

TOWN OF NEDERLAND, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2013

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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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Nederland, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Nederland, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 27 and 28 and the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

John Cutler & Associates, LLC

May 30, 2014



**Town of Nederland, Colorado
Management's Discussion and Analysis
Fiscal Year Ending December 31, 2013**

This Management's Discussion and Analysis (MD&A) of the Town of Nederland's 2013 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 five separate funds, which are as follows:

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

Additionally, the Town maintains a Downtown Development Authority (DDA) 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

There are two sets of financial statements included in this report: government-wide financial statements, and fund financial statements. A description of these different statements is provided below. In addition to the financial statements, supplementary information in the form of budgetary comparison schedules is also provided near the end of the audit report.

Government-wide Financial Statements:

The government-wide financial statements, which consist of the Statement of Net Position 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 position* presents the Town of Nederland's assets and liabilities, with the difference between the two reported as net position. The net position is summarized as follows: 1) net investment 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 position 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 position changed as a result of the operations of the Town government during the most recent fiscal year. All changes in net position 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, 2013 the governmental funds held \$504,570 in assets that were readily convertible to cash and \$270,061 in current liabilities.
- As of December 31, 2013 the Town's governmental activities fund held \$4,800,261 in capital assets, a 2.10% *decrease*; and \$1,022,586 in long-term liabilities, a 13% *decrease*.
- 2013 Nederland sales tax revenue was up 4.2% compared to fiscal year 2012.
- 2013 general property tax revenue increased by 2.7% compared to fiscal year 2012.
- 2013 building permit revenue *increased* by 175% or \$28,732 compared to fiscal year 2012. 2013 use tax revenue *increased* by 376% or \$28,360 compared to fiscal year 2012.
- There is a special item (loss of capital asset) related to the disposal of land held for sale by the Town.
- Total governmental activities net position *increased* by 1.0% or \$38,956 during the 2013 fiscal year.

Business-type Activities

- As of December 31, 2013 total assets were \$10,291,091, a decrease of \$103,202. Current assets *decreased* by \$1,062,329 as the Town drew down on its loan from the Colorado Water Resources & Power Development Authority to construct the Town's new wastewater treatment plant. Capital assets increased by \$959,127.
- Total enterprise liabilities decreased by 4.9% or \$315,161 during 2013.
- 2013 service revenue from the water and wastewater services increased by \$12,224 or 1.6% compared to fiscal year 2012 due to inflationary increases in user rates for water and sewer.
- 2013 total revenues from the water and wastewater funds increased \$94,738 or 6.9% compared to fiscal year 2012 primarily due to capital grants received for the construction of the wastewater treatment plant.
- 2013 expenses from the water and wastewater funds increased \$312,807 or 38.6% compared to fiscal year 2012 primarily due to increased depreciation, utilities, and personnel costs for the operations of the new wastewater plant.
- There is a special item (loss of capital asset) related to the write-off of the old sewer lagoon system that was replaced by the new wastewater plant.
- Total business-type activities net position *increased* by 5.4% or \$211,959 during the 2013 fiscal year.

Statement of Net Position

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

	Government Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 943,323	\$ 858,204	\$ 2,073,707	\$ 3,136,036	\$ 3,017,030	\$ 3,994,240
Capital assets	4,800,261	4,905,169	8,217,384	7,258,257	13,017,645	12,163,426
Total assets	5,743,584	5,763,373	10,291,091	10,394,293	16,034,675	16,157,666
Long-term debt outstanding	1,022,586	1,157,389	5,764,543	6,030,492	6,787,129	7,187,881
Other liabilities	145,068	111,895	386,757	435,969	531,825	547,684
Total liabilities	1,167,654	1,269,284	6,151,300	6,466,461	7,318,954	7,735,745
Deferred Inflows	531,193	488,308			531,193	488,308
Liabilities & Deferred Inflows	1,698,847	1,757,592	6,151,300	6,466,461	7,850,147	8,224,053
Net position:						
Net Investment in capital assets	3,798,874	3,775,024	2,497,098	1,518,008	6,295,972	5,293,032
Restricted	236,065	191,036	163,844		399,909	191,036
Unrestricted	9,798	39,721	1,478,849	2,409,824	1,488,647	2,449,545
Total net position	\$4,044,737	\$4,005,781	\$4,139,791	\$3,927,832	\$8,184,528	\$7,933,613

Normal Impacts

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

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

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 net investment in capital assets.

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 position 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 position and increase the net invested in capital assets.

Reduction of Capital Assets Through Depreciation – will reduce capital assets and net investment in capital assets.

The Town's total net position for fiscal year 2013 increased by 3.2% or \$250,915. The Town's assets exceed liabilities by \$8,184,528 (net position) as of December 31, 2013. The net funds invested in Capital assets (e.g. land, buildings, equipment, etc.) make up 77% of net position. 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 net position (2.9%) represents resources that are subject to various debt provisions, contracts and contingencies on how they may be used. The remaining balance \$1,652,491 is unrestricted and can be used to meet the Town's ongoing obligations to its citizens and creditors.

STATEMENT OF ACTIVITIES

The Statement of Activities takes into consideration the Town as a whole and reflects the change in net position for fiscal year 2013.

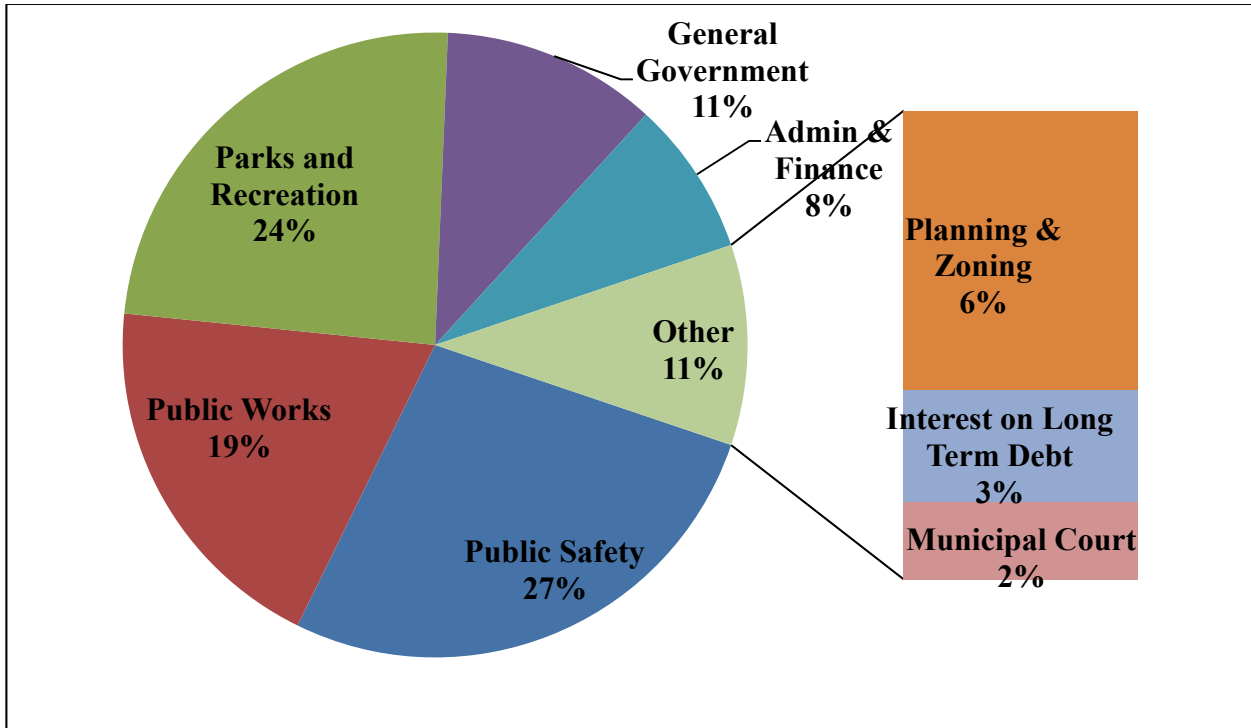
	Government Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program Revenue						
Charges for Services	\$ 199,549	\$ 238,813	\$ 759,895	\$ 747,671	\$ 959,444	\$ 986,484
Operating Grants & Contributions	165,797	73,042			165,797	73,042
Capital Grants & Contributions	15,779	48,484	477,594	408,302	493,373	456,786
Total Program Revenue	381,125	360,339	1,237,489	1,155,973	1,618,614	1,516,312
General Revenues:						
Property Taxes	493,080	479,966			493,080	479,966
Specific Ownership Taxes	18,981	18,735			18,981	18,735
Sales and Use Taxes	732,378	666,361	224,066	215,106	956,444	881,467
Franchise Taxes	53,250	50,884			53,250	50,884
Investment Income	1,139	982	11,330	7,068	12,469	8,050
Other Revenues	198,896	46,942			198,896	46,942
Total General Revenues	1,497,724	1,263,870	235,396	222,174	1,733,120	1,486,044
TOTAL REVENUES	\$1,878,849	\$1,624,209	\$1,472,885	\$1,378,147	\$3,351,734	\$3,002,356
Program Expenses:						
General Government	438,539	403,615			438,539	403,615
Public Safety	497,819	467,103			497,819	467,103
Public Works	334,755	380,675			334,755	380,675
Parks and Recreation	415,978	335,146			415,978	335,146
Interest on Long Term Debt	42,802	55,487	68,242	95,400	111,044	150,887
Water and Wastewater			1,054,097	714,132	1,054,097	714,132
TOTAL EXPENSES	1,729,893	1,642,026	1,122,339	809,532	2,852,232	2,451,558
<i>Special Item: Loss of Capital Asset</i>	<i>(110,000)</i>		<i>(138,587)</i>		<i>(248,587)</i>	
Change in Net Position	\$38,956	(\$17,817)	\$211,959	\$568,615	\$250,915	\$550,798
<i>Net Position, Beginning</i>	<i>\$4,005,781</i>	<i>\$4,023,598</i>	<i>\$3,927,832</i>	<i>\$3,359,217</i>	<i>\$7,933,613</i>	<i>\$7,382,815</i>
<i>Net Position, Ending</i>	<i>\$4,044,737</i>	<i>\$4,005,781</i>	<i>\$4,139,791</i>	<i>\$3,927,832</i>	<i>\$8,184,528</i>	<i>\$7,933,613</i>

Governmental Activities

Revenue was up \$254,640 or 15.7 in 2013 compared to 2012. In 2013, tax related revenue of \$1,297,689 comprised 69.1% of total revenues from governmental activities. Property taxes of \$493,080 represent 38% of total tax revenue and 26% of total revenue while sales tax comprised 56% of total tax revenue and 39% of total revenue.

The cost of governmental activities in 2013 was \$1,729,893 compared to \$1,642,026 in 2012, a 5.4% increase.

Expenses by Type – Governmental Activities



General Government includes Town Board of Trustees, Town Administrator, Town Clerk, Finance, and General Administration. 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 Works accounts for streets and building maintenance. Planning & zoning accounts for costs associated with building permit and plan review activity.

Year-to-year changes by type of activity:

	2013	2012	% Change
Public Safety	\$468,249	\$404,534	15.8%
Public Works	334,755	334,200	0.2%
Parks and Recreation	415,978	335,146	24.1%
General Government	192,726	\265,034	-27.3%
Administration & Finance	138,671	153,256	-9.5%
Planning & Zoning	107,142	63,133	69.7%
Interest on Long Term Debt	42,802	55,487	-22.9%
Municipal Court	29,570	31,236	-5.3%
Total	\$1,729,893	\$1,642,026	5.4%

Fund Balance

At the end of 2013, the Town's governmental funds reported a combined (General, Community Center, Non-Major) fund balance of \$520,458. This is a decrease of \$78,676 compared to the prior year's ending balance. Of this total balance **\$269,939** is unreserved and available to finance the Town's future operation and programs; \$171,065 is restricted for the Downtown Development Authority; \$8,850 is restricted for Community Center Use; and \$65,000 is restricted for emergencies.

At year-end, the business-type activities reported total net position of \$4,139,791, an increase of \$211,959.

Budgetary Highlights

Town Board of Trustees approved a supplemental budget to the General Fund 2013 budget. The original appropriation of \$1,155,839 was increased by \$64,000, or 5%, to \$1,219,839. This increase was primarily due to increased building activity and to account for the additional cost of plan reviews and permitting activity. The Community Center Fund appropriations was increased by \$103,000 to account for the cost of refinancing (\$13,100) the general obligation bond associated with the Community Center as well as flood related repairs for the Community Center. The Sewer Fund appropriations was increased by \$220,000 to account for the timing of construction of the wastewater plant as more incurred in 2013 than initially anticipated.

For the General Fund, revenue compared to budget was up \$132,536 primarily due to the sale of land held by the Town and unbudgeted grant activity offset by lower than plan fines and forfeitures. Expenditures for the General Fund were higher than budget due to the write-off of land held for sale by the Town which was not budgeted for.

The Community Center revenues are lower than budget by \$18,207 due to the September floods which incapacitated the Fitness Center due to flooding. Expenditures were higher than budget due to the refinancing of the General Obligation bond which provided for \$960,000 in new proceeds that went to pay down the old debt which was not budgeted for.

Sewer Fund revenues are higher than budget by \$19,644 due to the large number of new housing starts which contributed to more Plant Investment Fees (PIFs) than planned. Total expenditures are \$33,884 less than budget primarily due to lower depreciation than planned based on the disposal of some sewer assets.

Water Fund revenues are higher than budget by \$6,456 due to the large number of new housing starts which contributed to more Plant Investment Fees (PIFs) than planned. Total expenditures are \$66,476 less than budget primarily due to the timing of capital outlays for the water plant as some of the work was delayed due to the September floods.

For Downtown Development Authority revenues and expenditures are lower than budget by \$378,871 and \$658,411 due to the timing of the capital project "NedPeds" where the construction was pushed to 2014 vs. 2013 to accommodate the required historical clearance component and a more robust planning process.

Capital Assets and Debt Administration

At year-end, the Town had \$13,017,645 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 \$854,219, or 7%, from the 2012 is primarily due to the construction of the Town's new wastewater treatment plant, offset by depreciation.

Capital Assets at Year-End

	Government Activities		Business Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$692,805	\$692,805	\$11,436	\$11,436	\$704,241	\$704,241
Water Rights			35,000	35,000	35,000	35,000
Construction in Process	172,215	45,964	41,702	3,428,291	213,917	3,474,255
Plant, Land & Building	5,531,048	5,531,048	9,810,496	6,007,066	15,341,544	11,538,114
Equipment	499,417	499,417	674,721	622,531	1,174,138	1,121,948
Transportation Equipment	279,446	318,001	266,645	229,145	546,091	547,146
<i>Less Acc Depreciation</i>	<i>(2,374,670)</i>	<i>(2,182,066)</i>	<i>(2,622,616)</i>	<i>(3,075,212)</i>	<i>(4,997,286)</i>	<i>(5,257,278)</i>
Total Capital Assets	<u>\$4,800,261</u>	<u>\$4,905,169</u>	<u>\$8,217,384</u>	<u>\$7,258,257</u>	<u>\$13,017,645</u>	<u>\$12,163,426</u>

During 2013, the Town completed the remaining 25% of the new wastewater treatment plant. In addition to the wastewater treatment plant, the Town invested in new infrastructure design for 2nd Street and a water diversions structure for the water plant.

Significant 2013 Capital Asset Additions

Wastewater Plant Construction Project	\$1,357,397
Water Plant Diversion Structure (CIP)	41,702
NEDPEDs Project (CIP)	<u>126,251</u>
	\$1,525,350

During 2013, the Town refinanced the Community Center (GO) Bonds from 4.2% to 2.095%. These bonds are planned to be paid off by 2022.

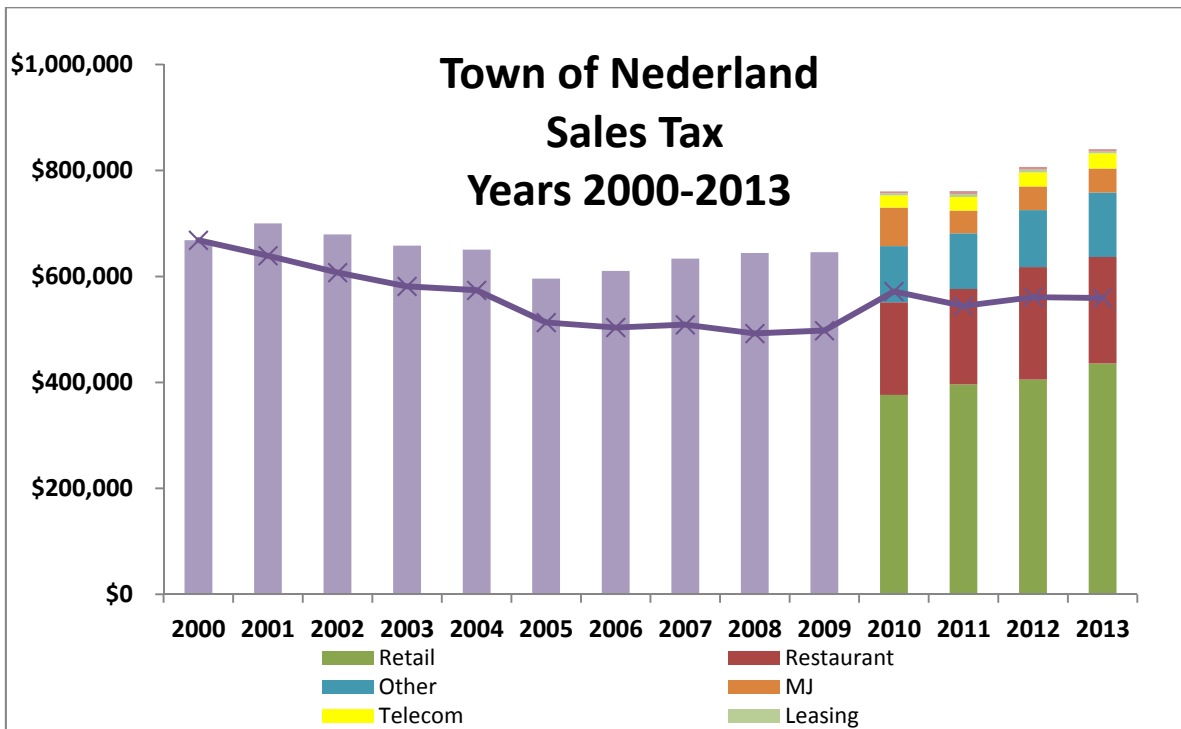
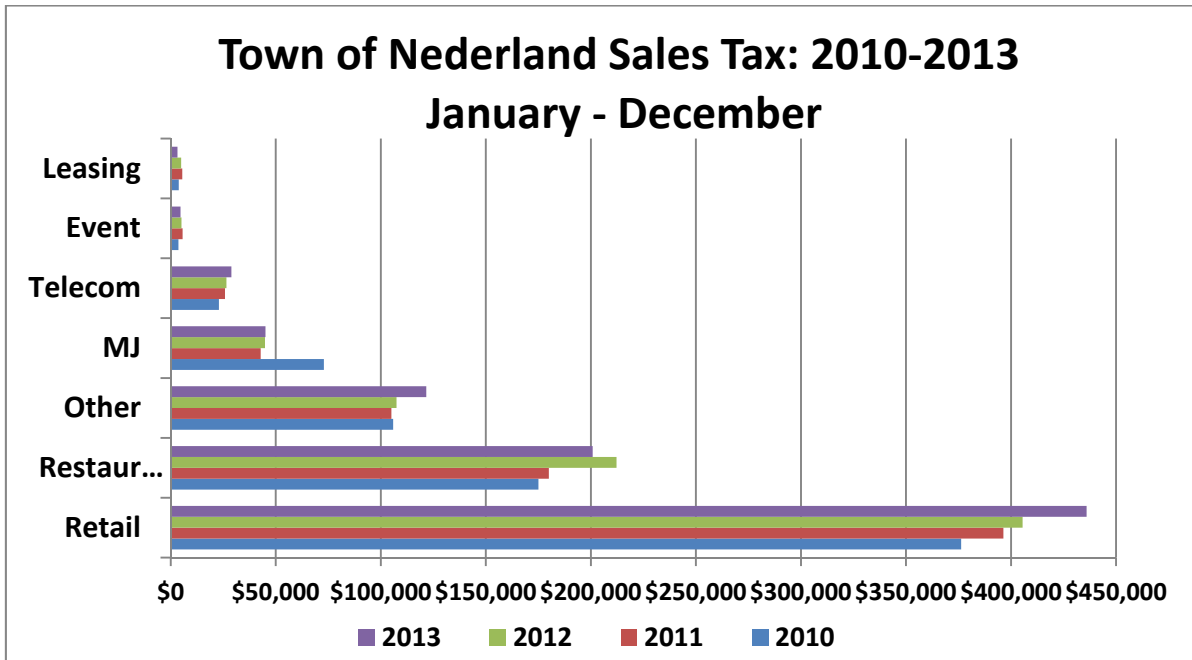
Town of Nederland's Outstanding Debt

	Government Activities		Business Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Community Center Bonds	\$880,000	\$960,000			\$880,000	\$960,000
'00 Land Purchase	87,750	100,366			87,750	100,366
Capital Leases	33,637	69,777	17,165	37,129	50,802	106,906
Compensated Absences	21,199	27,246	9,238	7,660	30,437	34,906
CWRPDA Loan - Water			2,055,942	2,156,569	2,055,942	2,156,569
CWRPDA Premium			35,020		35,020	
CWRPDA Loan - Sewer			3,647,178	3,829,134	3,647,178	3,829,134
Total Long Term Debt	<u>\$1,022,586</u>	<u>\$1,157,389</u>	<u>\$5,764,543</u>	<u>\$6,030,492</u>	<u>\$6,787,129</u>	<u>\$7,187,881</u>

Economic and Other Factors

The Town of Nederland's financial trends continue to be bright. For 2013, the Town of Nederland sales tax was up 4.2% over the same period in 2012, with large increases in the retail sector.

The Town saw tremendous growth in residential housing with the prospect of continued residential growth in 2014 and beyond based on a new PUD and possible annexation. There are many commercial-related inquiries as well, although no formal plans have been submitted at this time.



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 Finance Department at: PO Box 396, Nederland, Colorado 80466; or telephone (303) 258-3266.

BASIC FINANCIAL STATEMENTS

TOWN OF NEDERLAND, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2013

	BUSINESS		TOTALS	
	GOVERNMENTAL ACTIVITIES	TYPE ACTIVITIES	2013	2012
ASSETS				
Cash and Investments	\$ 504,570	\$ 1,421,216	\$ 1,925,786	\$ 1,723,350
Restricted Cash and Investments	-	188,106	188,106	1,361,185
Receivables				
Taxes	531,193	-	531,193	490,035
Accounts	-	156,213	156,213	147,101
Other	155,352	41,108	196,460	151,809
Prepaid Expenses	5,604	2,908	8,512	-
Inventories	-	10,760	10,760	10,760
Land Held for Resale	-	-	-	110,000
Interfund Amounts	(253,396)	253,396	-	-
Capital Assets, Not Depreciated	865,020	88,138	953,158	4,213,496
Capital Assets, Depreciated Net of Accumulated Depreciation	3,935,241	8,129,246	12,064,487	7,949,930
TOTAL ASSETS	5,743,584	10,291,091	16,034,675	16,157,666
LIABILITIES				
Accounts Payable	85,562	315,109	400,671	254,213
Retainage Payable	-	42,185	42,185	195,186
Accrued Liabilities	51,936	7,437	59,373	27,666
Accrued Interest Payable	-	22,026	22,026	32,535
Deposits	7,570	-	7,570	1,300
Noncurrent Liabilities				
Due within One Year	124,993	299,102	424,095	425,227
Due in More Than One Year	897,593	5,465,441	6,363,034	6,799,618
TOTAL LIABILITIES	1,167,654	6,151,300	7,318,954	7,735,745
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	531,193	-	531,193	488,308
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,698,847	6,151,300	7,850,147	8,224,053
NET POSITION				
Net Investment in Capital Assets	3,798,874	2,497,098	6,295,972	5,010,451
Restricted for Downtown Development	171,065	-	171,065	108,036
Restricted for Emergencies	65,000	-	65,000	83,000
Restricted by Debt Covenant	-	79,950	79,950	-
Unrestricted	9,798	1,562,743	1,572,541	2,732,126
TOTAL NET POSITION	\$ 4,044,737	\$ 4,139,791	\$ 8,184,528	\$ 7,933,613

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

<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	\$ 192,726	\$ 69,580	\$ 73,796	\$ -
Administration and Finance	138,671	-	-	-
Municipal Court	29,570	2,461	-	-
Law Enforcement	468,249	26,380	3,597	-
Planning and Zoning	107,142	27,874	6,000	-
Highway and Streets	334,755	-	56,578	-
Parks and Recreation	415,978	73,254	25,826	15,779
Interest on Long Term Debt	42,802	-	-	-
Total Governmental Activities	<u>1,729,893</u>	<u>199,549</u>	<u>165,797</u>	<u>15,779</u>
Business-Type Activities				
Sewer	523,454	405,214	-	446,310
Water	530,643	354,681	-	31,284
Interest on Long-term Debt	68,242	-	-	-
Total Business-Type Activities	<u>1,122,339</u>	<u>759,895</u>	<u>-</u>	<u>477,594</u>
Total Primary Government	<u>\$ 2,852,232</u>	<u>\$ 959,444</u>	<u>\$ 165,797</u>	<u>\$ 493,373</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 POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2013	2012
\$ (49,350)	\$ -	\$ (49,350)	\$ (221,923)
(138,671)	-	(138,671)	(153,256)
(27,109)	-	(27,109)	(26,606)
(438,272)	-	(438,272)	(323,875)
(73,268)	-	(73,268)	(23,644)
(278,177)	-	(278,177)	(276,018)
(301,119)	-	(301,119)	(200,878)
(42,802)	-	(42,802)	(55,487)
<u>(1,348,768)</u>	<u>-</u>	<u>(1,348,768)</u>	<u>(1,281,687)</u>
-	328,070	328,070	542,614
-	(144,678)	(144,678)	(100,773)
<u>-</u>	<u>(68,242)</u>	<u>(68,242)</u>	<u>(95,400)</u>
-	115,150	115,150	346,441
<u>(1,348,768)</u>	<u>115,150</u>	<u>(1,233,618)</u>	<u>(935,246)</u>
493,080	-	493,080	479,966
18,981	-	18,981	18,735
732,378	224,066	956,444	881,467
53,250	-	53,250	50,884
1,139	11,330	12,469	8,050
198,896	-	198,896	46,942
<u>(110,000)</u>	<u>(138,587)</u>	<u>(248,587)</u>	<u>-</u>
<u>1,387,724</u>	<u>96,809</u>	<u>1,484,533</u>	<u>1,486,044</u>
38,956	211,959	250,915	550,798
<u>4,005,781</u>	<u>3,927,832</u>	<u>7,933,613</u>	<u>7,382,815</u>
<u>\$ 4,044,737</u>	<u>\$ 4,139,791</u>	<u>\$ 8,184,528</u>	<u>\$ 7,933,613</u>

TOWN OF NEDERLAND, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2013

	COMMUNITY			TOTAL	
	GENERAL FUND	CENTER FUND	NONMAJOR FUNDS	GOVERNMENTAL FUNDS	
				2013	2012
ASSETS					
Cash and Investments	\$ 331,999	\$ 100	\$ 172,471	\$ 504,570	\$ 480,709
Property Taxes Receivable	362,000	-	169,193	531,193	490,035
Other Receivables	95,769	59,583	-	155,352	118,593
Due from Other Funds	6,551	-	-	6,551	8,662
Prepaid Expenses	5,062	542	-	5,604	-
Land Held for Resale	-	-	-	-	110,000
TOTAL ASSETS	\$ 801,381	\$ 60,225	\$ 341,664	\$ 1,203,270	\$ 1,207,999
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 53,965	\$ 30,191	\$ 1,406	\$ 85,562	\$ 90,044
Accrued Liabilities	38,145	13,791	-	51,936	20,551
Due to Other Funds	-	6,551	-	6,551	8,662
Deposits	7,270	300	-	7,570	1,300
TOTAL LIABILITIES	99,380	50,833	1,406	151,619	120,557
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenues - Property Taxes	362,000	-	169,193	531,193	488,308
FUND BALANCES					
Nonspendable	5,062	542	-	5,604	110,000
Restricted for Emergencies	65,000	-	-	65,000	83,000
Restricted for Community Center	-	8,850	-	8,850	9,949
Restricted for Downtown Development	-	-	171,065	171,065	108,036
Unassigned	269,939	-	-	269,939	288,149
TOTAL FUND BALANCES	340,001	9,392	171,065	520,458	599,134
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 801,381	\$ 60,225	\$ 341,664		

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	4,800,261	4,905,169
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 (\$1,001,387), interfund amounts of (\$253,396), and accrued compensated absences (\$21,199).	(1,275,982)	(1,498,522)
Net position of governmental activities	\$ 4,044,737	\$ 4,005,781

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, 2013

	COMMUNITY			TOTAL	
	GENERAL FUND	CENTER FUND	NONMAJOR FUNDS	GOVERNMENTAL FUNDS 2013	GOVERNMENTAL FUNDS 2012
REVENUES					
Taxes	\$ 1,004,655	\$ 168,050	\$ 124,984	\$ 1,297,689	\$ 1,274,127
Licenses and Permits	69,580	-	-	69,580	42,111
Intergovernmental	105,797	-	75,779	181,576	130,021
Charges for Services	30,335	73,254	-	103,589	123,903
Fines and Forfeitures	26,380	-	-	26,380	72,799
Miscellaneous	113,897	83,489	1,510	198,896	46,943
Interest	731	-	408	1,139	982
TOTAL REVENUES	1,351,375	324,793	202,681	1,878,849	1,690,886
EXPENDITURES					
Current					
General Government	262,056	-	26,734	288,790	242,671
Administration and Finance	138,671	-	-	138,671	153,256
Municipal Court	29,570	-	-	29,570	31,236
Law Enforcement	456,379	-	-	456,379	441,546
Planning and Zoning	107,142	-	-	107,142	63,133
Highway and Streets	291,389	-	-	291,389	312,178
Parks and Recreation	22,371	245,330	16,000	283,701	198,344
Debt Service					
Principal	-	80,000	92,635	172,635	483,224
Interest	-	32,880	9,922	42,802	55,487
Capital Outlay	20,195	-	126,251	146,446	50,802
TOTAL EXPENDITURES	1,327,773	358,210	271,542	1,957,525	2,031,877
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	23,602	(33,417)	(68,861)	(78,676)	(340,991)
OTHER FINANCING SOURCES (USES)					
Proceeds from Capital Lease	-	-	-	-	77,808
Proceeds from Issuance of Debt	-	960,000	-	960,000	482,500
Payments to Escrow Agent	-	(960,000)	-	(960,000)	-
Transfers In	-	32,860	221	33,081	1,526
Transfers Out	(33,081)	-	-	(33,081)	(1,526)
TOTAL OTHER FINANCING SOURCES (USES)	(33,081)	32,860	221	-	560,308
NET CHANGE IN FUND BALANCES	(9,479)	(557)	(68,640)	(78,676)	219,317
FUND BALANCES, Beginning	349,480	9,949	239,705	599,134	379,817
FUND BALANCES, Ending	\$ 340,001	\$ 9,392	\$ 171,065	\$ 520,458	\$ 599,134

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, 2013

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (78,676)
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 (\$251,354), exceeded capital outlay \$146,446 in the current period.	(104,908)
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 position. These include debt payments of \$180,353 payments of capital lease of \$36,140, and change in accrued compensated absences of \$6,047.	<u>222,540</u>
Change in Net Position of Governmental Activities	<u><u>\$ 38,956</u></u>

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE
 As of December 31, 2013

ASSETS	SEWER	WATER	TOTALS	
			2013	2012
Current Assets				
Cash and Investments	\$ 640,641	\$ 780,575	\$ 1,421,216	\$ 1,242,641
Restricted Cash and Investments	188,106	-	188,106	1,361,185
Accounts Receivable	83,917	72,296	156,213	147,101
Prepaid Expenses	1,454	1,454	2,908	-
Other Receivables	20,554	20,554	41,108	33,216
Inventories	-	10,760	10,760	10,760
Total Current Assets	934,672	885,639	1,820,311	2,794,903
Noncurrent Assets				
Advance to Downtown Development Authority	-	253,396	253,396	341,133
Capital Assets, net of accumulated depreciation	4,766,131	3,451,253	8,217,384	7,258,257
Total Noncurrent Assets	4,766,131	3,704,649	8,470,780	7,599,390
TOTAL ASSETS	5,700,803	4,590,288	10,291,091	10,394,293
LIABILITIES				
Current Liabilities				
Accounts Payable	287,224	27,885	315,109	164,169
Retainage Payable	42,185	-	42,185	195,186
Accrued Liabilities	2,998	4,439	7,437	7,115
Accrued Interest Payable	15,211	6,815	22,026	32,535
Current Portion of Long-term Debt	189,204	109,898	299,102	301,245
Total Current Liabilities	536,822	149,037	685,859	700,250
Noncurrent Liabilities				
Capital Leases Payable	1,335	1,335	2,670	18,467
Loans Payable	3,465,222	1,953,292	5,418,514	5,703,120
Loan Discount	35,019	-	35,019	36,964
Compensated Absences	4,619	4,619	9,238	7,660
Total Noncurrent Liabilities	3,506,195	1,959,246	5,465,441	5,766,211
TOTAL LIABILITIES	4,043,017	2,108,283	6,151,300	6,466,461
NET POSITION				
Net Investment in Capital Assets	1,110,370	1,386,728	2,497,098	1,235,425
Restricted	79,950	-	79,950	-
Unreserved	467,466	1,095,277	1,562,743	2,692,407
TOTAL NET POSITION	\$ 1,657,786	\$ 2,482,005	\$ 4,139,791	\$ 3,927,832

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2013

	SEWER	WATER	TOTALS	
			2013	2012
OPERATING REVENUES				
Charges for Services	\$ 405,214	\$ 354,681	\$ 759,895	\$ 747,671
TOTAL OPERATING REVENUES	405,214	354,681	759,895	747,671
OPERATING EXPENSES				
Personnel	129,243	129,181	258,424	203,629
Operations	190,558	206,393	396,951	292,634
Depreciation	203,653	195,069	398,722	217,869
TOTAL OPERATING EXPENSES	523,454	530,643	1,054,097	714,132
OPERATING INCOME	(118,240)	(175,962)	(294,202)	33,539
NON-OPERATING REVENUES (EXPENSES)				
Sales and Use Taxes	112,033	112,033	224,066	215,106
Loss on Disposal of Assets	(138,587)	-	(138,587)	408,054
Grants	420,000	-	420,000	7,068
Interest Income	411	10,919	11,330	-
Interest Expense	(35,236)	(33,006)	(68,242)	(95,400)
TOTAL NON-OPERATING REVENUES (EXPENSES)	358,621	89,946	448,567	534,828
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	240,381	(86,016)	154,365	568,367
Capital Contributions- Plant Investment Fees	26,310	31,284	57,594	248
CHANGE IN NET POSITION	266,691	(54,732)	211,959	568,615
NET POSITION, Beginning	1,391,095	2,536,737	3,927,832	3,359,217
NET POSITION, Ending	\$ 1,657,786	\$ 2,482,005	\$ 4,139,791	\$ 3,927,832

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, 2013
 Increase (Decrease) in Cash and Cash Equivalents

	SEWER	WATER	TOTALS	
			2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 401,748	\$ 345,089	\$ 746,837	\$ 757,573
Cash Paid to Employees	(127,668)	(128,856)	(256,524)	(210,056)
Cash Paid to Suppliers	(218,708)	(187,156)	(405,864)	(67,640)
Net Cash Provided by Operating Activities	<u>55,372</u>	<u>29,077</u>	<u>84,449</u>	<u>479,877</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Sales Taxes Received	<u>112,033</u>	<u>112,033</u>	<u>224,066</u>	<u>215,106</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grants Received	420,000	-	420,000	408,054
Capital Contributions	26,310	31,284	57,594	248
Purchase of Capital Assets	(1,394,897)	(101,539)	(1,496,436)	(3,155,108)
Advance to Downtown Development Authority	-	-	-	(341,133)
Payment Received from Downtown Development Authority	-	87,737	87,737	-
Lease Proceeds	-	-	-	46,475
Loan Payments	(183,902)	(100,627)	(284,529)	(233,194)
Interest Payments	(35,765)	(42,986)	(78,751)	(81,800)
Lease Payments	(8,365)	(11,599)	(19,964)	(25,265)
Net Cash Used by Capital and Related Financing Activities	<u>(1,176,619)</u>	<u>(137,730)</u>	<u>(1,314,349)</u>	<u>(3,381,723)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	<u>411</u>	<u>10,919</u>	<u>11,330</u>	<u>7,068</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,008,803)	14,299	(994,504)	(2,679,672)
CASH AND CASH EQUIVALENTS, Beginning	<u>1,837,550</u>	<u>766,276</u>	<u>2,603,826</u>	<u>5,283,498</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 828,747</u>	<u>\$ 780,575</u>	<u>\$ 1,609,322</u>	<u>\$ 2,603,826</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ (118,240)	\$ (175,962)	\$ (294,202)	\$ 33,539
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	203,653	195,069	398,722	217,869
Changes in Assets and Liabilities				
Accounts Receivable	(3,466)	(5,646)	(9,112)	(7,419)
Other Receivable	(3,946)	(3,946)	(7,892)	1,041
Prepaid Expenses	(1,454)	(1,454)	(2,908)	-
Accounts Payable	130,251	20,691	150,942	62,772
Retainage Payable	(153,001)	-	(153,001)	178,502
Accrued Liabilities	786	(464)	322	(4,047)
Accrued Compensated Absences	789	789	1,578	(2,380)
Total Adjustments	<u>173,612</u>	<u>205,039</u>	<u>378,651</u>	<u>446,338</u>
Net Cash Provided by Operating Activities	<u>\$ 55,372</u>	<u>\$ 29,077</u>	<u>\$ 84,449</u>	<u>\$ 479,877</u>

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

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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 position 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, 2013

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, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Cash and Investments

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

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2013

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 position. 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.

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “Internal Amounts”. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position and fund balance that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position and fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Position

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. The Town considers amounts required by the debt covenant to be restricted.

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, 2013, the Town classified Prepaid Expenses as nonspendable.
- 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 Community Center Fund and the Downtown Development Authority as being restricted because their use is restricted by State Statute for declared emergencies, and for parks and recreation, and for urban renewal.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

- 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, 2013.
- 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.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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.
- 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, 2013, actual expenditures in the Community Center Fund and General Fund exceeded budgeted amounts by \$952,511 and \$140,015, respectively. This may be a violation of State Statute.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2013 follows:

Petty Cash	\$ 100
Cash Deposits	<u>2,113,792</u>
Total	<u>\$ 2,113,892</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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

Governmental Activities	\$ 504,570
Business-type Activities	1,421,216
Business-type Activities – Restricted	<u>188,106</u>
 Total	 <u>\$ 2,113,892</u>

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, 2013, 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, 2013, the Town had deposits with financial institutions with a carrying amount of \$2,113,792. The bank balances with the financial institutions were \$2,197,712. Of these balances, \$422,735 was covered by federal depository insurance and \$1,774,977 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, 2013

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.

The Town had no investments at December 31, 2013.

Restricted Cash and Investments

Cash in the amount of \$188,106 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, 2013

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2013 is summarized below:

	Balances <u>12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/13</u>
Governmental Activities				
Capital Assets, not depreciated				
Land and Sites	\$ 692,805	\$ -	\$ -	\$ 692,805
Construction in Process	<u>45,964</u>	<u>126,251</u>	<u>-</u>	<u>172,215</u>
Total Capital Assets, not depreciated	<u>738,769</u>	<u>126,251</u>	<u>-</u>	<u>865,020</u>
Capital Assets, depreciated				
Land Improvements	480,265	-	-	480,265
Infrastructure	1,193,013	-	-	1,193,013
Buildings	3,857,770	-	-	3,857,770
Transportation Equipment	318,001	20,195	58,750	279,446
Other Equipment	<u>499,417</u>	<u>-</u>	<u>-</u>	<u>499,417</u>
Total Capital Assets, depreciated	<u>6,348,466</u>	<u>20,195</u>	<u>58,750</u>	<u>6,309,911</u>
Less Accumulated Depreciation				
Land Improvements	137,013	23,170	-	160,183
Infrastructure	354,402	48,591	-	402,993
Buildings	1,002,573	129,566	-	1,132,139
Transportation Equipment	229,251	29,675	58,750	200,176
Other Equipment	<u>458,827</u>	<u>20,352</u>	<u>-</u>	<u>479,179</u>
Total Accumulated Depreciation	<u>2,182,066</u>	<u>251,354</u>	<u>58,750</u>	<u>2,374,670</u>
Total Capital Assets, depreciated, Net	<u>4,166,400</u>	<u>(231,159)</u>	<u>-</u>	<u>3,935,241</u>
Governmental Activities, Capital Assets, Net	<u>\$ 4,905,169</u>	<u>\$ (104,908)</u>	<u>\$ -</u>	<u>\$ 4,800,261</u>

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

Governmental Activities	
General Government	\$ 19,983
Law Enforcement	15,103
Highway and Streets	83,991
Community Center	128,422
Parks and Recreation	<u>3,855</u>
Total	<u>\$ 251,354</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 4: CAPITAL ASSETS (Continued)

	<u>Balances</u> <u>12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/13</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 11,436	\$ -	\$ -	\$ 11,436
Water Rights	35,000	-	-	35,000
Construction in Process	<u>3,428,291</u>	<u>41,702</u>	<u>3,428,291</u>	<u>41,702</u>
Total Capital Assets, not depreciated	<u>3,474,727</u>	<u>41,702</u>	<u>3,428,291</u>	<u>88,138</u>
Capital Assets, depreciated				
Plant and Infrastructure	6,007,066	4,793,335	989,905	9,810,496
Equipment	622,531	52,190	-	674,721
Transportation Equipment	<u>229,145</u>	<u>37,500</u>	<u>-</u>	<u>266,645</u>
Total Capital Assets, depreciated	<u>6,858,742</u>	<u>4,883,025</u>	<u>989,905</u>	<u>10,751,862</u>
Less: Accumulated Depreciation				
Plant and Infrastructure	2,746,023	337,562	851,318	2,232,267
Equipment	155,025	44,115	-	199,140
Transportation Equipment	<u>174,164</u>	<u>17,045</u>	<u>-</u>	<u>191,209</u>
Total Accumulated Depreciation	<u>3,075,212</u>	<u>398,722</u>	<u>851,318</u>	<u>2,622,616</u>
Total Capital Assets, depreciated, Net	<u>3,783,530</u>	<u>4,484,303</u>	<u>138,587</u>	<u>8,129,246</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 7,258,257</u>	<u>\$ 4,526,005</u>	<u>\$ 3,566,878</u>	<u>\$ 8,217,384</u>

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

Business-Type Activities	
Sewer Fund	\$ 203,653
Water Fund	<u>195,069</u>
Total	<u>\$ 398,722</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 5: INTERFUND BALANCES AND TRANSFERS

Advances to Other Funds

In 2012, the Water Fund loaned the Downtown Development Authority \$482,500. The balance is being repaid with monthly installments with interest accruing at the published prime rate, not to exceed 7% and not fall below 2.5%. During 2013, the Downtown Development Authority paid \$87,737 toward the balance. At December 31, 2013, the outstanding balance is \$253,396.

Transfers

During the year ended December 31, 2013, the General Fund transferred \$32,860 to the Community Center Fund to assist in its operations. The General Fund also transferred \$221 to the Conservation Trust Fund to assist in debt service payments.

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, 2013.

	Balance <u>12/31/12</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/13</u>	Due In <u>One Year</u>
2003 General Obligation Bonds	\$ 960,000	\$ -	\$ 960,000	\$ -	\$ -
2013 General Obligation Refunding Bonds	-	960,000	80,000	880,000	85,000
Land Purchase Note	100,366	-	12,616	87,750	10,825
Capital Leases	69,777	-	36,140	33,637	29,168
Compensated Absences	<u>27,246</u>	<u>-</u>	<u>6,047</u>	<u>21,199</u>	<u>-</u>
Total	<u>\$ 1,157,389</u>	<u>\$ 960,000</u>	<u>\$ 1,094,803</u>	<u>\$ 1,022,586</u>	<u>\$ 124,993</u>

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

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 6: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

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. The bonds were refunded in July 2013.

2013 General Obligation Refunding Bonds

In July 2013, the Town issued General Obligation Refunding Bonds in the amount of \$960,000 to refund the 2003 General Obligation Bonds. Interest accrues on the bonds at a rate of 2.095% 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 October, 2020, including interest accruing at 6.3%. All payments will be made from the Conservation Trust Fund.

Annual debt service requirements for the outstanding notes and bonds at December 31, 2013 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 95,825	\$ 23,611	\$ 119,436
2015	96,333	21,323	117,656
2016	102,038	18,836	120,874
2017	107,812	16,177	123,989
2018	108,623	13,376	121,999
2019– 2022	<u>457,119</u>	<u>25,161</u>	<u>482,280</u>
Total Debt Service Requirements	<u>\$ 967,750</u>	<u>\$ 118,484</u>	<u>\$ 1,086,234</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 6: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

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 \$3,580 including interest ranging from 1.37% to 5%. The leases mature from February of 2012 to February 2015.

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2013.

Year Ended December 31,

2014	\$ 29,556
2015	<u>4,482</u>
Total Minimum Lease Payments	34,038
Less: Interest	<u>(401)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 33,637</u>

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2013:

	Balance <u>12/31/12</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/13</u>	Due In <u>One Year</u>
CWRPDA Loan – Water	\$ 2,156,569	\$ -	\$ 100,627	\$ 2,055,942	\$ 102,650
CWRPDA Loan – Sewer	3,829,134	-	181,956	3,647,178	181,956
CWRPDA Premium	36,966	-	1,946	35,020	-
Capital Lease	37,129	-	19,964	17,165	14,496
Compensated Absences	<u>7,660</u>	<u>1,578</u>	<u>-</u>	<u>9,238</u>	<u>-</u>
Total	<u>\$ 6,067,458</u>	<u>\$ 1,578</u>	<u>\$ 304,493</u>	<u>\$ 5,764,543</u>	<u>\$ 299,102</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 6: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

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.

Future Debt Service Requirements

Annual debt service requirements for the outstanding bonds at December 31, 2013 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 284,606	\$ 77,434	\$ 362,040
2015	292,523	73,492	366,015
2016	294,628	69,529	364,157
2017	296,774	65,721	362,495
2018	298,965	62,061	361,026
2019-2023	1,552,666	261,932	1,814,598
2024-2028	1,626,122	178,856	1,804,978
2029-2032	<u>1,056,836</u>	<u>56,056</u>	<u>1,112,892</u>
Total Debt Service Requirements	<u>\$ 5,703,120</u>	<u>845,081</u>	<u>\$ 6,548,201</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 6: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Capital Leases

The Town has entered into capital lease agreements to purchase transportation equipment which will be paid from revenues of the Water and Sewer Funds. These leases require monthly payments of ranging from \$1,084 to \$1,339 including interest ranging from 2.38% to 3%. The leases mature from April 2013 to February 2015.

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2013.

Year Ended December 31,

2014	\$ 14,727
2015	<u>2,677</u>
Total Minimum Lease Payments	17,404
Less: Interest	<u>(239)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 17,165</u>

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 years ended December 31, 2013 and 2012, the Town contributed \$17,812 and \$16,164, respectively, 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.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013, the emergency reserve of \$65,000 was recorded in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NEDERLAND, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2013

	2013			VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes	\$ 977,389	\$ 1,000,889	\$ 1,004,655	\$ 3,766	\$ 981,717
Licenses and Permits	23,150	49,650	69,580	19,930	42,111
Intergovernmental	15,500	27,500	105,797	78,297	48,870
Charges for Services	38,500	38,500	30,335	(8,165)	38,119
Fines and Forfeitures	76,700	76,700	26,380	(50,320)	72,799
Miscellaneous	25,600	25,600	113,897	88,297	36,960
Interest	-	-	731	731	588
TOTAL REVENUES	<u>1,156,839</u>	<u>1,218,839</u>	<u>1,351,375</u>	<u>132,536</u>	<u>1,221,164</u>
EXPENDITURES					
Current					
General Government	130,524	194,524	262,056	(67,532)	198,157
Administration and Finance	146,025	146,025	138,671	7,354	153,256
Municipal Court	31,628	31,628	29,570	2,058	31,236
Law Enforcement	447,658	447,658	456,379	(8,721)	441,546
Planning and Zoning	83,450	83,450	107,142	(23,692)	63,133
Highway and Streets	316,554	316,554	311,584	4,970	312,178
Parks and Recreation	-	-	22,371	(22,371)	57,942
TOTAL EXPENDITURES	<u>1,155,839</u>	<u>1,219,839</u>	<u>1,327,773</u>	<u>(107,934)</u>	<u>1,257,448</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,000</u>	<u>(1,000)</u>	<u>23,602</u>	<u>24,602</u>	<u>(36,284)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Capital Lease	-	-	-	-	77,808
Transfers Out	<u>(1,000)</u>	<u>(1,000)</u>	<u>(33,081)</u>	<u>(32,081)</u>	<u>(1,526)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,000)</u>	<u>(1,000)</u>	<u>(33,081)</u>	<u>(32,081)</u>	<u>76,282</u>
NET CHANGE IN FUND BALANCE	-	(2,000)	(9,479)	(7,479)	39,998
FUND BALANCES	<u>306,758</u>	<u>306,758</u>	<u>349,480</u>	<u>42,722</u>	<u>309,482</u>
FUND BALANCES, Ending	<u>\$ 306,758</u>	<u>\$ 304,758</u>	<u>\$ 340,001</u>	<u>\$ 35,243</u>	<u>\$ 349,480</u>

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

COMMUNITY CENTER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Sales and Use Taxes	\$ 160,500	\$ 160,500	\$ 168,050	\$ 7,550	\$ 161,329
Charges for Services	92,500	92,500	73,254	(19,246)	85,784
Miscellaneous	-	90,000	83,489	(6,511)	9,492
TOTAL REVENUES	253,000	343,000	324,793	(18,207)	256,605
EXPENDITURES					
Community Center	142,589	245,689	245,330	359	124,402
Debt Service					
Principal	80,000	80,000	80,000	-	75,000
Interest	40,010	40,010	32,880	7,130	42,729
Capital Outlay	-	-	-	-	4,525
TOTAL EXPENDITURES	262,599	365,699	358,210	7,489	246,656
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,599)	(22,699)	(33,417)	(10,718)	9,949
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of Debt	-	-	960,000	960,000	-
Payment to Escrow Agent	-	-	(960,000)	(960,000)	-
Transfers In	-	-	32,860	32,860	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	32,860	32,860	-
NET CHANGE IN FUND BALANCE	(9,599)	(22,699)	(557)	22,142	9,949
FUND BALANCE, Beginning	9,599	22,699	9,949	(12,750)	-
FUND BALANCE, Ending	\$ -	\$ -	\$ 9,392	\$ 9,392	\$ 9,949

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

TOWN OF NEDERLAND, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

December 31, 2013

	SPECIAL REVENUE		TOTALS	
	CONSERVATION TRUST FUND	DOWNTOWN DEVELOPMENT AUTHORITY	2013	2012
ASSETS				
Cash and Investments	\$ -	\$ 172,471	\$ 172,471	\$ 272,341
Property Taxes Receivable	-	169,193	169,193	125,506
TOTAL ASSETS	\$ -	\$ 341,664	\$ 341,664	\$ 397,847
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 1,406	\$ 1,406	\$ 30,191
Accrued Liabilities	-	-	-	2,445
TOTAL LIABILITIES	-	1,406	1,406	32,636
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenues - Property Taxes	-	169,193	169,193	125,506
FUND BALANCES				
Restricted	-	171,065	171,065	239,705
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ -	\$ 341,664	\$ 341,664	\$ 397,847

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, 2013

	SPECIAL REVENUE		TOTALS	
	CONSERVATION TRUST FUND	DOWNTOWN DEVELOPMENT AUTHORITY	2013	2012
REVENUES				
Taxes	\$ -	\$ 124,984	\$ 124,984	\$ 131,081
Intergovernmental	15,779	60,000	75,779	81,151
Miscellaneous	-	1,510	1,510	491
Interest	-	408	408	394
TOTAL REVENUES	15,779	186,902	202,681	213,117
EXPENDITURES				
Parks and Recreation	16,000	-	16,000	16,000
General Government	-	26,734	26,734	44,514
Debt Service				
Principal	-	92,635	92,635	408,224
Interest	-	9,922	9,922	12,758
Capital Outlay	-	126,251	126,251	46,277
TOTAL EXPENDITURES	16,000	255,542	271,542	527,773
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(221)	(68,640)	(68,861)	(314,656)
OTHER FINANCING SOURCES (USES)				
Proceeds from Loan	-	-	-	482,500
Transfers In	221	-	221	1,526
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	221	-	221	484,026
CHANGE IN FUND BALANCES	-	(68,640)	(68,640)	169,370
FUND BALANCES	-	239,705	239,705	70,335
FUND BALANCES, Ending	\$ -	\$ 171,065	\$ 171,065	\$ 239,705

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2012 ACTUAL
REVENUES				
Intergovernmental	\$ 15,000	\$ 15,779	\$ 779	\$ 14,474
TOTAL REVENUES	<u>15,000</u>	<u>15,779</u>	<u>779</u>	<u>14,474</u>
EXPENDITURES				
Parks and Recreation	<u>16,000</u>	<u>16,000</u>	<u>-</u>	<u>16,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,000)</u>	<u>(221)</u>	<u>779</u>	<u>(1,526)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>1,000</u>	<u>221</u>	<u>(779)</u>	<u>1,526</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<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, 2013

	2013		VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 125,506	\$ 124,984	\$ (522)	\$ 131,081
Intergovernmental	437,400	60,000	(377,400)	66,677
Miscellaneous	2,867	1,510	(1,357)	491
Interest	-	408	408	394
TOTAL REVENUES	<u>565,773</u>	<u>186,902</u>	<u>(378,871)</u>	<u>198,643</u>
EXPENDITURES				
General Government	39,596	26,734	12,862	44,514
Debt Service				
Principal Payments	92,635	92,635	-	408,224
Interest Expense	49,922	9,922	40,000	12,758
Capital Outlay	<u>731,800</u>	<u>126,251</u>	<u>605,549</u>	<u>46,277</u>
TOTAL EXPENDITURES	<u>913,953</u>	<u>255,542</u>	<u>658,411</u>	<u>511,773</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(348,180)</u>	<u>(68,640)</u>	<u>279,540</u>	<u>(313,130)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Loan	<u>320,000</u>	<u>-</u>	<u>(320,000)</u>	<u>482,500</u>
NET CHANGE IN FUND BALANCE	(28,180)	(68,640)	(40,460)	169,370
FUND BALANCE, Beginning	<u>220,260</u>	<u>239,705</u>	<u>19,445</u>	<u>70,335</u>
FUND BALANCE, Ending	<u>\$ 192,080</u>	<u>\$ 171,065</u>	<u>\$ (21,015)</u>	<u>\$ 239,705</u>

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

SEWER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Charges for Services	\$ 406,276	\$ 406,276	\$ 405,214	\$ (1,062)	\$ 406,010
Sales and Use Taxes	107,000	107,000	112,033	5,033	107,553
Grants	420,000	420,000	420,000	-	408,054
Interest	600	600	411	(189)	581
Plant Investment Fees	10,428	10,428	26,310	15,882	248
TOTAL REVENUES	<u>944,304</u>	<u>944,304</u>	<u>963,968</u>	<u>19,664</u>	<u>922,446</u>
EXPENDITURES					
Personnel	124,604	124,604	129,243	(4,639)	99,806
Operations	188,803	188,803	190,558	(1,755)	145,226
Capital Outlay	1,141,131	1,361,131	1,394,897	(33,766)	3,042,622
Depreciation Expense	285,000	285,000	203,653	81,347	26,666
Debt Service					
Principal	182,000	182,000	192,267	(10,267)	-
Interest and Fiscal Charges	38,200	38,200	35,236	2,964	40,502
TOTAL EXPENDITURES	<u>1,959,738</u>	<u>2,179,738</u>	<u>2,145,854</u>	<u>33,884</u>	<u>3,354,822</u>
NET INCOME, Budget Basis	<u>\$ (1,015,434)</u>	<u>\$ (1,235,434)</u>	(1,181,886)	<u>\$ 53,548</u>	(2,432,376)
GAAP BASIS ADJUSTMENTS					
Loss on Disposal of Assets			(138,587)		-
Loan Principal Payments			192,267		-
Capital Outlay			1,394,897		3,042,622
NET INCOME, GAAP Basis			266,691		610,246
NET POSITION, Beginning			<u>1,391,095</u>		<u>780,849</u>
NET POSITION, Ending			<u>\$ 1,657,786</u>		<u>\$ 1,391,095</u>

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

WATER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013		VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 355,033	\$ 354,681	\$ (352)	\$ 341,661
Sales and Use Taxes	117,000	112,033	(4,967)	107,553
Interest	20,000	10,919	(9,081)	6,487
Plant Investment Fees	10,428	31,284	20,856	-
TOTAL REVENUES	<u>502,461</u>	<u>508,917</u>	<u>6,456</u>	<u>455,701</u>
EXPENDITURES				
Personnel	124,820	129,181	(4,361)	103,823
Operations	204,070	206,393	(2,323)	147,408
Capital Outlay	172,000	101,539	70,461	112,486
Depreciation Expense	195,000	195,069	(69)	191,203
Debt Service				
Principal	100,000	112,226	(12,226)	-
Interest and Fiscal Charges	48,000	33,006	14,994	54,898
TOTAL EXPENDITURES	<u>843,890</u>	<u>777,414</u>	<u>66,476</u>	<u>609,818</u>
NET INCOME, Budget Basis	<u>\$ (341,429)</u>	(268,497)	<u>\$ 72,932</u>	(154,117)
GAAP BASIS ADJUSTMENTS				
Principal Payments on Long Term Debt		112,226		-
Capital Outlay		101,539		112,486
NET INCOME, GAAP Basis		(54,732)		(41,631)
NET POSITION, Beginning		<u>2,536,737</u>		<u>2,578,368</u>
NET POSITION, Ending		<u>\$ 2,482,005</u>		<u>\$ 2,536,737</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 2013
This Information From The Records Of (example - City of _ or County of Town of Nederland)	Prepared By: Phone:	Eva Forberger 303 258-3266

3

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:	150,890
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	349,931	b. Snow and ice removal	29,992
3. Other local imposts (from page 2)	17,648	c. Other	20,957
4. Miscellaneous local receipts (from page 2)	31,924	d. Total (a. through c.)	50,949
5. Transfers from toll facilities		4. General administration & miscellaneous	25,034
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	296,646
a. Bonds - Original Issues		6. Total (1 through 5)	523,519
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)	399,503	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	124,016	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	523,519	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)	
			523,519

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
		523,519	523,519		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2013	
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	25,525
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	17,648	g. Other Misc. Receipts	
6. Total (1. through 5.)	17,648	h. Other	6,399
c. Total (a. + b.)	17,648	i. Total (a. through h.)	31,924
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	50,179	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	73,837	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.)	73,837	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	124,016	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		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
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	0
			(Carry forward to page 1)
Notes and Comments:			