

TOWN OF NEDERLAND, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2011

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FINANCIAL SECTION



**JOHN CUTLER
& ASSOCIATES**

Honorable Mayor and Members of the Board of Trustees
Town of Nederland
Nederland, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Nederland, Colorado, as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements of the Town, as listed in the table of contents. These financial statements are the responsibility of the Town of Nederland, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Nederland, Colorado, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Nederland, Colorado's basic financial statements. The individual fund schedules and state compliance listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

June 27, 2012



Town of Nederland, Colorado
Management's Discussion and Analysis
Fiscal Year Ending December 31, 2011

This Management's Discussion and Analysis (MD&A) of the Town of Nederland's 2011 financial statements is offered to provide an objective and easy-to-read analysis of the government's financial activities based on currently known facts, decisions and conditions. The MD&A should be read in conjunction with the Town's basic financial statements.

The Town of Nederland is a Statutory Municipality incorporated in 1874. The Town has seven elected officials who are responsible for all policy decisions that affect the government's financial condition. The appointed Town Administrator is responsible for preparing the annual budget which is adopted by the Board of Trustees every December. The Town Administrator and appointed Town Treasurer are responsible for financial reporting to the Town's Board of Trustees and to the public at large. The Town maintains four separate funds, which are as follows:

- A) General Fund
- B) Community Center Fund
- C) Water Fund
- D) Sewer Fund

Additionally, the Town maintains a Downtown Development Authority Fund which acts as a component unit and is reflected as a non major fund in Town's financial statements.

Overview of the Financial Statements

The financial section of this report is comprised of three sections: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements.

Government-wide Financial Statements:

The government-wide financial statements, which consist of the Statement of Net Assets and the Statement of Activities, give readers a broad overview of the entire Town's financial position and changes in financial position in a manner similar to a private-sector business. These statements report information about the Town as a whole and include all assets and liabilities using the accrual basis of accounting, which reports all of the current year's revenues and expenses regardless of when the cash is received or paid.

The *statement of net assets* presents the Town of Nederland's assets and liabilities, with the difference between the two reported as net assets. The net assets are summarized as follows: 1) invested in capital assets, 2) unrestricted or available for any current use, 3) restricted for specific use only. Over a period of time increases or decreases in the Town's net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other non-financial factors, however, such as changes in the Town's property tax base, are needed to assess the overall financial condition of the Town.

The *statement of activities* presents data showing how the Town's net assets changed as a result of the operations of the Town government during the most recent fiscal year. All changes in net assets are reported when an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (accrual basis of accounting). Thus, some revenues and expenses reported in this statement will result in cash flows in future periods.

The government-wide financial statements distinguish the different functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from the other functions that are intended to recover all or a significant portion of their costs through user fees or charges for services (*Business Type Activities*). The Governmental Activities of the Town of Nederland include general government, administration and finance, municipal court, public safety, public works, and parks and recreation. The Business Type Activities include water and wastewater.

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's funds can be divided into two categories: Governmental Fund and Proprietary Fund.

Governmental Funds - The activity of the Town's General, Community Center, Downtown Development Authority, and Special Revenue (Conservation Trust) funds are reported as governmental funds, which are essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the short-term flow of money into and out of these funds. These statements use the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed view of the Town's general governmental and special revenue operations and the services that are provided. Governmental fund statements help to determine the financial resources that are available to finance the Town's operations and programs in the near future.

Proprietary (Business Like) Fund - The Town of Nederland maintains two proprietary (enterprise) funds, which reports the same functions as the business-type activities in the government-wide financial statements. The Town uses the proprietary funds to account for the activities associated with its water and sewer utilities that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs, including depreciation, of providing goods or services to the public be financed or recovered primarily through user fees or charges.

Financial Highlights

Governmental Activities

- As of December 31, 2011 the governmental funds held \$380,062 in assets that were readily convertible to cash and \$203,469 in current liabilities.
- As of December 31, 2011 the Town's governmental activities fund held \$4,344,722 in depreciated capital assets, a 2.63% decrease; and \$1,443,029 in capital asset liabilities, a 8.27% decrease.
- 2011 Nederland sales tax revenue stay the same compared to fiscal year 2010.
- 2011 general property tax revenue increased by 5.94% or \$26,473 compared to fiscal year 2010.
- 2011 building permit revenue decreased by 32.08% or \$12,746 compared to fiscal year 2010. 2011 use tax revenue increased by 14.34% or \$3,265 compared to fiscal year 2010.
- 2011 governmental activities salary and benefits expense increased by 8.82% or \$53,818 compared to fiscal year 2010. In 2010, there was a large amount of turnover (unfilled positions) which resulted in lower salary levels.
- Total governmental activities net assets decreased by 0.65% or \$26,522 during the 2011 fiscal year.

Business-type Activities

- As of December 31, 2011 total assets were \$9,789,216, an increase of \$3,742,667. Cash, investments and receivables decreased by \$170,002 while restricted cash increased by \$3,438,692 due to the new loan of \$4M from the Colorado Water Resources & Power Development Authority. Capital assets increased by \$470,957.
- 2011 revenue from the water and wastewater services increased by \$72,776 or 11.11% compared to fiscal year 2010 due to increases in user rates for water and sewer.
- 2011 business-type activities salary and benefits expense increased by 3.16% or \$6,119 compared to fiscal year 2010.
- Total enterprise liabilities increased by \$3,776,004 during 2011 due to increases in long term debt for the loan from Colorado Water Resources & Power Development Authority to pay for the construction of the wastewater plant.

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to the prior fiscal year.

	Government Activities		Business Type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$1,207,043	\$1,091,869	\$5,468,197	\$2,196,487	\$6,608,563	\$3,288,356
Capital assets	\$5,037,527	\$5,154,999	\$4,321,019	\$3,850,062	\$9,358,546	\$9,005,061
Total assets	\$6,244,570	\$6,246,868	\$9,789,216	\$6,046,549	\$15,967,109	\$12,293,417
Long-term debt outstanding	\$1,323,361	\$1,441,664	\$6,037,886	\$2,436,657	\$7,361,247	\$3,878,321
Other liabilities	\$897,611	\$755,084	\$392,113	\$217,338	\$1,223,047	\$972,422
Total liabilities	\$2,220,972	\$2,196,748	\$6,429,999	\$2,653,995	\$8,584,294	\$4,850,743
Net assets:						
Invested in capital assets, net of related debt	\$3,577,104	\$3,568,403	\$(1,667,917)	\$1,911,370	\$1,909,187	\$5,479,773
Restricted	\$137,335	\$160,859		-	\$137,335	\$160,859
Unrestricted	\$309,159	\$320,858	\$5,027,134	\$1,481,184	\$5,336,293	\$1,802,042
Total net assets	\$4,023,598	\$4,050,120	\$3,359,217	\$3,392,554	\$7,382,815	\$7,442,674

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation:

Net Results of Activities – will impact (increase/decrease) current assets and unrestricted net assets.

Borrowing for Capital – will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – will reduce current assets and increase capital assets. A second impact results in an increase in capital assets and an increase in related net debt which will not change the invested in capital assets, net of related debt.

Spending of Non-borrowed Current Assets on New Capital – will (1) reduce current assets and increase capital assets and (2) will reduce restricted and or unrestricted net assets and increase invested in capital assets, net of debt.

Principal Payment on Debt – will (1) reduce current assets and reduce long-term debt and (2) reduce unrestricted net assets and increase invested in capital assets, net of debt.

Reduction of Capital Assets Through Depreciation – will reduce capital assets and invested in capital assets, net of debt.

The Town's total net assets for fiscal year 2011 decreased by 1% or \$59,859. The Town's assets exceed liabilities by \$7,382,815 (net assets) as of December 31, 2011. Capital assets (e.g. land, buildings, equipment, etc.) make up 26% of net assets. The Town uses these capital assets to provide services to citizens; therefore these assets are not available for future spending. Although the Town of Nederland's investments in capital assets are 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 retire these liabilities.

The restricted portion (2%) of net assets represents resources that are subject to various debt provisions, contracts and agreements on how they may be used. The remaining balance \$5,336,293 is unrestricted and can be used to meet the Town's ongoing obligations to its citizens and creditors, although it should be noted that \$4M of these funds will be used for the construction of the wastewater plant.

STATEMENT OF ACTIVITIES

The Statement of Activities takes into consideration the Town as a whole and reflects the change in net assets for fiscal year 2011.

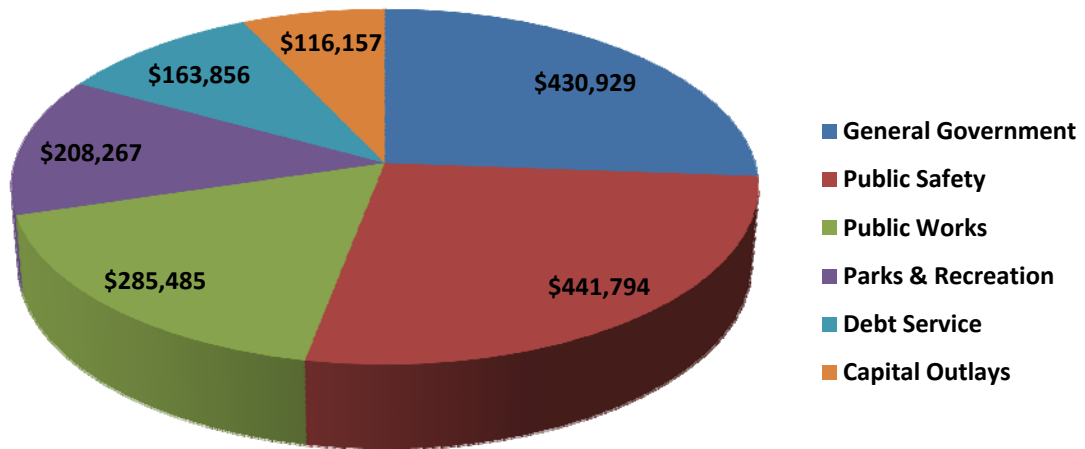
	Government Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program Revenue						
Charges for Services	\$224,841	\$206,111	\$727,544	\$654,768	\$952,385	\$860,879
Operating Grants & Contributions	\$100,458	\$137,768			\$100,458	\$137,768
Capital Grants & Contributions	\$48,786	\$972,065	\$135,283	\$550,866	\$184,069	\$1,522,931
Total Program Revenue	\$374,085	\$1,315,944	\$862,827	\$1,205,634	\$1,236,912	\$2,521,578
General Revenues:						
Property Taxes	\$471,804	\$445,331			\$471,804	\$445,331
Specific Ownership Taxes	\$17,291	\$16,867			\$17,291	\$16,867
Sales and Use Taxes	\$629,196	\$577,531	\$202,825	\$202,919	\$832,021	\$780,450
Franchise Taxes	\$47,989	\$51,529			\$47,989	\$51,529
Investment Income	\$1,739	\$3,352	\$5,933	\$7,272	\$7,672	\$10,624
Other Revenues	\$37,460	\$25,651	(\$1,408)		\$36,052	\$25,651
Total General Revenues	\$1,205,479	\$1,120,261	\$207,350	\$210,191	\$1,412,829	\$1,330,452
TOTAL REVENUES	\$1,579,564	\$2,436,205	\$1,070,177	\$1,415,825	\$2,649,741	\$3,852,030
Program Expenses:						
General Government	\$435,416	\$551,646			\$435,416	\$551,646
Public Safety	\$437,326	\$418,874			\$437,326	\$418,874
Public Works	\$333,055	\$817,752			\$333,055	\$817,752
Parks and Recreation	\$341,114	\$597,765			\$341,114	\$597,765
Interest on Long Term Debt	\$59,175	\$75,561	\$44,199		\$103,374	\$75,561
Water and Wastewater			\$686,911	\$464,559	\$686,911	\$464,559
TOTAL EXPENSES	\$1,606,086	\$2,461,598	\$731,110	\$464,559	\$2,337,196	\$2,926,157
<i>Special Item: Loss of Capital Asset</i>		(\$312,628)	(\$372,404)		(\$372,404)	(\$312,628)
Change in Net Assets	(\$26,522)	(\$338,021)	(\$33,337)	\$951,266	(\$59,859)	\$613,245

Governmental Activities

Taxes comprise the largest source of operating revenue for the Town’s governmental activities, 2011 tax source revenue was \$1,166,280, which is 73.84% of total revenues from governmental activities. Property taxes of \$471,804 represent 40.45% of total tax revenue. Charges for services equaled \$224,841, representing 14.23% of total revenues.

The cost of governmental activities (excluding capital outlay) in 2011 was \$1,530,331 compared to \$1,571,986 in 2010, a 2.65% decrease.

Expenses by Type – Governmental Activities



General Government includes Town Board of Trustees, Town Administrator, Town Clerk, Finance, General Administration, Planning and Zoning. Public Safety includes both Law Enforcement and Municipal Court. Parks & Recreation include expenses associated with the Town’s Community Center and general park maintenance. Public Safety accounts for streets and building maintenance.

Year to year changes by type of activity:

	2011	2010	% Change
General Government	430,929	643,328	-33.02%
Public Safety	441,794	431,963	2.28%
Public Works	285,485	169,104	68.82%
Parks & Recreation	208,267	161,011	29.35%
Debt Service	163,856	166,580	-1.64%
Capital Outlays	116,157	100,015	16.14%
Total	1,646,488	1,672,001	-1.53%

Business-type Activities

Total 2011 operating revenue from the Town's business-type activities increased by \$171,881 compared to 2010; operating expenses for 2011 increased by \$266,551 compared to 2010.

Total business type net assets during 2011 decreased by \$33,337, mainly due to the one-time write-off of engineering fees for the wastewater plant construction project.

Fund Balance

At the end of 2011, the Town's governmental funds reported a combined fund balance of \$379,817. This is a decrease of \$41,863 compared to the prior years ending balance. Of this total balance \$242,482 is unreserved and available to finance the Town's future operation and programs; \$70,335 is reserved for the Downtown Development Authority and \$67,000 is reserved for emergencies.

At year end the business-type activities reported total net assets of \$3,359,217, a decrease of \$33,337 or 1%.

Budgetary Highlights – General Fund

Town Board of Trustees approved one supplement to the 2011 General Fund budget. The original appropriation of \$1,116,894 was increased by \$44,397 or 4% to \$1,161,291. This increase was primarily needed to account for grant revenue from DOLA, Boulder County, and the RTD. The Town also approved a supplement to the 2011 Community Center Fund to account for a 10 Kwh solar power system partially paid for by a grant from the Governor's Energy Office. Lastly, the Board approved a supplement to the 2011 Downtown Development Authority Fund budget to account for additional payment to the contractor for sidewalks construction.

General Fund revenue for 2011 was \$59,404 over the original budget amount. This is mainly due to higher license fees, police fines, grant revenue from DOLA for playground equipment, and the sale of scrap metal and unused equipment.

Capital Assets and Debt Administration

At year end the Town had \$9,358,546 invested in a broad range of capital assets including land and improvements, buildings, parks and equipment, vehicles, equipment, and water and sewer plants and distribution and collection systems. This increase of \$353,485 or 3.93% from the 2010 year end amount is primarily due to the addition of sidewalks and the water plant improvements offset by depreciation.

Capital Assets at Year-End

	Government Activities		Business Type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
Land	\$704,241	\$704,241	\$11,436	\$11,436	\$692,805	\$692,805
Water Rights	\$35,000	\$35,000	\$35,000	\$35,000		
Plant, Land & Bldg. Improvements	\$11,538,112	\$9,126,262	\$6,007,064	\$3,690,032	\$5,531,048	\$5,436,230
Equipment	\$663,012	\$637,620	\$163,595	\$147,884	\$499,417	\$489,736
Transportation Equipment	\$490,158	\$529,586	\$182,669	\$182,228	\$307,489	\$347,358
Construction in Process	\$778,595	\$2,484,988	\$778,595	\$2,484,988	\$-	\$-
Less Accumulated Depreciation	<u>\$(4,850,572)</u>	<u>\$(4,512,636)</u>	<u>\$(2,857,340)</u>	<u>\$(2,701,506)</u>	<u>\$(1,993,232)</u>	<u>\$(1,811,130)</u>
Total Capital Assets	<u>\$9,358,545</u>	<u>\$9,005,061</u>	<u>\$4,321,018</u>	<u>\$3,850,062</u>	<u>\$5,037,527</u>	<u>\$5,154,999</u>

During 2011 the Town completed the construction of water plant expansion project financed by a low interest loan from the Colorado Water Resources & Power Development Authority, installed additional solar panels on the community center with the assistance of a grant from the Governor's Energy Office, made improvements to the Public Works Center, and purchased two 2011 trucks for public works and water. Significant capital assets added during 2011 are shown below.

Significant 2011 Capital Asset Additions

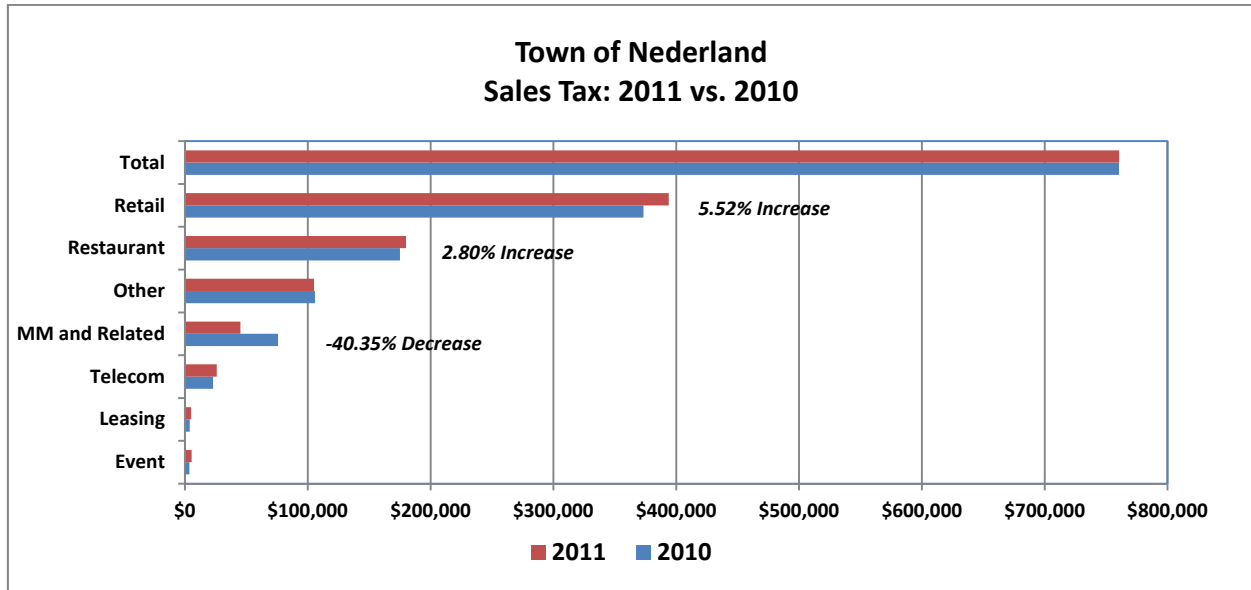
Water Plant Expansion Project	\$2,317,032
(2) 2011 Chevy Silverados for Public Work/Utilities	50,482
Solar Panels for the Community Center	36,568
Public Works Center Improvements	<u>11,440</u>
	\$2,415,522

Town of Nederland's Outstanding Debt

	Government Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
'03 Community Center GO Bond	\$1,035,000	\$1,110,000			\$1,035,000	\$1,110,000
'00 Land Purchase <i>Conservation Trust</i>	\$109,776	\$119,795			\$109,776	\$119,795
Bank Loan- DDA	\$260,344	\$284,689			\$260,344	\$284,689
Capital Leases	\$37,909	\$58,710	\$15,919		\$53,828	\$58,710
Compensated Absences	\$17,394	\$13,402	\$10,040	\$6,072	\$27,434	\$19,474
CSRPDA Loan - Water			\$2,255,861	\$2,500,000	\$2,255,861	\$2,500,000
CSRPDA Loan - Sewer			\$3,961,090		\$3,961,090	
Total Long Term Obligations	<u>\$1,460,423</u>	<u>\$1,586,596</u>	<u>\$6,242,910</u>	<u>\$2,506,072</u>	<u>\$7,703,333</u>	<u>\$4,092,668</u>

Economic and Other Factors

The Town of Nederland's financial trends continue to be bright. Although 2011 medical marijuana sales tax revenues were down 40.35%, other categories such as retail and restaurant activity continue to be strong. For 2011, the Town of Nederland ended the year flat vs. the same period in 2010, and about 20% higher than the same period of 2007. With the opening of a new café and bike shop, the Town anticipates retail and restaurant activity to continue to grow.



With the higher sales tax revenues, the Town has added to the public works and administration staff to address zoning, streets maintenance, and drainage issues. The Town has also reevaluated its capital improvement plan to best utilize its limited resources.

In 2008, the Town initiated annual utility rate increases to cover the cost of both the water plant expansion and construction of a mechanized wastewater plant to replace the Town's aging lagoon system. The water plant expansion was completed in 2011 and it is anticipated that the wastewater plant will reach substantial completion by the end of 2012.

Other than the new café and the Town's planned additions, there has been little construction in Town. The Town's assessed valuation remained flat during 2011 for a total value of \$22,804,429. The Town's general mill levy was at 15.156 mills for general operating purposes. Property valuations for property taxes collected in 2012 dropped 6%. The mill levy was adjusted to 16.527 to maintain similar property tax revenue for the Town. The Town's authorized mill levy is capped at 17.274. Town anticipates property values to go up in 2013 due to brisk property sales and the tightening rental market which should put more pressure on home sales and prices.

Financial Contact

The Town's financial statements are designed to present users (citizens, customers, investors and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about this report or need additional financial information, contact the Town's Finance Department at: PO Box 396, Nederland, Colorado 80466; or telephone (303) 258-3266.

BASIC FINANCIAL STATEMENTS

TOWN OF NEDERLAND, COLORADO

STATEMENT OF NET ASSETS

As of December 31, 2011

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 380,062	\$ 1,283,498	\$ 1,663,560
Restricted Cash and Investments	-	4,000,000	4,000,000
Receivables			
Taxes	551,171	-	551,171
Accounts	66,677	139,682	206,359
Other	99,133	34,257	133,390
Inventories	-	10,760	10,760
Land Held for Resale	110,000	-	110,000
Capital Assets, Not Depreciated	692,805	825,030	1,517,835
Capital Assets, Depreciated Net of Accumulated Depreciation	<u>4,344,722</u>	<u>3,495,989</u>	<u>7,840,711</u>
TOTAL ASSETS	<u>6,244,570</u>	<u>9,789,216</u>	<u>16,033,786</u>
LIABILITIES			
Accounts Payable	174,734	101,397	276,131
Retainage Payable	-	16,684	16,684
Accrued Liabilities	28,735	11,161	39,896
Deferred Revenues	556,780	-	556,780
Accrued Interest Payable	-	18,937	18,937
Deposits	300	-	300
Noncurrent Liabilities			
Due within One Year	137,062	243,934	380,996
Due in More Than One Year	<u>1,323,361</u>	<u>6,037,886</u>	<u>7,361,247</u>
TOTAL LIABILITIES	<u>2,220,972</u>	<u>6,429,999</u>	<u>8,650,971</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt Restricted for Downtown Development	3,577,104	(1,667,917)	1,909,187
Restricted for Emergencies	70,335	-	70,335
Unrestricted	67,000	-	67,000
	<u>309,159</u>	<u>5,027,134</u>	<u>5,336,293</u>
TOTAL NET ASSETS	<u>\$ 4,023,598</u>	<u>\$ 3,359,217</u>	<u>\$ 7,382,815</u>

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2011

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 221,633	\$ 27,349	\$ -	\$ -
Administration and Finance	146,861	-	-	-
Municipal Court	27,319	4,205	-	-
Law Enforcement	410,007	72,364	3,340	-
Planning and Zoning	66,922	34,500	5,000	-
Highway and Streets	333,055	-	58,594	16,000
Parks and Recreation	341,114	86,423	33,524	32,786
Interest on Long Term Debt	59,175	-	-	-
Total Governmental Activities	<u>1,606,086</u>	<u>224,841</u>	<u>100,458</u>	<u>48,786</u>
Business-Type Activities				
Sewer	314,426	386,062	-	56,205
Water	372,485	341,482	-	79,078
Interest on Long-term Debt	44,199	-	-	-
Total Business-Type Activities	<u>731,110</u>	<u>727,544</u>	<u>-</u>	<u>135,283</u>
Total Primary Government	<u>\$ 2,337,196</u>	<u>\$ 952,385</u>	<u>\$ 100,458</u>	<u>\$ 184,069</u>
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Sales and Use Taxes				
Franchise Taxes				
Interest				
Miscellaneous				
SPECIAL ITEM				
Loss on Disposal of Assets				
TOTAL GENERAL REVENUES				
CHANGE IN NET ASSETS				
NET ASSETS, Beginning, as restated				
NET ASSETS, Ending				

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET ASSETS

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (194,284)	\$ -	\$ (194,284)
(146,861)	-	(146,861)
(23,114)	-	(23,114)
(334,303)	-	(334,303)
(27,422)	-	(27,422)
(258,461)	-	(258,461)
(188,381)	-	(188,381)
(59,175)	-	(59,175)
(1,232,001)	-	(1,232,001)
-	127,841	127,841
-	48,075	48,075
-	(44,199)	(44,199)
-	131,717	131,717
(1,232,001)	131,717	(1,100,284)
471,804	-	471,804
17,291	-	17,291
629,196	202,825	832,021
47,989	-	47,989
1,739	5,933	7,672
37,460	(1,408)	36,052
-	(372,404)	(372,404)
1,205,479	(165,054)	1,040,425
(26,522)	(33,337)	(59,859)
4,050,120	3,392,554	7,442,674
\$ 4,023,598	\$ 3,359,217	\$ 7,382,815

TOWN OF NEDERLAND, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2011

	GENERAL FUND	COMMUNITY CENTER FUND	NONMAJOR FUNDS	TOTAL
ASSETS				
Cash and Investments	\$ 205,105	\$ 100	\$ 174,857	\$ 380,062
Property Taxes Receivable	355,749	-	195,422	551,171
Other Receivables	63,592	35,541	-	99,133
Due from Other Funds	15,081	-	-	15,081
Land Held for Resale	110,000	-	-	110,000
TOTAL ASSETS	\$ 749,527	\$ 35,641	\$ 370,279	\$ 1,155,447
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 58,971	\$ 11,148	\$ 104,615	\$ 174,734
Accrued Liabilities	26,862	1,873	-	28,735
Due to Other Funds	-	15,081	-	15,081
Deferred Revenues	354,212	7,239	195,329	556,780
Deposits	-	300	-	300
TOTAL LIABILITIES	440,045	35,641	299,944	775,630
FUND EQUITY				
Fund Balance				
Nonspendable	110,000	-	-	110,000
Restricted for Emergencies	67,000	-	-	67,000
Restricted for Downtown Development	-	-	70,335	70,335
Unrestricted, General Fund	132,482	-	-	132,482
TOTAL FUND EQUITY	309,482	-	70,335	379,817
TOTAL LIABILITIES AND FUND EQUITY	\$ 749,527	\$ 35,641	\$ 370,279	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	5,037,527
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include long term obligation of (\$1,443,029), and Accrued Compensated Absences (\$17,394).	(1,460,423)
Long-term assets are not available to pay for current-period expenditures and therefore, and therefore, are deferred in governmental funds.	66,677
Net assets of governmental activities	<u>\$ 4,023,598</u>

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	GENERAL FUND	COMMUNITY CENTER FUND	NONMAJOR FUNDS	TOTAL
REVENUES				
Taxes	\$ 940,826	\$ 152,118	\$ 131,929	\$ 1,224,873
Licenses and Permits	27,347	-	-	27,347
Intergovernmental	59,566	9,800	21,285	90,651
Charges for Services	39,732	85,398	-	125,130
Fines and Forfeitures	72,364	-	-	72,364
Miscellaneous	33,438	1,764	2,258	37,460
Interest	1,025	-	714	1,739
TOTAL REVENUES	1,174,298	249,080	156,186	1,579,564
EXPENDITURES				
Current				
General Government	166,345	-	50,801	217,146
Administration and Finance	146,861	-	-	146,861
Municipal Court	27,319	-	-	27,319
Law Enforcement	414,475	-	-	414,475
Planning and Zoning	66,922	-	-	66,922
Highway and Streets	285,485	-	-	285,485
Parks and Recreation	68,156	124,111	16,000	208,267
Debt Service				
Principal	-	75,000	24,052	99,052
Interest	-	45,354	19,450	64,804
Capital Outlay	-	41,035	75,122	116,157
TOTAL EXPENDITURES	1,175,563	285,500	185,425	1,646,488
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,265)	(36,420)	(29,239)	(66,924)
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease	25,241	-	-	25,241
Transfers In	500	13,136	2,715	16,351
Transfers Out	(15,851)	-	(500)	(16,351)
TOTAL OTHER FINANCING SOURCES (USES)	9,890	13,136	2,215	25,241
NET CHANGE IN FUND BALANCES	8,625	(23,284)	(27,024)	(41,683)
FUND BALANCES, Beginning	300,857	23,284	97,359	421,500
FUND BALANCES, Ending	\$ 309,482	\$ -	\$ 70,335	\$ 379,817

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

TOWN OF NEDERLAND, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2011

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ (41,683)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$247,212), exceeded capital outlay \$129,740 in the current period.	(117,472)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. These include debt payments of \$109,364 payments of capital lease of \$46,042, change in accrued interest of \$6,460, and change in accrued compensated absences of (\$3,992).	157,874
Capital lease proceeds are reported as a financing source in the governmental funds and increase fund balance. In the government-wide financial statements, however, the capital lease increases long-term liabilities in the statement of net assets and does not effect the statement of activities.	<u>(25,241)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (26,522)</u></u>

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF NET ASSETS
 PROPRIETARY FUND TYPE
 As of December 31, 2011

ASSETS	SEWER	WATER	TOTAL
Current Assets			
Cash and Investments	\$ 122,413	\$ 1,161,085	\$ 1,283,498
Restricted Cash and Investments	4,000,000	-	4,000,000
Accounts Receivable	75,564	64,118	139,682
Other Receivables	328	33,929	34,257
Inventories	-	10,760	10,760
Total Current Assets	4,198,305	1,269,892	5,468,197
Noncurrent Assets			
Capital Assets, net of accumulated depreciation	697,519	3,623,500	4,321,019
Total Noncurrent Assets	697,519	3,623,500	4,321,019
TOTAL ASSETS	4,895,824	4,893,392	9,789,216
LIABILITIES			
Current Liabilities			
Accounts Payable	91,619	9,778	101,397
Retainage Payable	-	16,684	16,684
Accrued Liabilities	6,932	4,229	11,161
Accrued Interest Payable	11,404	7,533	18,937
Current Portion of Long-term Debt	131,956	111,978	243,934
Total Current Liabilities	241,911	150,202	392,113
Noncurrent Liabilities			
Loans Payable	4,205,565	1,308,050	5,513,615
Loan Discount	3,829,134	2,159,802	5,988,936
Loan Discount	38,910	-	38,910
Compensated Absences	5,020	5,020	10,040
Total Noncurrent Liabilities	3,873,064	2,164,822	6,037,886
TOTAL LIABILITIES	4,114,975	2,315,024	6,429,999
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	(3,131,615)	1,463,698	(1,667,917)
Unreserved	3,912,464	1,114,670	5,027,134
TOTAL NET ASSETS	\$ 780,849	\$ 2,578,368	\$ 3,359,217

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPE
Year Ended December 31, 2011

	<u>SEWER</u>	<u>WATER</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for Services	\$ 386,062	\$ 341,482	\$ 727,544
TOTAL OPERATING REVENUES	<u>386,062</u>	<u>341,482</u>	<u>727,544</u>
OPERATING EXPENSES			
Personnel	99,242	100,527	199,769
Operations	565,649	114,670	680,319
Depreciation	23,347	157,288	180,635
TOTAL OPERATING EXPENSES	<u>688,238</u>	<u>372,485</u>	<u>1,060,723</u>
OPERATING INCOME	<u>(302,176)</u>	<u>(31,003)</u>	<u>(333,179)</u>
NON-OPERATING REVENUES (EXPENSES)			
Sales and Use Taxes	101,046	101,779	202,825
Grants	41,946	60,000	101,946
Interest Income	427	5,506	5,933
Interest Expense	(11,404)	(32,795)	(44,199)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>132,015</u>	<u>134,490</u>	<u>266,505</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(170,161)	103,487	(66,674)
Capital Contributions- Plant Investment Fees	<u>14,259</u>	<u>19,078</u>	<u>33,337</u>
CHANGE IN NET ASSETS	(155,902)	122,565	(33,337)
NET ASSETS, Beginning	<u>936,751</u>	<u>2,455,803</u>	<u>3,392,554</u>
NET ASSETS, Ending	<u>\$ 780,849</u>	<u>\$ 2,578,368</u>	<u>\$ 3,359,217</u>

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES

Year Ended December 31, 2011

Increase (Decrease) in Cash and Cash Equivalents

	SEWER	WATER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 386,720	\$ 341,122	\$ 727,842
Cash Paid to Employees	(91,667)	(95,655)	(187,322)
Cash Paid to Suppliers	(477,691)	(221,075)	(698,766)
Net Cash Provided by Operating Activities	<u>(182,638)</u>	<u>24,392</u>	<u>(158,246)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Sales Taxes Received	<u>101,046</u>	<u>101,779</u>	<u>202,825</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Grants Received	41,946	60,000	101,946
Capital Contributions	14,259	19,078	33,337
Purchase of Capital Assets	(26,603)	(624,989)	(651,592)
Loan Proceeds	4,000,000	-	4,000,000
Lease Proceeds	-	25,241	25,241
Loan Payments	-	(244,139)	(244,139)
Interest Payments	-	(33,595)	(33,595)
Lease Payments	-	(9,322)	(9,322)
Net Cash Used by Capital and Related Financing Activities	<u>4,029,602</u>	<u>(807,726)</u>	<u>3,221,876</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>427</u>	<u>5,506</u>	<u>5,933</u>
Net Decrease in Cash and Cash Equivalents	3,948,437	(676,049)	3,272,388
CASH AND CASH EQUIVALENTS, Beginning	<u>173,976</u>	<u>1,837,134</u>	<u>2,011,110</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 4,122,413</u>	<u>\$ 1,161,085</u>	<u>\$ 5,283,498</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	<u>\$ (302,176)</u>	<u>\$ (31,003)</u>	<u>\$ (333,179)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	23,347	157,288	180,635
Changes in Assets and Liabilities			
Accounts Receivable	658	3,040	3,698
Other Receivable	87	(3,400)	(3,313)
Inventories	-	293	293
Accounts Payable	87,871	(54,908)	32,963
Retainage Payable	-	(51,790)	(51,790)
Accrued Liabilities	5,591	2,888	8,479
Accrued Compensated Absences	1,984	1,984	3,968
Total Adjustments	<u>119,538</u>	<u>55,395</u>	<u>174,933</u>
Net Cash Provided by Operating Activities	<u>\$ (182,638)</u>	<u>\$ 24,392</u>	<u>\$ (158,246)</u>

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

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Nederland, Colorado (the “Town”) was incorporated in 1874 and is governed by a Mayor and six-member council elected by the residents.

The accounting policies of the Town of Nederland, Colorado conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

Reporting Entity

In accordance with governmental accounting standards, the Town of Nederland has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based on the application of these criteria, the Town includes the following organization in its reporting entity:

Downtown Development Authority - The Nederland Downtown Development Authority (the Authority”) was established by the Town’s Board of Trustees to halt and prevent deterioration of property values within its district and to assist in the development and redevelopment of its district and to use its power to promote the general welfare of the district by use of its direct and supplemental powers. The Authority has a separate Board with members appointed by the Town’s Board of Trustees. Although the Authority is legally separate from the Town, the Authority’s primary revenue source, property taxes, can only be levied by the Town. The Authority is reported as a blended component unit of the Town.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund 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.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected 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.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary (enterprise) fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds 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 nonoperating revenues and expenses.

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

In the fund financial statements, the Town reports the following major governmental funds:

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

The *Community Center Fund* accounts for the operations, capital improvements, and debt service for the Town's Community Center.

The Town reports the following major proprietary funds:

The *Sewer Fund* accounts for the financial activities associated with the provision of sewer services.

The *Water Fund* accounts for the financial activities associated with the provision of water services.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Infrastructure assets used to support governmental activities, which include streets, bridges, sidewalks, drainage systems and trails, are excluded from the financial statements except for additions since January 1, 2004. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property and equipment of the Town is depreciated using the straight line method over the following estimated useful lives:

Land Improvements	20 years
Building	40 years
Utility Plants	20-50 years
Machinery and Equipment	5-10 years
Vehicles	5-10 years

Compensated Absences

Employees of the Town are allowed to accumulate paid time off to a maximum of 216 hours. Upon retirement or separation from the Town, employees will be paid for any accumulated paid time off.

These compensated absences are recognized as current salary costs when earned in the proprietary funds and when paid in the governmental funds. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

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 assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the Town on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Net Assets

In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. At December 31, 2011, the Town classified Land Held for Resale as nonspendable.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified Emergency Reserves and amounts held by the Downtown Development Authority as being restricted because their use is restricted by State Statute for declared emergencies, and for urban renewal.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town did not have any committed resources as of December 31, 2011.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- In October, the Town staff submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets and Budgetary Accounting (Continued)

- The Town Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- Budgets are legally adopted for all funds of the Town. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Trustees. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

Legal Compliance

At December 31, 2011, actual expenditures in the General Fund and the Community Center Fund exceeded their budgeted amounts by \$19,271 and \$2,011, respectively. This may be a violation of State Statute.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2011 follows:

Petty Cash	\$ 100
Cash Deposits	<u>5,663,460</u>
Total	<u>\$ 5,663,560</u>

Cash and investments are reported in the financial statements as follows:

Governmental Activities	\$ 380,062
Business-type Activities	1,283,498
Business-type Activities - Restricted	<u>4,000,000</u>
Total	<u>\$ 5,663,560</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2011, State regulatory commissioners have indicated that all financial institutions holding deposits for the Town are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution 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 Town has no policy regarding custodial credit risk for deposits.

At December 31, 2011, the Town had deposits with financial institutions with a carrying amount of \$5,663,460. The bank balances with the financial institutions were \$5,679,598. Of these balances, \$418,843 was covered by federal depository insurance and \$5,260,755 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

The Town has a formal investment policy that limits interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily with durations of no longer than five years, money market mutual funds, or similar investment pools.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

Restricted Cash and Investments

Cash in the amount of \$4,000,000 is restricted in the Sewer Fund. The Colorado Water Resources and Power Development Authority held the cash and investments, which represents loan proceeds restricted for improvements to the wastewater treatment facility on behalf of the Town but not in the Town's name.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2011 is summarized below:

	Balances 12/31/10 <u>(As restated)</u>	<u>Additions</u>	<u>Deletions</u>	Balances 12/31/11
Governmental Activities				
Capital Assets, not depreciated				
Land and Sites	\$ 692,805	\$ -	\$ -	\$ 692,805
Capital Assets, depreciated				
Land Improvements	480,265	-	-	480,265
Infrastructure	1,150,670	42,343	-	1,193,013
Buildings	3,805,295	52,475	-	3,857,770
Transportation Equipment	347,358	25,241	65,110	307,489
Other Equipment	<u>489,736</u>	<u>9,681</u>	<u>-</u>	<u>499,417</u>
Total Capital Assets, depreciated	<u>6,273,324</u>	<u>129,740</u>	<u>65,110</u>	<u>6,337,954</u>
Less Accumulated Depreciation				
Land Improvements	91,119	22,724	-	113,843
Infrastructure	257,222	48,590	-	305,812
Buildings	743,442	129,565	-	873,007
Transportation Equipment	317,985	17,601	65,110	270,476
Other Equipment	<u>401,362</u>	<u>28,732</u>	<u>-</u>	<u>430,094</u>
Total Accumulated Depreciation	<u>1,811,130</u>	<u>247,212</u>	<u>65,110</u>	<u>1,993,232</u>
Total Capital Assets, depreciated, Net	<u>4,462,194</u>	<u>(117,472)</u>	<u>-</u>	<u>4,344,722</u>
Governmental Activities, Capital Assets, Net	<u>\$ 5,154,999</u>	<u>\$ (117,472)</u>	<u>\$ -</u>	<u>\$ 5,037,527</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental Activities	
General Government	\$ 16,533
Law Enforcement	6,267
Highway and Streets	91,565
Community Center	128,421
Parks and Recreation	<u>4,426</u>
Total	<u>\$ 247,212</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 5: CAPITAL ASSETS (Continued)

	<u>Balances</u> <u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/11</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 11,436	\$ -	\$ -	\$ 11,436
Water Rights	35,000	-	-	35,000
Construction in Process	<u>2,484,988</u>	<u>778,594</u>	<u>2,484,988</u>	<u>778,594</u>
Total Capital Assets, not depreciated	<u>2,531,424</u>	<u>778,594</u>	<u>2,484,988</u>	<u>825,030</u>
Capital Assets, depreciated				
Plant and Infrastructure	3,690,032	2,317,034	-	6,007,066
Equipment	147,884	15,711	-	163,595
Transportation Equipment	<u>182,228</u>	<u>25,241</u>	<u>24,800</u>	<u>182,669</u>
Total Capital Assets, depreciated	<u>4,020,144</u>	<u>2,357,986</u>	<u>24,800</u>	<u>6,353,330</u>
Less: Accumulated Depreciation				
Plant and Infrastructure	2,414,929	165,547	-	2,580,476
Equipment	104,349	10,040	-	114,389
Transportation Equipment	<u>182,228</u>	<u>5,048</u>	<u>24,800</u>	<u>162,476</u>
Total Accumulated Depreciation	<u>2,701,506</u>	<u>180,635</u>	<u>24,800</u>	<u>2,857,341</u>
Total Capital Assets, depreciated, Net	<u>1,318,638</u>	<u>2,177,351</u>	<u>-</u>	<u>3,495,989</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 3,850,062</u>	<u>\$ 2,955,945</u>	<u>\$ 2,484,988</u>	<u>\$ 4,321,019</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Business-Type Activities	
Sewer Fund	\$ 23,347
Water Fund	<u>157,287</u>
Total	<u>\$ 180,634</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 6: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2011.

	Balance <u>12/31/10</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/11</u>	Due In <u>One Year</u>
2003 General Obligation					
Bonds	\$ 1,110,000	\$ -	\$ 75,000	\$ 1,035,000	\$ 75,000
Land Purchase Note	119,795	-	10,019	109,776	9,410
Bank Loan – DDA	284,689	-	24,345	260,344	27,771
Capital Leases	58,710	25,241	46,042	37,909	24,881
Compensated Absences	<u>13,402</u>	<u>42,151</u>	<u>38,159</u>	<u>17,394</u>	<u>-</u>
Total	<u>\$ 1,586,596</u>	<u>\$ 67,392</u>	<u>\$ 193,565</u>	<u>\$ 1,460,423</u>	<u>\$ 137,062</u>

Accrued Compensated Absences are being paid from resources generated by the General Fund.

2003 General Obligation Bonds

In April 2003, the Town issued General Obligation Bonds in the amount of \$1,450,000 along with Capital Appreciation Bonds with a face value of \$49,999. Bond proceeds were used to renovate and repair the Town's Community Center. Interest accrues on the bonds at rates ranging from 2% to 4.2% per annum. Interest payments are due on June 1 and December 1. Principal payments are due on December 1, through 2022.

Land Purchase Note

During 2000, the Town entered into a loan agreement to purchase land for \$152,500. Quarterly principal and interest payments of \$4,000 are required through June, 2020, including interest accruing at 6.3%. All payments will be made from the Conservation Trust Fund.

Bank Loan - DDA

During 2009, the Authority entered into a loan agreement with Mutual of Omaha Bank for \$300,000. Loan proceeds will be used for community development, primarily sidewalk improvements. Interest only payments are required beginning in November, 2009. Monthly principal and interest payments of \$3,625 are due from May, 2010, through October, 2014, with a balloon payment of \$183,933 due at maturity. Interest accrues at 7% per annum.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 6: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Annual debt service requirements for the outstanding notes and bonds at December 31, 2011 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 110,516	\$ 66,714	\$ 177,230
2013	117,797	61,712	179,509
2014	302,124	53,870	355,994
2015	96,333	38,322	134,655
2016	102,038	34,216	136,254
2017 – 2021	561,312	99,176	660,488
2022	<u>115,000</u>	<u>4,945</u>	<u>119,945</u>
Total Debt Service Requirements	<u>\$ 1,405,120</u>	<u>\$ 358,955</u>	<u>\$ 1,764,075</u>

Capital Leases

The Town has entered into several capital lease agreements to purchase equipment which will be paid from revenues of the General Fund and the Authority. These leases require monthly payments of ranging from \$408 to \$1,810 including interest ranging from 1.37% to 5%. The leases mature from February of 2012 to December 2014.

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2011.

<u>Year Ended December 31,</u>	
2012	\$ 25,255
2013	8,146
2014	<u>4,900</u>
Total Minimum Lease Payments	38,301
Less: Interest	<u>(392)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 37,909</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 6: LONG-TERM DEBT (Continued)

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2011

	Balance <u>12/31/10</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/11</u>	Due In <u>One Year</u>
CWRPDA Loan – Water	\$ 2,500,000	\$ -	\$ 244,139	\$ 2,255,861	\$ 99,293
CWRPDA Loan – Sewer	-	3,961,090	-	3,961,090	131,956
Capital Lease	-	25,241	9,322	15,919	12,685
Compensated Absences	<u>6,072</u>	<u>17,361</u>	<u>13,393</u>	<u>10,040</u>	<u>-</u>
Total	<u>\$ 2,506,072</u>	<u>\$ 4,003,692</u>	<u>\$ 266,854</u>	<u>\$ 6,242,910</u>	<u>\$ 243,934</u>

CWRPDA Loan - Water

On January 30, 2009, the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority (“CWRPDA”). Loan proceeds were used to finance the cost of upgrades and improvements to the Town’s water treatment facility. Payments of principal and interest are due semi-annually on May 1 and November 1, beginning on May 1, 2011, through November, 2030. Interest accrues at 2% per annum. This loan is payable from a 1% sales and use tax, and from revenues of the water utility system after deducting operation and maintenance expenses.

CWRPDA Loan - Sewer

In November 2011, the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority (“CWRPDA”). Loan proceeds were used to finance the cost of upgrades and improvements to the Town’s wastewater treatment facility. Payments of principal and interest are due semi-annually, beginning on February 2012, through August, 2032. Interest accrues at an effective rate of 2.24% per annum on \$1,961,090, which is reported net of a discount of \$38,910. Interest does not accrue on the remaining \$2,000,000. This loan is payable 1% sales and use tax, and from revenues of the sewer utility system after deducting operation and maintenance expenses.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 6: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Future Debt Service Requirements

Annual debt service requirements for the outstanding bonds at December 31, 2011 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 231,249	\$ 82,318	\$ 313,567
2013	282,583	80,737	363,320
2014	284,606	77,434	362,040
2015	292,523	73,492	366,015
2016	294,628	69,529	364,157
2017-2021	1,517,927	294,952	1,812,879
2022-2026	1,594,831	212,379	1,807,210
2027-2031	1,557,378	112,389	1,669,767
2032	<u>161,226</u>	<u>4,906</u>	<u>166,132</u>
Total Debt Service Requirements	<u>\$ 6,216,951</u>	<u>\$ 1,008,136</u>	<u>\$ 7,225,087</u>

Capital Leases

The Town has entered into a capital lease agreements to purchase transportation equipment which will be paid from revenues of the Water Fund. This lease requires monthly payments of \$1,084 including an effective interest rate of 1.37%. The lease matures on March of 2013.

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2011.

<u>Year Ended December 31,</u>	
2012	\$ 13,005
2013	<u>3,250</u>
Total Minimum Lease Payments	16,255
Less: Interest	<u>(336)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 15,919</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 7: EMPLOYEE PENSION PLAN

Deferred 457 Compensation Plan

The Town offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is available to all employees and permits them to defer a portion of their salary until future years. The Board of Trustees determines the Town's contributions to the plan, currently a matching contribution up to a maximum of 4% of each employee's salary. During the year ended December 31, 2011, the Town contributed \$16,749 to the plan. The plan is administered by the International City/County Management Association Retirement Corporation (ICMA-RC), and all plan assets are held in trust for the exclusive benefit of the participants.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. On November 5, 1996, voters within the Town approved the collection, retention and expenditure of the full revenues generated by the Town in 1996 and subsequent years for street improvement projects, capital projects, basic municipal services and/or lawful municipal purposes, notwithstanding the provisions of the Amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2011, the emergency reserve of \$67,000 was recorded in the General Fund.

NOTE 9: CHANGE IN ACCOUNTING ESTIMATE

Effective January 1, 2011, the Town determined that the useful lives of certain improvements to the Community Center building should be changed from 40 and 50 years to 20 and 30 years, respectively. This change resulted in an increase to beginning accumulated depreciation in the amount of \$348,175 and a restatement of beginning net assets.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NEDERLAND, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 943,953	\$ 943,953	\$ 940,826	\$ (3,127)
Licenses and Permits	14,417	14,417	27,347	12,930
Intergovernmental	29,724	63,226	59,566	(3,660)
Charges for Services	46,800	46,800	39,732	(7,068)
Fines and Forfeitures	63,000	63,000	72,364	9,364
Miscellaneous	17,000	49,394	33,438	(15,956)
Interest	-	-	1,025	1,025
TOTAL REVENUES	<u>1,114,894</u>	<u>1,180,790</u>	<u>1,174,298</u>	<u>(6,492)</u>
EXPENDITURES				
Current				
General Government	135,157	169,691	166,345	3,346
Administration and Finance	146,656	146,656	146,861	(205)
Municipal Court	30,322	30,322	27,319	3,003
Law Enforcement	388,074	397,938	414,475	(16,537)
Planning and Zoning	79,821	79,821	66,922	12,899
Highway and Streets	260,795	260,795	285,485	(24,690)
Parks and Recreation	71,069	71,069	68,156	2,913
TOTAL EXPENDITURES	<u>1,111,894</u>	<u>1,156,292</u>	<u>1,175,563</u>	<u>(19,271)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,000</u>	<u>24,498</u>	<u>(1,265)</u>	<u>(25,763)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease	-	-	25,241	25,241
Transfers In	-	-	500	500
Transfers Out	<u>(3,000)</u>	<u>(10,525)</u>	<u>(15,851)</u>	<u>(5,326)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,000)</u>	<u>(10,525)</u>	<u>9,890</u>	<u>20,415</u>
NET CHANGE IN FUND BALANCE	-	13,973	8,625	(5,348)
FUND BALANCES	<u>-</u>	<u>-</u>	<u>300,857</u>	<u>300,857</u>
FUND BALANCES, Ending	<u>\$ -</u>	<u>\$ 13,973</u>	<u>\$ 309,482</u>	<u>\$ 295,509</u>

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

COMMUNITY CENTER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Sales and Use Taxes	\$ 151,403	\$ 151,403	\$ 152,118	\$ 715
Intergovernmental	-	9,800	9,800	-
Charges for Services	89,921	89,921	85,398	(4,523)
Miscellaneous	-	-	1,764	1,764
TOTAL REVENUES	<u>241,324</u>	<u>251,124</u>	<u>249,080</u>	<u>(2,044)</u>
EXPENDITURES				
Community Center	120,438	122,099	124,111	(2,012)
Debt Service				
Principal	120,039	120,355	75,000	45,355
Interest	-	-	45,354	(45,354)
Capital Outlay	-	41,035	41,035	-
TOTAL EXPENDITURES	<u>240,477</u>	<u>283,489</u>	<u>285,500</u>	<u>(2,011)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>847</u>	<u>(32,365)</u>	<u>(36,420)</u>	<u>(4,055)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	13,136	13,136
NET CHANGE IN FUND BALANCE	<u>847</u>	<u>(32,365)</u>	<u>(23,284)</u>	<u>9,081</u>
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>23,284</u>	<u>23,284</u>
FUND BALANCE, Ending	<u>\$ 847</u>	<u>\$ (32,365)</u>	<u>\$ -</u>	<u>\$ 32,365</u>

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

TOWN OF NEDERLAND, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

December 31, 2011

	SPECIAL REVENUE		TOTAL
	CONSERVATION TRUST FUND	DOWNTOWN DEVELOPMENT AUTHORITY	
ASSETS			
Cash and Investments	\$ 4,000	\$ 170,857	\$ 174,857
Property Taxes Receivable	-	195,422	195,422
TOTAL ASSETS	\$ 4,000	\$ 366,279	\$ 370,279
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 4,000	\$ 100,615	\$ 104,615
Deferred Revenues - Property Taxes	-	195,329	195,329
TOTAL LIABILITIES	4,000	295,944	299,944
FUND BALANCES			
Unreserved	-	70,335	70,335
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,000	\$ 366,279	\$ 370,279

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended December 31, 2011

	SPECIAL REVENUE			TOTAL
	CONSERVATION TRUST FUND	MUD LAKE FUND	DOWNTOWN DEVELOPMENT AUTHORITY	
REVENUES				
Taxes	\$ -	\$ -	\$ 131,929	\$ 131,929
Intergovernmental	13,285	-	8,000	21,285
Miscellaneous	-	-	2,258	2,258
Interest	-	-	714	714
TOTAL REVENUES	13,285	-	142,901	156,186
EXPENDITURES				
Parks and Recreation	16,000	-	-	16,000
General Government	-	-	50,801	50,801
Debt Service				
Principal	-	-	24,052	24,052
Interest	-	-	19,450	19,450
Capital Outlay	-	-	75,122	75,122
TOTAL EXPENDITURES	16,000	-	169,425	185,425
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,715)	-	(26,524)	(29,239)
OTHER FINANCING SOURCES (USES)				
Transfers In	2,715	-	-	2,715
Transfers Out	-	(500)	-	(500)
TOTAL OTHER FINANCING SOURCES (USES)	2,715	(500)	-	2,215
CHANGE IN FUND BALANCES	-	(500)	(26,524)	(27,024)
FUND BALANCES	-	500	96,859	97,359
FUND BALANCES, Ending	\$ -	\$ -	\$ 70,335	\$ 70,335

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 13,000	\$ 13,285	\$ 285
TOTAL REVENUES	<u>13,000</u>	<u>13,285</u>	<u>285</u>
EXPENDITURES			
Parks and Recreation	<u>16,000</u>	<u>16,000</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,000)</u>	<u>(2,715)</u>	<u>285</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>3,000</u>	<u>2,715</u>	<u>(285)</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

DOWNTOWN DEVELOPMENT AUTHORITY
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	ORIGINAL BUDGET	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 117,404	\$ 117,404	\$ 131,929	\$ 14,525
Intergovernmental	-	74,667	8,000	(66,667)
Miscellaneous	-	-	2,258	2,258
Interest	-	-	714	714
TOTAL REVENUES	<u>117,404</u>	<u>192,071</u>	<u>142,901</u>	<u>(49,170)</u>
EXPENDITURES				
General Government	73,604	73,604	50,801	22,803
Debt Service				
Principal Payments	24,052	24,052	24,052	-
Interest Expense	19,748	19,748	19,450	298
Capital Outlay	-	63,368	75,122	(11,754)
TOTAL EXPENDITURES	<u>117,404</u>	<u>180,772</u>	<u>169,425</u>	<u>11,347</u>
NET CHANGE IN FUND BALANCE	-	11,299	(26,524)	(37,823)
FUND BALANCE, Beginning	-	-	96,859	96,859
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 11,299</u>	<u>\$ 70,335</u>	<u>\$ 59,036</u>

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

SEWER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 380,000	\$ 386,062	\$ 6,062
Sales and Use Taxes	-	101,046	101,046
Grants	500,000	41,946	(458,054)
Interest	300	427	127
Plant Investment Fees	10,428	14,259	3,831
Loan Proceeds	2,248,574	4,000,000	1,751,426
TOTAL REVENUES	<u>3,139,302</u>	<u>4,543,740</u>	<u>1,404,438</u>
EXPENDITURES			
Personnel	107,055	99,242	7,813
Operations	231,550	193,245	38,305
Capital Outlay	2,248,574	399,007	1,849,567
Depreciation Expense	35,000	23,347	11,653
Debt Service			
Interest and Fiscal Charges	-	11,404	(11,404)
TOTAL EXPENDITURES	<u>2,622,179</u>	<u>726,245</u>	<u>1,895,934</u>
NET INCOME, Budget Basis	<u>\$ 517,123</u>	3,817,495	<u>\$ 3,300,372</u>
GAAP BASIS ADJUSTMENTS			
Loan Proceeds		(4,000,000)	
Capital Outlay		26,603	
NET INCOME, GAAP Basis		(155,902)	
NET ASSETS, Beginning		<u>936,751</u>	
NET ASSETS, Ending		<u>\$ 780,849</u>	

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

WATER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2011

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 341,500	\$ 341,482	\$ (18)
Sales and Use Taxes	203,095	101,779	(101,316)
Grants	60,000	60,000	-
Interest	1,800	5,506	3,706
Plant Investment Fees	10,428	19,078	8,650
Loan Proceeds	200,000	-	(200,000)
TOTAL REVENUES	<u>816,823</u>	<u>527,845</u>	<u>(288,978)</u>
EXPENDITURES			
Personnel	107,555	100,527	7,028
Operations	158,690	114,670	44,020
Capital Outlay	777,000	624,988	152,012
Depreciation Expense	125,000	157,288	(32,288)
Debt Service			
Interest and Fiscal Charges	<u>152,278</u>	<u>32,795</u>	<u>119,483</u>
TOTAL EXPENDITURES	<u>1,320,523</u>	<u>1,030,268</u>	<u>290,255</u>
NET INCOME, Budget Basis	<u>\$ (503,700)</u>	<u>(502,423)</u>	<u>\$ 1,277</u>
GAAP BASIS ADJUSTMENTS			
Capital Outlay		<u>624,988</u>	
NET INCOME, GAAP Basis		122,565	
NET ASSETS, Beginning		<u>2,455,803</u>	
NET ASSETS, Ending		<u>\$ 2,578,368</u>	

See the accompanying independent auditors' report.

STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Boulder
	YEAR ENDING : December 2011

This Information From The Records Of (example - City of _ or County of _ Town of Nederland	Prepared By: Eva Forberger Phone: 303 258-3266 x21
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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)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	165,712
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	330,937	b. Snow and ice removal	25,162
3. Other local imposts (from page 2)	16,007	c. Other	42,176
4. Miscellaneous local receipts (from page 2)	78,144	d. Total (a. through c.)	67,338
5. Transfers from toll facilities		4. General administration & miscellaneous	18,435
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	269,409
a. Bonds - Original Issues		6. Total (1 through 5)	520,894
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)	425,088	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	95,806	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	520,894	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)	
			520,894

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
		520,894	520,894		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2011

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	71,464
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	16,007	g. Other Misc. Receipts	
6. Total (1. through 5.)	16,007	h. Other	6,680
c. Total (a. + b.)	16,007	i. Total (a. through h.)	78,144
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	51,913	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	43,893	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	43,893	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	95,806	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			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: