appropriations and/or advances from the General Fund or donations from private or public sources.

The *Downtown General Improvement District Fund* (formerly the Walsenburg General Improvement District), a nonmajor special revenue fund, accounts for assets and earnings to be used for specific purposes.

The *Conservation Trust Fund*, a nonmajor special revenue fund, accounts for lottery proceeds required to be expended solely on park and recreation activities.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as enterprise funds or internal service funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City reports the following proprietary or business-type funds:

The *Natural Gas Fund* is a major enterprise fund used to account for the purchase and delivery of natural gas to the citizens of the City.

The *Water Fund* is a major enterprise fund used to account for the purchase and delivery of water to the citizens of the City.

The *Sewer Fund* is a major enterprise fund used to account for sewer service provided to the citizens of the City.

The *Wild Waters Fund* is a nonmajor enterprise fund used to account for the membership, admissions and concessions revenues received by the City for the operation of a seasonal municipal swimming pool and water park.

The *Internal Service Fund* is an internal service fund used to account for fleet services used by the City.

Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and for other funds. The City reports the following fiduciary fund that is not included in the government-wide statements since the resources of the fund are not available to the City:

The *Volunteer Firefighters' Pension Fund* accounts for the volunteer firemen's pension investments.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the first meeting in August, the City Council is presented a budget adoption schedule for the subsequent year's budget
- (2) Prior to or by the first Council meeting in December, the budget is legally enacted through passage of an ordinance, after receiving input through public hearings.
- (3) The City Manager reports monthly to the City Council explaining any variance from the approved budget.
- (4) The City Charter requires the adoption of a budget for proprietary funds. Depreciation expense is not a budgeted item.
- (5) The City does not utilize encumbrance accounting and all appropriations lapse at year end.
- (6) Budgets presented are as originally adopted or amended by City Council.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and participation in local government investment pools. All cash equivalents have an original maturity date of less than three months. Cash balances from different funds are combined and invested to the extent possible in local government investment pools.

To improve cash management, cash received by the City is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as equity in pooled cash and cash equivalents, equity in pooled investments or equity in pooled restricted cash on the financial statements. Investments of the City's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are stated at fair value based on quoted market values, with the exception of certificates of deposit. These are stated at cost plus accrued interest, which approximates fair value.

Accounts Receivable

Receivables are reported net of an allowance for uncollectible accounts. The City writes off bad debts when accounts are deemed uncollectible. Receivables are reviewed annually to determine accounts that should be written off and to make any adjustments to allowance for doubtful accounts. As of December 31, 2018, the City had an allowance for uncollectible accounts relating to the Natural Gas Fund of \$4,874, Water Fund of \$2,486, and Sewer Fund of \$3,014, totaling \$10,374.

Property Taxes

Annual property taxes are levied and assessed on January 1 and are certified by the City by November 1 of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property. The County Treasurer also collects the property taxes and remits the collections on a monthly basis to the City. The City recognizes a receivable, net of estimated uncollectible accounts, for property tax levied upon certification by the County Treasurer. A deferred inflow of resources is recorded in the same amount since the taxes are not available at year end to fund expenditures of the current year.

Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses.

Inventory

Inventory consists of supplies for the City's use and, in the Natural Gas Fund, natural gas held in storage. Inventories are carried at the lower of cost or market using the first-in, first-out method.

Capital Assets

Capital assets, which include land, land improvements, distribution systems, buildings, equipment and vehicles, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year for all assets. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Years</u>
Land	N/A
Utility Plant	40
Streets (Infrastructure)	40
Buildings and Improvements	15-40
Equipment and Furniture	3-15
Software	3-5

Accrued Compensated Absences Payable

In accordance with accounting standards, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements and the enterprise fund financial statements. Compensated absences are reported in governmental funds only if they have matured.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statement, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements if they will be liquidated with current resources. In general, payments made within 60 days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Bond Premium and Debt Issuance Costs

The bond premium is amortized over the life of the debt using the effective interest method and presented as an adjustment to the face amount of the debt. Debt issuance costs are expensed in the period incurred.

Interfund Transactions

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

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. These separate financial statement elements, deferred outflows of financial resources and deferred inflows of financial resources, represent a usage or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until a future period. The government's deferred charge on refunding is reported as a deferred outflow for the proprietary fund and business-type activities presentation. The charge will be recognized proportionately as the outstanding principal is repaid.

The other item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and will be recognized as an outflow or inflow of resources in the period that the amounts become recognizable as an expense or available, respectively. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance

In the government-wide financial statements and for the proprietary fund statements, net position is either shown as *net investment in capital assets*, with these assets essentially being nonexpendable; *restricted* when constraints placed on the net position are externally imposed; or *unrestricted*.

For the governmental fund presentation, fund balances that are classified as “*nonspendable*” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balances are reported as “*restricted*” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by the highest formal action, the adoption of an Ordinance, of the government's highest level of decision-making authority, the City Council, are reported as “*committed*” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “*assigned*” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as *unassigned*.

Net Position/Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments follows:

Governmental - Unrestricted	\$ 1,645,802
Governmental - Restricted	178,436
Business-type - Unrestricted	4,176,462
Business-type - Restricted	710,000
Fiduciary	<u>35,300</u>
Total Cash and Investments	<u>\$ 6,746,000</u>

The City's cash and investment balances are comprised of the following:

Cash	\$ 3,192,300
Investments	<u>3,553,700</u>
Total Cash and Investments	<u>\$ 6,746,000</u>

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2018, all of the City's bank deposits as shown below were either insured by federal depository insurance or collateralized under PDPA.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

Uninsured deposits in financial institutions are placed into three categories depending on the custody credit risk. The categories are as follows:

1. Uncollateralized
2. Collateralized with securities held by the pledging financial institution
3. Collateralized with securities held by the pledging financial institution’s trust department, or agent but not in the entity's name

	<u>Bank Balance</u>	<u>Book Balance</u>
FDIC Insured	\$ 562,021	\$ 562,021
PDPA Secured (Not in Entity's Name)	2,658,471	2,630,081
Petty Cash	<u>-</u>	<u>200</u>
Total Cash	<u>\$ 3,220,491</u>	<u>\$ 3,192,302</u>

Investments

Credit Risk

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2018 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not Subject to Categorization</u>	<u>Total</u>	<u>Wghtd Mat in Years</u>	<u>Rating</u>
U.S. Treasury Securities	\$ -	\$ 4,824	\$ -	\$ -	\$ 4,824	-	AAAm
Mutual Funds	-	1,297	-	-	1,297	-	N/A
Local Government Pools	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,547,579</u>	<u>3,547,579</u>	<u>0.00</u>	AAA
Total Investments	<u>\$ -</u>	<u>\$ 6,121</u>	<u>\$ -</u>	<u>\$ 3,547,579</u>	<u>\$ 3,553,700</u>	<u>0.00</u>	

The City invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) Safety, 2) Liquidity, and 3) Yield. The Director of Finance is responsible for all of the investments of the City.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

Eligible investments shall conform to state law and may include any of the following:

- Obligations of the United States and certain U.S. government agencies securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptance of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

During the year ended December 31, 2018, the City invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. The fund is rated AAAM by the Standard and Poor's Corporation. The City had invested \$3,547,579 in Colotrust at year end.

Interest Rate Risk

The City manages its interest rate risk by setting a maximum maturity date no more than five years from the date of purchase unless otherwise authorized by the City Council.

Concentration of Credit Risk

The City places no limit on the amount that may be invested in any one issuer. The City did not have more than 5 percent of the City's investments in a single security.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2018, the City's investment securities, other than it is local government pools, were held by Stifel, Nicolaus & Company in the name of the City.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Restricted Cash

The City has restricted cash in the funds as follows:

Series 2017A Debt Service Reserve	\$ 149,688
Series 2017A/B Short-lived Asset Reserve	26,000
Series 2017B Debt Service Reserve	2,748
Series 2017C Debt Service Reserve	<u>710,000</u>
Total Restricted Cash	<u>\$ 888,436</u>

These restrictions are comprised of the following:

Water Fund Restricted Cash (47% of Series C)	\$ 333,700
Sewer Fund Restricted Cash (53% of Series C)	376,300
Northlands GID Fund (Series A&B)	<u>178,436</u>
Total Restricted Cash	<u>\$ 888,436</u>

NOTE 3: CAPITAL ASSETS

The following schedule presents changes in governmental activities capital assets during 2018:

<u>Governmental Activities</u>	<u>12/31/17</u>			<u>12/31/18</u>
	<u>Audit</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Capital Assets not being Depreciated				-
Land	\$ 2,015,386	\$ -	\$ -	2,015,386
Capital Assets being Depreciated				
Buildings and Improvements	1,730,970	9,300	-	1,740,270
Infrastructure	2,476,339	-	-	2,476,339
Equipment and Furniture	851,467	-	-	851,467
Vehicles	25,605	52,980	-	78,585
Software	<u>20,595</u>	-	-	<u>20,595</u>
Total Capital Assets being Depreciated	<u>5,104,976</u>	<u>62,280</u>	-	<u>5,167,256</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(1,251,216)	(35,208)	-	(1,286,424)
Infrastructure	(621,990)	(61,909)	-	(683,899)
Equipment and Furniture	(437,418)	(74,052)	-	(511,470)
Vehicles	(1,707)	(10,419)	-	(12,126)
Software	<u>(20,595)</u>	-	-	<u>(20,595)</u>
Total Accumulated Depreciation	<u>(2,332,926)</u>	<u>(181,588)</u>	-	<u>(2,514,514)</u>
Net Capital Assets	<u>\$ 4,787,436</u>	<u>\$ (119,308)</u>	<u>\$ -</u>	<u>\$ 4,668,128</u>

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 3: CAPITAL ASSETS (Continued)

Depreciation has been charged to the various functions and programs as follows:

General Government	\$ 37,947
Public Safety	5,121
Public Works	112,163
Parks and Recreation	26,357
Total Depreciation by Function	<u>\$ 181,588</u>

The following schedule presents business-type activities capital assets at December 31, 2018:

<u>Business-type Activities</u>	<u>12/31/17</u>			<u>12/31/18</u>
	<u>Audit</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Capital Assets not being Depreciated				
Land, Easements and Water Rights	\$ 2,588,765	\$ 1,112,128	\$ -	3,700,893
Construction in Progress	883,843	567,830	148,664	1,600,337
Total Capital Assets not being Depreciated	<u>3,472,608</u>	<u>1,679,958</u>	<u>148,664</u>	<u>5,301,230</u>
Capital Assets being Depreciated				
Buildings and Improvements	12,593,765	-	-	12,593,765
Utility Plant and Improvements	22,279,290	117,914	-	22,397,204
Equipment and Furniture	1,074,596	71,137	-	1,145,733
Vehicles	176,510	27,780	-	204,290
Total Capital Assets being Depreciated	<u>36,124,161</u>	<u>216,831</u>	<u>-</u>	<u>36,340,992</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(9,224,706)	(131,441)	-	(9,356,147)
Utility Plant and Improvements	(5,079,724)	(547,514)	-	(5,627,238)
Equipment and Furniture	(578,897)	(69,522)	-	(648,419)
Vehicles	(27,195)	(26,290)	-	(53,485)
Total Accumulated Depreciation	<u>(14,910,522)</u>	<u>(774,767)</u>	<u>-</u>	<u>(15,685,289)</u>
Net Capital Assets	<u>\$ 24,686,247</u>	<u>\$ 1,122,022</u>	<u>\$ 148,664</u>	<u>\$ 25,956,933</u>

Depreciation has been charged to the various functions and programs as follows:

Gas Fund	\$ 94,429
Water Fund	293,932
Sewer Fund	323,449
Wild Waters Fund	62,957
Total Depreciation by Function	<u>\$ 774,767</u>

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 4: DEBT OBLIGATIONS

Changes in long-term obligations are as follows:

	<u>12/31/17</u> Balance	<u>Advances</u>	<u>Payments</u>	<u>12/31/18</u> Balance	<u>Current</u> Portion	<u>Interest</u> Expense
<u>Governmental Activities</u>						
Capital lease obligations	\$ 126,427	\$ -	\$ 35,016	\$ 91,411	\$ 32,440	\$ 2,844
Compensated absences	69,119	-	30,599	38,520	-	-
Total Governmental Activities	\$ 195,546	\$ -	\$ 65,615	\$ 129,931	\$ 32,440	\$ 2,844
<u>Business-type Activities</u>						
Revenue bonds:						
2017A Revenue Bonds	\$ 3,592,599	\$ -	\$ 51,540	\$ 3,541,059	\$ 52,976	\$ 98,098
2017B Revenue Bonds	71,246	-	1,157	70,089	1,183	1,617
2017C Revenue Bonds	8,045,000	-	437,035	7,607,965	449,431	218,660
2018 CWCB Note Payable	-	6,889,210	-	6,889,210	-	-
Short-term Water Rights Note Payable	-	700,000	-	700,000	700,000	690
Compensated absences	85,718	5,051	-	90,769	-	-
Total Business-type Activities	\$ 11,794,563	\$ 7,594,261	\$ 489,732	\$ 18,899,092	\$ 1,203,590	\$ 319,065

GOVERNMENTAL ACTIVITIES

Capital Leases Payable

In 2016, the City entered into a capital lease for the purchase of a street sweeper with an original principal balance of \$161,965. The lease accrues interest at a rate of approximately 2.45% and is payable in equal monthly installments of \$2,865, with a maturity date of September 29, 2021. The lease is completely funded by the internal services fund. Capital assets with a remaining basis of \$125,523 have been recorded as part of this lease.

In 2016, the City entered into a capital lease for the purchase of body cameras with an original principal balance of \$10,001. The lease accrues interest at a rate of approximately 3.37% and is payable in three equal annual installments of \$3,476, with a maturity date of January 15, 2019. The lease is completely funded through the General Fund. As the individual assets do not meet the capitalization threshold, no capital assets were recorded as part of this lease. This lease was repaid in December 2018.

Future minimum lease payments on the remaining lease is as follows:

<u>Fiscal Year</u>	<u>Street</u> <u>Sweeper</u>
2019	34,384
2020	34,384
2021	28,654
Total Payments	97,422
Less: Interest Portion	(6,011)
Net Present Value	\$ 91,411

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 4: DEBT OBLIGATIONS (Continued)

BUSINESS-TYPE ACTIVITIES

Bonds Payable

Series 2017A/Series 2017B Water and Sewer Revenue Refunding Bonds

In April 2017, the City issued \$3,626,000 of Series 2017A and \$72,000 of Series 2017B Water and Sewer Revenue Refunding Bonds through the U.S Department of Agriculture Rural Utility Service ("RUS"). The Bonds are special limited obligations of the City payable solely from the net revenue derived by the City from operation of the City's water and sewer systems. The Bonds constitute an irrevocable lien (but not necessarily an exclusive such lien) upon the net revenue. The Bonds do not constitute a general obligation of the City or an obligation of the State of Colorado or Huerfano County. The City has committed to a rate maintenance provision equal to 120% of annual debt service related to the bonds and any parity debt. The bonds were issued by the City to repay the construction loan related to the City's Northlands sewer project.

The Series 2017A bonds carry a 2.75% interest rate and are payable in monthly installments of \$12,747 maturing in April 2057. The Series 2017B bonds bear a 2.25% interest rate and are payable in monthly installments of \$229, also maturing in April 2057. The Series 2017A bonds require a reserve equal to an annual installment of \$149,688 while the Series 2017B bonds require a \$2,748 reserve. The reserves were funded through monthly deposits of \$12,474 and \$229, respectively, commencing in 2017 until fully funded. The bonds also require a "Short-lived Asset Replacement Reserve Account" in the amount of \$13,000 per year, presently \$26,000. This money can be used for short-lived asset replacement upon advance approval of RUS.

While this loan is secured by water and sewer revenues and constitutes debt of the Sewer Fund, the City has an agreement with the property owners located within the Northlands General Improvement District to provide funding for all debt service related to capital improvements located with the improvement district as further described in Note 10.

Series 2017C Water and Sewer Revenue Refunding Bonds

In September 2017, the City issued \$8,045,000 of Series 2017C Water and Sewer Revenue Refunding Bonds. The Bonds are special limited obligations of the City payable solely from the net revenue derived by the City from operation of the City's water and sewer systems. The Bonds constitute an irrevocable lien (but not necessarily an exclusive such lien) upon the net revenue. The Bonds do not constitute a general obligation of the City or an obligation of the State of Colorado or Huerfano County. The City has committed to a rate maintenance provision equal to 120% of annual debt service related to the bonds and any parity debt. The bonds were issued by the City to fully refund the City's 2007 Water and Sewer Bonds.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 4: DEBT OBLIGATIONS (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

The Series 2017C bonds carry a 2.80% interest rate and are payable in monthly installments of \$54,726 through November 2031. There is a balloon payment due in December 2031 of \$714,726 representing final maturity. The Series 2017C bonds require a reserve of \$710,000. The City incurred \$221,236 of costs related to the issuance and recognized a deferred charge of \$131,852 on refunding that will be amortized through December 2031, the shorter of the remaining repayment period of the original bonds and the refunding bonds.

All amounts related to the bonds are split 47% to the Water Fund and 53% to the Sewer Fund for financial statement presentation purposes.

Payments to maturity on the outstanding bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 503,590	\$ 305,561	\$ 809,151
2020	517,566	291,585	809,151
2021	532,483	276,668	809,151
2022	547,550	261,601	809,151
2023	563,042	246,109	809,151
2024-2028	3,062,882	982,873	4,045,755
2029-2033	2,870,425	521,899	3,392,324
2034-2038	431,139	331,041	762,180
2039-2043	507,983	254,198	762,181
2044-2048	566,838	195,343	762,181
2049-2053	650,161	112,019	762,180
2054-2057	479,045	29,070	508,115
Total Payments	<u>\$ 11,219,113</u>	<u>\$ 3,821,558</u>	<u>\$ 15,040,671</u>

In October 2018, the City entered in to a agreement with the Colorado Water Conservation Board for a loan in the amount of \$6,889,210 to be used for City Lake Dam improvements. The City received loan proceeds of \$6,821,000 and paid a 1% origination fee. The loan agreement calls for an interest rate of 2% payable over a period of 30 years. A formal loan amortization will be developed upon project completion. The City has not drawn any of the loan proceeds as of year end with all amounts held in escrow (Cash with Fiscal Agent).

Short-Term Water Rights Loan

In December 2018, the City entered into a \$700,000 short-term loan agreement with a private individual for the purchase of water rights. The loan bears interest at 2% per annum and matures March 29, 2019. The loan as shown as part of the “Due within one year” balance on the face of the financial statements.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: NOTES RECEIVABLE

In December 2015, the City entered into a loan agreement with Martra Operating Partnership, L.P. in the amount of \$1,066,160 for the sale of property owned by the City’s Water Fund. The loan bears interest at 8% with the first year’s interest added to the loan balance for a total principal balance of \$1,151,453. The loan then requires 120 monthly payments of \$13,970 through December 2026. The outstanding balance of the loan is \$987,931 as of December 31, 2018 with \$91,607 of principal anticipated to be repaid during 2019.

In October of 1997, the City entered into an agreement with Spanish Peaks Apartments of Walsenburg, Ltd. for the deferment of \$80,000 of tap fees in the Water Fund for a period of 20 years at 7% simple interest. Accrued interest through 2018 totals \$116,841 for a total outstanding balance of \$196,841 as of December 31, 2018.

NOTE 6: INTERFUND TRANSACTIONS

The City has the following internal balances receivable/owed at year end:

	Net Due To (From) <u>Other Funds</u>
General Fund	\$ (43,714)
Capital Improvement Fund	397,199
Street Improvement Fund	84,911
Downtown GID Fund	(163)
Natural Gas Fund	142,883
Water Fund	476,860
Sewer Fund	(388,026)
Wild Waters Fund	(341,739)
Internal Service Fund	<u>(328,211)</u>
Net Interfund Balance	<u>\$ -</u>

The City has recorded the following routine operating transfers during the current fiscal year:

	Transfers	
	In	Out
General Fund	\$ 160,500	\$ -
Capital Improvement Fund	-	(661,513)
Conservation Trust Fund		(12,000)
Water Fund	276,800	-
Sewer Fund	234,725	-
Northlands GID	<u>1,488</u>	<u>-</u>
Total Transfers	<u>\$ 673,513</u>	<u>\$ (673,513)</u>

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 6: INTERFUND TRANSACTIONS (Continued)

The City has recorded the following internal charges related to payment of in lieu of tax (PILT) charges by the utility funds:

	PILT	
	<u>Received</u>	<u>Paid</u>
General Fund	\$ 230,285	\$ -
Gas Fund	-	77,639
Water Fund	-	89,610
Sewer Fund	-	63,036
Total	<u><u>\$ 230,285</u></u>	<u><u>\$ 230,285</u></u>

The City has recorded the following payments from the Northlands General Improvement District Fund to the Sewer Fund for debt service on the 2017A and B bonds:

	Debt Service	
	<u>Received</u>	<u>Paid</u>
Northlands GID Fund	\$ -	\$ 152,436
Sewer Fund	152,436	-
Total	<u><u>\$ 152,436</u></u>	<u><u>\$ 152,436</u></u>

NOTE 7: RETIREMENT PLANS

Volunteer Firefighters' Pension Fund – Defined Benefit

The Volunteer Firefighters' Pension Fund is a closed defined benefit plan. The City Council established a \$75 per month payout to participants. As of December 31, 2018, the fund had three participants. The City is no longer contributing to the fund. The fund will continue to exist until the death of the beneficiaries. The City has not yet established a policy on the payout of any remaining funds at the end of the payout period.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 7: RETIREMENT PLANS (Continued)

Policemen Pension Plan – Defined Contribution

Effective December 31, 2016, the City's police department was dissolved. The City retained minimal staff through the first quarter of 2017 to facilitate record and evidence transfer to the County Sheriff. All of the City's full-time policemen are eligible and must participate in the single-employer, defined contribution pension plan adopted by the City with Principal Mutual Life Insurance Company. Participants and the City were each required to contribute 11 % of the employee's annual salary to the plan. There was no payroll for employees covered by the plan for the year ended December 31, 2018.

The employee contribution is fully refundable upon request. The pension plan provides pension benefits, disability, retirement and survivor benefits. Participants become vested in employer contributions at 20% per year after 2 years of service and are fully vested after 7 years of service. Participants are eligible for retirement benefits upon reaching age 55 and the 20th anniversary of the person's date of commencement of participation in the plan. A lump sum distribution or an annuity of vested benefits is payable upon death or disability. Retirement benefits may be made in single life or joint life payments.

The employee may elect to receive a lump sum payment of all vested benefits upon termination of employment.

City Employees - Defined Contribution Plan

In October 1995, the City adopted a single-employer defined contribution retirement plan for City employees. The plan is maintained by Principal Mutual Life Insurance Company.

Participants are required to contribute 3% of their eligible wages. Additional contributions can be made to the plan by employees. The maximum amount allowable is the lesser of 25% of eligible compensation or \$30,000. The City is required to contribute 3% of eligible wages. Eligible wages were approximately \$814,890 for 2018. Employee contributions were approximately \$36,634 for 2018. Employer contributions to the plan totaled \$24,447.

All City employees are covered under the plan if they meet eligibility requirements specified in the plan document.

The employee contribution is fully refundable. Participants become vested in employer contributions at 20% per year after two years of service and are fully vested after seven years or more. Participants are eligible for retirement benefits upon death, retirement or termination of employment. A lump sum distribution or an annuity of vested benefits is payable upon death. Retirement benefits may be made in a single life payment or joint life payments. The employee may elect to receive a lump sum payment of all vested benefits upon termination of employment.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 8: RISK MANAGEMENT

The City 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 City participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for member towns and cities. The City pays an annual premium to CIRSA for its property/casualty, workers compensation, boiler and machinery and volunteer accident medical insurance coverage. The agreement for the formation of CIRSA provides that it will be self-sustaining through member premiums and will provide members the coverage authorized through joint self-insurance, insurance, reinsurance or any combination thereof, provide claims services related to such coverage and provide risk management and loss control services.

The City continues to contribute toward commercial insurance for employee health and accident insurance. The City, in its opinion, has obtained adequate coverage as required by CRS to settle claims in the ordinary course of business. However, due to the unknown nature of potential liability, some claims may arise that fall outside the coverage limits for which the City would be financially responsible. Settled claims resulting from these risks have not exceeded commercial insurance the past three years.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Litigation

The City is currently involved in legal proceedings which, in the opinion of management, will not have a material adverse effect upon the financial position of the City.

Grants

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

Environmental Matters

It is likely that several City buildings contain asbestos, and the City is a potentially responsible party regarding environmental impacts. Although a loss is probable, it is not possible to reasonably estimate the amount of any obligation for remediation that would be material to the City's financial statements at December 31, 2018.

Landfill

The City is required to comply with the Colorado Department of Health under CRS 30-20-100.5 through 30-20-119 in regards to its municipal solid waste landfill. State and federal laws and regulations require that the City perform certain maintenance and monitoring functions at the landfill sites for a period of time after closure. The City closed the landfill in 1996 and has not incurred any additional costs for the landfill. Although a liability is probable, it is not possible to reasonably estimate the amount of any obligation for post-closure care costs that would be material to the City's financial statements at December 31, 2018.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR required advance voter approval for the creation of any multiple-fiscal-year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

In 1995, the City's residents voted to retain revenues and not be subject to the fiscal year spending limitations of TABOR, providing that no local tax rate or mill levy shall be increased without further voter approval. In August of 2011, it was determined by management of the City that the City had violated provisions of TABOR by increasing the property tax mill levy without voter approval. Pursuant to TABOR, the City is required to refund excess revenues by issuing temporary tax credits or a tax rate reduction. The amount to be refunded, including interest accrued at 10% using a simple-interest method, is approximately \$71,630 as of December 31, 2018.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$159,000 for TABOR.

2019 Budget Designations

Through the adoption of the 2019 budget, the City has committed the following resources:

Committed for Subsequent Year's Expenditures

Street Improvement Fund	\$ 35,441
Water Fund	\$ 510,693
Volunteer Firemens' Pension	\$ 4,103

In the case of the Street Improvement and Volunteer Firemen's Pension Funds, the entire net position is shown as restricted in the financial statements. As the Water Fund commitment is not an external restriction, this commitment is included in the unrestricted net position at year end.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

Northlands Waste-Water System Payment Plan Agreement

As part of a pre-annexation agreement related to properties within the Northlands General Improvement District, the "GID", certain system improvements were to be constructed for the benefit of the properties. The pre-annexation agreement required that "the annexation of the Property to the City should not create any additional cost or impose any additional burden on the existing residents of the City to provide public facilities and services to the Property after annexation". The City had access to funding sources that were not available to the GID, namely Rural Utility Service ("RUS") grants and loans and Community Development Block Grants. It was the intent of the property owners, the City and the GID that all loan payments to the waste-water financing entities, (RUS), should be made by the GID and not by the City using revenue sources described in the Northlands Waste-Water System Payment Plan Agreement.

In general, all costs of the Northlands Waste Water Projects including, but not limited to, all engineering, design, survey, construction, reserve establishment and interest incurred, before, during and after construction as well as short-lived asset funding not otherwise paid for through the receipt of grants shall be paid for with revenues derived from the property owners within the GID.

The original loan, the Series 2017A Bonds, require annual payments of \$150,032 for a period of 40 years, a \$13,000 annual payment for the short-lived asset reserve as well as \$15,044 annually for a period of 10 years to establish a loan payment reserve. The total annual amount to be supplied by the owners to the GID from the revenue sources described below in years one through ten total \$178,076 and in years eleven through forty total \$163,032.

The revenues consist of individual pledges from specific property owners due annually prior to July 1, during the term of the RUS loan to partially offset the waste-water loan payments, loan payment reserve and short-lived asset replacement reserve. These payments total \$54,846 annually and are directly tied to ownership of specific property within the District. The agreement also required establishment of a Public Improvement Fee, ("PIF") that is also tied to specific properties, irrespective of ownership, in the initial amount of 1.45 percent on products or services that qualify for the imposition of the City's sales tax. The property owners granted authority for the City to collect the PIF and on their behalf and deposit said amounts, less a City service fee to the Northlands General Improvement District Fund. The third funding source is defined as the capital improvement portion of the City sales taxes collected from within the GID boundaries.

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 10: RATE MAINTENANCE

All of the outstanding bonds as discussed in Note 4 require that Net Revenues shall represent a sum equal to 120% of the amount necessary to pay when due the principal and interest on the loan and any parity debt coming due. The City has pledged the combined Water and Sewer revenues to meet these requirements. The computation of both the rate maintenance is as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Revenues			
Charges for Services	\$ 1,380,677	\$ 1,198,211	\$ 2,578,888
Intergovernmental Revenue	826	-	826
Investment Earnings	107,353	8,530	115,883
Other Revenue	1,000	-	1,000
Plant Investment Fees	24,346	5,700	30,046
Transfers In/(Out)	<u>276,800</u>	<u>234,725</u>	<u>511,525</u>
Total Revenues	<u>1,791,002</u>	<u>1,447,166</u>	<u>3,238,168</u>
Expenses			
Operating Expenses	1,261,019	1,050,513	2,311,532
Capital Outlay	110,750	12,508	123,258
Interest Expense	65,429	208,328	273,757
Less: Depreciation	(293,933)	(323,448)	(617,381)
Less: Debt Service	(65,429)	(208,328)	(273,757)
Less: Debt Issuance Costs	<u>(68,210)</u>	<u>-</u>	<u>(68,210)</u>
Net Expenses	<u>1,009,626</u>	<u>739,573</u>	<u>1,749,199</u>
Net Operating Revenues	<u>781,376</u>	<u>707,593</u>	<u>1,488,969</u>
Debt Service Requirements			
2017A Bonds Due in FY19	-	149,688	149,688
2017B Bonds Due in FY19	-	2,748	2,748
2017C Bonds Due in FY19	<u>308,656</u>	<u>348,059</u>	<u>656,715</u>
Total Debt Service	308,656	500,495	809,151
Debt Coverage Ratio	<u>120%</u>	<u>120%</u>	<u>120%</u>
Total Debt Coverage Req	<u>370,387</u>	<u>600,594</u>	<u>970,981</u>
Coverage Excess (Shortfall)	<u>\$ 410,989</u>	<u>\$ 106,999</u>	<u>\$ 517,988</u>

CITY OF WALSENBURG, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 11: DEFICIT FUND BALANCE

The City has a deficit unassigned fund balance in its General Fund due to the recording of the TABOR emergency reserve described in Note 10. The City has adequate resources in other funds to provide the emergency reserve if required.

NOTE 12: BUDGET VIOLATIONS

The City's expenditures exceeded appropriations in the General, Northlands General Improvement District, Downtown General Improvement District, Sewer and Internal Service Funds which may be a violation of Colorado statutes.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018			
	Original & Final		Variance With Final	2017
	Budget	Actual	Budget	Actual
REVENUES				
Taxes				
Property Taxes	\$ 287,500	\$ 258,545	\$ (28,955)	\$ 281,884
Specific Ownership Taxes	25,500	25,720	220	26,208
Sales Taxes	430,800	404,753	(26,047)	408,400
Franchise Taxes	110,000	127,980	17,980	113,919
Other Taxes	100,000	-	(100,000)	-
Total Tax Revenue	<u>953,800</u>	<u>816,998</u>	<u>(136,802)</u>	<u>830,411</u>
Intergovernmental Revenues				
Cigarette Taxes	4,600	3,415	(1,185)	3,287
Highway Users	117,814	146,793	28,979	118,312
Road and Bridge	198,900	294,850	95,950	235,533
Clerk/Motor Vehicle Fees	13,300	19,290	5,990	15,609
Severance Tax	25,500	15,220	(10,280)	7,683
State Grants	17,500	20,675	3,175	74,004
Other Intergovernmental	-	-	-	2,342
Total Intergovernmental Revenue	<u>377,614</u>	<u>500,243</u>	<u>122,629</u>	<u>456,770</u>
Licenses and Permits				
Liquor Licenses	3,100	5,560	2,460	2,399
Building Permits	15,000	37,267	22,267	18,062
Marijuana Licenses	41,200	67,900	26,700	31,200
Annexation/Other P&Z Fees	3,100	5,100	2,000	3,000
Animal Licenses	400	1,194	794	554
Business Licenses	8,500	8,225	(275)	7,485
Other Licenses	2,900	1,755	(1,145)	5,861
Total Licenses and Permits	<u>74,200</u>	<u>127,001</u>	<u>52,801</u>	<u>68,561</u>
Fines and Forfeits				
	<u>3,250</u>	<u>3,312</u>	<u>62</u>	<u>3,379</u>
Internal Charges				
PILT Charges	<u>268,758</u>	<u>230,285</u>	<u>(38,473)</u>	<u>229,258</u>
Charges for Services				
Rents	-	1,000	1,000	-
Other Charges for Services	7,000	1,935	(5,065)	2,775
Total Charges for Services	<u>7,000</u>	<u>2,935</u>	<u>(4,065)</u>	<u>2,775</u>
Investment Earnings				
	<u>-</u>	<u>15</u>	<u>15</u>	<u>573</u>
Other Revenues				
Reimbursements and Refunds	-	-	-	73
Donations	-	324	324	165
Insurance Proceeds/Recoveries	-	2,043	2,043	6,553
Sale of Capital Assets	175,000	-	(175,000)	29,595
Other Miscellaneous Revenue	6,700	4,650	(2,050)	20,452
Total Other Revenue	<u>181,700</u>	<u>7,017</u>	<u>(174,683)</u>	<u>56,838</u>
TOTAL REVENUES	<u>1,866,322</u>	<u>1,687,806</u>	<u>(178,516)</u>	<u>1,648,565</u>

See accompanying Independent Auditors' Report.

(Continued)

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018			
	Original & Final		Variance	2017
	Budget	Actual	With Final Budget	Actual
(Continued)				
EXPENDITURES				
General Government				
Personnel Services	175,177	164,573	10,604	170,856
Fuel and Automotive	-	1,196	(1,196)	1,783
Insurance	32,960	39,765	(6,805)	38,017
Professional Fees/Contracted Services	15,000	13,115	1,885	24,658
Repairs and Maintenance	4,400	2,994	1,406	8,558
Supplies	6,500	8,962	(2,462)	6,399
Telephone and Utilities	17,425	18,932	(1,507)	20,522
Travel and Training	4,500	3,201	1,299	4,440
Other Expenses	37,078	28,827	8,251	43,479
Total General Government	<u>293,040</u>	<u>281,565</u>	<u>11,475</u>	<u>318,712</u>
Public Safety				
Personnel Services	-	2,373	(2,373)	55,218
Insurance	-	-	-	(7,833)
Professional Fees/Contracted Services	724,700	713,856	10,844	722,158
Repairs and Maintenance	-	-	-	441
Supplies	-	786	(786)	(349)
Telephone and Utilities	-	44	(44)	1,451
Travel and Training	-	-	-	(510)
Other Expenses	-	-	-	843
Total Public Safety	<u>724,700</u>	<u>717,059</u>	<u>7,641</u>	<u>771,419</u>
Public Works				
Personnel Services	215,230	223,538	(8,308)	209,153
Insurance	3,000	-	3,000	2,205
Professional Fees/Contracted Services	335	2,294	(1,959)	1,042
Repairs and Maintenance	38,000	51,876	(13,876)	37,521
Supplies	35,050	28,982	6,068	22,868
Telephone and Utilities	9,200	53,498	(44,298)	19,018
Travel and Training	3,700	2,387	1,313	3,731
Other Expenses	2,300	2,501	(201)	779
Total Public Works/Comm Devel	<u>306,815</u>	<u>365,076</u>	<u>(58,261)</u>	<u>296,317</u>
Parks, Recreation and Other				
Personnel Services	107,543	126,098	(18,555)	95,780
Insurance	1,000	-	1,000	469
Repairs and Maintenance	4,500	4,443	57	3,359
Supplies	5,200	9,925	(4,725)	5,914
Telephone and Utilities	34,500	19,173	15,327	47,014
Travel and Training	-	527	(527)	565
Other Expenses	-	260	(260)	-
Total Parks, Recreation & Other	<u>152,743</u>	<u>160,426</u>	<u>(7,683)</u>	<u>153,101</u>

See accompanying Independent Auditors' Report.

(Continued)

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018		Variance With Final Budget	2017 Actual
	Original & Final Budget	Actual		
(Continued)				
Capital Outlay				
General Government Capital Outlay	25,000	21,814	3,186	-
Public Works Capital Outlay	30,000	29,164	836	26,934
Parks, Recreation and Other Capital Outlay	65,500	70,077	(4,577)	38
Total Capital Outlay	<u>120,500</u>	<u>121,055</u>	<u>(555)</u>	<u>26,972</u>
Debt Service				
Principal	-	3,363	(3,363)	3,253
Interest	-	113	(113)	223
Total Debt Service	<u>-</u>	<u>3,476</u>	<u>(3,476)</u>	<u>3,476</u>
TOTAL EXPENDITURES	<u>1,597,798</u>	<u>1,648,657</u>	<u>(50,859)</u>	<u>1,569,997</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	268,524	39,149	(229,375)	78,568
OTHER FINANCING SOURCES (USES)				
Transfers In	-	160,500	160,500	175,000
Transfers (Out)	(14,500)	-	14,500	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,500)</u>	<u>160,500</u>	<u>175,000</u>	<u>175,000</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 254,024</u>	199,649	<u>\$ (54,375)</u>	253,568
FUND BALANCE, BEGINNING		(44,708)		(298,276)
FUND BALANCE, ENDING		<u>\$ 154,941</u>		<u>\$ (44,708)</u>

See accompanying Independent Auditors' Report.

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE

Northlands Gen Imp Dist Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018		2017	
	Original & Final Budget	Actual	Variance With Final Budget	Actual
REVENUES				
Taxes				
Property Taxes	\$ -	\$ 13,585	\$ 13,585	\$ -
Other Taxes	97,000	109,976	12,976	123,340
Total Tax Revenue	97,000	123,561	26,561	123,340
Charges for Services				
Other Charges for Services	59,900	26,375	(33,525)	28,244
Investment Earnings				
	-	3,622	3,622	3,233
Other Revenues				
Other Miscellaneous Revenue	-	-	-	20,000
TOTAL REVENUES	156,900	153,558	(3,342)	174,817
EXPENDITURES				
General Government				
Professional Fees/Contracted Services	-	-	-	13,360
Repairs and Maintenance	-	-	-	49
Supplies	-	-	-	264
Telephone and Utilities	-	-	-	7,394
Internal Charges	150,100	152,436	(2,336)	101,624
Other Expenses	-	-	-	98
TOTAL EXPENDITURES	150,100	152,436	(2,336)	122,789
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	6,800	1,122	(5,678)	52,028
OTHER FINANCING SOURCES (USES)				
Transfers In	48,000	1,488	(46,512)	24,358
NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ 54,800	2,610	\$ (52,190)	76,386
FUND BALANCE, BEGINNING		303,011		226,625
FUND BALANCE, ENDING		\$ 305,621		\$ 303,011

See accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

CITY OF WALSENBURG, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

With Comparative Totals for December 31, 2017

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS	
	Conservation Trust Fund	Capital Improvement Fund	Downtown Gen Imp Dist Fund	Total	
				2018	2017
ASSETS AND DEFERRED OUTFLOWS					
ASSETS					
Current Assets					
Cash and Investments					
Cash and Investments	\$ 26,702	\$ (249,817)	\$ 5,305	\$ (217,810)	\$ 26,759
Receivables					
Property Tax Receivable	-	-	1,794	1,794	1,848
Accounts Receivable	-	60,770	(2,810)	57,960	59,089
Internal Balances	-	397,199	(163)	397,036	397,036
TOTAL ASSETS	<u>\$ 26,702</u>	<u>208,152</u>	<u>\$ 4,126</u>	<u>\$ 238,980</u>	<u>\$ 484,732</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
DEFERRED INFLOWS OF FINANCIAL RESOURCES					
Deferred Property Taxes	\$ -	\$ -	\$ 1,794	\$ 1,794	\$ 1,848
FUND BALANCE					
Restricted Fund Balance	<u>26,702</u>	<u>208,152</u>	<u>2,332</u>	<u>237,186</u>	<u>482,884</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 26,702</u>	<u>\$ 208,152</u>	<u>\$ 4,126</u>	<u>\$ 238,980</u>	<u>\$ 484,732</u>

See accompanying Independent Auditors' Report.

CITY OF WALSENBURG, COLORADO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	SPECIAL REVENUE				
	FUNDS	CAPITAL PROJECT FUNDS			
	Conservation Trust Fund	Capital Improvement Fund	Downtown Gen Imp Dist Fund	Total	
				2018	2017
REVENUES					
Taxes	\$ -	\$ 404,753	\$ 1,979	\$ 406,732	\$ 410,451
Intergovernmental Revenues	15,051	-	-	15,051	32,754
Investment Earnings	3,892	3,215	97	7,204	3,600
Other Revenues	-	2,599	-	2,599	-
TOTAL REVENUES	<u>18,943</u>	<u>410,567</u>	<u>2,076</u>	<u>431,586</u>	<u>446,805</u>
EXPENDITURES					
Current:					
General Government	-	-	3,771	3,771	500
Capital Outlay	-	-	-	-	42,849
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>3,771</u>	<u>3,771</u>	<u>43,349</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>18,943</u>	<u>410,567</u>	<u>(1,695)</u>	<u>427,815</u>	<u>403,456</u>
OTHER FINANCING SOURCES (USES)					
Transfers (Out)	(12,000)	(661,513)	-	(673,513)	(644,798)
NET CHANGE IN FUND BALANCE - GAAP BASIS	<u>6,943</u>	<u>(250,946)</u>	<u>(1,695)</u>	<u>(245,698)</u>	<u>(241,342)</u>
FUND BALANCE, BEGINNING	<u>19,759</u>	<u>459,098</u>	<u>4,027</u>	<u>482,884</u>	<u>724,226</u>
FUND BALANCE, ENDING	<u>\$ 26,702</u>	<u>\$ 208,152</u>	<u>\$ 2,332</u>	<u>\$ 237,186</u>	<u>\$ 482,884</u>

See accompanying Independent Auditors' Report.

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SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for the proceeds of specific revenue sources, other than special assessments, expendable trusts, or major capital projects, that are legally restricted to expenditures for specified purposes.

The *Conservation Trust Fund*, a nonmajor special revenue fund, accounts for lottery proceeds required to be expended solely on park and recreation activities.

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE

Conservation Trust Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018		Variance With Final Budget	2017 Actual
	Original & Final Budget	Actual		
REVENUES				
Intergovernmental Revenues				
Cons Trust Fund Revenue	\$ 15,500	\$ 15,051	\$ (449)	\$ 14,493
Investment Earnings	<u>1,300</u>	<u>3,892</u>	<u>2,592</u>	<u>1,896</u>
TOTAL REVENUES	16,800	18,943	2,143	16,389
EXPENDITURES				
Transfers (Out)	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 4,800</u>	<u>6,943</u>	<u>\$ 2,143</u>	<u>16,389</u>
FUND BALANCE, BEGINNING		<u>19,759</u>		<u>3,370</u>
FUND BALANCE, ENDING		<u>\$ 26,702</u>		<u>\$ 19,759</u>

See accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUND

Capital Fund – Revenues of this fund consist primarily of transfers from the General Fund to provide for long-term capital asset acquisition.

The *Capital Improvement Fund* is a major fund, categorized as a capital projects fund that is used to account for capital projects that are supported by a 1.0% sales tax, appropriations and/or advances from the General Fund or donations from private or public sources.

The *Street Improvement Fund* is a major fund, categorized as a capital projects fund used to fund maintenance and/or capital outlay relating specifically to street improvements, supported by a designated 1.0% sales tax.

The *Downtown General Improvement District Fund* (formerly the Walsenburg General Improvement District), a nonmajor special revenue fund, accounts for assets and earnings to be used for specific purposes.

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE

Capital Improvement Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018		Variance With Final Budget	2017 Actual
	Original & Final Budget	Actual		
REVENUES				
Taxes				
Sales Taxes	\$ 442,900	\$ 404,753	\$ (38,147)	\$ 408,400
Intergovernmental Revenues				
State Grants	435,750	-	(435,750)	18,261
Investment Earnings				
Donations	800	3,215	2,415	1,703
	-	2,599	2,599	-
TOTAL REVENUES	<u>879,450</u>	<u>410,567</u>	<u>(468,883)</u>	<u>428,364</u>
EXPENDITURES				
Capital Outlay				
General Government Capital Outlay	-	-	-	42,849
Parks, Recreation and Other Capital Outlay	435,750	-	435,750	-
TOTAL EXPENDITURES	<u>435,750</u>	<u>-</u>	<u>435,750</u>	<u>42,849</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	443,700	410,567	(33,133)	385,515
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(403,500)	(661,513)	(258,013)	(644,798)
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 40,200</u>	<u>(250,946)</u>	<u>\$ (291,146)</u>	<u>(259,283)</u>
FUND BALANCE, BEGINNING		459,098		718,381
FUND BALANCE, ENDING		<u>\$ 208,152</u>		<u>\$ 459,098</u>

See accompanying Independent Auditors' Report.

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE

Street Improvement Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018		Variance With Final Budget	2017 Actual
	Original & Final Budget	Actual		
REVENUES				
Taxes				
Sales Taxes	\$ 443,930	\$ 404,753	\$ (39,177)	\$ 408,400
Investment Earnings	<u>1,700</u>	<u>7,061</u>	<u>5,361</u>	<u>3,740</u>
TOTAL REVENUES	<u>445,630</u>	<u>411,814</u>	<u>(33,816)</u>	<u>412,140</u>
EXPENDITURES				
General Government				
Professional Fees/Contracted Services	-	589	(589)	34,476
Capital Outlay				
Public Works Capital Outlay	<u>540,000</u>	<u>429,718</u>	<u>110,282</u>	<u>240,096</u>
TOTAL EXPENDITURES	<u>540,000</u>	<u>430,307</u>	<u>109,693</u>	<u>274,572</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(94,370)</u>	<u>(18,493)</u>	<u>75,877</u>	<u>137,568</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	175,000	-	(175,000)	-
Transfers (Out)	-	-	-	(175,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>175,000</u>	<u>-</u>	<u>(175,000)</u>	<u>(175,000)</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 80,630</u>	<u>(18,493)</u>	<u>\$ (99,123)</u>	<u>(37,432)</u>
FUND BALANCE, BEGINNING		<u>1,660,319</u>		<u>1,697,751</u>
FUND BALANCE, ENDING		<u>\$ 1,641,826</u>		<u>\$ 1,660,319</u>

See accompanying Independent Auditors' Report.

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE

Downtown Gen Imp Dist Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018		Variance With Final Budget	2017 Actual
	Original & Final Budget	Actual		
REVENUES				
Property Taxes	\$ 2,100	\$ 1,804	\$ (296)	\$ 2,021
Specific Ownership Taxes	-	175	175	31
Total Tax Revenue	2,100	1,979	(121)	2,052
Investment Earnings	-	97	97	-
TOTAL REVENUES	2,100	2,076	(24)	2,052
EXPENDITURES				
General Government				
Professional Fees/Contracted Services	1,500	300	1,200	-
Repairs and Maintenance	-	3,471	(3,471)	-
Other Expenses	600	-	600	500
TOTAL EXPENDITURES	2,100	3,771	(1,671)	500
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ -</u>	<u>(1,695)</u>	<u>\$ (1,695)</u>	1,552
FUND BALANCE, BEGINNING		<u>4,027</u>		<u>2,475</u>
FUND BALANCE, ENDING		<u>\$ 2,332</u>		<u>\$ 4,027</u>

See accompanying Independent Auditors' Report.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed in a manner similar to private business enterprises. The costs of providing goods or services to the general public on a continuing basis are recovered primarily from user charges.

The following are the Enterprise Funds of the City:

The *Natural Gas Fund* is a major enterprise fund used to account for the purchase and delivery of natural gas to the citizens of the City.

The *Water Fund* is a major enterprise fund used to account for the purchase and delivery of water to the citizens of the City.

The *Sewer Fund* is a major enterprise fund used to account for sewer service provided to the citizens of the City.

The *Wild Waters Fund* is a nonmajor enterprise fund used to account for the membership, admissions and concessions revenues received by the City for the operation of a seasonal municipal swimming pool and water park.

CITY OF WALSENBURG, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL**

Natural Gas Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018		Variance with Final Budget	2017	
	Final Budget	Actual		Budget	Actual
Operating Revenues					
Utility Charges	\$ 1,667,230	\$ 1,198,935	\$ (468,295)	\$ 1,166,993	
Other Charges for Services	42,850	39,269	(3,581)	42,536	
Total Revenues	<u>1,710,080</u>	<u>1,238,204</u>	<u>(471,876)</u>	<u>1,209,529</u>	
Operating Expenses					
Personnel Services	269,153	319,865	(50,712)	326,431	
Commodity Charges	560,000	298,338	261,662	657,746	
Administrative/Office Expenses	17,050	16,659	391	16,551	
Insurance	15,000	13,025	1,975	17,303	
Internal Charges	-	77,639	(77,639)	74,475	
Operating Supplies	26,000	15,904	10,096	13,885	
Professional Fees/Contracted Services	72,800	57,082	15,718	153,100	
Repairs and Maintenance	35,500	30,542	4,958	45,865	
Travel and Training	11,000	1,876	9,124	4,861	
Telephone and Utilities	12,850	20,959	(8,109)	20,420	
Other Operating Expenses	3,250	8,086	(4,836)	927	
Other Capital Outlay	42,500	8,291	34,209	49,377	
Total Expenditures	<u>1,065,103</u>	<u>868,266</u>	<u>196,837</u>	<u>1,380,941</u>	
Operating Income (Loss)	<u>644,977</u>	<u>369,938</u>	<u>(275,039)</u>	<u>(171,412)</u>	
Other Income (Expense)					
Intergovernmental Revenue	-	-	-	25,000	
Investment Earnings	7,900	30,248	22,348	12,821	
Debt Service	-	-	-	317	
Total Other Income (Expense)	<u>7,900</u>	<u>30,248</u>	<u>22,348</u>	<u>38,138</u>	
Transfers					
Transfers In/(Out)	<u>(106,577)</u>	<u>-</u>	<u>106,577</u>	<u>-</u>	
Net Income (Loss), Budget Basis	546,300	400,186	(146,114)	(133,274)	
Contributed Capital					
Plant Investment Fees	<u>1,000</u>	<u>1,660</u>	<u>660</u>	<u>1,293</u>	
Change in Net Position (Budget Basis)	<u>\$ 547,300</u>	<u>401,846</u>	<u>\$ (145,454)</u>	<u>(131,981)</u>	
Budget to GAAP Reconciliation					
Depreciation Expense		(94,428)		(98,613)	
Capital Outlay		-		23,676	
Change in Net Position - GAAP Basis		307,418		(206,918)	
Net Position, Beginning		<u>3,183,681</u>		<u>3,390,599</u>	
Net Position, Ending		<u>\$ 3,491,099</u>		<u>\$ 3,183,681</u>	

See accompanying Independent Auditors' Report.

CITY OF WALSENBURG, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

BUDGET AND ACTUAL

Water Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018		Variance with Final Budget	2017	
	Final Budget	Actual		Budget	Actual
Operating Revenues					
Utility Charges	\$ 1,334,518	\$ 1,253,586	\$ (80,932)	\$ 1,224,357	
Rents	7,500	7,686	186	32,599	
Other Charges for Services	91,800	119,406	27,606	102,829	
Total Revenues	<u>1,433,818</u>	<u>1,380,678</u>	<u>(53,140)</u>	<u>1,359,785</u>	
Operating Expenses					
Personnel Services	319,031	345,921	(26,890)	293,162	
Commodity Charges	-	1,284	(1,284)	65	
Administrative/Office Expenses	13,900	17,973	(4,073)	11,156	
Insurance	16,000	13,025	2,975	18,516	
Internal Charges	-	89,610	(89,610)	91,911	
Operating Supplies	68,400	75,050	(6,650)	99,278	
Professional Fees/Contracted Services	61,300	251,668	(190,368)	333,437	
Repairs and Maintenance	35,900	119,808	(83,908)	48,771	
Travel and Training	5,500	4,801	699	9,496	
Telephone and Utilities	42,425	44,347	(1,922)	44,206	
Other Operating Expenses	10,700	3,600	7,100	31,387	
Other Capital Outlay	7,099,000	1,849,659	5,249,341	896,636	
Total Expenditures	<u>7,672,156</u>	<u>2,816,746</u>	<u>4,855,410</u>	<u>1,878,021</u>	
Operating Income (Loss)	<u>(6,238,338)</u>	<u>(1,436,068)</u>	<u>4,802,270</u>	<u>(518,236)</u>	
Other Income (Expense)					
Intergovernmental Revenue	16,000	826	(15,174)	76,791	
Investment Earnings	80,000	107,353	27,353	97,295	
Other Revenue	-	1,000	1,000	5,923	
Debt Service	<u>(322,335)</u>	<u>(270,836)</u>	<u>51,499</u>	<u>(195,926)</u>	
Total Other Income (Expense)	<u>(226,335)</u>	<u>(161,657)</u>	<u>64,678</u>	<u>(15,917)</u>	
Net Income (Loss) before Transfers	<u>(6,464,673)</u>	<u>(1,597,725)</u>	<u>4,866,948</u>	<u>(534,153)</u>	
Transfers					
Transfers In/(Out)	<u>54,035</u>	<u>276,800</u>	<u>222,765</u>	<u>279,834</u>	
Net Income (Loss), Budget Basis	<u>(6,410,638)</u>	<u>(1,320,925)</u>	<u>5,089,713</u>	<u>(254,319)</u>	
Contributed Capital					
Plant Investment Fees	18,000	24,346	6,346	14,767	
Debt Proceeds	<u>6,800,000</u>	<u>7,589,210</u>	<u>789,210</u>	<u>-</u>	
Total Contributed Capital	<u>6,818,000</u>	<u>7,613,556</u>	<u>795,556</u>	<u>14,767</u>	
Change in Net Position (Budget Basis)	<u>\$ 407,362</u>	<u>6,292,631</u>	<u>\$ 5,885,269</u>	<u>(239,552)</u>	
Budget to GAAP Reconciliation					
Debt Proceeds		(7,589,210)		-	
Principal Paid		205,407		93,553	
Depreciation Expense		(293,933)		(273,495)	
Capital Outlay		<u>1,738,909</u>		<u>869,108</u>	
Change in Net Position - GAAP Basis		353,804		449,614	
Net Position, Beginning		<u>8,620,379</u>		<u>8,170,765</u>	
Net Position, Ending		<u>\$ 8,974,183</u>		<u>\$ 8,620,379</u>	

See accompanying Independent Auditors' Report.

CITY OF WALSENBURG, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL**

Sewer Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
Operating Revenues				
Utility Charges	\$ 1,057,300	\$ 1,044,459	\$ (12,841)	\$ 1,029,051
Internal Charges	-	152,436	152,436	101,624
Other Charges for Services	-	1,315	1,315	4,038
Total Revenues	<u>1,057,300</u>	<u>1,198,210</u>	<u>140,910</u>	<u>1,134,713</u>
Operating Expenses				
Personnel Services	234,099	303,286	(69,187)	254,143
Administrative/Office Expenses	11,200	15,637	(4,437)	12,361
Insurance	29,000	24,359	4,641	33,004
Internal Charges	-	63,036	(63,036)	62,872
Operating Supplies	25,350	32,694	(7,344)	43,713
Professional Fees/Contracted Services	15,800	74,260	(58,460)	181,821
Repairs and Maintenance	15,950	66,395	(50,445)	36,596
Travel and Training	5,700	2,801	2,899	7,305
Telephone and Utilities	84,450	138,018	(53,568)	130,481
Other Operating Expenses	7,000	6,578	422	31,466
Other Capital Outlay	146,000	21,723	124,277	90,440
Total Expenditures	<u>574,549</u>	<u>748,787</u>	<u>(174,238)</u>	<u>884,202</u>
Operating Income (Loss)	<u>482,751</u>	<u>449,423</u>	<u>(33,328)</u>	<u>250,511</u>
Other Income (Expense)				
Investment Earnings	6,700	8,530	1,830	7,394
Debt Service	(334,970)	(492,654)	(157,684)	(248,380)
Total Other Income (Expense)	<u>(328,270)</u>	<u>(484,124)</u>	<u>(155,854)</u>	<u>(240,986)</u>
Net Income (Loss) before Transfers	154,481	(34,701)	(189,182)	9,525
Transfers				
Transfers In/(Out)	<u>38,534</u>	<u>234,725</u>	<u>196,191</u>	<u>237,607</u>
Net Income (Loss), Budget Basis	<u>193,015</u>	<u>200,024</u>	<u>7,009</u>	<u>247,132</u>
Contributed Capital				
Plant Investment Fees	4,000	5,700	1,700	23,100
Intergovernmental Revenue	-	39	39	2,180,062
Total Contributed Capital	<u>4,000</u>	<u>5,739</u>	<u>1,739</u>	<u>2,203,162</u>
Change in Net Position (Budget Basis)	<u>\$ 197,015</u>	<u>205,763</u>	<u>\$ 8,748</u>	<u>2,450,294</u>
Budget to GAAP Reconciliation				
Principal Paid		284,326		62,747
Depreciation Expense		(323,448)		(172,244)
Capital Outlay		9,215		59,750
Change in Net Position - GAAP Basis		175,856		2,400,547
Net Position, Beginning		<u>5,163,214</u>		<u>2,762,667</u>
Net Position, Ending		<u>\$ 5,339,070</u>		<u>\$ 5,163,214</u>

See accompanying Independent Auditors' Report.

CITY OF WALSENBURG, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL**

Wild Waters (Nonmajor) Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018			2017 Actual
	Final Budget	Actual	Variance with Final Budget	
Operating Revenues				
Recreation Charges	\$ 63,895	\$ 53,268	\$ (10,627)	\$ 59,130
Other Charges for Services	-	5,000	5,000	117
Total Revenues	<u>63,895</u>	<u>58,268</u>	<u>(5,627)</u>	<u>59,247</u>
Operating Expenses				
Personnel Services	68,030	46,446	21,584	57,151
Administrative/Office Expenses	2,700	507	2,193	1,838
Insurance	1,500	1,737	(237)	1,701
Operating Supplies	20,300	37,248	(16,948)	33,978
Professional Fees/Contracted Services	-	311	(311)	1,151
Repairs and Maintenance	20,800	6,398	14,402	1,621
Travel and Training	-	324	(324)	-
Telephone and Utilities	14,500	26,592	(12,092)	33,243
Other Operating Expenses	1,100	630	470	1,120
Other Capital Outlay	-	-	-	(1,111)
Total Expenditures	<u>128,930</u>	<u>120,193</u>	<u>8,737</u>	<u>130,692</u>
Operating Income (Loss)	(65,035)	(61,925)	3,110	(71,445)
Other Income (Expense)				
Intergovernmental Revenue	-	10,000	10,000	-
Change in Net Position (Budget Basis)	<u>\$ (65,035)</u>	<u>(51,925)</u>	<u>\$ 13,110</u>	<u>(71,445)</u>
Budget to GAAP Reconciliation				
Depreciation Expense		(62,957)		(60,387)
Capital Outlay		-		(1,111)
Change in Net Position - GAAP Basis		(114,882)		(132,943)
Net Position, Beginning		<u>1,411,221</u>		<u>1,544,164</u>
Net Position, Ending		<u>\$ 1,296,339</u>		<u>\$ 1,411,221</u>

See accompanying Independent Auditors' Report.

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INTERNAL SERVICE FUNDS

Internal Service funds are established to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

The *Internal Service Fund* is an internal service fund used to account for fleet services used by the City.

CITY OF WALSENBURG, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
Internal Service Fund
FOR THE YEAR ENDED DECEMBER 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	2018		Variance with Final Budget	2017
	Final Budget	Actual		Actual
Operating Expenses				
Insurance	\$ -	\$ -	\$ -	\$ 311
Other Capital Outlay	-	-	-	101,990
Operating Income (Loss)	-	-	-	(102,301)
Other Income (Expense)				
Debt Service	-	(34,385)	(34,385)	(196,350)
Gain (Loss) on Sale of Assets	-	-	-	(28,333)
Total Other Income (Expense)	-	(34,385)	(34,385)	(224,683)
Net Income (Loss) before Transfers	-	(34,385)	(34,385)	(326,984)
Transfers				
Transfers In/(Out)	-	-	-	103,000
Change in Net Position (Budget Basis)	\$ -	(34,385)	\$ (34,385)	(223,984)
Budget to GAAP Reconciliation				
Principal Paid		31,654		192,916
Depreciation Expense		(45,728)		(41,594)
Capital Outlay		-		101,990
Change in Net Position - GAAP Basis		(48,459)		29,328
Net Position, Beginning		(128,472)		(157,800)
Net Position, Ending		\$ (176,931)		\$ (128,472)

See accompanying Independent Auditors' Report.

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE

Volunteer Firemens' Pension Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018				2017 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Investment Earnings	\$ 395	\$ 395	\$ 1,099	\$ 704	\$ 412
EXPENDITURES					
General Government					
Personnel Services	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>4,500</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ (4,105)</u>	<u>\$ (4,105)</u>	<u>(3,401)</u>	<u>\$ 704</u>	<u>(4,088)</u>
FUND BALANCE, BEGINNING			<u>38,701</u>		<u>42,789</u>
FUND BALANCE, ENDING			<u>\$ 35,300</u>		<u>\$ 38,701</u>

See accompanying Independent Auditors' Report.

COMPLIANCE SECTION

State Compliance

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:	\$	<input type="text" value="0.00"/>
3. Other local imposts: <i>from A.3. 'Total' below</i>	\$	404,753.41
4. Miscellaneous local receipts: <i>from A.4. 'Total' below</i>	\$	4,994.92
5. Transfers from toll facilities	\$	<input type="text" value="0.00"/>
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	<input type="text" value="0.00"/>
b. Bonds - Refunding Issues:	\$	<input type="text" value="0.00"/>
c. Notes:	\$	<input type="text" value="0.00"/>

SubTotal: \$ 409,748.33

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:	\$	404,753.41
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* \$ 404,753.41

See accompanying Independent Auditors' Report.

A.4. Miscellaneous local receipts

Please no commas or dollar signs for the input

a. Interest on Investments:	\$	<input type="text" value="4,994.92"/>
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 \$ 4,994.92

C. Receipts from State Government

Please no commas or dollar signs for the input

1. Highway User Taxes:	\$	<input type="text" value="130,016.75"/>
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	<input type="text" value="0.00"/>
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) \$ 130,016.75

D. Receipts from Federal Government

Please no commas or dollar signs for the input

2. Other Federal Agencies		
a. Forest Service:	\$	<input type="text" value="0.00"/>
b. FEMA:	\$	<input type="text" value="0.00"/>
c. HUD:	\$	<input type="text" value="0.00"/>
d. Federal Transit Administration:	\$	<input type="text" value="0.00"/>
e. U.S. Corp of Engineers	\$	<input type="text" value="0.00"/>
f. Other Federal:	\$	<input type="text" value="0.00"/>

Total: (2a-f) \$ 0.00

See accompanying Independent Auditors' Report.

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>	\$	409,046.03
2. Maintenance:	\$	<input type="text" value="114,404.05"/>
3. Road and street services		
a. Traffic control operations:	\$	<input type="text" value="0.00"/>
b. Snow and ice removal:	\$	<input type="text" value="0.00"/>
c. Other:	\$	<input type="text" value="0.00"/>
4. General administration & miscellaneous	\$	<input type="text" value="40,196.00"/>
5. Highway law enforcement and safety	\$	<input type="text" value="0.00"/>
		<hr/>
Total: <i>(A.1-5)</i>	\$	563,646.08

Please no commas or dollar signs for the input

B. Debt service on local obligations

1. Bonds		
a. Interest	\$	<input type="text" value="0.00"/>
b. Redemption	\$	<input type="text" value="0.00"/>
2. Notes		
a. Interest	\$	<input type="text" value="0.00"/>
b. Redemption	\$	<input type="text" value="0.00"/>
		<hr/>
SubTotal: <i>(1+2)</i>	\$	0.00

Please no commas or dollar signs for the input

C. Payments to State for Highways:	\$	<input type="text" value="0.00"/>
D. Payments to Toll Facilities:	\$	<input type="text" value="0.00"/>
		<hr/>
Total Disbursements: <i>(A+B+C+D)</i>	\$	563,646.08

See accompanying Independent Auditors' Report.

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:	\$ 0.00	\$ 0.00	\$ 0.00
b. Engineering Costs:	\$ 0.00	\$ 16,278.76	\$ 16,278.76
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.00
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.00
3. System Preservation:	\$ 0.00	\$ 0.00	\$ 0.00
4. System Enhancement:	\$ 0.00	\$ 392,767.27	\$ 392,767.27
5. Total Construction:			\$ 392,767.27
d. Total Capital Outlay: <i>(Lines A. 1.a. + 1.b. + 1.c.5)</i>			\$ 409,046.03

IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

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

See accompanying Independent Auditors' Report.

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. Reconciliation
\$ <input type="text" value="0.00"/>	\$ 539,765.08	\$ 563,646.08	\$ <input type="text" value="0.00"/>	\$ 23,881.00

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.

See accompanying Independent Auditors' Report.