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***CITY OF WALSENBURG,***  
***COLORADO***  
***FINANCIAL STATEMENTS***  
***DECEMBER 31, 2020***

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## Independent Auditors' Report

City Council  
City of Walsenburg, Colorado

### 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 (the City), as of and for the year ended December 31, 2020, 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 auditors' 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, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through vii and budgetary comparison information on pages 40 through 43 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, which 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules and Annual Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*RubinBrown LLP*

October 13, 2021

**City of Walsenburg, Colorado**  
**Management's Discussion and Analysis**  
**December 31, 2020**

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, 2020. 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 \$1.06 million (3.8%) during 2020.
- The assets of the City exceeded its liabilities at the close of 2020 by approximately \$29.19 million (net position). Of this amount, approximately \$3.76 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- At December 31, 2020, the combined net position of the City's governmental activities was approximately \$9.68 million, an increase of approximately \$1.10 million, (see page 5 – Governmental Activities). The total governmental fund balance increased by approximately \$615,000. Of the \$3,615,781 fund balance, 65% is held in the Street Improvement fund, 20% is held in the Capital Improvement fund and the remaining 11% is in other non-major funds. The fund balance in the General Fund decreased by \$178,823 in 2020. The Street Improvement fund balance increased by \$496,516 and the Capital Improvement fund balance increased by \$478,867.
- At December 31, 2020, the combined net position of the City's business-type activities was approximately \$19.50 million, a decrease of approximately \$38,000 (see page 4 – Business-type Activities).
- Total tax revenues, which include real property taxes and on-going sales and use tax remittances, increased by approximately \$576,000 (31%) over 2019 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.

## CITY OF WALSENBURG, COLORADO

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### Management's Discussion and Analysis (*Continued*)

#### **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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference 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 Gas, Water/Sewer and the Wild Waters 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. Street 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,

## CITY OF WALSENBURG, COLORADO

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### Management's Discussion and Analysis (*Continued*)

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 in the fund statements including statements of cash flows. Governmental propriety funds include Internal Services which was dissolved in 2020. Walsenburg's proprietary funds are the Gas Fund, Water/Sewer Fund, Wild Waters 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.

# CITY OF WALSENBURG, COLORADO

## Management's Discussion and Analysis (Continued)

### 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 Northlands General Improvement District Fund, 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 \$29.19 million at the close of 2020. A condensed Statement of Net Position follows:

	Governmental Activities		Business-type Activities		Total Primary	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 4,183,242	\$ 2,982,589	\$ 5,876,533	\$ 6,163,081	\$ 10,059,775	\$ 9,145,670
Capital assets	5,872,350	6,062,268	31,468,931	32,053,785	37,341,281	38,116,053
<b>Total Assets</b>	<b>10,055,592</b>	<b>9,044,857</b>	<b>37,345,464</b>	<b>38,216,866</b>	<b>47,401,056</b>	<b>47,261,723</b>
<b>Deferred Inflows of Resources</b>	<b>—</b>	<b>—</b>	<b>103,958</b>	<b>113,017</b>	<b>103,958</b>	<b>113,017</b>
Current liabilities	68,251	160,663	761,751	1,076,925	830,002	1,237,588
Long-term liabilities	32,046	78,712	17,183,325	17,710,606	17,215,371	17,789,318
<b>Total Liabilities</b>	<b>100,297</b>	<b>239,375</b>	<b>17,945,076</b>	<b>18,787,531</b>	<b>18,045,373</b>	<b>19,026,906</b>
<b>Deferred Inflows of Resources</b>	<b>270,985</b>	<b>218,389</b>	<b>—</b>	<b>—</b>	<b>270,985</b>	<b>218,389</b>
Net Position:						
Net investment						
in capital assets	5,846,661	6,003,334	14,480,434	14,562,069	20,327,095	20,565,403
Restricted	3,527,595	2,751,971	1,682,071	846,644	5,209,666	3,598,615
Unrestricted	310,054	(168,212)	3,341,841	4,133,639	3,651,895	3,965,427
<b>Total Net Position</b>	<b>\$ 9,684,310</b>	<b>\$ 8,587,093</b>	<b>\$ 19,504,346</b>	<b>\$ 19,542,352</b>	<b>\$ 29,188,656</b>	<b>\$ 28,129,445</b>

Restricted net position at the end of 2020 were \$5.2 million and are available only for specific projects as identified in the respective funding documents. Net investment in capital assets totaled \$20.22 million at December 31, 2020, leaving unrestricted net position of \$3.76 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.

# CITY OF WALSENBURG, COLORADO

## Management's Discussion and Analysis (Continued)

### CHANGES IN NET POSITION

The City's total revenues of \$6.82 million exceeded program expenditures of \$5.76 million. The total increase in net position for 2020 is approximately \$1.06 million.

	Governmental Activities		Business-type Activities		Total Primary	
	2020	2019	2020	2019	2020	2019
<b>Program Revenues:</b>						
Charges for services	\$ 117,372	\$ 102,709	\$ 3,564,973	\$ 3,570,137	\$ 3,682,345	\$ 3,672,846
Operating Grants	219,488	608,426	—	—	219,488	608,426
Capital Grants & Contribution	61,345	1,380,725	—	804,000	61,345	2,184,725
<b>General Revenues:</b>						
Taxes	2,443,193	1,866,832	—	—	2,443,193	1,866,832
Paid in lieu of taxes	217,683	224,592	—	—	217,683	224,592
Earnings on Investments	9,513	21,960	91,335	157,826	100,848	179,786
Other revenues	58,453	51,742	32,304	308,708	90,757	360,450
<b>Total Revenues</b>	<b>3,127,047</b>	<b>4,256,986</b>	<b>3,688,612</b>	<b>4,840,671</b>	<b>6,815,659</b>	<b>9,097,657</b>
<b>Program Expenses:</b>						
General Government	426,519	397,657	—	—	426,519	397,657
Public Safety	714,281	713,831	—	—	714,281	713,831
Public works	400,308	739,046	—	—	400,308	739,046
Culture, parks and recreation	75,900	129,716	—	—	75,900	129,716
Economic Development	131,683	—	—	—	131,683	—
Donations	—	—	—	—	—	—
Debt Service	—	—	—	—	—	—
Interest	1,139	1,907	—	—	1,139	1,907
Gas	—	—	1,150,024	1,273,176	1,150,024	1,273,176
Water/Sewer	—	—	2,710,444	3,288,794	2,710,444	3,288,794
Wild Waters	—	—	146,150	210,705	146,150	210,705
<b>Total Expenses</b>	<b>1,749,830</b>	<b>1,982,157</b>	<b>4,006,618</b>	<b>4,772,675</b>	<b>5,756,448</b>	<b>6,754,832</b>
Excess (deficiency) of revenue over expenditures	1,377,217	2,274,829	(318,006)	67,996	1,059,211	2,342,825
Transfers In (Out)	(280,000)	(373,665)	280,000	373,665	—	—
Change in net position	1,097,217	1,901,164	(38,006)	441,661	1,059,211	2,342,825
Beginning net position	8,587,093	6,685,929	19,542,352	19,100,691	28,129,445	25,786,620
Ending net position	\$ 9,684,310	\$ 8,587,093	\$ 19,504,346	\$ 19,542,352	\$ 29,188,656	\$ 28,129,445

### Governmental Activities

Governmental activities increased Walsenburg's net position by approximately \$1.10 million during the year 2020. This was largely due to tax revenues in the General Fund.

## CITY OF WALSENBURG, COLORADO

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### Management's Discussion and Analysis (*Continued*)

#### **Business-type Activities**

Business-type activities decreased Walsenburg's net position by \$38,006 during the year 2020. The gas, water/sewer and Wild Water funds generated net operating loss and a decrease 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.

- \$396,978 transferred to the Internal Service Fund that relieved amounts due to the general fund as part of the dissolution of the fund.
- \$280,000 transferred to the Water/Sewer Fund

General Fund revenues in 2020 were greater than the anticipated budget by \$364,449 primarily due to additional payments in lieu of taxes and intergovernmental revenue that were not anticipated. General fund budgeted expenditures exceeded expenditures by \$43,847 primarily due to an overall budget amendment increase of \$362,376 in response to anticipated increased COVID related expenditures.

#### **Capital Asset and Debt Administration**

**Capital Assets** - The City of Walsenburg invested approximately \$27,000 and \$224,000 in capital assets for its governmental-type and business-type activities, respectively, during the year ended December 31, 2020. The City's total investment in land, buildings, equipment and vehicles is \$37.4 million city-wide after applying depreciation.

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 2020, the City has long-term debt totaling \$17.12 million, of which \$25,689 is applicable to governmental activities, and \$17.10 million applies to business-type activities. The amount of principal scheduled

## **CITY OF WALSENBURG, COLORADO**

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### Management's Discussion and Analysis (*Continued*)

to be retired in 2020 was approximately \$546,000, and all currently recorded debt should be retired by 2057.

#### **Other Matters**

Factors which are expected to have a significant impact on the City's 2021 budget include:

*1. The City Lake Dam is under capacity restrictions by the State.*

The City secured funding in 2018 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 of a loan of \$6.9 million. The loan is for a 30-year term, starting, 3/1/20 with a 2% interest rate. The loan will be repaid effective 2/28/50 and repayment will be through current water/sewer fund revenues beginning in 2021 with no anticipated increase in water rates.

*2. Tax revenues will provide a favorable result*

Sales taxes collections in 2020 increased over 2019 receipts due the consistent improving economy. This has reduced the pressure on the City to seek additional revenues to meet the needs of its citizens and is expected to continue to improve through 2021.

*3. Capital and Maintenance Initiatives*

A general assessment of repair and maintenance issues have been identified in all areas of the City. Priority will be given to water and sewer infrastructure, the water treatment plant, the fiber media project based on State mandates, waste water treatment plant and streets and parks.

#### **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's Administrator at City of Walsenburg, 525 South Albert Street, Walsenburg, CO 81089, or at [cityadmin@cityofwalsenburg.com](mailto:cityadmin@cityofwalsenburg.com).

# CITY OF WALSENBURG, COLORADO

## STATEMENT OF NET POSITION

December 31, 2020

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Cash and investments	\$ 3,021,376	\$ 2,857,881	\$ 5,879,257
Accounts receivable, net of allowance	517,851	613,517	1,131,368
Property tax receivable	270,985	—	270,985
Internal balances	105,164	(105,164)	—
Current portion of notes receivable	—	107,794	107,794
Advances to other entities	100,000	—	100,000
Prepaid expenses	—	25,034	25,034
Inventory	—	4,322	4,322
Restricted cash and cash equivalents	167,866	1,682,071	1,849,937
Noncurrent assets:			
Notes receivable	—	691,078	691,078
Capital assets, net	5,872,350	31,468,931	37,341,281
<b>Total Assets</b>	<b>10,055,592</b>	<b>37,345,464</b>	<b>47,401,056</b>
<b>Deferred Outflows of Resources</b>			
Deferred charges on refunding	—	103,958	103,958
<b>Liabilities and Deferred Inflows of Resources</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	68,251	470,212	538,463
Deposits and escrows	—	291,539	291,539
Noncurrent liabilities:			
Due within one year	32,046	792,697	824,743
Due in more than one year	—	16,390,628	16,390,628
<b>Total Liabilities</b>	<b>100,297</b>	<b>17,945,076</b>	<b>18,045,373</b>
<b>Deferred Inflows of Resources</b>			
Deferred property taxes	270,985	—	270,985
<b>Net Position</b>			
Net investment in capital assets	5,846,661	14,480,434	20,327,095
Restricted for:			
Emergencies	61,000	—	61,000
Capital Improvements	3,060,824	—	3,060,824
Debt service	343,904	1,682,071	2,025,975
Other	61,867	—	61,867
Unrestricted	310,054	3,341,841	3,651,895
<b>Total Net Position</b>	<b>\$ 9,684,310</b>	<b>\$ 19,504,346</b>	<b>\$ 29,188,656</b>

See the notes to the financial statements.

**CITY OF WALSENBURG, COLORADO**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 426,519	\$ 104,700	\$ 87,488	\$ —	\$ (234,331)	\$ —	\$ (234,331)
Public safety	714,281	3,493	—	—	(710,788)	—	(710,788)
Public works	400,308	9,179	—	45,627	(345,502)	—	(345,502)
Culture, parks and recreation	75,900	—	—	15,718	(60,182)	—	(60,182)
Economic Development	131,683	—	132,000	—	317	—	317
Interest on long-term debt	1,139	—	—	—	(1,139)	—	(1,139)
<b>Total Governmental Activities</b>	<b>1,749,830</b>	<b>117,372</b>	<b>219,488</b>	<b>61,345</b>	<b>(1,351,625)</b>	<b>—</b>	<b>(1,351,625)</b>
Business-type activities:							
Gas	1,150,024	1,026,551	—	—	—	(123,473)	(123,473)
Water/Sewer	2,710,444	2,534,136	—	—	—	(176,308)	(176,308)
Water park	146,150	4,286	—	—	—	(141,864)	(141,864)
<b>Total Business-Type Activities</b>	<b>4,006,618</b>	<b>3,564,973</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(441,645)</b>	<b>(441,645)</b>
<b>Total Primary Government</b>	<b>\$ 5,756,448</b>	<b>\$ 3,682,345</b>	<b>\$ 219,488</b>	<b>\$ 61,345</b>	<b>(1,351,625)</b>	<b>(441,645)</b>	<b>(1,793,270)</b>
<b>General Revenues</b>							
Taxes:							
Property taxes					217,785	—	217,785
Specific ownership taxes					19,220	—	19,220
Sales and use taxes					1,950,944	—	1,950,944
Franchise taxes					135,429	—	135,429
Other taxes					119,815	—	119,815
Paid in lieu of taxes					217,683	—	217,683
Earnings on investments					9,513	91,335	100,848
Other revenues					58,453	32,304	90,757
<b>Transfers</b>					(280,000)	280,000	—
<b>Total General Revenues and Transfers</b>					<b>2,448,842</b>	<b>403,639</b>	<b>2,852,481</b>
<b>Changes in Net Position</b>					<b>1,097,217</b>	<b>(38,006)</b>	<b>1,059,211</b>
<b>Net Position at Beginning Of Year</b>					<b>8,587,093</b>	<b>19,542,352</b>	<b>28,129,445</b>
<b>Net Position at End Of Year</b>					<b>\$ 9,684,310</b>	<b>\$ 19,504,346</b>	<b>\$ 29,188,656</b>

**CITY OF WALSENBURG, COLORADO**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2020**

	Capital Projects			Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Improvement	Street Improvement		
<b>Assets</b>					
Cash and investments	\$ 8,467	\$ 468,054	\$ 2,175,279	\$ 369,576	\$ 3,021,376
Accounts receivable	350,329	83,761	83,761	—	517,851
Property tax receivable	268,421	—	—	2,564	270,985
Due from other funds	244,907	1,112,570	84,911	—	1,442,388
Advances to other entities	100,000	—	—	—	100,000
Restricted cash and investments	—	—	—	167,866	167,866
<b>Total Assets</b>	<b>\$ 972,124</b>	<b>\$ 1,664,385</b>	<b>\$ 2,343,951</b>	<b>\$ 540,006</b>	<b>\$ 5,520,466</b>
<b>Liabilities, Deferred Inflows Of Resources And Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 25,585	\$ 2,727	\$ —	\$ 3,450	\$ 31,762
Accrued liabilities	36,489	—	—	—	36,489
Due to other funds	264,218	944,785	—	128,221	1,337,224
Property tax refunds payable	—	—	—	—	—
Advances from others	—	—	—	—	—
<b>Total Liabilities</b>	<b>326,292</b>	<b>947,512</b>	<b>—</b>	<b>131,671</b>	<b>1,405,475</b>
<b>Deferred Inflows Of Resources</b>					
Other unavailable revenue	228,225	—	—	—	228,225
Unavailable property tax revenue	268,421	—	—	2,564	270,985
<b>Total Liabilities</b>	<b>496,646</b>	<b>—</b>	<b>—</b>	<b>2,564</b>	<b>499,210</b>
<b>Fund Balances</b>					
Nonspendable	100,000	—	—	—	100,000
Restricted for emergencies	61,000	—	—	—	61,000
Restricted for capital improvements	—	716,873	2,343,951	—	3,060,824
Restricted for special revenue funds	—	—	—	61,867	61,867
Restricted for debt service	—	—	—	343,904	343,904
Unassigned	(11,814)	—	—	—	(11,814)
<b>Total Fund Balances</b>	<b>149,186</b>	<b>716,873</b>	<b>2,343,951</b>	<b>405,771</b>	<b>3,615,781</b>
<b>Total Liabilities, Deferred Inflows Of Resources And Fund Balances</b>	<b>\$ 972,124</b>	<b>\$ 1,664,385</b>	<b>\$ 2,343,951</b>	<b>\$ 540,006</b>	<b>\$ 5,520,466</b>

See the notes to the financial statements.

**CITY OF WALSENBURG, COLORADO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET WITH THE GOVERNMENT-WIDE**  
**STATEMENT OF NET POSITION**  
**December 31, 2020**

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**Total Fund Balances - Governmental Funds** \$ 3,615,781

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net position.

Capital assets	\$ 8,777,147	
Less: Accumulated depreciation	<u>(2,904,797)</u>	5,872,350

Long-term liabilities are not due and payable from current financial resources and, therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities at year end consist of:

Capital lease obligation	(25,689)	
Accrued compensated absences	<u>(6,357)</u>	(32,046)

Deferred inflows of resources for amounts not received within the availability period are not reported as revenue in the governmental funds

228,225

**Total Net Position Of Governmental Activities** \$ 9,684,310

**CITY OF WALSENBURG, COLORADO**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES -  
GOVERNMENTAL FUNDS**

**For The Year Ended December 31, 2020**

	Capital Projects			Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Improvement	Street Improvement		
<b>Revenues</b>					
Taxes	\$ 1,357,374	\$ 496,786	\$ 496,785	\$ 5,202	\$ 2,356,147
Licenses and permits	100,850	—	—	—	100,850
Intergovernmental	45,627	—	—	15,718	61,345
Grants and contributions	—	—	—	76,338	76,338
Fines and forfeitures	3,493	—	—	—	3,493
Charges for services	3,800	—	—	11,150	14,950
Paid in lieu of taxes	217,683	—	—	—	217,683
Earnings on investments	—	1,168	2,565	5,780	9,513
Miscellaneous	58,503	—	—	—	58,503
<b>Total Revenues</b>	<b>1,787,330</b>	<b>497,954</b>	<b>499,350</b>	<b>114,188</b>	<b>2,898,822</b>
<b>Expenditures</b>					
Current:					
General government	279,464	—	—	20	279,484
Public safety	714,281	—	—	—	714,281
Public works	325,558	19,087	2,834	15,381	362,860
Economic Development	131,683	—	—	—	131,683
Culture, parks and recreation	75,818	—	—	82	75,900
Debt service					
Principal	33,245	—	—	—	33,245
Interest	1,139	—	—	—	1,139
Capital outlay	7,987	—	—	—	7,987
<b>Total Expenditures</b>	<b>1,569,175</b>	<b>19,087</b>	<b>2,834</b>	<b>15,483</b>	<b>1,606,579</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>218,155</b>	<b>478,867</b>	<b>496,516</b>	<b>98,705</b>	<b>1,292,243</b>
<b>Other Financing Sources (Uses)</b>					
Transfers out	(396,978)	—	—	(280,000)	(676,978)
<b>Total Other Financing Sources (Uses)</b>	<b>(396,978)</b>	<b>—</b>	<b>—</b>	<b>(280,000)</b>	<b>(676,978)</b>
<b>Net Change In Fund Balances</b>	<b>(178,823)</b>	<b>478,867</b>	<b>496,516</b>	<b>(181,295)</b>	<b>615,265</b>
<b>Fund Balance At Beginning Of Year</b>	<b>328,009</b>	<b>238,006</b>	<b>1,847,435</b>	<b>587,066</b>	<b>3,000,516</b>
<b>Fund Balance At End Of Year</b>	<b>\$ 149,186</b>	<b>\$ 716,873</b>	<b>\$ 2,343,951</b>	<b>\$ 405,771</b>	<b>\$ 3,615,781</b>

See the notes to the financial statements.

# CITY OF WALSENBURG, COLORADO

## RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2020

<b>Total Net Change in Fund Balance - Governmental Funds</b>		\$	615,265
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those capital assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.			
Capital outlay		\$	27,073
Depreciation expense			(189,918)
			<u>33,245</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.			
			33,245
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Change in accrued compensated absences			
			13,421
Deferred inflows of resources for amounts not received within the availability period are not reported as revenue in the governmental funds			
			228,226
The internal service fund, used by management to charge the cost of certain equipment which is pooled for use across funds, was reported in the governmental activities column of the statement of activities. The fund was closed in 2020 and this represents the loss from the amount due from the Internal Service fund that was eliminated in the government wide financial statements.			
			<u>396,978</u>
<b>Change In Net Position of Governmental Activities</b>		\$	<u><u>1,097,217</u></u>

# CITY OF WALSENBURG, COLORADO

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS December 31, 2020

	Business-Type Activities				Governmental
	Gas	Water & Sewer	Non-Major		Internal
			Wild Waters	Total	Service Fund
<b>Assets</b>					
<b>Current Assets</b>					
Cash and investments	\$ 1,709,955	\$ 1,147,926	\$ —	\$ 2,857,881	\$ —
Accounts receivable, net of allowance	227,348	386,169	—	613,517	—
Due from other funds	451,561	1,294,043	—	1,745,604	—
Current portion of notes receivable	—	107,794	—	107,794	—
Prepaid expenses	491	23,162	1,381	25,034	—
Inventory	4,322	—	—	4,322	—
Restricted cash and investments	—	1,682,071	—	1,682,071	—
<b>Total Current Assets</b>	<b>2,393,677</b>	<b>4,641,165</b>	<b>1,381</b>	<b>7,036,223</b>	<b>—</b>
<b>Noncurrent Assets</b>					
Notes receivable	—	691,078	—	691,078	—
Capital assets, being depreciated	1,668,861	24,477,336	1,475,557	27,621,754	—
Capital assets, not being depreciated	35,500	3,738,576	73,101	3,847,177	—
<b>Total Noncurrent Assets</b>	<b>1,704,361</b>	<b>28,906,990</b>	<b>1,548,658</b>	<b>32,160,009</b>	<b>—</b>
<b>Total Assets</b>	<b>4,098,038</b>	<b>33,548,155</b>	<b>1,550,039</b>	<b>39,196,232</b>	<b>—</b>
<b>Deferred Outflows</b>					
Deferred charges on refunding	—	103,958	—	103,958	—
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Due to other funds	151,643	1,231,814	467,311	1,850,768	—
Accounts payable	204,536	85,418	3,178	293,132	—
Accrued expenses	26,468	150,612	—	177,080	—
Deposits and escrows	173,003	118,536	—	291,539	—
Accrued compensated absences	44,261	46,609	—	90,870	—
Current portion of long-term debt	—	701,827	—	701,827	—
<b>Total Current Liabilities</b>	<b>599,911</b>	<b>2,334,816</b>	<b>470,489</b>	<b>3,405,216</b>	<b>—</b>
<b>Noncurrent Liabilities</b>					
Long-term debt	—	16,390,628	—	16,390,628	—
<b>Total Noncurrent Liabilities</b>	<b>—</b>	<b>16,390,628</b>	<b>—</b>	<b>16,390,628</b>	<b>—</b>
<b>Total Liabilities</b>	<b>599,911</b>	<b>18,725,444</b>	<b>470,489</b>	<b>19,795,844</b>	<b>—</b>
<b>Net Position</b>					
Net investment in capital assets	1,704,361	11,227,415	1,548,658	14,480,434	—
Restricted	—	1,682,071	—	1,682,071	—
Unrestricted	1,793,766	2,017,183	(469,108)	3,341,841	—
<b>Total Net Position</b>	<b>\$ 3,498,127</b>	<b>\$ 14,926,669</b>	<b>\$ 1,079,550</b>	<b>\$ 19,504,346</b>	<b>\$ —</b>

See the notes to the financial statements.

**CITY OF WALSENBURG, COLORADO**

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

**For The Year Ended December 31, 2020**

	Business-Type Activities				Governmental
	Gas	Water & Sewer	Non-Major		Internal Service Fund
			Wild Waters	Total	
<b>Operating Revenues</b>					
Charges for services	\$ 1,024,077	\$ 2,514,035	\$ 4,286	\$ 3,542,398	—
Miscellaneous	2,572	29,732	—	32,304	—
<b>Total Operating Revenues</b>	<b>1,026,649</b>	<b>2,543,767</b>	<b>4,286</b>	<b>3,574,702</b>	<b>—</b>
<b>Operating Expenses</b>					
Personnel services	398,863	646,406	26,128	1,071,397	—
Administrative/office expenses	19,135	83,334	2,566	105,035	—
Contract services	56,116	232,696	228	289,040	—
Commodity charges	391,790	—	—	391,790	—
Utilities	23,717	194,877	23,032	241,626	—
Repairs and maintenance	39,486	107,348	2,148	148,982	—
Other supplies and expenses	24,598	204,049	29,091	257,738	—
Insurance expense	24,000	48,000	—	72,000	—
Payment in lieu of taxes	62,626	155,057	—	217,683	—
Depreciation	109,693	636,260	62,957	808,910	—
<b>Total Operating Expenses</b>	<b>1,150,024</b>	<b>2,308,027</b>	<b>146,150</b>	<b>3,604,201</b>	<b>—</b>
<b>Operating Income (Loss)</b>	<b>(123,375)</b>	<b>235,740</b>	<b>(141,864)</b>	<b>(29,499)</b>	<b>—</b>
<b>Nonoperating Revenues (Expenses)</b>					
Investment income	17,120	74,215	—	91,335	—
Tap fees	2,474	20,101	—	22,575	—
Interest expense	—	(402,417)	—	(402,417)	—
<b>Total Nonoperating Revenues (Expenses)</b>	<b>19,594</b>	<b>(308,101)</b>	<b>—</b>	<b>(288,507)</b>	<b>—</b>
<b>Capital Contributions And Transfers</b>					
Loss on transfer of capital assets	—	—	—	—	(191,856)
Transfers in - forgiveness of interfund payable	—	—	—	—	396,978
Transfers in	—	280,000	—	280,000	—
<b>Change In Net Position</b>	<b>(103,781)</b>	<b>207,639</b>	<b>(141,864)</b>	<b>(38,006)</b>	<b>205,122</b>
<b>Net Position At Beginning Of Year</b>	<b>3,601,908</b>	<b>14,719,030</b>	<b>1,221,414</b>	<b>19,542,352</b>	<b>(205,122)</b>
<b>Net Position At End Of Year</b>	<b>\$ 3,498,127</b>	<b>\$ 14,926,669</b>	<b>\$ 1,079,550</b>	<b>\$ 19,504,346</b>	<b>\$ —</b>

See the notes to the financial statements.

**CITY OF WALSENBURG, COLORADO**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

For The Year Ended December 31, 2020

	Business-Type Activities			Total	Governmental
	Gas	Water & Sewer	Non-Major Wild Waters		Activities Internal Service Fund
<b>Cash Flows From Operating Activities</b>					
Cash received from customers	\$ 1,071,285	\$ 2,701,285	\$ 5,125	\$ 3,777,695	\$ —
Cash payments to suppliers	(544,099)	(1,455,934)	(54,919)	(2,054,952)	—
Cash payments to employees	(369,549)	(707,688)	(26,128)	(1,103,365)	—
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>157,637</b>	<b>537,663</b>	<b>(75,922)</b>	<b>619,378</b>	<b>—</b>
<b>Cash Flows From Noncapital Financing Activities</b>					
Cash from other funds	13,316	649,948	75,922	739,186	—
Cash to other funds	—	(384,657)	—	(384,657)	—
<b>Net Cash Provided By (Used In) Noncapital Financing Activities</b>	<b>13,316</b>	<b>265,291</b>	<b>75,922</b>	<b>354,529</b>	<b>—</b>
<b>Cash Flows From Capital And Related Financing Activities</b>					
Capital contributions	2,474	14,851	—	17,325	—
Principal paid on debt	—	(512,278)	—	(512,278)	—
Interest paid on debt	—	(352,957)	—	(352,957)	—
Acquisition of capital assets	(115,108)	(111,221)	—	(226,329)	—
<b>Net Cash Used In Capital And Related Financing Activities</b>	<b>(112,634)</b>	<b>(961,605)</b>	<b>—</b>	<b>(1,074,239)</b>	<b>—</b>
<b>Cash Flows From Investing Activities</b>					
Earnings on investments	17,120	74,215	—	91,335	—
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>17,120</b>	<b>74,215</b>	<b>—</b>	<b>91,335</b>	<b>—</b>
<b>Net Change In Cash And Cash Equivalents</b>	<b>75,439</b>	<b>(84,436)</b>	<b>—</b>	<b>42,711</b>	<b>—</b>
<b>Cash And Cash Equivalents At Beginning Of Year</b>	<b>1,634,516</b>	<b>2,914,433</b>	<b>—</b>	<b>4,548,949</b>	<b>—</b>
<b>Cash And Cash Equivalents At End Of Year</b>	<b>\$ 1,709,955</b>	<b>\$ 2,829,997</b>	<b>\$ —</b>	<b>\$ 4,539,952</b>	<b>\$ —</b>
Cash and investments	\$ 1,709,955	\$ 1,147,926	\$ —	\$ 2,857,881	\$ —
Restricted cash and investments	—	1,682,071	—	1,682,071	—
<b>Total Cash And Cash Equivalents</b>	<b>\$ 1,709,955</b>	<b>\$ 2,829,997</b>	<b>\$ —</b>	<b>\$ 4,539,952</b>	<b>\$ —</b>
<b>Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities</b>					
Operating income (loss):	\$ (123,375)	\$ 235,740	\$ (141,864)	\$ (29,499)	\$ —
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	109,693	636,260	62,957	808,910	—
(Increase) decrease in:					
Receivables	44,636	157,518	839	202,993	—
Prepaid expenses	657	—	(628)	29	—
Due from other funds	—	—	—	—	—
Inventory	—	—	—	—	—
Increase (decrease) in:					
Accounts payable	111,527	(409,839)	2,774	(295,538)	—
Accrued expenses	29,314	(61,282)	—	(31,968)	—
Due to other funds	—	—	—	—	—
Deposits and escrows	(14,815)	(20,734)	—	(35,549)	—
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ 157,637</b>	<b>\$ 537,663</b>	<b>\$ (75,922)</b>	<b>\$ 619,378</b>	<b>\$ —</b>

See notes to the financial statements.

**CITY OF WALSENBURG, COLORADO**

**STATEMENT OF FIDUCIARY NET POSITION**

**December 31, 2020**

	<b>Volunteer Firefighters' Pension Fund</b>
<b>Assets</b>	
Cash and investments	\$ 29,231
<b>Total Assets</b>	<u>29,231</u>
<b>Net Position</b>	
Net position held in trust for pension benefits	<u>29,231</u>
<b>Total Net Position</b>	<u>\$ 29,231</u>

**CITY OF WALSENBURG, COLORADO**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For The Year Ended December 31, 2020**

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	<b>Volunteer Firefighters' Pension Fund</b>
<b>Additions</b>	
Earnings on investments	\$ 816
<b>Total Additions</b>	<u>816</u>
<b>Deductions</b>	
Administrative costs	51
Benefits paid	4,500
<b>Total Deductions</b>	<u>4,551</u>
<b>Change In Net Position</b>	(3,735)
<b>Net Position At Beginning Of Year</b>	<u>32,966</u>
<b>Net Position At End Of Year</b>	<u><u>\$ 29,231</u></u>

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

# CITY OF WALSENBURG, COLORADO

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2020

### 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 in 1873. 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.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### **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.

## **CITY OF WALSENBURG, COLORADO**

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### Notes To Financial Statements (*Continued*)

Based on the criteria above, the City has two component units. The Northlands General Improvement District (the Northlands GID) 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 GID is a blended component unit presented as a major debt service fund. The Walsenburg General Improvement District (the Downtown GID) 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.

### **Basis of Presentation**

#### *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.

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.

## CITY OF WALSENBURG, COLORADO

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### Notes To Financial Statements (*Continued*)

#### *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.

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 *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.

## CITY OF WALSENBURG, COLORADO

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### Notes To Financial Statements (*Continued*)

The *Northlands GID Fund* is a nonmajor fund, categorized as a debt service fund because it accounts for the resources used to repay the Water/Sewer Fund for the debt incurred related to sewer capital assets constructed within the district's boundaries.

The *Downtown GID Fund (formerly the Walsenburg General Improvement District)*, a nonmajor special revenue fund, accounts for assets and earnings restricted for the use of 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.

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 *Water/Sewer Fund* is a major enterprise fund used to account for the purchase and delivery of water to the citizens of the City. The City previously reported this as two separate funds, water and sewer. These activities were combined in 2020 for reporting purposes.

The *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 *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. The internal service fund was dissolved into the General Fund in 2020.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary

## **CITY OF WALSENBURG, COLORADO**

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### Notes To Financial Statements (*Continued*)

fund's principal ongoing operations. Cost reimbursement grants are recorded as unearned revenue when proceeds are received in advance.

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 and 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 firefighters' pension investments.

### **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. 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.

### **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, 2020, the City had an allowance for uncollectible accounts relating to the Water/Sewer Fund of \$5,500 and Gas Fund of \$4,874, totaling \$10,374.

## **CITY OF WALSENBURG, COLORADO**

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### Notes To Financial Statements (*Continued*)

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

#### **Inventory**

Inventory consists of supplies for the City's use and, in the 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 \$4,000 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.

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 business-type activities 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. Construction-period interest recorded in proprietary funds is no longer capitalized beginning in 2020 due to the City's adoption of GASB Statement No. 89. Therefore, no interest was capitalized during the year ended December 31, 2020.

## CITY OF WALSENBURG, COLORADO

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### Notes To Financial Statements (*Continued*)

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	40
Buildings and improvements	15 - 40
Equipment and furniture	3 - 15
Software	3 - 5

### **Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position and governmental funds balance sheet will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until then, such as deferred charges related to debt refunding.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. On the modified accrual basis of accounting, the City has recorded certain receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet. Unearned property taxes were recorded as deferred inflows of resources for governmental activities on the government-wide statement of net position.

### **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.

**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. 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**

In the government-wide and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period in which the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period in which the debt is issued. The face amount of debt issued and any related premiums or discounts are reported as other financing sources/uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures during the year they are incurred.

**Fund Balance and Net Position**

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

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

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

## CITY OF WALSENBURG, COLORADO

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### Notes To Financial Statements (*Continued*)

*Unrestricted Net Position* - This category represents the net position of the City which is not restricted for any project or other purpose. A deficit will require future funding.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Accounting standards define the different types of fund balances that a governmental entity must use for governmental fund financial reporting purposes. These standards require the fund balance amounts to be reported within one of the categories listed below:

*Nonspendable Fund Balance* - cannot ever be spent, such as fund balance associated with inventories, prepaid items, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned)

*Restricted Fund Balance* - indicates 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 legislations

*Committed Fund Balance* - includes amounts that can be used only for the specific purposes determined by a resolution approved by the City Council.

*Assigned Fund Balance* - intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned fund balance allows City Council to delegate the authority to spend to the City Manager or designee.

*Unassigned Fund Balance* - the residual classification for the government's General Fund and includes all spendable amounts not contained in the other classifications

Based on the definitions above, the City only has nonspendable, restricted and unassigned fund balances. When both restricted and unassigned resources are available for use, it is the City's policy to use restricted resources first, then unassigned resources as they are needed.

**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.

**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.

## CITY OF WALSENBURG, COLORADO

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### Notes To Financial Statements (*Continued*)

#### **New Accounting Standards**

The GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The City has early adopted this statement effective for the period ending December 31, 2020.

The GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance in May 2020. The objective of GASB 95 is to postpone effective dates to provide temporary relief in light of the COVID-19 pandemic. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 83, Certain Asset Retirement Obligations, Statement No. 84, Fiduciary Activities, Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, Statement No. 90, Majority Equity Interests, Statement No. 91, Conduit Debt Obligations, Statement No. 92, Omnibus 2020 and Statement No. 93, Replacement of Interbank Offered Rates. The effective date of the following pronouncement is postponed by 18 months: Statement No. 87, Leases. The City has elected to delay implementation of these standards as applicable to the City in accordance with Standard No. 95, except for Statement No. 89 which was implemented in 2020. GASB No. 83, 84, 88 and 90 were effective for the current reporting period, but had no effect on the City's financial reporting.

## **2. Cash and Cash Equivalents**

The composition of the City's cash and cash equivalents, including restricted cash on December 31, 2020, is as follows:

Cash on hand	\$	200
Cash deposits		3,884,909
Certificates of deposit		241,710
Local government investment pools		<u>3,631,606</u>
<b>Total</b>	<b>\$</b>	<b><u>7,758,425</u></b>

## CITY OF WALSENBURG, COLORADO

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### Notes To Financial Statements (*Continued*)

The above amounts are classified in the government-wide statement of net position and in the fiduciary statement of net position as follows:

Cash and investments	\$ 5,879,257
Restricted cash and investments	1,849,937
Fiduciary cash and investments	<u>29,231</u>
<b>Total</b>	<b><u>\$ 7,758,425</u></b>

### **Custodial Credit Risk - Deposits**

There is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits. 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 limits must be collateralized by eligible collateral as determined by PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is maintained by another institution or held in trust for all of 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 Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2020, the City's cash deposits had a bank balance of \$4,178,545. Of the bank balance, \$620,425 was covered by the Federal Deposit Insurance Corporation (FDIC) federal depository insurance. The remainder of the bank balance, \$3,558,120, was collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by the PDPA.

## CITY OF WALSENBURG, COLORADO

### Notes To Financial Statements (Continued)

### 3. Investments

#### Investments

At December 31, 2020, the City's investments in debt securities, certificates of deposit and other investments consisted of the following:

Investment Type	Fair Value	Investment Maturities		
		Up To 120 Days	121 Days To 5 Years	5 Years To 20 Years
Certificates of deposit	\$ 241,710	\$ —	\$ 241,710	\$ —
COLOTRUST	3,631,606	3,631,606	—	—
<b>Total</b>	<b>\$ 3,873,316</b>	<b>\$ 3,631,606</b>	<b>\$ 241,710</b>	<b>\$ —</b>

#### Investments Measured at Net Asset Value

COLOTRUST	\$ 3,631,606
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#### Investments Measured at Amortized Cost

Certificates of deposit	\$ 241,710
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<b>Total Investments Controlled by the City</b>	<b>\$ 3,873,316</b>
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#### Local Government Investment Pool

At December 31, 2020, the City had invested \$3,631,606 in the Colorado Government Liquid Asset Trust (COLOTRUST), a local government investment pool established in Colorado to pool surplus funds for investment purposes. These funds operate similarly to a money market fund, and each share is equal in value to \$1.00. The designated custodial bank of the pooled investment provides safekeeping and depository services in connection with the direct investment and withdrawal functions of the pooled investment. All securities owned by pooled investments are held by the Federal Reserve Bank in the account maintained for the custodial bank. Investments of pooled investments consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes. The final maturity of any and all securities purchased by pooled investments may not exceed one year. COLOTRUST is rated AAAM by Standard & Poor's. The investment policy of COLOTRUST does not include investing in derivatives.

## **CITY OF WALSENBURG, COLORADO**

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### Notes To Financial Statements (*Continued*)

#### **Credit Risk**

The City's investment policy defines allowable investment instruments including:

- U.S. Treasury obligations
- U.S. instrumentality obligations
- Certificates of deposit with original maturities of three months or more
- Commercial paper rated in the highest tier by a nationally recognized rating agency
- Repurchase agreements
- Investment grade obligations of state, county and local governments and public authorities
- Money market mutual funds regulated by the Securities and Exchange Commission whose portfolios consist of only dollar-denominated securities
- Local government investment pools

#### **Custodial Credit Risk - Investments**

For investments, custodial credit risk is the risk that, in the event of a failure of a counter party, the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a specific policy for custodial credit risk. As of December 31, 2020, the City has substantially mitigated its exposure to credit risk by investing the majority of its assets in U.S. Treasury securities and certificates of deposit covered by FDIC and PDPA.

#### **Interest Rate Risk**

CRS and the City's investment policies limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates.

#### **Restricted Cash and Investments**

At December 31, 2020, the Water/Sewer and Northlands GID Funds restricted \$1,682,071 and \$167,866, respectively, representing the required debt service reserves in accordance the Series 2017A, 2017B and 2017C revenue bond ordinances and Colorado Water Conservancy Board note payable and community agreements with Northlands GID.

## CITY OF WALSENBURG, COLORADO

### Notes To Financial Statements (Continued)

#### 4. Interfund Transfers and Balances

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

Following is a schedule of operating transfers during the year:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental Funds</b>		
General Fund	\$ —	\$ 396,978
Northlands General Improvement District Fund	—	280,000
<b>Enterprise Funds</b>		
Water/Sewer Fund	280,000	—
<b>Internal Service Fund</b>		
Fleet Service Fund	396,978	—
<b>Total</b>	<u>\$ 676,978</u>	<u>\$ 676,978</u>

Following is a schedule of outstanding interfund balances at December 31, 2020:

	<u>Due To</u>	<u>Due From</u>
<b>Governmental Funds</b>		
General Fund	\$ 264,218	\$ 244,907
Street Improvement Fund	—	84,911
Northlands GID Fund	110,562	—
Capital Improvement Fund	944,785	1,112,570
Downtown GID Fund	3,934	—
Conservation Trust Fund	13,725	—
<b>Enterprise Funds</b>		
Gas Fund	151,643	451,561
Water/Sewer Fund	1,231,814	1,294,043
Wild Waters Fund	467,311	—
<b>Total</b>	<u>\$ 3,187,992</u>	<u>\$ 3,187,992</u>

## CITY OF WALSENBURG, COLORADO

### Notes To Financial Statements (Continued)

#### 5. Note 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 \$798,872 as of December 31, 2020 with \$107,794 of principal anticipated to be repaid during 2021.

#### 6. Capital Assets

The following is a summary of changes in capital assets in the governmental activities for the year ended December 31, 2020:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 2,015,386	\$ 7,987	\$ —	\$ 2,023,373
<b>Total Capital Assets, Not Being Depreciated</b>	2,015,386	7,987	—	2,023,373
Capital assets, being depreciated:				
Land improvements	1,523,828	—	—	1,523,828
Buildings and improvements	1,740,270	19,086	—	1,759,356
Streets	2,476,339	—	—	2,476,339
Equipment and furniture	973,657	—	—	973,657
Software	20,595	—	—	20,595
<b>Total Capital Assets, Being Depreciated</b>	6,734,689	19,086	—	6,753,775
Less accumulated depreciation for:				
Land improvements	—	60,953	—	60,953
Buildings and improvements	1,321,244	34,855	—	1,356,099
Streets	745,808	61,909	—	807,717
Equipment and furniture	600,160	59,274	—	659,434
Software	20,595	—	—	20,595
<b>Total Accumulated Depreciation</b>	2,687,807	216,991	—	2,904,798
<b>Capital Assets Being Depreciated, Net</b>	4,046,882	(197,905)	—	3,848,977
<b>Total Governmental Activities Capital Assets</b>	\$ 6,062,268	\$ (189,918)	\$ —	\$ 5,872,350

## CITY OF WALSENBURG, COLORADO

### Notes To Financial Statements (Continued)

Depreciation expense was charged to functions of the primary government as follows:

General government	\$ 155,081
Public works	<u>61,910</u>
	<u>\$ 216,991</u>

The following is a summary of changes in capital assets in the business-type activities for the year ended December 31, 2020:

	<b>Beginning Balance</b>	<b>Additions/ Transfers</b>	<b>Deletions/ Transfers</b>	<b>Ending Balance</b>
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land, easements and water rights	\$ 3,700,893	\$ —	\$ —	\$ 3,700,893
Construction in progress	8,290,199	70,619	(8,214,534)	146,284
<b>Total Capital Assets, Not Being Depreciated</b>	<b>11,991,092</b>	<b>70,619</b>	<b>(8,214,534)</b>	<b>3,847,177</b>
Capital assets, being depreciated:				
Utility plant	22,427,204	8,239,461	(24,926)	30,641,739
Buildings and improvements	12,593,765	112,797	(69,113)	12,637,449
Equipment and furniture	1,522,769	15,712	105,917	1,644,398
<b>Total Capital Assets, Being Depreciated</b>	<b>36,543,738</b>	<b>8,367,970</b>	<b>11,878</b>	<b>44,923,586</b>
Less: Accumulated depreciation	16,481,045	808,909	11,878	17,301,832
<b>Capital Assets, Being Depreciated, Net</b>	<b>20,062,693</b>	<b>7,559,061</b>	<b>—</b>	<b>27,621,754</b>
<b>Total Business-Type Activities</b>				
<b>Capital Assets</b>	<b>\$ 32,053,785</b>	<b>\$ 7,629,680</b>	<b>\$ (8,214,534)</b>	<b>\$ 31,468,931</b>

## 7. Long-Term Liabilities

### Governmental Activities

#### Capital Lease

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 was completely funded by the internal services fund, however, the internal services fund was dissolved into the general fund in 2020 and therefore the general fund will fund this lease going forward.

## CITY OF WALSENBURG, COLORADO

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### Notes To Financial Statements (*Continued*)

#### **Business-Type Activities**

##### *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. This money can be used for short-lived asset replacement upon advance approval of RUS.

While this loan is secured by a pledge of water and sewer revenues and constitutes debt of the Water/Sewer Fund, the City has an agreement with the property owners located within the Northlands GID to provide funding for all debt service related to capital improvements located with the improvement district.

##### *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 Financial Statements (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, which were expensed in the year incurred, 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.

#### Colorado Water Conservation Board (CWCB) Loan

In October 2018, the City entered in to an agreement with CWCB for a loan to be used for City Lake Dam improvements. The project was completed in 2020. The final loan amount was \$6,889,210, and includes a 1% loan origination fee. The loan carries a 2% interest rate and is payable in annual installments of \$307,603 through February 2050.

Changes in long-term debt for the year ended December 31, 2020 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Compensated absences	\$ 19,778	\$ —	\$ (13,421)	\$ 6,357	\$ 6,357
Capital lease obligations	58,934	—	(33,245)	25,689	25,689
<b>Total Governmental Activities</b>	<b>\$ 78,712</b>	<b>\$ —</b>	<b>\$ (46,666)</b>	<b>\$ 32,046</b>	<b>\$ 32,046</b>
<b>Business-Type Activities</b>					
Revenue bonds:					
2017A revenue bonds	\$ 3,488,083	\$ —	\$ (49,238)	\$ 3,438,845	\$ 55,830
2017B revenue bonds	68,906	—	(863)	68,043	893
2017C revenue bonds	7,158,534	—	(462,177)	6,696,357	475,286
Colorado Water Conservation Board (CWCB) note payable	6,889,210	—	—	6,889,210	169,818
Compensated absences	105,873	108,741	(123,744)	90,870	90,870
<b>Total Business-Type Activities</b>	<b>\$ 17,710,606</b>	<b>\$ 108,741</b>	<b>\$ (636,022)</b>	<b>\$ 17,183,325</b>	<b>\$ 792,697</b>

Assets acquired through lease purchases have a book value at December 31, 2020, as shown below:

	Governmental Activities
Street sweeper	\$ 161,965
Accumulated depreciation	(68,835)
<b>Total</b>	<b>\$ 93,130</b>

## CITY OF WALSENBURG, COLORADO

### Notes To Financial Statements (Continued)

The following table represents future debt service requirements of the City's long-term liabilities for governmental- and business-type activities:

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 25,689	\$ 2,741	\$ 701,828	\$ 414,926
2022	—	—	720,290	396,464
2023	—	—	739,247	377,507
2024	—	—	758,711	358,043
2025	—	—	778,697	338,057
2026 - 2030	—	—	4,212,580	1,371,219
2031 - 2035	—	—	2,761,009	855,900
2036 - 2040	—	—	1,642,796	657,398
2041 - 2045	—	—	1,833,497	466,696
2046 - 2050	—	—	2,046,934	253,260
2051 - 2055	—	—	685,119	77,061
2056 - 2057	—	—	211,747	4,064
<b>Total</b>	<b>\$ 25,689</b>	<b>\$ 2,741</b>	<b>\$ 17,092,455</b>	<b>\$ 5,570,595</b>

## CITY OF WALSENBURG, COLORADO

### Notes To Financial Statements (Continued)

#### 8. Rate Maintenance - Water and Sewer Fund

The City has pledged future water and sewer customer revenues, as discussed in Note 7, to repay the outstanding revenue refunding bonds, equal to 120% of the amount necessary to pay the principal and interest on the bonds. The City has complied with these requirements in the aggregate. The computation for compliance is as follows:

	<u>Water/Sewer Fund</u>
<b>Revenues</b>	
Charges for services	\$ 2,514,035
Investment income	74,215
Miscellaneous	29,732
Capital contributions	—
Tap fees	20,101
Transfers in	280,000
<b>Total Revenues</b>	<b>2,918,083</b>
<b>Expenses</b>	
Operating expenses	2,308,027
Less: Depreciation	(636,260)
<b>Total Expenses</b>	<b>1,671,767</b>
<b>Net Operating Revenues</b>	<b>1,246,316</b>
<b>Debt Service Requirements</b>	
2017A bond payment due in 2020	149,688
2017B bond payment due in 2020	2,748
2017C bond payment due in 2020	656,715
<b>Total Debt Service</b>	<b>809,151</b>
<b>Debt Coverage Ratio Requirement</b>	<b>120%</b>
<b>Debt Coverage Requirement</b>	<b>970,981</b>
<b>Coverage Excess (Shortfall)</b>	<b>\$ 275,335</b>

## **9. Retirement Plans**

### **Volunteer Firefighters' Pension Fund**

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, 2020, 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. Due to the inactivity and size, no actuarial valuation has been prepared.

### **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 \$811,951 for 2020. Employee and employer contributions were \$58,963 for 2020.

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.

## **10. 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.

## **11. 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, 2020.

**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, 2020.

**COVID-19**

In March 2020, the City identified and saw a rapid spread of a novel coronavirus (COVID-19) throughout its local area and throughout the State of Colorado. Certain orders were subsequently issued by the State of Colorado requiring various potential restrictions on operations of the City. While the restrictions have not significantly impacted the revenue sources or overall operations of the City at this time, the ongoing impact is difficult to predict and will depend on future developments, which are uncertain.

**12. 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.

## **CITY OF WALSENBURG, COLORADO**

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### Notes To Financial Statements *(Continued)*

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.

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 \$61,000 for TABOR.

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, was paid in full as of December 31, 2020.

#### **14. Subsequent Events**

Management has reviewed the effect of subsequent events on the financial statements through the financial statement date, which is the date of the auditor's report.

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**Required Supplementary Information**

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# CITY OF WALSENBURG, COLORADO

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For The Year Ended December 31, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes and fees	\$ 1,315,981	\$ 1,315,981	\$ 1,357,374	\$ 41,393
Licenses and permits	76,800	76,800	100,850	24,050
Intergovernmental	—	—	45,627	45,627
Grants and contributions	—	—	—	—
Fines and forfeitures	20,200	20,200	3,493	(16,707)
Charges for services	5,000	5,000	3,800	(1,200)
Paid in lieu of taxes	—	—	217,683	217,683
Earnings on investments	—	—	—	—
Miscellaneous	4,900	4,900	58,503	53,603
<b>Total Revenues</b>	<b>1,422,881</b>	<b>1,422,881</b>	<b>1,787,330</b>	<b>364,449</b>
<b>Expenditures</b>				
Current:				
General government	514,369	514,369	279,464	234,905
Public safety	728,892	728,892	714,281	14,611
Public works	280,492	280,492	325,558	(45,066)
Culture, parks and recreation	123,871	123,871	75,818	48,053
Economic Development	—	131,683	131,683	—
Debt service				
Principal	—	—	33,245	(33,245)
Interest	—	—	1,139	(1,139)
Capital outlay	—	—	7,987	(7,987)
Contingency	—	230,693	—	230,693
<b>Total Expenditures</b>	<b>1,647,624</b>	<b>2,010,000</b>	<b>1,569,175</b>	<b>440,825</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>(224,743)</b>	<b>(587,119)</b>	<b>218,155</b>	<b>805,274</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	284,054	284,054	—	(284,054)
Transfer out	—	—	(396,978)	(396,978)
<b>Total Other Financing Sources (Uses)</b>	<b>284,054</b>	<b>284,054</b>	<b>(396,978)</b>	<b>(681,032)</b>
<b>Total Other Financing Sources</b>	<b>284,054</b>	<b>284,054</b>	<b>(396,978)</b>	<b>(681,032)</b>
<b>Net Change In Fund Balance</b>	<b>\$ 59,311</b>	<b>\$ (303,065)</b>	<b>(178,823)</b>	<b>\$ 124,242</b>
<b>Fund Balance At Beginning Of Year</b>			<u>328,009</u>	
<b>Fund Balance At End Of Year</b>			<u>\$ 149,186</u>	

See the independent auditors' report and notes to required supplementary information.

**CITY OF WALSENBURG, COLORADO**

**BUDGETARY COMPARISON SCHEDULE -**

**CAPITAL IMPROVEMENT FUND**

For The Year Ended December 31, 2020

	<b>Budgeted Amounts Original</b>	<b>Budgeted Amounts Final</b>	<b>Actual Budget Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Taxes and fees	\$ 458,050	\$ 458,050	\$ 496,786	\$ 38,736
Earnings on investments	200	200	1,168	968
<b>Total Revenues</b>	<b>458,250</b>	<b>458,250</b>	<b>497,954</b>	<b>39,704</b>
<b>Expenditures</b>				
Current:				
Public works	—	—	19,087	(19,087)
Capital outlay	345,000	345,000	—	345,000
<b>Total Expenditures</b>	<b>345,000</b>	<b>345,000</b>	<b>19,087</b>	<b>325,913</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>113,250</b>	<b>113,250</b>	<b>478,867</b>	<b>365,617</b>
<b>Other Financing Uses</b>				
Transfers out	(348,300)	(348,300)	—	348,300
<b>Net Change In Fund Balance</b>	<b>\$ (235,050)</b>	<b>\$ (235,050)</b>	<b>478,867</b>	<b>\$ 713,917</b>
<b>Fund Balance At Beginning Of Year</b>			<u>238,006</u>	
<b>Fund Balance At End Of Year</b>			<u>\$ 716,873</u>	

**CITY OF WALSENBURG, COLORADO**

**BUDGETARY COMPARISON SCHEDULE -**

**STREET IMPROVEMENT FUND**

For The Year Ended December 31, 2020

	<b>Budgeted Amounts Original</b>	<b>Budgeted Amounts Final</b>	<b>Actual Budget Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Taxes	\$ 461,565	\$ 461,565	\$ 496,785	\$ 35,220
Earnings on investments	1,750	1,750	2,565	815
<b>Total Revenues</b>	<b>463,315</b>	<b>463,315</b>	<b>499,350</b>	<b>36,035</b>
<b>Expenditures</b>				
Current:				
Public works	—	—	2,834	(2,834)
Capital outlay	275,000	275,000	—	275,000
<b>Total Expenditures</b>	<b>275,000</b>	<b>275,000</b>	<b>2,834</b>	<b>272,166</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>188,315</b>	<b>188,315</b>	<b>496,516</b>	<b>308,201</b>
<b>Change In Fund Balance</b>	<b>\$ 188,315</b>	<b>\$ 188,315</b>	<b>496,516</b>	<b>\$ 308,201</b>
<b>Fund Balance At Beginning Of Year</b>			<u>1,847,435</u>	
<b>Fund Balance At End Of Year</b>			<u>\$ 2,343,951</u>	

See the independent auditors' report.

# CITY OF WALSENBURG, COLORADO

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## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION For The Year Ended December 31, 2020

### 1. **Budgetary Information and Budget Violations**

An annual budget and appropriation ordinance is adopted by the City Council in accordance with CRS. The budget is prepared on a basis consistent with GAAP for governmental and fiduciary funds and on a budgetary basis for proprietary funds.

On or about October 15, the City staff submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted at a special meeting and at regular City Council meetings to obtain taxpayer comments. Prior to December 15, the budget is legally adopted by the City Council.

Colorado law requires that all funds have legally adopted budgets and that total expenditures for each fund cannot exceed the amount appropriated. The fund level of classification is the level of classification at which expenditures may not legally exceed appropriations.

All appropriations lapse at the end of each fiscal year. Appropriations for a fund may be increased provided they are offset by unanticipated resources.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the City Council throughout the year.

During 2020, the expenditure estimates were amended, however, expenditures exceeded final budgeted amounts in the internal service fund, the volunteer firefighters' pension fund and the northlands general improvement district fund.

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**Other Supplementary Information**

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**CITY OF WALSENBURG, COLORADO**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2020**

	<u>Debt Service</u> <u>Northlands</u> <u>GID</u>	<u>Special Revenue</u> <u>Downtown</u> <u>GID</u>	<u>Conservation</u> <u>Trust</u>	<u>Total</u>
<b>Assets</b>				
Cash and investments	\$ 290,050	\$ 13,812	\$ 65,714	\$ 369,576
Property tax receivable	—	2,564	—	2,564
Restricted cash and investments	167,866	—	—	167,866
<b>Total Assets</b>	<b>\$ 457,916</b>	<b>\$ 16,376</b>	<b>\$ 65,714</b>	<b>\$ 540,006</b>
<b>Liabilities</b>				
Accounts payable	\$ 3,450	\$ —	\$ —	\$ 3,450
Due to other funds	110,562	3,934	13,725	128,221
<b>Total Liabilities</b>	<b>114,012</b>	<b>3,934</b>	<b>13,725</b>	<b>131,671</b>
<b>Deferred Inflows of Resources</b>				
Unavailable property taxes		2,564	—	2,564
<b>Fund Balance</b>				
Restricted	343,904	9,878	51,989	405,771
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 457,916</b>	<b>\$ 16,376</b>	<b>\$ 65,714</b>	<b>\$ 540,006</b>

See the independent auditors' report.

**CITY OF WALSENBURG, COLORADO**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2020**

	<u>Debt Service</u>		<u>Special Revenue</u>		<u>Total</u>
	<u>Northlands</u>	<u>Downtown</u>	<u>Conservation</u>		
	<u>GID</u>	<u>GID</u>	<u>Trust</u>		
<b>Revenues</b>					
Taxes	\$ —	\$ 5,202	\$ —	\$ 5,202	
Intergovernmental	—	—	15,718	15,718	
Grants and contributions	76,338	—	—	76,338	
Charges for services	11,150	—	—	11,150	
Earnings on investments	4,096	—	1,684	5,780	
<b>Total Revenues</b>	<b>91,584</b>	<b>5,202</b>	<b>17,402</b>	<b>114,188</b>	
<b>Expenditures</b>					
General government	—	20	—	20	
Public works	15,381	—	—	15,381	
Culture, parks and recreation	—	—	82	82	
<b>Total Expenditures</b>	<b>15,381</b>	<b>20</b>	<b>82</b>	<b>15,483</b>	
<b>Excess Of Revenues Over Expenditures</b>	<b>76,203</b>	<b>5,182</b>	<b>17,320</b>	<b>98,705</b>	
<b>Other Financing Uses</b>					
Transfers out	(280,000)	—	—	(280,000)	
<b>Change In Fund Balance</b>	<b>(203,797)</b>	<b>5,182</b>	<b>17,320</b>	<b>(181,295)</b>	
<b>Fund Balance At Beginning Of Year</b>	<b>547,701</b>	<b>4,696</b>	<b>34,669</b>	<b>587,066</b>	
<b>Fund Balance At End Of Year</b>	<b>\$ 343,904</b>	<b>\$ 9,878</b>	<b>\$ 51,989</b>	<b>\$ 405,771</b>	

See the independent auditors' report.

**CITY OF WALSENBURG, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS -**  
**GAS FUND**  
**For The Year Ended December 31, 2020**

		Budgeted Amounts Original	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
<b>Operating Revenues</b>					
Charges for services	\$	1,376,783	\$ 1,376,783	\$ 1,024,077	\$ (352,706)
Miscellaneous revenue		100	100	2,572	2,472
<b>Total Operating Revenues</b>		<b>1,376,883</b>	<b>1,376,883</b>	<b>1,026,649</b>	<b>(350,234)</b>
<b>Operating Expenses</b>					
Personnel services		378,384	378,384	398,863	(20,479)
Administrative/office expenses		18,600	18,600	19,135	(535)
Contract services		39,500	39,500	56,116	(16,616)
Gas expense		652,471	652,471	391,790	260,681
Utilities		14,400	14,400	23,717	(9,317)
Repairs and maintenance		52,500	52,500	39,486	13,014
Other supplies and expenses		21,700	21,700	24,598	(2,898)
Insurance expense		17,092	17,092	24,000	(6,908)
Payment in lieu of taxes		—	—	62,626	(62,626)
Miscellaneous expense		250	250	—	250
Capital outlay		56,500	56,500	115,712	(59,212)
<b>Total Operating Expenses</b>		<b>1,251,397</b>	<b>1,251,397</b>	<b>1,156,043</b>	<b>95,354</b>
<b>Operating Income</b>		<b>125,486</b>	<b>125,486</b>	<b>(129,394)</b>	<b>(254,880)</b>
<b>Other Revenue (Expense) And Transfers</b>					
Investment income		33,300	33,300	17,120	(16,180)
Tap fees		—	—	2,474	2,474
Transfers out		(84,611)	(84,611)	—	84,611
<b>Total Other Revenue (Expense) And Transfers</b>		<b>(51,311)</b>	<b>(51,311)</b>	<b>19,594</b>	<b>70,905</b>
<b>Change In Net Position - Budgetary Basis</b>	<b>\$</b>	<b>74,175</b>	<b>\$</b>	<b>74,175</b>	<b>\$</b>
				<b>(109,800)</b>	<b>(183,975)</b>
<b>Reconciliation To GAAP Basis</b>					
Capital outlay				115,712	
Depreciation				(109,693)	
<b>Change In Net Position - GAAP Basis</b>				<b>(103,781)</b>	
<b>Net Position At Beginning Of Year</b>				<b>3,601,908</b>	
<b>Net Position At End Of Year</b>				<b>\$ 3,498,127</b>	

See the independent auditors' report.

**CITY OF WALSENBURG, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS -**  
**WATER & SEWER FUND**  
**For The Year Ended December 31, 2020**

	<b>Budgeted Amounts Original</b>	<b>Budgeted Amounts Final</b>	<b>Actual Budget Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Operating Revenues</b>				
Charges for services	\$ 2,802,919	\$ 2,802,919	\$ 2,514,035	\$ (288,884)
Miscellaneous	—	—	29,732	29,732
<b>Total Operating Revenues</b>	<b>2,802,919</b>	<b>2,802,919</b>	<b>2,543,767</b>	<b>(259,152)</b>
<b>Operating Expenses</b>				
Personnel services	740,012	740,012	646,406	93,606
Administrative/office expenses	35,300	35,300	83,334	(48,034)
Contract services	89,950	89,950	232,696	(142,746)
Utilities	119,475	119,475	194,877	(75,402)
Repairs and maintenance	65,200	65,200	107,348	(42,148)
Other supplies and expenses	96,350	96,350	204,049	(107,699)
Insurance expense	33,248	33,248	48,000	(14,752)
Payment in lieu of taxes	—	—	155,057	(155,057)
Miscellaneous expense	3,100	3,100	—	3,100
Principal paid	971,184	971,184	551,466	419,718
Capital outlay	570,000	570,000	86,293	483,707
Contingency	—	276,181	—	276,181
<b>Total Operating Expenses</b>	<b>2,723,819</b>	<b>3,000,000</b>	<b>2,309,526</b>	<b>690,474</b>
<b>Operating Income</b>	<b>79,100</b>	<b>(197,081)</b>	<b>234,241</b>	<b>431,322</b>
<b>Other Revenue (Expense) And Transfers</b>				
Investment income	—	—	74,215	74,215
Tap fees	—	—	20,101	20,101
Transfers in	79,092	79,092	280,000	200,908
Interest expense	—	—	(402,417)	(402,417)
<b>Total Other Expense And Transfers</b>	<b>79,092</b>	<b>79,092</b>	<b>(28,101)</b>	<b>(107,193)</b>
<b>Change In Net Position - Budgetary Basis</b>	<b>\$ 158,192</b>	<b>\$ (117,989)</b>	<b>206,140</b>	<b>\$ 324,129</b>
<b>Reconciliation To GAAP Basis</b>				
Principal paid			551,466	
Capital outlay			86,293	
Depreciation			(636,260)	
<b>Change In Net Position - GAAP Basis</b>			<b>207,639</b>	
<b>Net Position At Beginning Of Year</b>			<b>14,719,030</b>	
<b>Net Position At End Of Year</b>			<b>\$ 14,926,669</b>	

See the independent auditors' report.

**CITY OF WALSENBURG, COLORADO**

**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS -  
WILD WATERS FUND  
For The Year Ended December 31, 2020**

	<b>Budgeted Amounts Final</b>	<b>Actual Budget Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for services	\$ 61,335	\$ 4,286	\$ (57,049)
<b>Total Operating Revenues</b>	<b>61,335</b>	<b>4,286</b>	<b>(57,049)</b>
<b>Operating Expenses</b>			
Personnel services	73,100	26,128	46,972
Administrative/office expenses	8,300	2,566	—
Contract services	—	228	(228)
Repairs and maintenance	2,000	2,148	(148)
Other supplies and expenses	25,500	29,091	(3,591)
Utilities	34,400	23,032	11,368
Insurance	1,800	—	1,800
<b>Total Operating Expenses</b>	<b>145,100</b>	<b>83,193</b>	<b>56,173</b>
<b>Operating Loss</b>	<b>(83,765)</b>	<b>(78,907)</b>	<b>(876)</b>
<b>Other Revenue (Expense) And Transfers</b>			
Transfers in	83,765	—	(83,765)
<b>Total Other Revenue And Transfers</b>	<b>83,765</b>	<b>—</b>	<b>(83,765)</b>
<b>Change In Net Position - Budgetary Basis</b>	<b>\$ —</b>	<b>(78,907)</b>	<b>\$ (84,641)</b>
<b>Reconciliation To GAAP Basis</b>			
Depreciation		(62,957)	
<b>Change In Net Position - GAAP Basis</b>		<b>(141,864)</b>	
<b>Net Position At Beginning Of Year</b>		<b>1,221,414</b>	
<b>Net Position At End Of Year</b>		<b>\$ 1,079,550</b>	

**CITY OF WALSENBURG, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS -**  
**INTERNAL SERVICE FUND**  
**For The Year Ended December 31, 2020**

	<b>Budgeted Amounts Final</b>	<b>Actual Budget Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Other Financing Sources</b>			
Loss on transfer of capital assets	\$ —	\$ (191,856)	\$ (191,856)
Transfers in - forgiveness of interfund payable	—	396,978	396,978
<b>Change In Net Position</b>	<b>\$ —</b>	<b>205,122</b>	<b>\$ 205,122</b>
<b>Net Position At Beginning Of Year</b>		<u>(205,122)</u>	
<b>Net Position At End Of Year</b>		<u>\$ —</u>	

See the independent auditors' report.

**CITY OF WALSENBURG, COLORADO**

**BUDGETARY COMPARISON SCHEDULE - FIDUCIARY FUND -  
VOLUNTEER FIREFIGHTERS' PENSION FUND  
For The Year Ended December 31, 2020**

	<b>Budgeted Amounts Final</b>	<b>Actual Budget Basis</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Earnings on investments	\$ 1,500	\$ 816	\$ (684)
<b>Total Revenues</b>	1,500	816	(684)
<b>Expenditures</b>			
Administrative	—	51	(51)
Benefits paid	4,500	4,500	—
<b>Total Expenses</b>	4,500	4,551	(51)
<b>Change In Net Position</b>	\$ (3,000)	(3,735)	\$ (735)
<b>Net Position At Beginning Of Year</b>		32,966	
<b>Net Position At End Of Year</b>		\$ 29,231	

# CITY OF WALSENBURG, COLORADO

## BUDGETARY COMPARISON SCHEDULE -

### NORTHLANDS GID FUND

For The Year Ended December 31, 2020

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
<b>Revenues</b>			
Grants and contributions	\$ 156,863	\$ 76,338	\$ (80,525)
Public improvement fee revenue	—	11,150	11,150
Earnings on investments	—	4,096	4,096
<b>Total Revenues</b>	<b>156,863</b>	<b>91,584</b>	<b>(65,279)</b>
<b>Expenditures</b>			
Current:			
Public works	—	15,381	(15,381)
Debt service	150,100	—	150,100
Capital outlay	—	—	—
<b>Total Expenditures</b>	<b>150,100</b>	<b>15,381</b>	<b>134,719</b>
<b>Deficiency Of Revenues Over Expenditures</b>	<b>6,763</b>	<b>76,203</b>	<b>69,440</b>
<b>Other Financing Sources (Uses)</b>			
Transfers out	—	(280,000)	(280,000)
<b>Change In Fund Balance</b>	<b>\$ 6,763</b>	<b>(203,797)</b>	<b>\$ (210,560)</b>
<b>Fund Balance At Beginning Of Year</b>		<b>547,701</b>	
<b>Fund Balance At End Of Year</b>		<b>\$ 343,904</b>	

See the independent auditors' report.

# CITY OF WALSENBURG, COLORADO

## BUDGETARY COMPARISON SCHEDULE - NONMAJOR GOVERNMENTAL FUNDS - DOWNTOWN GID FUND For The Year Ended December 31, 2020

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 2,100	\$ 5,202	\$ 3,102
<b>Total Revenues</b>	<u>2,100</u>	<u>5,202</u>	<u>3,102</u>
<b>Expenditures</b>			
Current:			
Contract services	2,100	—	2,100
Other operating services	—	20	(20)
<b>Total Expenditures</b>	<u>2,100</u>	<u>20</u>	<u>2,080</u>
<b>Change In Fund Balance</b>	<u>\$ —</u>	<u>\$ 5,182</u>	<u>\$ 5,182</u>
<b>Fund Balance At Beginning Of Year</b>		<u>4,696</u>	
<b>Fund Balance At End Of Year</b>		<u>\$ 9,878</u>	

# CITY OF WALSENBURG, COLORADO

## BUDGETARY COMPARISON SCHEDULE - NONMAJOR GOVERNMENTAL FUNDS - CONSERVATION TRUST FUND For The Year Ended December 31, 2020

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental:			
State-shared revenue	\$ 11,000	\$ 15,718	\$ 4,718
Earnings on investments	3,000	1,684	(1,316)
<b>Total Revenues</b>	<b>14,000</b>	<b>17,402</b>	<b>3,402</b>
<b>Expenditures</b>			
Culture, parks and recreation	—	82	(82)
<b>Total Expenditures</b>	<b>—</b>	<b>82</b>	<b>(82)</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>14,000</b>	<b>17,320</b>	<b>3,320</b>
<b>Other Financing Uses</b>			
Transfers out	(14,000)	—	14,000
<b>Total Other Financing Uses</b>	<b>(14,000)</b>	<b>—</b>	<b>14,000</b>
<b>Change In Fund Balance</b>	<b>\$ —</b>	<b>17,320</b>	<b>\$ 17,320</b>
<b>Fund Balance At Beginning Of Year</b>		<u>34,669</u>	
<b>Fund Balance At End Of Year</b>		<u>\$ 51,989</u>	

See the independent auditors' report.

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**Special Reports Section**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: <b>Walsenburg</b>
		YEAR ENDING : December 2020
This Information From The Records Of (example - City of _ or County of _ City of Waslenburg	Prepared By: Phone:	Chuck Reilly 719-695-1036

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

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

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	100
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	496,785	c. Other	
4. Miscellaneous local receipts (from page 2)	2,565	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	100
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	499,351	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	117,129	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	616,480	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	100

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,112,704	616,480	100	2,729,084	0

**Notes and Comments:**

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2020

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	2,565
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	496,785	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	496,785	h. Other	
c. Total (a. + b.)	496,785	i. Total (a. through h.)	2,565
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	117,129	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	117,129	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		0.00	0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

**Notes and Comments:**