

**TOWN OF WELLINGTON
WELLINGTON, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management team of the Town of Wellington (Town) is pleased to present this narrative overview and analysis of the financial position and activities of the Town for the fiscal year ended December 31, 2021. Readers are encouraged to consider the information presented here in conjunction with the information furnished in the Basic Financial Statements, Notes to the Basic Financial Statements and Supplementary Information.

FINANCIAL HIGHLIGHTS

Entity-wide

- The assets of the Town of Wellington exceeded its liabilities (also referred to in these financial statements as the Town's Net Position) at the close of 2021 by \$105 million, an increase of \$2.8 million from the year before.
 - Current assets include \$43.5 million in pooled cash and \$24.8 million in Cash with Fiscal Agent in the Water Fund at June 30, 2021 received from a state loan for the construction of a new Water Plant.
 - Noncurrent assets include \$64.6 million in net fixed assets, such as buildings, equipment, and road, storm, water, and sewer infrastructure.
 - Of the total \$105 million Net Position, \$39.3 million consists of net investment in capital assets (all fixed assets less accumulated depreciation and related debt) so is not in a form that is available and spendable to the Town. Another \$38.5 million is classified as "unrestricted", consisting of cash and other current assets, less current liabilities and may be used to meet the Town's ongoing obligations to citizens and creditors.
 - It was determined that ending Net Position in the previous year (2020) required a prior period adjustment of \$4.6 million to reconcile capital assets as reported in that year with the Town's fixed asset schedules (see Note 10). The reconciliation was primarily related to general government (non-enterprise) assets that are not capitalized so are not included in the Town's general ledger. General government fixed assets are expenses rather than capitalized and depreciated in accordance with generally accepted accounting principles (GAAP). General government fixed assets are, however, included in accordance with GAAP in the entity-wide Statement of Net Position so the reader has a sense of the whole entity's financial position and activities. With this adjustment, fixed assets reported in the financial statements agree with Town's detailed asset schedules.
- The Town retired \$1.8 million of its long-term debt (excluding compensated absences) during the fiscal year due to semi-annual and annual principal payments made on the Town's outstanding obligations (see Note 6).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds

- At the end of calendar year 2021, fund balance in the General Fund was \$7.4 million and revenues exceeded expenditures by \$97,416 during the year.
- Street Fund revenues exceeded expenditures by \$643,700 in 2021, increasing fund balance to \$3.7 million.
- In the Park Fund, though operations were at nearly break-even for the year, capital outlay, debt service and a \$200,000 transfer out to the Conservation Trust Fund decreased fund balance by \$582,980 to \$2.3 million.
- The Conservation Trust Fund reported an increase in fund balance of \$323,933 in 2021, consisting of \$123,933 in revenues, a transfer in of \$200,000 from the Park Fund, and no expenditures, bringing ending fund balance to \$909,740.

Enterprise Funds

- The Water Fund had operating income of \$66,370 in 2021, which included \$772,273 in non-cash depreciation and \$1.2 million in administrative overhead cost paid to the General Fund. After a \$1.3 million American Rescue Plan Act grant and other non-operating items, the Fund generated almost \$1.1 million in net income. Another \$4.5 million of contributed capital in the form of tap fees and raw water fees increased the Net Position of the fund by \$5.6 million for the year to \$45.6 million.
- The Sewer Fund had an operating loss of \$741,746, after \$765,145 in administrative overhead fees paid to the General Fund and \$605,843 in non-cash depreciation of fixed assets. After contributed capital from tap fees are factored in the Sewer Fund's Net Position remained almost flat from the previous year, decreasing by \$17,229 to \$23.7 million.
- The Storm Drainage Fund had a \$102,472 operating loss in 2021, including \$136,898 in overhead fees to the General Fund and \$116,532 in non-cash depreciation. After non-operating sources are factored in this fund's Net Position increased by \$31,577 to \$3.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the Town of Wellington's basic financial statements, which are comprised of three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information that supports the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Wellington's finances. These statements are prepared in a manner similar to a private-sector business using the accrual basis of accounting and economic resources measurement focus.

The **Statement of Net Position** presents information on all the Town of Wellington's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the categories reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Wellington is improving or deteriorating.

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

Both government-wide financial statements distinguish functions of the Town of Wellington that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business type activities*). The governmental activities of the Town of Wellington include general government, public safety, public works, planning, library, parks, and recreation. The business-type activities of the Town of Wellington include water, sewer and storm drainage operations.

The government-wide financial statements include only the Town of Wellington itself (known as the *primary government*) and can be found on pages 4-5 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Wellington, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Town of Wellington can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations and the basic services it provides. These statements help one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental

MANAGEMENT'S DISCUSSION AND ANALYSIS

activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds are described in reconciliations on page 7 and 9. The basic governmental fund financial statements can be found on pages 6 to 9 of this report.

Proprietary funds. The Town of Wellington currently maintains one type of *proprietary fund*, called *enterprise funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Wellington uses *enterprise funds* to account for its sewer, water and storm drainage operations.

Business-type activities are reported providing the same type of information as the government-wide financial statements, only in more detail. The business-type financial statements provide separate information for sewer, water and storm drainage operations, which are major enterprise funds of the Town of Wellington. The basic proprietary fund financial statements detailing the business-type activities can be found on pages 10 to 12 of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the Town. *Fiduciary funds* are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Wellington's own programs. The accounting used for *fiduciary funds* is much like that used for *proprietary funds*. Additional information on the Town's Fiduciary Fund (Library Trust Fund) can be found on pages 13 and 14 of this report.

Notes to the financial statements. The notes provide significant additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 to 35 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required and certain other supplementary information concerning the Town of Wellington's budget comparison statements for the General Fund, non-major Conservation Trust Fund and the Town's three major enterprise funds Water, Sewer and Storm Drainage. The other supplementary information can be found on pages 36 to 45 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

A significant portion of the Town's net position (37.4%) reflects its investment in capital assets (e.g., land, buildings machinery, and equipment), less any related outstanding debt used to acquire those assets, and accumulated depreciation. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from **other sources**, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors. Below and on the following page is condensed financial information for fiscal year 2021 compared with 2020 totals.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Statement of Net Position

| | 2021 | | | |
|---|------------------------------------|--|-----------------------------|-----------------------------|
| | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | <u>Totals</u> | <u>2020 Totals</u> |
| ASSETS | | | | |
| Current assets | \$17,769,903 | \$55,244,240 | \$73,014,143 | \$74,218,291 |
| Capital assets | 18,868,355 | 45,725,144 | 64,593,499 | 62,085,481 |
| Total assets | <u>36,638,258</u> | <u>100,969,384</u> | <u>137,607,642</u> | <u>136,303,772</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>-</u> | <u>838</u> | <u>838</u> | <u>-</u> |
| LIABILITIES | | | | |
| Current liabilities | 1,829,530 | 2,913,515 | 4,743,045 | 6,425,656 |
| Long-term liabilities | 1,140,452 | 24,367,196 | 25,507,648 | 26,061,023 |
| Total liabilities | <u>2,969,982</u> | <u>27,280,711</u> | <u>30,250,693</u> | <u>32,486,679</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>1,653,374</u> | <u>728,095</u> | <u>2,381,469</u> | <u>1,619,066</u> |
| NET POSITION | | | | |
| Invested in capital assets, net of related debt | 17,840,435 | 21,437,265 | 39,277,700 | 58,986,014 |
| Restricted for: | | | | |
| Emergencies | | | | 306,349 |
| Other purposes | 1,160,740 | 26,062,270 | 27,223,010 | 1,491,542 |
| Unrestricted | <u>13,013,727</u> | <u>25,461,881</u> | <u>38,475,608</u> | <u>41,414,122</u> |
| Total net position | <u>\$32,014,902</u> | <u>\$72,961,416</u> | <u>\$104,976,318</u> | <u>\$102,198,027</u> |

The restricted portion of net position (26%) represents resources that are subject to external restrictions on how they may be used, the largest of which is \$24.8 million in Cash with Fiscal Agent related to the funding of the Water Plant project. Note that this \$24.8 million balance was included in the *invested in capital assets* category in 2020 (part of the \$58,986,014 shown above). However, it was determined that this account balance was better represented as a restriction on net position, so it is included in the \$26,062,270 *restricted for other purposes* amount for 2021 shown above. The remaining balance of *unrestricted net position* of \$38.5 million may be used to meet the Town's ongoing obligations to citizens and creditors.

The table and discussion below, and continued on the next page, focuses on changes in net position of the Town's governmental and business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Statement of Activities

| 2021 | | | | |
|---|------------------------------------|-------------------------------------|-----------------------------|-----------------------------|
| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Totals</u> | <u>2020 Totals</u> |
| Revenues | | | | |
| Program revenues | | | | |
| Charges for services | \$620,044 | \$6,789,891 | \$7,409,935 | \$5,553,034 |
| Operating grants and contributions | 577,784 | 1,312,399 | 1,890,183 | 101,678 |
| Capital grants and contributions | - | 5,307,791 | 5,307,791 | 7,398,706 |
| General revenues | | | | |
| Property taxes | 1,533,366 | 218,450 | 1,751,816 | 1,512,321 |
| Sales and use taxes | 5,377,606 | - | 5,377,606 | 3,652,434 |
| Franchise fees | 218,903 | - | 218,903 | 184,840 |
| Earnings on investments | 8,089 | 12,630 | 20,719 | 287,472 |
| Other | 546,729 | 20,300 | 567,029 | 4,445,753 |
| Total revenues & transfers | <u>8,882,521</u> | <u>13,661,461</u> | <u>22,543,982</u> | <u>23,136,238</u> |
| Expenses | | | | |
| General government | 1,876,096 | - | 1,876,096 | 3,092,223 |
| Public safety | 1,492,267 | - | 1,492,267 | 1,435,696 |
| Public works | 1,878,117 | - | 1,878,036 | 2,450,299 |
| Culture and recreation | 1,856,854 | - | 1,856,854 | 1,026,780 |
| Economic development | - | - | - | 163,624 |
| Library | - | - | - | 187,449 |
| Interest on long-term debt | - | - | - | 32,259 |
| Water | - | 5,009,111 | 5,009,111 | 3,772,403 |
| Sewer | - | 2,277,166 | 2,277,166 | 1,412,745 |
| Storm drainage | - | 762,413 | 762,413 | 899,727 |
| Total expenses | <u>7,103,334</u> | <u>8,048,690</u> | <u>15,152,024</u> | <u>14,473,205</u> |
| Change in net position | 1,779,187 | 5,612,771 | 7,391,958 | 8,663,033 |
| Net position at beginning of year | 34,609,666 | 67,588,361 | 102,198,027 | 93,534,994 |
| Prior Period Restatement | (4,373,951) | (239,716) | (4,613,667) | - |
| Net Position—Beginning (as restated) | 30,235,715 | 67,348,645 | 97,584,360 | 93,534,994 |
| Net Position at end of year | <u>\$32,014,902</u> | <u>\$72,961,416</u> | <u>\$104,976,318</u> | <u>\$102,198,027</u> |

Financial Analysis of the Town's Funds

Governmental funds. The focus of the Town of Wellington's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Wellington's financing requirements. Unassigned

MANAGEMENT'S DISCUSSION AND ANALYSIS

fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of 2021, the Town of Wellington's governmental funds (General, Streets, Parks and Conservation Trust Funds) reported combined ending fund balances of \$14.3 million, an increase of \$482,069 over the combined governmental fund balances of the previous year. Approximately half of this combined fund balance constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is otherwise classified to indicate that it is not available for new spending because the asset itself is in a non-spendable form (e.g. prepaid expenses) or that portions of fund balance have been restricted or committed to specific purposes (e.g. streets and parks) as follows:

| | |
|--------------|---------------------|
| Nonspendable | \$90,677 |
| Restricted | 1,160,740 |
| Committed | 6,017,423 |
| Unassigned | <u>7,020,204</u> |
| TOTAL | <u>\$14,289,044</u> |

General Fund Budgetary Highlights

The General Fund accounts for all the general services provided by the Town. At the end of 2021, the fund balance of the General Fund totaled \$7,361,631, an increase of \$97,416 over the restated fund balance at the end of 2020. The General Fund's primary source of revenue is property and sales taxes and to a lesser degree, fees for franchise agreements and services such as building permits and plan checking.

Property tax revenues of \$1.5 million came in right at budget estimates for 2021 and sales taxes exceeded budget estimates coming in at \$2.65 million for the year. These two revenue sources accounted for 81% of all General Fund revenues, which totaled \$5.1 million in 2021. Franchise fees and building permits also exceeded estimates for the year coming in at \$218,903 and \$526,232, respectively.

In 2021, expenditures in the General Fund totals just over \$5 million. Of this total, \$1.8 million was expended on capital projects, the largest of which was \$1.24 million for the construction of a new building for Town administrative offices.

In 2021 administrative services provided by the General Fund were charged to the street, water, sewer, drainage, and park funds in the total amount of \$3,206,100 as detailed in the 2021 budget document. This methodology provides for full costing of services in these funds and reimburses the General Fund for services provided to other funds. To better understand the expenditures for the General Fund shown in the Statement of Revenues, Expenditures, and Changes in Fund Balance it is important to know that this \$3,206,100 was allocated to the General Fund as follows: \$1,504,837 to that General Government category, and \$1,701,263 to the Public Works

MANAGEMENT'S DISCUSSION AND ANALYSIS

expenditure category in that Statement (see page 37). This method of applying administrative overhead charges resulted in net General Government expenditures of \$1,782,977 (total before allocation of overhead was \$3,287,814) and a negative expenditure of \$142,459 in net Public Works expenditures (total before allocation of overhead was \$1,558,804).

CAPITAL ASSET ADMINISTRATION

Capital assets. The Town of Wellington's net investment in capital assets for its governmental and business type activities as of December 31, 2021 and 2020, amounted to \$64.6 million (net of accumulated depreciation and debt) and \$57.2 million, respectively. This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities and roads.

Town of Wellington Capital Assets at Year End

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land & Water Rights: | \$1,716,459 | \$1,716,459 | \$7,405,793 | \$4,926,670 | \$9,122,252 | \$6,643,129 |
| Buildings & Improvements: | 1,836,047 | 567,536 | - | - | 1,836,047 | 567,536 |
| Improvements Other Than Buildings: | 3,688,126 | 3,702,527 | - | - | 3,688,126 | 3,702,527 |
| Streets & Improvements: | 11,480,009 | 11,715,729 | - | - | 11,480,009 | 11,715,729 |
| Machinery & Equipment: | 147,714 | 143,099 | - | - | 147,714 | 143,099 |
| Utility Systems & Equipment: | - | - | 33,171,747 | 32,349,307 | 33,171,747 | 32,349,307 |
| Construction in Progress: | - | - | 5,147,604 | 2,070,324 | 5,147,604 | 2,070,324 |
| TOTAL | <u>\$18,868,355</u> | <u>\$17,845,350</u> | <u>\$45,725,144</u> | <u>\$39,346,301</u> | <u>\$64,593,499</u> | <u>\$57,191,651</u> |

Additional information on the Town's capital assets can be found on pages 26 and 27 of this report.

DEBT ADMINISTRATION

Long-term debt. At the end of 2021, the Town of Wellington had total debt outstanding of \$25.3 million compared with \$27.2 million in 2020 (not including \$112,532 in long-term accrued compensated absences at year end). The Town's debt represents bonds and loans secured solely by specified revenue sources, such as Water & Sewer Fund user fees.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Wellington Outstanding Debt at Year End

| | Governmental | | Business-Type | | Total | |
|--|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| | Activities | | Activities | | | |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| FNB WCP Loan (Park) | \$1,027,920 | \$1,270,251 | - | - | \$1,027,920 | \$1,270,251 |
| 1984 General Obligation Bonds (Water) | - | - | \$ 55,000 | \$ 80,000 | \$ 55,000 | \$ 80,000 |
| 1982 CWCB General Obligation Bonds (Water) | - | - | \$108,627 | \$159,828 | \$108,627 | \$159,828 |
| 2001 CWR&PDA Loan (Water) | - | - | \$36,027 | \$105,975 | \$36,027 | \$105,975 |
| 2002 CWR&PDA Loan (Sewer) | - | - | \$335,835 | \$650,004 | \$335,835 | \$650,004 |
| 2014 Bond Issue - WWTP Expansion (Sewer) | - | - | \$1,770,000 | \$1,880,000 | \$1,770,000 | \$1,880,000 |
| 2020 CWR&PDA Loan (Water) | - | - | \$21,982,391 | \$23,007,763 | \$21,982,391 | \$23,007,763 |
| TOTAL | \$1,027,920 | \$1,270,251 | \$24,287,880 | \$25,883,570 | \$25,315,800 | \$27,153,821 |

Additional information on the Town's long-term debt can be found on pages 28 to 33.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Annual Budget guides the efficient and effective use of Town resources, focusing on the highest priorities of the Town's citizens as represented by the Board of Trustees. Through the Budget process the Town Board establishes priorities and allocates resources to meet their goals. With the approval of the 2021 Budget, the Town Board appropriated \$37.1 million for expenditure in that year (not including transfers), a 1.9% increase over the budget in 2020. This amount was made up of \$15.9 million for operations in all funds and \$21.2 million for capital projects. The largest share of the capital projects budget went to the Water and Wastewater Plant design and construction projects.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town of Wellington's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town of Wellington Finance Department, 8225 Third Street, Wellington, Colorado 80549.

Mayberry & Company, LLC

Certified Public Accountants

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

Board of Trustees
Town of Wellington
Wellington, Colorado

Independent Auditors' Report

Opinion

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 Town of Wellington, as of and for the year ended December 31, 2021, and the related notes to the financial statements which collectively comprise Town of Wellington's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Wellington as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Town of Wellington and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Wellington's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Wellington' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt Town of Wellington' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of a Matter

As discussed in Note 10 to the financial statements, the 2020 financial statements have been restated to reflect changes related to unrecorded accounts receivables and unsupported capital asset balances reported as of December 31, 2020. These restatements impacted the governmental activities, business-type activities, and the General, Street, Park, Water, Sewer and Drainage Funds. Our opinions are not modified with respect to these matters.

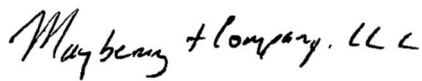
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management’s discussion and analysis, budgetary comparison information, historical pension information and other post -employment benefit plan information listed in the tables of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Local Highway Finance Report is presented for purposes of legal compliance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Englewood, Colorado
February 27, 2024

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BASIC FINANCIAL STATEMENTS

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TOWN OF WELLINGTON, COLORADO

**STATEMENT OF NET POSITION
DECEMBER 31, 2021**

| | GOVERNMENTAL ACTIVITIES | BUSINESS TYPE ACTIVITIES | TOTAL |
|---|------------------------------------|---|-----------------------|
| ASSETS AND DEFERRED OUTFLOWS | | | |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Investments | | | |
| Cash | \$ 15,133,860 | \$ 28,369,880 | \$ 43,503,740 |
| Restricted Cash and Investments | - | 1,262,270 | 1,262,270 |
| Receivables | | | |
| Property Tax Receivable | 1,653,374 | 87,345 | 1,740,719 |
| Utility Receivable | - | 645,861 | 645,861 |
| Cash with Fiscal Agent | 86,909 | 24,801,135 | 24,888,044 |
| Accounts Receivable | 8,289 | 9,834 | 18,123 |
| Other Receivables | 796,794 | - | 796,794 |
| Inventory | - | 67,915 | 67,915 |
| Prepaid Expenses | 90,677 | - | 90,677 |
| Total Current Assets | <u>17,769,903</u> | <u>55,244,240</u> | <u>73,014,143</u> |
| Noncurrent Assets | | | |
| Capital Assets not being Depreciated | 1,716,459 | 12,553,397 | 14,269,856 |
| Capital Assets being Depreciated | 35,012,265 | 51,680,213 | 86,692,478 |
| Accumulated Depreciation | <u>(17,860,369)</u> | <u>(18,508,466)</u> | <u>(36,368,835)</u> |
| Total Noncurrent Assets | <u>18,868,355</u> | <u>45,725,144</u> | <u>64,593,499</u> |
| TOTAL ASSETS | <u>36,638,258</u> | <u>100,969,384</u> | <u>137,607,642</u> |
| DEFERRED OUTFLOWS OF FINANCIAL RESOURCES | | | |
| Bond Related Deferred Outflows | - | 838 | 838 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | <u>\$ 36,638,258</u> | <u>\$ 100,970,222</u> | <u>\$ 137,608,480</u> |
| LIABILITIES, DEFERRED INFLOWS AND NET POSITION | | | |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | \$ 1,010,031 | \$ 2,681,201 | \$ 3,691,232 |
| Accrued Salaries and Benefits | 135,918 | 25,475 | 161,393 |
| Retainage Payable | 137,071 | - | 137,071 |
| Deposits and Escrow | 544,465 | 3,500 | 547,965 |
| Accrued Interest Payable | 2,045 | 203,339 | 205,384 |
| Total Current Liabilities | <u>1,829,530</u> | <u>2,913,515</u> | <u>4,743,045</u> |
| Noncurrent Liabilities | | | |
| Due within one year | 251,162 | 1,619,898 | 1,871,060 |
| Due in more than one year | <u>889,290</u> | <u>22,747,298</u> | <u>23,636,588</u> |
| Total Noncurrent Liabilities | <u>1,140,452</u> | <u>24,367,196</u> | <u>25,507,648</u> |
| TOTAL LIABILITIES | <u>2,969,982</u> | <u>27,280,711</u> | <u>30,250,693</u> |
| DEFERRED INFLOWS OF FINANCIAL RESOURCES | | | |
| Deferred Property Taxes | 1,653,374 | 87,345 | 1,740,719 |
| Other Deferred Inflows | - | 640,750 | 640,750 |
| TOTAL DEFERRED INFLOWS | <u>1,653,374</u> | <u>728,095</u> | <u>2,381,469</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 17,840,435 | 21,437,265 | 39,277,700 |
| Restricted Net Position | 1,160,740 | 26,062,270 | 27,223,010 |
| Unrestricted Net Position | <u>13,013,727</u> | <u>25,461,881</u> | <u>38,475,608</u> |
| TOTAL NET POSITION | <u>32,014,902</u> | <u>72,961,416</u> | <u>104,976,318</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | <u>\$ 36,638,258</u> | <u>\$ 100,970,222</u> | <u>\$ 137,608,480</u> |

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

TOWN OF WELLINGTON

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | PROGRAM REVENUES | | | |
|---|-------------------------|-----------------------------|---|-----------------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS |
| FUNCTIONS/PROGRAMS | | | | |
| Government Activities | | | | |
| Current: | | | | |
| General Government | \$ 1,876,096 | \$ 67,937 | \$ 111,400 | \$ - |
| Public Safety | 1,492,267 | 5,482 | - | - |
| Public Works | 1,878,117 | 526,232 | 342,779 | - |
| Culture and Recreation | 1,856,854 | 20,393 | 123,605 | - |
| TOTAL GOVERNMENT ACTIVITIES | <u>7,103,334</u> | <u>620,044</u> | <u>577,784</u> | <u>-</u> |
| Business-type Activities | | | | |
| Current: | | | | |
| Water | 5,009,111 | 4,676,011 | 1,311,669 | 4,526,669 |
| Sewer | 2,277,166 | 1,453,939 | - | 781,122 |
| Drainage | 762,413 | 659,941 | 730 | - |
| TOTAL BUSINESS-TYPE ACTIVITIES | <u>8,048,690</u> | <u>6,789,891</u> | <u>1,312,399</u> | <u>5,307,791</u> |
| TOTAL GOVERNMENT | <u>\$ 15,152,024</u> | <u>\$ 7,409,935</u> | <u>\$ 1,890,183</u> | <u>\$ 5,307,791</u> |
| GENERAL REVENUES | | | | |
| Property Taxes | | | | |
| Specific Ownership Taxes | | | | |
| Sales and Use Taxes | | | | |
| Other Taxes | | | | |
| Impact Fees | | | | |
| Cigarette Taxes | | | | |
| Franchise Taxes | | | | |
| Interest Income | | | | |
| Gain (Loss) on Disposal of Capital Assets | | | | |
| Other Revenues | | | | |
| TOTAL GENERAL REVENUES | | | | |
| CHANGE IN NET POSITION | | | | |
| NET POSITION - Beginning | | | | |
| Prior Period Restatement | | | | |
| NET POSITION - Beginning (as Restated) | | | | |
| NET POSITION - Ending | | | | |

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

**NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION**

| GOVERNMENT ACTIVITIES | BUSINESS - TYPE ACTIVITES | TOTAL |
|----------------------------------|--------------------------------------|-----------------------|
| \$ (1,696,759) | \$ - | \$ (1,696,759) |
| (1,486,785) | - | (1,486,785) |
| (1,009,106) | - | (1,009,106) |
| (1,712,856) | - | (1,712,856) |
| <u>(5,905,506)</u> | <u>-</u> | <u>(5,905,506)</u> |
| - | 5,505,238 | 5,505,238 |
| - | (42,105) | (42,105) |
| - | (101,742) | (101,742) |
| - | <u>5,361,391</u> | <u>5,361,391</u> |
| <u>(5,905,506)</u> | <u>5,361,391</u> | <u>(544,115)</u> |
| 1,533,366 | 218,450 | 1,751,816 |
| 110,785 | - | 110,785 |
| 5,377,606 | - | 5,377,606 |
| 9,105 | - | 9,105 |
| 393,690 | - | 393,690 |
| 8,869 | - | 8,869 |
| 218,903 | - | 218,903 |
| 8,089 | 12,630 | 20,719 |
| 8,993 | 20,300 | 29,293 |
| 15,287 | - | 15,287 |
| <u>7,684,693</u> | <u>251,380</u> | <u>7,936,073</u> |
| <u>1,779,187</u> | <u>5,612,771</u> | <u>7,391,958</u> |
| 34,609,666 | 67,588,361 | 102,198,027 |
| <u>(4,373,951)</u> | <u>(239,716)</u> | <u>(4,613,667)</u> |
| <u>30,235,715</u> | <u>67,348,645</u> | <u>97,584,360</u> |
| <u>\$ 32,014,902</u> | <u>\$ 72,961,416</u> | <u>\$ 104,976,318</u> |

TOWN OF WELLINGTON, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

| | General | Street | Park |
|---|----------------------|---------------------|---------------------|
| | Fund | Fund | Fund |
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS AND DEFERRED OUTFLOWS | | | |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Investments | | | |
| Cash | \$ 8,490,637 | \$ 3,535,811 | \$ 2,197,672 |
| Receivables | | | |
| Property Tax Receivable | 1,653,374 | - | - |
| Cash with Fiscal Agent | - | 74,101 | 12,808 |
| Accounts Receivable | 8,289 | - | - |
| Other Receivables | 514,924 | 137,832 | 144,038 |
| Prepaid Expenses | 90,427 | - | 250 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | <u>\$ 10,757,651</u> | <u>\$ 3,747,744</u> | <u>\$ 2,354,768</u> |
| LIABILITIES, DEFERRED INFLOWS AND NET POSITION | | | |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | \$ 943,686 | \$ 57,338 | \$ 9,007 |
| Accrued Salaries and Benefits | 117,424 | - | 18,494 |
| Retainage Payable | 137,071 | - | - |
| Deposits and Escrow | 544,465 | - | - |
| TOTAL LIABILITIES | <u>1,742,646</u> | <u>57,338</u> | <u>27,501</u> |
| DEFERRED INFLOWS OF FINANCIAL RESOURCES | | | |
| Deferred Property Taxes | <u>1,653,374</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE | | | |
| Nonspendable Fund Balance | 90,427 | - | 250 |
| Restricted Fund Balance | 251,000 | - | - |
| Committed Fund Balance | - | 3,690,406 | 2,327,017 |
| Unassigned Fund Balance | 7,020,204 | - | - |
| TOTAL FUND BALANCE | <u>7,361,631</u> | <u>3,690,406</u> | <u>2,327,267</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | <u>\$ 10,757,651</u> | <u>\$ 3,747,744</u> | <u>\$ 2,354,768</u> |

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

| Conservation Trust (Nonmajor) Fund | Total 2021 |
|---|-----------------------|
|---|-----------------------|

| | |
|-------------------|----------------------|
| \$ 909,740 | \$ 15,133,860 |
| - | 1,653,374 |
| - | 86,909 |
| - | 8,289 |
| - | 796,794 |
| - | 90,677 |
| <u>\$ 909,740</u> | <u>\$ 17,769,903</u> |

| | |
|----------|------------------|
| \$ - | \$ 1,010,031 |
| - | 135,918 |
| - | 137,071 |
| <u>-</u> | <u>544,465</u> |
| <u>-</u> | <u>1,827,485</u> |

| | |
|----------|------------------|
| <u>-</u> | <u>1,653,374</u> |
|----------|------------------|

| | |
|-------------------|----------------------|
| - | 90,677 |
| 909,740 | 1,160,740 |
| - | 6,017,423 |
| <u>-</u> | <u>7,020,204</u> |
| <u>909,740</u> | <u>14,289,044</u> |
| <u>\$ 909,740</u> | <u>\$ 17,769,903</u> |

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TOWN OF WELLINGTON, COLORADO

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2021**

| | | | |
|--|---------------------|--------------------|-----------------------------|
| Fund Balance - Governmental Funds | | | \$ 14,289,044 |
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds | | | |
| Capital assets, not being depreciated | \$ 1,716,459 | | |
| Capital assets, being depreciated | 35,012,265 | | |
| Accumulated depreciation | <u>(17,860,369)</u> | 18,868,355 | |
| Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds. | | | |
| Bonds payable | (1,027,920) | | |
| Accrued interest payable | (2,045) | | |
| Accrued compensated absences | <u>(112,532)</u> | <u>(1,142,497)</u> | |
| Total Net Position - Governmental Activities | | | <u>\$ 32,014,902</u> |

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

TOWN OF WELLINGTON, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | General Fund | Street Fund | Park Fund |
|--|-------------------------|------------------------|----------------------|
| REVENUES | | | |
| Taxes | \$ 4,420,303 | \$ 1,564,459 | \$ 1,273,872 |
| Intergovernmental Revenues | 111,345 | 342,779 | - |
| Licenses and Permits | 532,707 | 325,340 | 92,800 |
| Fines and Forfeits | 5,482 | - | - |
| Charges for Services | 45,522 | - | 11,883 |
| Investment Earnings | 5,683 | 845 | 1,233 |
| Other Revenues | 15,832 | 9,493 | 285 |
| TOTAL REVENUES | 5,136,874 | 2,242,916 | 1,380,073 |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 1,782,977 | - | - |
| Public Safety | 1,492,267 | - | - |
| Public Works | (142,459) | 833,029 | - |
| Parks, Recreation and Other | 71,904 | - | 1,392,701 |
| Capital Outlay | 1,834,769 | 766,187 | 100,892 |
| Debt Service | - | - | 269,460 |
| TOTAL EXPENDITURES | 5,039,458 | 1,599,216 | 1,763,053 |
| REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES | 97,416 | 643,700 | (382,980) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | - | - | - |
| Transfers (Out) | - | - | (200,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | (200,000) |
| NET CHANGE IN FUND BALANCE - GAAP BASIS | 97,416 | 643,700 | (582,980) |
| FUND BALANCE, BEGINNING | 7,078,957 | 3,000,853 | 2,864,394 |
| Prior Period Restatement | 185,258 | 45,853 | 45,853 |
| FUND BALANCE, BEGINNING (As Restated) | 7,264,215 | 3,046,706 | 2,910,247 |
| FUND BALANCE, ENDING | \$ 7,361,631 | \$ 3,690,406 | \$ 2,327,267 |

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

| Conservation Trust (Nonmajor) | | Total |
|--------------------------------------|--|----------------------|
| Funds | | 2021 |
| \$ - | | \$ 7,258,634 |
| 123,605 | | 577,729 |
| - | | 950,847 |
| - | | 5,482 |
| - | | 57,405 |
| 328 | | 8,089 |
| - | | 25,610 |
| <u>123,933</u> | | <u>8,883,796</u> |
| - | | 1,782,977 |
| - | | 1,492,267 |
| - | | 690,570 |
| - | | 1,464,605 |
| - | | 2,701,848 |
| - | | 269,460 |
| - | | 8,401,727 |
| <u>123,933</u> | | <u>482,069</u> |
| 200,000 | | 200,000 |
| - | | (200,000) |
| <u>200,000</u> | | <u>-</u> |
| <u>323,933</u> | | <u>482,069</u> |
| 585,807 | | 13,530,011 |
| - | | 276,964 |
| <u>585,807</u> | | <u>13,806,975</u> |
| <u>\$ 909,740</u> | | <u>\$ 14,289,044</u> |

TOWN OF WELLINGTON, COLORADO

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | | | |
|---|----------------|----|------------------|
| Change in Fund Balance - Governmental Funds | | \$ | 482,069 |
| Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level | | | |
| Capitalized Asset Purchases | 2,407,262 | | |
| Depreciation Expense | (1,382,982) | | |
| Gain (Loss) on Asset Disposals | <u>(1,275)</u> | | 1,023,005 |
| Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level | | | |
| Principal payments on bonds payable | 242,331 | | |
| Change in accrued interest payable | 400 | | |
| Change in accrued compensated absences | <u>31,382</u> | | <u>274,113</u> |
| Change in Net Position - Governmental Activities | | \$ | <u>1,779,187</u> |

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

TOWN OF WELLINGTON, COLORADO

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021**

| | <u>Business-type Activities</u> | | | |
|---|---------------------------------|-----------------------|--------------------------|-----------------------|
| | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Drainage Fund</u> | |
| ASSETS AND DEFERRED OUTFLOWS | | | | |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and Investments | | | | |
| Cash | \$ 19,369,551 | \$ 7,613,437 | \$ 1,386,892 | \$ 28,369,880 |
| Restricted Cash and Investments | 912,270 | 350,000 | - | 1,262,270 |
| Receivables | | | | |
| Property Tax Receivable | 87,345 | - | - | 87,345 |
| Utility Receivable | 419,652 | 155,239 | 70,970 | 645,861 |
| Cash with Fiscal Agent | 24,800,000 | - | 1,135 | 24,801,135 |
| Accounts Receivable | 9,834 | - | - | 9,834 |
| Inventory | 54,722 | 13,193 | - | 67,915 |
| Total Current Assets | <u>45,653,374</u> | <u>8,131,869</u> | <u>1,458,997</u> | <u>55,244,240</u> |
| Noncurrent Assets | | | | |
| Capital Assets not being depreciated | 9,356,171 | 3,197,226 | - | 12,553,397 |
| Capital Assets being depreciated | 26,427,569 | 21,786,251 | 3,466,393 | 51,680,213 |
| Accumulated Depreciation | <u>(11,205,223)</u> | <u>(6,579,801)</u> | <u>(723,442)</u> | <u>(18,508,466)</u> |
| Total Noncurrent Assets | <u>24,578,517</u> | <u>18,403,676</u> | <u>2,742,951</u> | <u>45,725,144</u> |
| TOTAL ASSETS | <u>70,231,891</u> | <u>26,535,545</u> | <u>4,201,948</u> | <u>100,969,384</u> |
| DEFERRED OUTFLOWS OF FINANCIAL RESOURCES | | | | |
| Bond Related Deferred Outflows | 838 | - | - | 838 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | <u>\$ 70,232,729</u> | <u>\$ 26,535,545</u> | <u>\$ 4,201,948</u> | <u>\$ 100,970,222</u> |
| LIABILITIES, DEFERRED INFLOWS AND NET POSITION | | | | |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts Payable | \$ 1,521,489 | \$ 695,949 | \$ 463,763 | \$ 2,681,201 |
| Accrued Salaries and Benefits | 16,552 | 8,923 | - | 25,475 |
| Deposits and Escrow | 3,500 | - | - | 3,500 |
| Accrued Interest Payable | 173,526 | 29,813 | - | 203,339 |
| Total Current Liabilities | <u>1,715,067</u> | <u>734,685</u> | <u>463,763</u> | <u>2,913,515</u> |
| Noncurrent Liabilities | | | | |
| Due within one year | 1,169,254 | 449,764 | 880 | 1,619,898 |
| Due in more than one year | 21,044,008 | 1,695,366 | 7,924 | 22,747,298 |
| Total Noncurrent Liabilities | <u>22,213,262</u> | <u>2,145,130</u> | <u>8,804</u> | <u>24,367,196</u> |
| TOTAL LIABILITIES | <u>23,928,329</u> | <u>2,879,815</u> | <u>472,567</u> | <u>27,280,711</u> |
| DEFERRED INFLOWS OF FINANCIAL RESOURCES | | | | |
| Deferred Property Taxes | 87,345 | - | - | 87,345 |
| Other Deferred Inflows | 640,750 | - | - | 640,750 |
| TOTAL DEFERRED INFLOWS | <u>728,095</u> | <u>-</u> | <u>-</u> | <u>728,095</u> |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 2,396,473 | 16,297,841 | 2,742,951 | 21,437,265 |
| Restricted Net Position | 25,712,270 | 350,000 | - | 26,062,270 |
| Unrestricted Net Position | 17,467,562 | 7,007,889 | 986,430 | 25,461,881 |
| TOTAL NET POSITION | <u>45,576,305</u> | <u>23,655,730</u> | <u>3,729,381</u> | <u>72,961,416</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | <u>\$ 70,232,729</u> | <u>\$ 26,535,545</u> | <u>\$ 4,201,948</u> | <u>\$ 100,970,222</u> |

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

TOWN OF WELLINGTON, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021**

| | <u>Business-type Activities</u> | | | <u>Total 2021</u> |
|--|---------------------------------|-----------------------|--------------------------|-----------------------|
| | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Drainage Fund</u> | |
| Operating Revenues | | | | |
| Utility Charges | \$ 4,666,974 | \$ 1,453,939 | \$ 659,941 | \$ 6,780,854 |
| Other Charges for Services | 9,037 | - | - | 9,037 |
| Total Revenues | <u>4,676,011</u> | <u>1,453,939</u> | <u>659,941</u> | <u>6,789,891</u> |
| Operating Expenses | | | | |
| Raw Water Purchases | 1,219,501 | - | - | 1,219,501 |
| Management Fees | 1,222,301 | 765,145 | 136,898 | 2,124,344 |
| Personnel Services | 451,012 | 386,500 | 8,804 | 846,316 |
| Administrative/Office Expenses | - | - | 6,498 | 6,498 |
| Operating Supplies | 52,305 | 14,384 | - | 66,689 |
| Professional Fees | 118,547 | 46,312 | 64,527 | 229,386 |
| Repairs and Maintenance | 230,318 | 93,801 | 2,418 | 326,537 |
| Travel and Training | 6,432 | 1,529 | - | 7,961 |
| Treatment | 210,264 | 24,368 | - | 234,632 |
| Telephone and Utilities | 147,409 | 155,806 | 396,096 | 699,311 |
| Other Operating Expenses | 13,995 | 6,398 | 319 | 20,712 |
| Depreciation Expense | 772,273 | 605,843 | 116,532 | 1,494,648 |
| Other Capital Outlay | 165,284 | 95,599 | 30,321 | 291,204 |
| Total Expenditures | <u>4,609,641</u> | <u>2,195,685</u> | <u>762,413</u> | <u>7,567,739</u> |
| Operating Income (Loss) | <u>66,370</u> | <u>(741,746)</u> | <u>(102,472)</u> | <u>(777,848)</u> |
| Other Income (Expense) | | | | |
| Tax Revenue & Impact Fees | 85,593 | - | 132,857 | 218,450 |
| Intergovernmental Revenue | 1,311,669 | - | 730 | 1,312,399 |
| Investment Earnings | 7,592 | 4,576 | 462 | 12,630 |
| Interest Expense | (399,470) | (81,481) | - | (480,951) |
| Gain (Loss) on Sale of Assets | - | 20,300 | - | 20,300 |
| Total Other Income (Expense) | <u>1,005,384</u> | <u>(56,605)</u> | <u>134,049</u> | <u>1,082,828</u> |
| Net Income (Loss) | <u>1,071,754</u> | <u>(798,351)</u> | <u>31,577</u> | <u>304,980</u> |
| Contributed Capital | | | | |
| Plant Investment Fees | 727,460 | 781,122 | - | 1,508,582 |
| Cash in Lieu of Fees | 1,320,086 | - | - | 1,320,086 |
| Dedicated Infrastructure/Water Rights | 2,479,123 | - | - | 2,479,123 |
| Total Contributed Capital | <u>4,526,669</u> | <u>781,122</u> | <u>-</u> | <u>5,307,791</u> |
| Change in Net Position | <u>5,598,423</u> | <u>(17,229)</u> | <u>31,577</u> | <u>5,612,771</u> |
| Net Position, Beginning | 40,055,410 | 23,806,941 | 3,726,010 | 67,588,361 |
| Prior Period Restatement | (77,528) | (133,982) | (28,206) | (239,716) |
| Net Position, Beginning (As Restated) | <u>39,977,882</u> | <u>23,672,959</u> | <u>3,697,804</u> | <u>67,348,645</u> |
| Net Position, Ending | <u>\$ 45,576,305</u> | <u>\$ 23,655,730</u> | <u>\$ 3,729,381</u> | <u>\$ 72,961,416</u> |

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

TOWN OF WELLINGTON

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | Business-type Activities | | | |
|---|---------------------------------|-----------------------|--------------------------|-----------------------|
| | Water Fund | Sewer Fund | Drainage Fund | Total 2021 |
| Cash Flows From Operating Activities: | | | | |
| Cash Received from Customers | \$ 4,437,450 | \$ 1,484,969 | \$ 667,309 | \$ 6,589,728 |
| Cash Paid to Suppliers | (947,283) | 90,373 | (810,413) | (1,667,323) |
| Cash Paid for Interfund Services | (1,222,301) | (765,145) | (136,898) | (2,124,344) |
| Cash Paid to Employees | (282,929) | (244,510) | - | (527,439) |
| Net Cash Provided by Operating Activities | <u>1,984,937</u> | <u>565,687</u> | <u>(280,002)</u> | <u>2,270,622</u> |
| Cash Flows From Capital and Related Financing Activities: | | | | |
| Tap Fees Received | 2,047,546 | 781,122 | - | 2,828,668 |
| Debt Principal Payments | (1,171,560) | (430,356) | - | (1,601,916) |
| Grant Proceeds | 1,311,669 | - | 730 | 1,312,399 |
| Interest Payments | (407,950) | (77,647) | - | (485,597) |
| Proceeds of Capital Asset Sales | (28,853) | 20,300 | - | (8,553) |
| Acquisition of Capital Assets | (1,532,446) | (3,738,519) | (91,351) | (5,362,316) |
| Net Cash Flows Provided (Used) by Capital and Related Financing Activities | <u>218,406</u> | <u>(3,445,100)</u> | <u>(90,621)</u> | <u>(3,317,315)</u> |
| Cash Flows (Uses) From Noncapital Financing Activities: | | | | |
| Cash (to) from Other Funds | - | - | (420,000) | (420,000) |
| Tax Revenue | 85,593 | - | 132,934 | 218,527 |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>85,593</u> | <u>-</u> | <u>(287,066)</u> | <u>(201,473)</u> |
| Cash Flows Provided by Investing Activities: | | | | |
| Interest Received | 7,592 | 4,576 | 462 | 12,630 |
| Net Increase (Decrease) in Cash | 2,296,528 | (2,874,837) | (657,227) | (1,235,536) |
| Cash - Beginning | <u>17,985,293</u> | <u>10,838,274</u> | <u>2,044,119</u> | <u>30,867,686</u> |
| Cash - Ending | <u>\$ 20,281,821</u> | <u>\$ 7,963,437</u> | <u>\$ 1,386,892</u> | <u>\$ 29,632,150</u> |
| Cash | \$ 19,369,551 | \$ 7,613,437 | \$ 1,386,892 | \$ 28,369,880 |
| Restricted Cash and Investments | 912,270 | 350,000 | - | 1,262,270 |
| Total | <u>\$ 20,281,821</u> | <u>\$ 7,963,437</u> | <u>\$ 1,386,892</u> | <u>\$ 29,632,150</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities: | | | | |
| Operating Income (Loss) | \$ 66,370 | \$ (741,746) | \$ (102,472) | \$ (777,848) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | | |
| Depreciation Expense | 772,273 | 605,843 | 116,532 | 1,494,648 |
| Changes in Assets and Liabilities Related to Operations: | | | | |
| (Increase) Decrease in: | | | | |
| Utility Receivable | (135,309) | 31,030 | 7,368 | (96,911) |
| Accounts Receivable | (3,743) | - | - | (3,743) |
| Inventory | (2,536) | (11,937) | - | (14,473) |
| (Increase) Decrease in: | | | | |
| Accounts Payable | 1,339,621 | 634,279 | (310,234) | 1,663,666 |
| Accrued Salaries and Benefits | 16,552 | 8,923 | - | 25,475 |
| Accrued Compensated Absences | 31,218 | 39,295 | 8,804 | 79,317 |
| Other Deferred Inflows | (99,509) | - | - | (99,509) |
| Total Adjustments | <u>1,918,567</u> | <u>1,307,433</u> | <u>(177,530)</u> | <u>3,048,470</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 1,984,937</u> | <u>\$ 565,687</u> | <u>\$ (280,002)</u> | <u>\$ 2,270,622</u> |
| Schedule of Noncash Activities: | | | | |
| Contributed Capital Assets | \$ 2,479,123 | \$ - | \$ - | \$ - |

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

TOWN OF WELLINGTON, COLORADO

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

| | Library Custodial Trust Fund | Total |
|---|---|--------------|
| | <hr/> | <hr/> |
| ASSETS AND DEFERRED OUTFLOWS | | |
| ASSETS | | |
| Current Assets | | |
| Cash and Investments | | |
| Cash | \$ 520,505 | \$ 520,505 |
| LIABILITIES, DEFERRED INFLOWS AND NET POSITION | | |
| NET POSITION | | |
| Restricted Net Position | \$ 520,505 | \$ 520,505 |

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

TOWN OF WELLINGTON, COLORADO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

| | Library Custodial Trust Fund | Total |
|--------------------------------|---|--------------------------|
| | <hr/> | <hr/> |
| | 2021 | 2021 |
| | <hr/> | <hr/> |
| Additions | | |
| Impact Fees | \$ 28,000 | \$ 28,000 |
| Net Position, Beginning | <u>492,505</u> | <u>492,505</u> |
| Net Position, Ending | <u><u>\$ 520,505</u></u> | <u><u>\$ 520,505</u></u> |

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

**TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

HISTORY AND FUNCTION OF ORGANIZATION

The Town of Wellington, Colorado (the "Town") was founded on November 10, 1905 as a statutory town. The Town's major operations include general government, public safety, public works, parks and recreation, economic development, and the library. The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Town's accounting policies are described below.

REPORTING ENTITY

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consist of (a) the primary government, (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these criteria, there are no additional agencies or entities which should be included in the financial statements of the Town.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances present increases and decreases in those components. These funds use the modified accrual basis of accounting, whereby revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recognized only when payment is due.

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

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, reconciliations are presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

In accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, ("GASB No. 33") the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

Governmental funds are used to account for all or most of a government's general activities. The following are the Town's major governmental funds:

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

**TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Special Revenue Funds:

This fund accounts for revenues derived from specific taxes or other designated revenues that are legally restricted to expenditures for specific purposes. The Town's special revenue fund is as follows:

Street Fund - The Street Fund, a special revenue fund, is considered a major fund of the Town. Revenues in the Street Fund consist of motor vehicle ownership taxes, motor vehicle registration taxes and highway user taxes. In addition, this fund accounts for impact fees relating to new construction from building permits. Amounts collected are disbursed for the maintenance of the Town's streets and alleys.

Park Fund - The Park Fund, a special revenue fund, is considered a major fund of the Town. Revenues in the Park Fund consist of sales taxes, use taxes, motor vehicle use taxes, and open space sales taxes. In addition, this fund accounts for impact fees relating to new construction from building permits. Amounts collected are disbursed for the maintenance of the Town's parks and open space.

The other governmental fund (nonmajor fund) is a special revenue fund (Conservation Trust) and has been established to account for revenues from the Colorado Conservation Trust Fund which are required to be used to fund park and recreation services.

Proprietary Funds

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 the fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net position is segregated into amounts invested in capital assets, restricted for debt service and rate stabilization loan reserves, and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The Town's major enterprise funds include the Water, Sewer, and Storm Drainage funds.

TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town has one custodial trust fund, the Library Trust Fund, which accounts for library impact fees and grants and disburses funds for the benefit of the Town's library.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

BUDGETS

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

- By October 15, the Town Administrator submits to the Town Board of Trustees, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them;
- A public hearing is conducted to obtain taxpayer comments;
- Prior to December 31, the budget is legally enacted through passage of a resolution;
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Trustees through passage of a formal resolution;
- The Town legally adopts budgets for all of the funds. Budgets for the general, special revenue and fiduciary funds are adopted on a basis consistent with GAAP. Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis, where payments for capital assets and principal amounts of debt are treated as expenditures, bond proceeds are treated as revenues, and depreciation is not budgeted;
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Town Board of Trustees. All appropriations lapse at year-end.

TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the Town is pooled and invested. Individual fund integrity is maintained through the Town's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements. The Town considers all highly liquid investments with original maturities of three months or less, including deposits in a pooled investment fund, to be cash equivalents.

Short-term investments, consisting of funds invested in a local government investment pool (Note 2) are considered to be cash equivalents and are measured at net asset value, which approximates fair value. Overdrawn balances in pooled cash accounts are treated by the Town as interfund liabilities, payable to the fund deemed to have made the loan.

REVENUE RECOGNITION/PROPERTY TAXES

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the Town by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the Town.

In the fund financial statements, property taxes are recognized in the year for which levied provided they become available and measurable. Utility service revenue is recognized when the service is provided.

ACCOUNTS RECEIVABLE

Based upon a review of the existing accounts receivable, no allowance for doubtful accounts is warranted for any fund.

INVENTORY

All inventories are valued at cost using the first-in/first-out (FIFO) method in proprietary funds. Inventories of governmental funds are recorded as expenditures when purchased.

Inventory generally consists of chemicals used in the treatment process of the Water and Sewer funds. The consumption method is used to account for inventories. Inventory costs are recorded as expenditures or expenses when individual inventory items are consumed.

PREPAID ITEMS

Payments to vendors for services that will benefit periods beyond the year-end are recorded as prepaid items.

TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., streets and roads, bridges, water lines, storm-water drainage, traffic signals, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date received.

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

Assets are depreciated using the straight-line method over the assets estimated useful lives. Depreciation expense is reflected as an operating expense in the government-wide statement of activities. Estimated useful lives for asset types are as follows:

| | |
|-----------------------------------|---------------|
| Land and Water Rights | N/A |
| Buildings and Improvements | 10 - 40 years |
| Improvements Other than Buildings | 5 - 50 years |
| Infrastructure | 20 - 40 years |
| Machinery and Equipment | 5 - 20 years |
| Utility Systems | 50 years |

ACCUMULATED UNPAID LEAVE (COMPENSATED ABSENCES)

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, ("GASB No. 16"). Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the Town will compensate the employees for the benefits earned. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation and compensatory time at their current rate of pay. There is no payment for sick leave upon termination. Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements. The Town has recorded a liability of \$191,849 at December 31, 2021.

On the government-wide and proprietary fund financial statements, where applicable, the current portion of unpaid compensated absences is the amount expected to be paid using current available resources. At December 31, 2021, the Town has estimated that 10% of the balance will be used currently.

TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing used. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

INTERFUND TRANSACTIONS

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year-end, outstanding balances between funds are reported as internal balances. All amounts moved between funds, either as routine or non-routine, are reported as transfers in or out.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position reports 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows related to taxes levied in 2021 to be collected in 2022.

TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION/FUND BALANCES

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

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

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

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Town Council, are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts. The Town currently has no committed funds.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Town currently has no assigned fund balances.

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

NET POSITION/FUND EQUITY FLOW ASSUMPTIONS

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

**TOWN OF WELLINGTON, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ESTIMATES

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETS AND BUDGETARY ACCOUNTING

All funds must have budgets to be allowed expenditures. Budgets for all funds except proprietary funds are adopted on a basis consistent with generally accepted accounting principles. The proprietary funds are prepared on the accrual basis of accounting excluding depreciation expense. All annual appropriations lapse at year end.

By August 25 the County Assessor forwards certification of assessed valuation to the Town. On or before October 1, departments must submit to the budget officer an estimate of their expenditure requirements and their estimated revenue for the ensuing budget year. The budget officer shall prepare and submit to the Town Council a proposed budget by October 15. Upon receipt of the proposed budget, the Town Council shall publish a notice showing the proposed budget is open for inspection by the public and the date the Town will consider adoption of such proposed budget.

By December 15, the Town Council certifies to County Commissioners the mill levy against the assessed valuation.

Final adoption and an ordinance or resolution making appropriations is due by December 31 and submitted to division of local government within 30 days.

Expenditures may not legally exceed budgeted appropriations at the fund level.

NOTE 3: CASH AND INVESTMENTS

A summary of deposits and investments as of December 31, 2021 is as follows:

| | |
|-----------------------------------|-----------------------------|
| Petty Cash | \$ 300 |
| Cash Deposits | 3,048,059 |
| Investments | <u>42,238,156</u> |
| Total Cash and Investments | <u>\$ 45,286,515</u> |

This balance is presented in the financial statements as follows:

| | |
|-----------------------------------|-----------------------------|
| Cash and Investments | \$ 43,503,740 |
| Restricted Cash and Investments | 1,262,270 |
| Fiduciary Cash and Investments | <u>520,505</u> |
| Total Cash and Investments | <u>\$ 45,286,515</u> |

**TOWN OF WELLINGTON, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021**

NOTE 3: CASH AND INVESTMENTS

DEPOSITS

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Town's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations.

Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2021, all of the Town's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

Deposits at December 31, 2021 were as follows:

| | Bank Balance | Book Balance |
|---|----------------------------|----------------------------|
| FDIC Insured | \$ 500,000 | \$ 500,000 |
| PDPA Collateralized not in Town's Name | 1,585,861 | 1,637,868 |
| Cash with Fiscal Agent not in Town's Name | 906,158 | 910,191 |
| Total Cash Deposits | <u>\$ 2,992,019</u> | <u>\$ 3,048,059</u> |

INVESTMENTS

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

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

The Town does not have an investment policy that would further limit its investment choices.

TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 3: CASH AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Credit Risk

For the year ended December 31, 2021, the Town had invested \$42,238,156 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. The pools operated similarly to a money market fund and each share value is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by the entities. Colotrust is rated AAAM by Standard and Poor’s.

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. The Town’s investment portfolio contains no investments that exceed that limitation.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2021, the Town’s custodial credit risk is related to the investments in Colotrust,

RESTRICTED CASH

The Town has restricted cash and set aside equity as follows:

| | |
|--|----------------------------|
| Restricted - Water Fund O&M Reserve | \$ 912,270 |
| Restricted - Sewer Fund Stabilization Res. | <u>350,000</u> |
| Total Restricted Cash and Investments | <u>\$ 1,262,270</u> |

TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 4: CAPITAL ASSETS

A summary of the Town’s governmental capital asset transactions for the year are as follows:

| | Restated Balance 12/31/2020 | Governmental Activities | | Balance 12/31/2021 |
|--|-----------------------------------|----------------------------|------------------------|-----------------------------|
| | | Additions | Deletions | |
| Capital Assets Not Being Depreciated | | | | |
| Land & Water Rights | \$ 1,716,459 | \$ - | \$ - | \$ 1,716,459 |
| Construction in Progress | - | - | - | - |
| Total Capital Assets Not Being Depreciated | <u>1,716,459</u> | <u>-</u> | <u>-</u> | <u>1,716,459</u> |
| Capital Assets Being Depreciated | | | | |
| Buildings and Improvements | 862,342 | 1,303,328 | - | 2,165,670 |
| Improvements Other Than Buildings | 6,557,192 | 368,892 | - | 6,926,084 |
| Streets and Improvements | 24,593,407 | 698,042 | - | 25,291,449 |
| Equipment | 613,827 | 37,000 | 21,765 | 629,062 |
| Total Capital Assets Being Depreciated | <u>32,626,768</u> | <u>2,407,262</u> | <u>21,765</u> | <u>35,012,265</u> |
| Accumulated Depreciation | | | | |
| Buildings and Improvements | (294,806) | (34,817) | - | (329,623) |
| Improvements Other Than Buildings | (2,854,665) | (383,293) | - | (3,237,958) |
| Streets and Improvements | (12,877,678) | (933,762) | - | (13,811,440) |
| Equipment | (470,728) | (31,110) | (20,490) | (481,348) |
| Total Accumulated Depreciation | <u>(16,497,877)</u> | <u>(1,382,982)</u> | <u>(20,490)</u> | <u>(17,860,369)</u> |
| Net Governmental Capital Assets | <u>\$ 17,845,350</u> | <u>\$ 1,024,280</u> | <u>\$ 1,275</u> | <u>\$ 18,868,355</u> |

Depreciation has been allocated to the various governmental functions as follows:

| | |
|-----------------------------|----------------------------|
| General Government | \$ 56,971 |
| Public Works | 933,762 |
| Parks, Recreation and Other | 392,249 |
| Total Depreciation | <u>\$ 1,382,982</u> |

**TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

NOTE 4: CAPITAL ASSETS (Continued)

A summary of the Town’s business-type capital asset transactions for the year are as follows:

| | Restated Balance 12/31/2020 | Business-type Activities | | Balance 12/31/2021 |
|--|--|---------------------------------|----------------------------|-------------------------------|
| | | Additions | Deletions | |
| Capital Assets Not Being Depreciated | | | | |
| Land & Water Rights | \$ 4,926,670 | \$ 2,479,123 | \$ - | \$ 7,405,793 |
| Construction in Progress | <u>2,070,324</u> | <u>4,273,697</u> | <u>1,196,417</u> | <u>5,147,604</u> |
| Total Capital Assets Not Being Depreciated | <u>6,996,994</u> | <u>6,752,820</u> | <u>1,196,417</u> | <u>12,553,397</u> |
| Capital Assets Being Depreciated | | | | |
| Utilities Systems | 47,907,021 | 1,573,327 | - | 49,480,348 |
| Machinery and Equipment | <u>1,581,104</u> | <u>743,761</u> | <u>125,000</u> | <u>2,199,865</u> |
| Total Capital Assets Being Depreciated | <u>49,488,125</u> | <u>2,317,088</u> | <u>125,000</u> | <u>51,680,213</u> |
| Accumulated Depreciation | <u>(17,138,818)</u> | <u>(1,494,648)</u> | <u>(125,000)</u> | <u>(18,508,466)</u> |
| Net Business-type Capital Assets | <u>\$ 39,346,301</u> | <u>\$ 7,575,260</u> | <u>\$ 1,196,417</u> | <u>\$ 45,725,144</u> |

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

| | |
|---------------------------|----------------------------|
| Water | \$ 772,273 |
| Wastewater | 605,843 |
| Storm Drainage | <u>116,532</u> |
| Total Depreciation | <u>\$ 1,494,648</u> |

The Town has restated the above capital assets balances as further described in Note 10.

NOTE 5: INTERNAL BALANCES AND TRANSFERS

The Town made the following routine transfers during the year:

| | Transfers | |
|-------------------------|--------------------------|--------------------------|
| | To | From |
| Park Fund | \$ 200,000 | \$ - |
| Conservtaion Trust Fund | - | <u>200,000</u> |
| Net Transfers | <u>\$ 200,000</u> | <u>\$ 200,000</u> |

Internal Charges

The following amounts represent internal charges for services rendered by the General Fund Administration, Finance, Customer Service, Human Resources, Planning and Zoning and Public Works departments to the other funds for the year ended December 31, 2021:

TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 5: INTERNAL BALANCES AND TRANSFERS

Internal Charges

| | <u>Allocation To/(From)</u> |
|-----------------------|---------------------------------|
| General Fund | \$ (3,206,100) |
| Street Fund | 547,077 |
| Park Fund | 534,679 |
| Water Fund | 1,222,301 |
| Sewer Fund | 765,145 |
| Drainage Fund | 136,898 |
| Net Allocation | <u><u>\$ -</u></u> |

NOTE 6: LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES

Changes in governmental activities long-term debt are as follows:

| | <u>Balance 12/31/2020</u> | <u>Repayments</u> | <u>Balance 12/31/2021</u> | <u>Due within One Year</u> | <u>Accrued Interest</u> | <u>Interest Expense</u> |
|---|-------------------------------|--------------------------|-------------------------------|--------------------------------|-----------------------------|-----------------------------|
| <u>Governmental Activities</u> | | | | | | |
| 2014 Park Fund Loan | \$ 1,270,251 | \$ 242,331 | \$ 1,027,920 | \$ 248,040 | \$ 2,045 | \$ 31,727 |
| Accrued Compensated Absences | 143,914 | 31,382 | 112,532 | 3,122 | - | - |
| Total Governmental-type Activities | <u>\$ 1,414,165</u> | <u>\$ 273,713</u> | <u>\$ 1,140,452</u> | <u>\$ 251,162</u> | <u>\$ 2,045</u> | <u>\$ 31,727</u> |

2014 Park Fund Note Payable

In 2014, the Town borrowed \$2,400,000 from First National Bank, with monthly principal and interest payments beginning in 2016 and maturing in 2029. The loan requires monthly payments of \$22,455 principal and interest, fixed at 2.31 %. The Park Fund is required to maintain a coverage amount of 125% of principal and interest. For the year ended December 31, 2021, the Town met the coverage amount.

Future debt service payments are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------|----------------------------|-------------------------|----------------------------|
| 2022 | \$ 248,040 | \$ 21,420 | \$ 269,460 |
| 2023 | 253,912 | 15,548 | 269,460 |
| 2024 | 259,892 | 9,568 | 269,460 |
| 2025 | 266,076 | 3,384 | 269,460 |
| Total | <u>\$ 1,027,920</u> | <u>\$ 49,920</u> | <u>\$ 1,077,840</u> |

**TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

NOTE 6: LONG-TERM DEBT (continued)

BUSINESS-TYPE ACTIVITIES

Changes in business-type activity long-term debt are as follows:

| | Balance 12/31/2020 | Repayments | Balance 12/31/2021 | Due within One Year | Accrued Interest | Interest Expense |
|---|-----------------------|---------------------|-----------------------|------------------------|---------------------|---------------------|
| <u>Business-type Activities</u> | | | | | | |
| 1982 CWCB Loan - Water | \$ 159,828 | \$ 51,202 | \$ 108,626 | \$ 53,248 | \$ 363 | \$ 6,222 |
| 1984 General Obligation Bond - Water | 80,000 | 25,000 | 55,000 | 27,000 | 229 | 3,896 |
| 2001 CWRPDA Loan - Water | 105,975 | 69,948 | 36,027 | 36,027 | 240 | 3,081 |
| 2002 CWRPDA Loan - Sewer | 650,004 | 314,169 | 335,835 | 335,835 | 3,611 | 3,242 |
| 2014 General Obligation Bond - Sewer | 1,880,000 | 110,000 | 1,770,000 | 110,000 | 26,202 | 77,989 |
| 2019 CWRPDA Loan - Water | 23,007,763 | 1,025,372 | 21,982,391 | 1,049,857 | 172,694 | 234,842 |
| Accrued Compensated Absences - Water | - | - | 31,218 | 3,122 | - | - |
| Accrued Compensated Absences - Sewer | - | - | 39,295 | 3,929 | - | - |
| Accrued Compensated Absences - Drainage | - | - | 8,804 | 880 | - | - |
| Total Business-type Activities | \$ 25,883,570 | \$ 1,595,691 | \$ 24,367,196 | \$ 1,619,898 | \$ 203,339 | \$ 329,272 |

1982 Colorado Water Conservation Board Water Note Payable

During 1982, the Town entered into a loan agreement with Colorado Water Conservation Board ("CWCB") requiring annual payments of \$57,593 principal and interest at 4.0% through December 1, 2023. Revenues of the Town are pledged in an amount sufficient to pay the annual amounts due under the loan contract.

Future debt service payments are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|-------------------|-----------------|-------------------|
| 2022 | \$ 53,248 | \$ 4,345 | \$ 57,593 |
| 2023 | 55,378 | 2,215 | 57,593 |
| Total | <u>\$ 108,626</u> | <u>\$ 6,560</u> | <u>\$ 115,186</u> |

1984 General Obligation Water Bond

During 1984, the Town entered into a general obligation water bond in the amount of \$500,000. Bond is due in escalating installments and matures on December 1, 2023. Interest is fixed at 5%.

Future debt service payments are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|------------------|
| 2022 | \$ 27,000 | \$ 2,750 | \$ 29,750 |
| 2023 | 28,000 | 1,400 | 29,400 |
| Total | <u>\$ 55,000</u> | <u>\$ 4,150</u> | <u>\$ 59,150</u> |

TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 6: LONG-TERM DEBT (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

2001 Colorado Water Resource and Power Development Authority Water Note Payable

In 2001, the Town entered into a loan payable with CWRPDA requiring semi-annual payments of \$36,747 principal and interest, at 4. 0% through May 1, 2022. The loan is a special revenue obligation of the Water Fund payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds legally available after the payment of operation and maintenance expenses of the system.

Future debt service payments are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|--------------|
| 2022 | \$ 36,027 | \$ 734 | \$ 36,761 |

2002 Colorado Water Resource and Power Development Authority Sewer Note Payable

In 2002, the Town entered into a loan payable with the Colorado Water Resource and Power Development Authority ("CWRPDA"). The 20 year note requires varying semi-annual principal and interest payments at 3.71%, payments through August 1, 2022. The loan is a special revenue obligation of the Sewer Fund payable from sewer rates, fees, standby charges, and charges from the use and operation of the system and from such other funds legally available after the payment of operation and maintenance expenses of the system.

Future debt service payments are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|--------------|
| 2022 | \$ 335,835 | \$ - | \$ 335,835 |

2014 General Obligation Sewer Bond

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

Future debt service payments are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|----------------------------|--------------------------|----------------------------|
| 2022 | \$ 110,000 | \$ 62,885 | \$ 172,885 |
| 2023 | 115,000 | 60,080 | 175,080 |
| 2024 | 120,000 | 56,918 | 176,918 |
| 2025 | 120,000 | 53,318 | 173,318 |
| 2026 | 125,000 | 49,478 | 174,478 |
| 2027-2031 | 700,000 | 177,540 | 877,540 |
| 2032-2034 | 480,000 | 38,799 | 518,799 |
| Total | <u>\$ 1,770,000</u> | <u>\$ 499,018</u> | <u>\$ 2,269,018</u> |

TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 6: LONG-TERM DEBT (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

2019 Colorado Water Resource and Power Development Authority Water Note Payable

In 2019, the Town entered into a loan payable with the Colorado Water Resource and Power Development Authority ("CWRPDA"). The 20 year loan requires varying semi-annual principal and interest payments at interest ranging from 3.0 to 5.0% through August 1, 2039. The loan is a special revenue obligation of the Sewer Fund payable from sewer rates, fees, standby charges, and charges from the use and operation of the system and from such other funds legally available after the payment of operation and maintenance expenses of the system. As of December 31, 2021, the Town had not drawn down funds from this loan. The remaining amount available of \$24.8 million to be received is reflected as cash with fiscal agent and is shown as restricted net position in the accompanying statement of net position.

Future debt service payments are as follows:

| Fiscal Year | Principal | Interest | Total |
|------------------------|----------------------------|----------------------------|-----------------------------|
| 2022 | \$ 1,049,857 | \$ 222,300 | \$ 1,272,157 |
| 2023 | 1,068,483 | 201,050 | 1,269,533 |
| 2024 | 1,091,978 | 180,550 | 1,272,528 |
| 2025 | 1,109,550 | 160,300 | 1,269,850 |
| 2026 | 1,129,785 | 141,050 | 1,270,835 |
| 2027-2031 | 5,901,906 | 451,950 | 6,353,856 |
| 2032-2036 | 6,412,390 | 181,000 | 6,593,390 |
| 2037-2039 | <u>4,218,442</u> | <u>31,650</u> | <u>4,250,092</u> |
| Total | <u>\$21,982,391</u> | <u>\$ 1,569,850</u> | <u>\$ 23,552,241</u> |

Water Fund Rate Maintenance

Pursuant to the 2001 CWRPDA loan agreement, the Town shall establish, levy, and collect rents, rates, and other charges for the products and services provided by the Town's water system (the "Water System") in an amount sufficient to: (1) meet the operation and maintenance expenses of the Water System, (2) comply with all covenants in the loan resolution, and (3) pay at least 110% of the debt service on all indebtedness or at least 110% of all such debt if connection fees are included as a source of payment.

Per the loan agreement, the Town is required to either raise rates within 60 days after the end of the year to comply with the rate covenant or to hire an independent firm of accountants or consulting engineers to do a rate study within 120 days of year-end to recommend a rate increase to meet the loan covenant.

**TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

NOTE 6: LONG-TERM DEBT (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

Sewer Fund Rate Maintenance

Pursuant to the 2002 CWRPDA loan agreement, the Town shall establish, levy, and collect rents, rates, and other charges for the products and services provided by the Town's sewer system (the "Sewer System") in an amount sufficient to: (1) meet the operation and maintenance expenses of the Sewer System, (2) comply with all covenants in the loan resolution, and (3) pay at least 110% of the debt service on all indebtedness or at least 110% of all such debt if connection fees are included as a source of payment.

Per the loan agreement, the Town is required to either raise rates within 60 days after the end of the year to comply with the rate covenant or to hire an independent firm of accountants or consulting engineers to do a rate study within 120 days of year-end to recommend a rate increase to meet the loan covenant.

The Town Board approved resolution 1-2012 SE establishing a rate stabilization account in the Sewer Fund in conformity with the rate covenant provisions of the 2002 CWRPDA loan agreement. This resolution restricted \$350,000 specifically for debt service on the aforementioned CWRPDA loan, retroactive to December 31, 2011. This restriction, plus the calculation shown above, demonstrates the Town is in compliance with the requirements of the CWRPDA loan at December 31, 2021.

Pursuant to the 2014 special revenue bond obligation agreement, the Town shall establish, maintain, enforce, and collect rates, fees, and charges for the services provided by the Town's wastewater system to create gross revenue each calendar year sufficient to pay operation and maintenance expenses and to create net revenue in an amount: (1) equal to not less than 120% of the amount necessary to pay when due the principal of and interest on the bonds and any parity lien bonds coming due during such calendar year; and (2) sufficient to make up any deficiencies in the reserve account. In the event that the gross revenue at any time is not sufficient to make such payments, the Town shall promptly increase such rates, fees, and charges to an extent which will ensure the payments and accumulations required by the ordinance.

TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 6: LONG-TERM DEBT (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

Coverage for the Water and Sewer CWRPDA rate maintenance agreement and calculation of the three-month operating reserve requirement is as follows:

| | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|--------------------------------|---------------------|-------------------|---------------------|
| Gross Charges for Services | \$ 4,666,974 | \$ 1,453,939 | \$ 6,120,913 |
| Capital Contributions | <u>4,526,669</u> | <u>781,122</u> | <u>5,307,791</u> |
| Total Revenues | 9,193,643 | 2,235,061 | 11,428,704 |
| | | | |
| <u>Operating Expenses</u> | | | |
| Operating expenses | 3,224,855 | 2,100,086 | 5,324,941 |
| Less Depreciation | <u>(772,273)</u> | <u>(605,843)</u> | <u>(1,378,116)</u> |
| Operating Expenses | <u>2,452,582</u> | <u>1,494,243</u> | <u>3,946,825</u> |
| | | | |
| Net Operating Revenues | <u>6,741,061</u> | <u>740,818</u> | <u>7,481,879</u> |
| | | | |
| Debt Service | | | |
| 1982 CWCB Loan - Water | 57,594 | - | 57,594 |
| 1984 GO Bond - Water | 29,000 | - | 29,000 |
| 2001 CWRPDA Loan - Water | 73,496 | - | 73,496 |
| 2002 CWRPDA Loan - Sewer | - | 332,337 | 332,337 |
| 2014 GO Bond - Sewer | - | 175,415 | 175,415 |
| 2019 CWRPDA Loan - Sewer | <u>1,269,172</u> | <u>-</u> | <u>1,269,172</u> |
| Total Debt Service | <u>1,429,262</u> | <u>507,752</u> | <u>1,937,014</u> |
| | | | |
| Debt Coverage Ratio 110%/120% | <u>1,572,188</u> | <u>609,302</u> | <u>2,130,715</u> |
| | | | |
| Excess (Shortfall) | <u>\$ 5,168,873</u> | <u>\$ 131,515</u> | <u>\$ 5,351,163</u> |
| | | | |
| 2022 Operating Budget | <u>\$ 3,649,078</u> | <u>\$ 975,134</u> | <u>\$ 4,624,212</u> |
| | | | |
| 3 Month Required O & M Reserve | \$ 912,270 | \$ - | \$ 912,270 |
| Rate Stabilization Reserve | <u>-</u> | <u>350,000</u> | <u>350,000</u> |
| Total CWRPDA Reserves | <u>\$ 912,270</u> | <u>\$ 350,000</u> | <u>\$ 1,262,270</u> |

NOTE 7: FUND BALANCE/NET POSITION RESERVES/RESTRICTIONS

TAX SPENDING AND DEBT LIMITATIONS

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado, all local governments, and special districts.

The Town's financial activity for the year ended December 31, 2021 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 1992, revenue in excess of the Town's "spending limit" must be refunded unless voters approve the retaining of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 7: FUND BALANCE/NET POSITION RESERVES/RESTRICTIONS (Continued)

TAX SPENDING AND DEBT LIMITATIONS (Continued)

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

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The Town's management believes it is in compliance with the TABOR amendment.

The Article requires an emergency reserve be set aside for 2021 in the amount of 3% or more of its fiscal year spending. At December 31, 2021, the Town has restricted the following for emergencies:

| | |
|--------------|-------------------|
| General Fund | <u>\$ 251,000</u> |
|--------------|-------------------|

Other Restrictions and Commitments

The Town has restricted or committed other amounts at the fund level for debt purposes as described in Note 6 and as detailed below in the governmental funds:

| | |
|-----------------------------|----------------------------|
| Restricted: | |
| For Emergencies | \$ 251,000 |
| For Parks and Recreation | <u>909,740</u> |
| Total Restricted | <u>\$ 1,160,740</u> |
| Committed: | |
| For Street Capital Projects | \$ 3,690,406 |
| For Park Capital Projects | <u>2,327,017</u> |
| Total Committed | <u>\$ 6,017,423</u> |

In addition, amounts reported as prepaid expenses in the governmental funds are considered nonexpendable fund equity at year end.

NOTE 8: COMMITMENTS AND CONTINGENCIES

The Town receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the Town, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Town at December 31, 2021.

TOWN OF WELLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 9: RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town carries commercial insurance covering specific and general risks of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

NOTE 10: PRIOR PERIOD RESTATEMENTS

As part of the preparation of the fiscal year 2021 financial statements, the Town determined that various amount reported in December 31, 2020 should be restated.

The Town reviewed its policy related to accruals of sales and cigarette taxes. Previously, the Town was only accruing taxes that were received from the State of Colorado in January of the subsequent year. As those taxes are collected by the vendors prior to year-end, yet are not remitted until the subsequent February, they are considered measurable and available at year end and subject to accrual. Accordingly, the Town has increased the beginning fund equity in the General, Street, and Parks Funds for \$275,062 and \$1,901 of additional sales and cigarette tax accruals, respectively.

When reviewing the Town's prior capital asset depreciation schedules, it was noted that the detail listings maintained by the Town did not reconcile to the amounts reported in prior audits and also included items that had been incorrectly capitalized. The most significant unsupported items were in the Governmental Activities Improvements Other than Buildings where capital assets reported were \$6,232,318 higher than reported and accumulated depreciation on those same assets being \$2,236,682 higher than reported. The restatement of capital assets in the business-type activities and proprietary funds were primarily related to non-capitalizable items being included on the depreciation schedules. Overall, governmental activity capital assets and beginning net position was reduced by a net \$4,650,914, business-type activity capital assets and net position were reduced by a net \$239,716, and capital assets and net position in the Water, Sewer and Drainage Funds were reduced by a net \$77,528, \$133,982, and \$28,206, respectively.

A summary of these restatements is shown below:

| Description | Govt. Activities | Bus Type Activities | General Fund | Street Fund | Park Fund | Water Fund | Sewer Fund | Drainage Fund |
|------------------------------------|----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|---------------------|
| Overstated Capital Assets | \$ (4,650,914) | \$ (239,716) | \$ - | \$ - | \$ - | \$ (77,528) | \$ (133,982) | \$ (28,206) |
| Unrecorded Receivables | 276,964 | - | 185,258 | 45,853 | 45,853 | - | - | - |
| Net Restatements | (4,373,950) | (239,716) | 185,258 | 45,853 | 45,853 | (77,528) | (133,982) | (28,206) |
| Ending Equity - Prior Year Audit | 34,609,666 | 24,761,696 | 7,078,957 | 3,000,853 | 2,864,394 | 40,055,410 | 23,806,941 | 3,726,010 |
| Beginning Equity - Restated | \$ 30,235,716 | \$ 24,521,980 | \$ 7,264,215 | \$ 3,046,706 | \$ 2,910,247 | \$ 39,977,882 | \$ 23,672,959 | \$ 3,697,804 |

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WELLINGTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

| | 2021 | | |
|-----------------------------------|--|------------------|---|
| | Original & Final Budget | Actual | Variance With Final Budget |
| REVENUES | | | |
| Taxes | | | |
| Property Taxes | \$ 1,532,458 | \$ 1,533,366 | \$ 908 |
| Sales and Use Taxes | 2,376,529 | 2,650,060 | 273,531 |
| Cigarette Taxes | 4,000 | 8,869 | 4,869 |
| Franchise Taxes | 187,000 | 218,903 | 31,903 |
| Other Taxes | <u>7,500</u> | <u>9,105</u> | <u>1,605</u> |
| Total Tax Revenue | <u>4,107,487</u> | <u>4,420,303</u> | <u>312,816</u> |
| Intergovernmental Revenues | | | |
| Severance Tax | 42,538 | 12,628 | (29,910) |
| Other Intergovernmental | <u>-</u> | <u>98,717</u> | <u>98,717</u> |
| Total Intergovernmental Revenue | <u>42,538</u> | <u>111,345</u> | <u>68,807</u> |
| Licenses and Permits | | | |
| Liquor Licenses | 1,600 | 925 | (675) |
| Building Permits | 120,000 | 526,232 | 406,232 |
| Animal Licenses | 60 | - | (60) |
| Business Licenses | <u>30,000</u> | <u>5,550</u> | <u>(24,450)</u> |
| Total Licenses and Permits | <u>151,660</u> | <u>532,707</u> | <u>381,047</u> |
| Fines and Forfeits | | | |
| | <u>8,000</u> | <u>5,482</u> | <u>(2,518)</u> |
| Charges for Services | | | |
| Recreation/Comm Ctr Charges | 8,000 | 10,567 | 2,567 |
| Sales of Goods | 5,000 | 5,150 | 150 |
| Rents | 4,000 | 7,650 | 3,650 |
| Other Charges for Services | <u>62,700</u> | <u>22,155</u> | <u>(40,545)</u> |
| Total Charges for Services | <u>79,700</u> | <u>45,522</u> | <u>(34,178)</u> |
| Investment Earnings | | | |
| | <u>63,000</u> | <u>5,683</u> | <u>(57,317)</u> |
| Other Revenues | | | |
| Donations | - | 55 | 55 |
| Sale of Capital Assets | - | 490 | 490 |
| Other Miscellaneous Revenue | <u>3,000</u> | <u>15,287</u> | <u>12,287</u> |
| Total Other Revenue | <u>3,000</u> | <u>15,832</u> | <u>12,832</u> |
| TOTAL REVENUES | <u>4,455,385</u> | <u>5,136,874</u> | <u>681,489</u> |

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF WELLINGTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

| | 2021 | | |
|--|--|---------------------|---|
| | Original & Final Budget | Actual | Variance With Final Budget |
| (Continued) | | | |
| EXPENDITURES | | | |
| General Government | | | |
| Personnel Services | 1,949,886 | 2,012,698 | (62,812) |
| Insurance | 148,000 | 121,980 | 26,020 |
| Professional Fees | 807,100 | 607,674 | 199,426 |
| Repairs and Maintenance | 55,750 | 64,798 | (9,048) |
| Supplies | 35,225 | 32,951 | 2,274 |
| Telephone and Utilities | 42,650 | 66,575 | (23,925) |
| Travel and Training | 42,815 | 15,496 | 27,319 |
| Other Expenses | 444,720 | 365,642 | 79,078 |
| Overhead Allocation | - | (1,504,837) | 1,504,837 |
| Total General Government | <u>3,526,146</u> | <u>1,782,977</u> | <u>1,743,169</u> |
| Public Safety | | | |
| Personnel Services | 1,579,244 | 1,463,182 | 116,062 |
| Fuel and Automotive | 6,042 | 8,132 | (2,090) |
| Repairs and Maintenance | 17,500 | 14,425 | 3,075 |
| Telephone and Utilities | 1,200 | 1,791 | (591) |
| Travel and Training | - | - | - |
| Other Expenses | 8,000 | 4,737 | 3,263 |
| Total Public Safety | <u>1,611,986</u> | <u>1,492,267</u> | <u>119,719</u> |
| Public Works | | | |
| Personnel Services | 1,579,761 | 1,300,605 | 279,156 |
| Fuel and Automotive | 2,500 | 2,666 | (166) |
| Professional Fees | 100,000 | 32,574 | 67,426 |
| Repairs and Maintenance | 74,300 | 106,358 | (32,058) |
| Supplies | 33,600 | 37,320 | (3,720) |
| Telephone and Utilities | 29,200 | 39,267 | (10,067) |
| Travel and Training | 18,000 | 4,423 | 13,577 |
| Other Expenses | 64,160 | 35,591 | 28,569 |
| Overhead Allocation | - | (1,701,263) | 1,701,263 |
| Total Public Works/Comm Devel | <u>1,901,521</u> | <u>(142,459)</u> | <u>2,043,980</u> |
| Parks, Recreation and Other | | | |
| Cemetery | 30,000 | 124 | 29,876 |
| Other Expenses | 77,910 | 71,780 | 6,130 |
| Total Parks, Recreation & Other | <u>107,910</u> | <u>71,904</u> | <u>36,006</u> |
| Capital Outlay | | | |
| General Government Capital Outlay | - | 1,370,858 | (1,370,858) |
| Public Works Capital Outlay | 244,000 | 463,911 | (219,911) |
| Other Capital Outlay | 19,704,956 | - | 19,704,956 |
| Total Capital Outlay | <u>19,948,956</u> | <u>1,834,769</u> | <u>18,114,187</u> |
| TOTAL EXPENDITURES | <u>27,096,519</u> | <u>5,039,458</u> | <u>22,057,061</u> |
| REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES | (22,641,134) | 97,416 | 22,738,550 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | <u>1,253,922</u> | - | <u>1,253,922</u> |
| NET CHANGE IN FUND BALANCE - BUDGET BASIS | <u>\$ (21,387,212)</u> | <u>97,416</u> | <u>\$ 23,992,472</u> |
| FUND BALANCE, BEGINNING | | 7,078,957 | |
| Prior Period Restatement | | 185,258 | |
| FUND BALANCE, BEGINNING (As Restated) | | <u>7,264,215</u> | |
| FUND BALANCE, ENDING | | <u>\$ 7,361,631</u> | |

See accompanying Independent Auditors' Report.

TOWN OF WELLINGTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

Street Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

| | 2021 | | |
|--|-------------------------|---------------------|---|
| | Final Budget | Actual | Variance With Final Budget |
| REVENUES | | | |
| Taxes | | | |
| Specific Ownership Taxes | \$ 90,000 | \$ 110,785 | \$ 20,785 |
| Sales and Use Taxes | <u>865,000</u> | <u>1,453,674</u> | <u>588,674</u> |
| Total Tax Revenue | <u>955,000</u> | <u>1,564,459</u> | <u>609,459</u> |
| Intergovernmental Revenues | | | |
| Highway Users | 263,000 | 313,258 | 50,258 |
| Road and Bridge | <u>38,000</u> | <u>29,521</u> | <u>(8,479)</u> |
| Total Intergovernmental Revenue | <u>301,000</u> | <u>342,779</u> | <u>41,779</u> |
| Licenses and Permits | | | |
| Impact Fees | 170,000 | 300,890 | 130,890 |
| Other Licenses | <u>58,000</u> | <u>24,450</u> | <u>(33,550)</u> |
| Total Licenses and Permits | <u>228,000</u> | <u>325,340</u> | <u>97,340</u> |
| Investment Earnings | | | |
| | <u>15,000</u> | <u>845</u> | <u>(14,155)</u> |
| Other Revenues | | | |
| Sale of Capital Assets | <u>1,000</u> | <u>9,493</u> | <u>8,493</u> |
| TOTAL REVENUES | <u>1,500,000</u> | <u>2,242,916</u> | <u>742,916</u> |
| EXPENDITURES | | | |
| General Government | | | |
| Equipment Rentals | 3,000 | 1,134 | 1,866 |
| Fuel and Automotive | 14,000 | 15,285 | (1,285) |
| Professional Fees | 32,000 | 33,600 | (1,600) |
| Repairs and Maintenance | 20,000 | 26,841 | (6,841) |
| Supplies | 24,500 | 8,650 | 15,850 |
| Telephone and Utilities | 175,092 | 198,927 | (23,835) |
| Travel and Training | - | 275 | (275) |
| Other Expenses | <u>4,000</u> | <u>548,317</u> | <u>(544,317)</u> |
| Total Public Works/Comm Devel | <u>272,592</u> | <u>833,029</u> | <u>(560,437)</u> |
| Capital Outlay | | | |
| Public Works Capital Outlay | 63,000 | 766,187 | (703,187) |
| Other Capital Outlay | <u>1,252,132</u> | <u>-</u> | <u>1,252,132</u> |
| Total Capital Outlay | <u>1,315,132</u> | <u>766,187</u> | <u>548,945</u> |
| TOTAL EXPENDITURES | <u>1,587,724</u> | <u>1,599,216</u> | <u>(11,492)</u> |
| REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES | (87,724) | 643,700 | 731,424 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (Out) | <u>(2,798,644)</u> | <u>-</u> | <u>2,798,644</u> |
| NET CHANGE IN FUND BALANCE - BUDGET BASIS | <u>\$ (2,886,368)</u> | <u>643,700</u> | <u>\$ 3,530,068</u> |
| FUND BALANCE, BEGINNING | | | |
| Prior Period Restatement | | 3,000,853 | |
| | | <u>45,853</u> | |
| FUND BALANCE, BEGINNING (As Restated) | | <u>3,046,706</u> | |
| FUND BALANCE, ENDING | | <u>\$ 3,690,406</u> | |

See accompanying Independent Auditors' Report.

TOWN OF WELLINGTON, COLORADO

BUDGETARY COMPARISON SCHEDULE

Park Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

| | 2021 | | |
|--|--|---------------|---|
| | Original & Final Budget | Actual | Variance With Final Budget |
| REVENUES | | | |
| Taxes | | | |
| Sales and Use Taxes | \$ 1,015,840 | \$ 1,273,872 | \$ 258,032 |
| Licenses and Permits | | | |
| Impact Fees | 145,000 | 92,800 | (52,200) |
| Charges for Services | | | |
| Recreation/Comm Ctr Charges | 30,000 | 9,826 | (20,174) |
| Rents | 2,000 | 2,057 | 57 |
| Total Charges for Services | 32,000 | 11,883 | (20,117) |
| Investment Earnings | | | |
| | 20,000 | 1,233 | (18,767) |
| Other Revenues | | | |
| Sale of Capital Assets | - | 285 | 285 |
| TOTAL REVENUES | 1,212,840 | 1,380,073 | 167,233 |
| EXPENDITURES | | | |
| General Government | | | |
| Personnel Services | 562,562 | 456,652 | 105,910 |
| Equipment Rentals | 12,750 | 10,980 | 1,770 |
| Fuel and Automotive | 5,500 | 4,879 | 621 |
| Professional Fees | 59,770 | 26,841 | 32,929 |
| Repairs and Maintenance | 237,990 | 212,578 | 25,412 |
| Supplies | 42,270 | 24,931 | 17,339 |
| Telephone and Utilities | 54,000 | 31,100 | 22,900 |
| Travel and Training | 8,500 | 6,260 | 2,240 |
| Other Expenses | 141,683 | 618,480 | (476,797) |
| Total Parks, Recreation & Other | 1,125,025 | 1,392,701 | (267,676) |
| Capital Outlay | | | |
| Parks, Recreation and Other Capital Outlay | - | 100,892 | (100,892) |
| Other Capital Outlay | 40,000 | - | 40,000 |
| Total Capital Outlay | 40,000 | 100,892 | (60,892) |
| Debt Service | | | |
| Principal | 242,304 | 242,304 | - |
| Interest | 27,156 | 27,156 | - |
| Total Debt Service | 269,460 | 269,460 | - |
| TOTAL EXPENDITURES | 1,434,485 | 1,763,053 | (328,568) |
| REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES | (221,645) | (382,980) | (161,335) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers (Out) | (600,679) | (200,000) | 400,679 |
| NET CHANGE IN FUND BALANCE - BUDGET BASIS | \$ (822,324) | (582,980) | \$ 239,344 |
| FUND BALANCE, BEGINNING | | 2,864,394 | |
| Prior Period Restatement | | 45,853 | |
| FUND BALANCE, BEGINNING (As Restated) | | 2,910,247 | |
| FUND BALANCE, ENDING | | \$ 2,327,267 | |

See accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

TOWN OF WELLINGTON, COLORADO

BUDGETARY COMPARISON SCHEDULE
Conservation Trust Fund
FOR THE YEAR ENDED DECEMBER 31, 2021

| | 2021 | | |
|--|-------------------------|-------------------|---|
| | Final Budget | Actual | Variance With Final Budget |
| REVENUES | | | |
| Intergovernmental Revenues | | | |
| Conservation Trust Fund | \$ - | \$ 123,605 | \$ 123,605 |
| Investment Earnings | | | |
| | - | 328 | 328 |
| TOTAL REVENUES | - | 123,933 | 123,933 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | - | 200,000 | (200,000) |
| NET CHANGE IN FUND BALANCE - BUDGET BASIS | \$ - | 323,933 | \$ 323,933 |
| FUND BALANCE, BEGINNING | | 585,807 | |
| FUND BALANCE, ENDING | | \$ 909,740 | |

See accompanying Independent Auditors' Report.

TOWN OF WELLINGTON, COLORADO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

BUDGET AND ACTUAL

Water Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

| | 2021 | | |
|--|-------------------------|----------------------|---|
| | Final Budget | Actual | Variance with Final Budget |
| Operating Revenues | | | |
| Utility Charges | \$ 5,120,866 | \$ 4,666,974 | \$ (453,892) |
| Other Charges for Services | 15,000 | 9,037 | (5,963) |
| Total Revenues | <u>5,135,866</u> | <u>4,676,011</u> | <u>(459,855)</u> |
| Operating Expenses | | | |
| Raw Water Purchases | 2,058,854 | 1,219,501 | 839,353 |
| Management Fees | - | 1,222,301 | (1,222,301) |
| Personnel Services | 403,288 | 451,012 | (47,724) |
| Operating Supplies | 50,000 | 52,305 | (2,305) |
| Professional Fees | 158,000 | 118,547 | 39,453 |
| Repairs and Maintenance | 172,000 | 230,318 | (58,318) |
| Travel and Training | 11,000 | 6,432 | 4,568 |
| Treatment | 175,000 | 210,264 | (35,264) |
| Telephone and Utilities | 167,800 | 147,409 | 20,391 |
| Other Operating Expenses | 10,000 | 13,995 | (3,995) |
| Other Capital Outlay | 306,500 | 1,620,202 | (1,313,702) |
| Total Expenditures | <u>3,512,442</u> | <u>5,292,286</u> | <u>(1,779,844)</u> |
| Operating Income (Loss) | <u>1,623,424</u> | <u>(616,275)</u> | <u>(2,239,699)</u> |
| Other Income (Expense) | | | |
| Tax Revenue & Impact Fees | 85,593 | 85,593 | - |
| Intergovernmental Revenue | - | 1,311,669 | 1,311,669 |
| Investment Earnings | 150,000 | 7,592 | (142,408) |
| Interest Expense | (1,621,453) | (1,571,030) | 50,423 |
| Total Other Income (Expense) | <u>(1,385,860)</u> | <u>(166,176)</u> | <u>1,219,684</u> |
| Net Income (Loss) before Transfers | 237,564 | (782,451) | (1,020,015) |
| Transfers | | | |
| Transfers In/(Out) | <u>(12,857,712)</u> | - | <u>12,857,712</u> |
| Net Income (Loss), Budget Basis | <u>(12,620,148)</u> | <u>(782,451)</u> | <u>11,837,697</u> |
| Contributed Capital | | | |
| Plant Investment Fees | 750,000 | 727,460 | (22,540) |
| Cash in Lieu of Fees | 2,691,072 | 1,320,086 | (1,370,986) |
| Dedicated Infrastructure/Water Rights | - | 2,479,123 | 2,479,123 |
| Total Contributed Capital | <u>3,441,072</u> | <u>4,526,669</u> | <u>1,085,597</u> |
| Change in Net Position (Budget Basis) | <u>\$ (9,179,076)</u> | <u>3,744,218</u> | <u>\$ 12,923,294</u> |
| Budget to GAAP Reconciliation | | | |
| Principal Paid | | 1,171,560 | |
| Depreciation Expense | | (772,273) | |
| Capital Outlay | | <u>1,454,918</u> | |
| Change in Net Position - GAAP Basis | | 5,598,423 | |
| Net Position, Beginning | | <u>39,977,882</u> | |
| Net Position, Ending | | <u>\$ 45,576,305</u> | |

See accompanying Independent Auditors' Report.

TOWN OF WELLINGTON, COLORADO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL

Sewer Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

| | 2021 | | |
|--|-------------------------|----------------------|---|
| | Final Budget | Actual | Variance with Final Budget |
| Operating Revenues | | | |
| Utility Charges | \$ 1,442,295 | \$ 1,453,939 | \$ 11,644 |
| Operating Expenses | | | |
| Management Fees | - | 765,145 | (765,145) |
| Personnel Services | 368,635 | 386,500 | (17,865) |
| Operating Supplies | 23,000 | 14,384 | 8,616 |
| Professional Fees | 75,000 | 46,312 | 28,688 |
| Repairs and Maintenance | 129,500 | 93,801 | 35,699 |
| Travel and Training | 9,000 | 1,529 | 7,471 |
| Treatment | 35,000 | 24,368 | 10,632 |
| Telephone and Utilities | 139,400 | 155,806 | (16,406) |
| Other Operating Expenses | 11,000 | 6,398 | 4,602 |
| Other Capital Outlay | 42,000 | 3,575,136 | (3,533,136) |
| Total Expenditures | <u>832,535</u> | <u>5,069,379</u> | <u>(4,236,844)</u> |
| Operating Income (Loss) | <u>609,760</u> | <u>(3,615,440)</u> | <u>(4,225,200)</u> |
| Other Income (Expense) | | | |
| Investment Earnings | 166,000 | 4,576 | (161,424) |
| Debt Service | (507,753) | (511,837) | (4,084) |
| Gain (Loss) on Sale of Assets | - | 20,300 | 20,300 |
| Total Other Income (Expense) | <u>(341,753)</u> | <u>(486,961)</u> | <u>(145,208)</u> |
| Net Income (Loss) before Transfers | 268,007 | (4,102,401) | (4,370,408) |
| Transfers | | | |
| Transfers In/(Out) | <u>(5,589,728)</u> | - | <u>5,589,728</u> |
| Net Income (Loss), Budget Basis | (5,321,721) | (4,102,401) | 1,219,320 |
| Contributed Capital | | | |
| Plant Investment Fees | 750,000 | 781,122 | 31,122 |
| Change in Net Position (Budget Basis) | <u>\$ (4,571,721)</u> | <u>(3,321,279)</u> | <u>\$ 1,250,442</u> |
| Budget to GAAP Reconciliation | | | |
| Principal Paid | | 430,356 | |
| Depreciation Expense | | (605,843) | |
| Capital Outlay | | <u>3,479,537</u> | |
| Change in Net Position - GAAP Basis | | (17,229) | |
| Net Position, Beginning | | <u>23,672,959</u> | |
| Net Position, Ending | | <u>\$ 23,655,730</u> | |

See accompanying Independent Auditors' Report.

TOWN OF WELLINGTON, COLORADO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

BUDGET AND ACTUAL

Drainage Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

| | 2021 | | |
|--|-------------------------|---------------------|---|
| | Final Budget | Actual | Variance with Final Budget |
| Operating Revenues | | | |
| Utility Charges | \$ 625,000 | \$ 659,941 | \$ 34,941 |
| Operating Expenses | | | |
| Management Fees | - | 136,898 | (136,898) |
| Personnel Services | - | 8,804 | (8,804) |
| Administrative/Office Expenses | 8,000 | 6,498 | 1,502 |
| Professional Fees | 135,000 | 64,527 | 70,473 |
| Repairs and Maintenance | 1,500 | 2,418 | (918) |
| Telephone and Utilities | 361,000 | 396,096 | (35,096) |
| Other Operating Expenses | - | 319 | (319) |
| Other Capital Outlay | 1,000 | 93,466 | (92,466) |
| Total Expenditures | <u>506,500</u> | <u>709,026</u> | <u>(202,526)</u> |
| Operating Income (Loss) | <u>118,500</u> | <u>(49,085)</u> | <u>(167,585)</u> |
| Other Income (Expense) | | | |
| Tax Revenue & Impact Fees | 220,400 | 132,857 | (87,543) |
| Intergovernmental Revenue | 112,000 | 730 | (111,270) |
| Investment Earnings | 10,000 | 462 | (9,538) |
| Debt Service | - | - | - |
| Total Other Income (Expense) | <u>342,400</u> | <u>134,049</u> | <u>(208,351)</u> |
| Net Income (Loss) before Transfers | 460,900 | 84,964 | (375,936) |
| Transfers | | | |
| Transfers In/(Out) | (448,249) | - | 448,249 |
| Change in Net Position (Budget Basis) | <u>\$ 12,651</u> | 84,964 | <u>\$ 72,313</u> |
| Budget to GAAP Reconciliation | | | |
| Depreciation Expense | | (116,532) | |
| Capital Outlay | | <u>63,145</u> | |
| Change in Net Position - GAAP Basis | | 31,577 | |
| Net Position, Beginning | | <u>3,697,804</u> | |
| Net Position, Ending | | <u>\$ 3,729,381</u> | |

See accompanying Independent Auditors' Report.

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STATE COMPLIANCE

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

| | |
|---|---|
| LOCAL HIGHWAY FINANCE REPORT | City or County: Town of Wellington YEAR ENDING : December 2021 |
| This Information From The Records Of (example - City of _ or County of _) | Prepared By: Charity Campfield Phone: (970) 732-1094 |

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

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

| II. RECEIPTS FOR ROAD AND STREET PURPOSES | | III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES | |
|---|-----------|---|-----------|
| ITEM | AMOUNT | ITEM | AMOUNT |
| A. Receipts from local sources: | | A. Local highway disbursements: | |
| 1. Local highway-user taxes | | 1. Capital outlay (from page 2) | 406,932 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 338,961 |
| 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) | 2,094,717 | c. Other | |
| 4. Miscellaneous local receipts (from page 2) | 10,337 | d. Total (a. through c.) | 0 |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | 547,077 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | |
| a. Bonds - Original Issues | | 6. Total (1 through 5) | 1,292,970 |
| b. Bonds - Refunding Issues | | B. Debt service on local obligations: | |
| c. Notes | | 1. Bonds: | |
| d. Total (a. + b. + c.) | 0 | a. Interest | |
| 7. Total (1 through 6) | 2,105,054 | b. Redemption | |
| B. Private Contributions | | c. Total (a. + b.) | 0 |
| C. Receipts from State government (from page 2) | 323,332 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 0 | a. Interest | |
| E. Total receipts (A.7 + B + C + D) | 2,428,386 | b. Redemption | |
| | | c. Total (a. + b.) | 0 |
| | | 3. Total (1.c + 2.c) | 0 |
| | | C. Payments to State for highways | |
| | | D. Payments to toll facilities | |
| | | E. Total disbursements (A.6 + B.3 + C + D) | 1,292,970 |

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

| | Opening Debt | Amount Issued | Redemptions | Closing Debt |
|------------------------------|--------------|---------------|-------------|--------------|
| A. Bonds (Total) | | | | 0 |
| 1. Bonds (Refunding Portion) | | | | |
| B. Notes (Total) | | | | 0 |

V. LOCAL ROAD AND STREET FUND BALANCE

| | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | 3,000,853 | 2,428,386 | 1,292,970 | 3,987,525 | 148,744 |

Notes and Comments:

| | |
|-------------------------------------|---------------------------------------|
| LOCAL HIGHWAY FINANCE REPORT | STATE: Colorado |
| | YEAR ENDING (mm/yy): December 2021 |

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

| ITEM | AMOUNT | ITEM | AMOUNT |
|-----------------------------------|---------------------------|---|---------------------------|
| A.3. Other local imposts: | | A.4. Miscellaneous local receipts: | |
| a. Property Taxes and Assessments | | a. Interest on investments | 845 |
| b. Other local imposts: | | b. Traffic Fines & Penalties | |
| 1. Sales Taxes | 1,375,119 | c. Parking Garage Fees | |
| 2. Infrastructure & Impact Fees | 616,170 | d. Parking Meter Fees | |
| 3. Liens | | e. Sale of Surplus Property | 9,492 |
| 4. Licenses | | f. Charges for Services | |
| 5. Specific Ownership &/or Other | 103,428 | g. Other Misc. Receipts | |
| 6. Total (1. through 5.) | 2,094,717 | h. Other | |
| c. Total (a. + b.) | 2,094,717 | i. Total (a. through h.) | 10,337 |
| | (Carry forward to page 1) | | (Carry forward to page 1) |

| ITEM | AMOUNT | ITEM | AMOUNT |
|--|---------|--|---------------------------|
| C. Receipts from State Government | | D. Receipts from Federal Government | |
| 1. Highway-user taxes | 290,830 | 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 | 32,502 | 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.) | 32,502 | g. Total (a. through f.) | 0 |
| 4. Total (1. + 2. + 3.f) | 323,332 | 3. Total (1. + 2.g) | |
| | | | (Carry forward to page 1) |

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

| | ON NATIONAL HIGHWAY SYSTEM (a) | OFF NATIONAL HIGHWAY SYSTEM (b) | TOTAL (c) |
|---|---|--|---------------------------|
| A.1. Capital outlay: | | | |
| a. Right-Of-Way Costs | | | 0 |
| b. Engineering Costs | | | 0 |
| c. Construction: | | | |
| (1). New Facilities | | | 0 |
| (2). Capacity Improvements | | | 0 |
| (3). System Preservation | | 347,381 | 347,381 |
| (4). System Enhancement & Operation | | 59,551 | 59,551 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 406,932 | 406,932 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0 | 406,932 | 406,932 |
| | | | (Carry forward to page 1) |

Notes and Comments: