



AGENDA INFORMATION MEMORANDUM NEDERLAND BOARD OF TRUSTEES

Meeting Date: Nov. 1, 2016
Prepared By: Alisha Reis
Dept: Administration/Finance
Consent Information Action Discussion

AGENDA ITEM:

Presentation of the 2015 Audit

SUMMARY:

John Cutler of independent auditors, John Cutler & Associates, will present the Town's 2015 audited financial statements. The Town earned an unconditional opinion from the auditors. As previously discussed, this audit season was particularly difficult given the turnover in the accounting position after the exit of the Town's long-time treasurer in July 2015.

Town staff, including Special Projects Manager Kathy Weiss, our new accountant Jennifer Hogan, and I, worked to provide documentation for the audit and assist the auditors in their review. Given the many challenges of this work, I did not have sufficient time to develop a management discussion, as is routine for the financial presentation.

Given the skill level of our new accountant, we anticipate the 2016 Audit process to run much more smoothly, and to produce financials much earlier in the year in 2017, closer to the typical May/June timeframe, to allow for a more efficient budgeting process for the subsequent year.

The auditor will be on hand to answer the Board's questions, with the presentation on Tuesday night.

ATTACHMENTS:

- 1) 2015 Audit Report

FINANCIAL CONSIDERATIONS:

It is important that the Town maintain a clean history in presenting its financial figures, in order to demonstrate open, transparent management of taxpayer funds and to demonstrate fiscal responsibility to lenders, bond rating agencies, and grantors.

TOWN OF NEDERLAND, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2015

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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, 2015, 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, 2015, 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

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 25 and 26 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 schedules 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 schedules are fairly stated in all material respects in relation to the financial statements as a whole.

John Cutler & Associates, LLC

October 12, 2016

BASIC FINANCIAL STATEMENTS

TOWN OF NEDERLAND, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2015

	BUSINESS		TOTALS	
	GOVERNMENTAL ACTIVITIES	TYPE ACTIVITIES	2015	2014
ASSETS				
Cash and Investments	\$ 716,254	\$ 1,353,468	\$ 2,069,722	\$ 1,913,517
Receivables				
Taxes	688,565	-	688,565	530,584
Grants	173,251	325,754	499,005	-
Accounts	-	174,637	174,637	287,816
Other	-	45,502	45,502	356,234
Inventories	-	10,760	10,760	10,760
Interfund Amounts	(69,017)	69,017	-	-
Capital Assets, Not Depreciated	1,012,931	428,648	1,441,579	959,120
Capital Assets, Depreciated Net of Accumulated Depreciation	3,489,345	7,803,535	11,292,880	11,952,004
TOTAL ASSETS	6,011,329	10,211,321	16,222,650	16,010,035
LIABILITIES				
Accounts Payable	106,747	75,901	182,648	181,339
Accrued Liabilities	74,056	9,113	83,169	45,615
Accrued Interest Payable	-	14,444	14,444	20,910
Deposits	38,828	-	38,828	6,942
Noncurrent Liabilities				
Due within One Year	102,039	294,628	396,667	388,847
Due in More Than One Year	711,474	4,871,167	5,582,641	5,971,697
TOTAL LIABILITIES	1,033,144	5,265,253	6,298,397	6,615,350
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	565,853	-	565,853	530,584
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,598,997	5,265,253	6,864,250	7,145,934
NET POSITION				
Net Investment in Capital Assets	3,688,763	3,106,192	6,794,955	6,620,543
Restricted for Downtown Development	184,331	-	184,331	189,577
Restricted for Emergencies	86,000	-	86,000	90,000
Restricted by Debt Covenant	-	185,000	185,000	79,950
Unrestricted	453,238	1,654,876	2,108,114	1,884,031
TOTAL NET POSITION	\$ 4,412,332	\$ 4,946,068	\$ 9,358,400	\$ 8,864,101

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

<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	\$ 330,554	\$ 115,952	\$ 83,852	\$ -
Administration and Finance	297,738	-	-	-
Municipal Court	11,183	-	-	-
Law Enforcement	490,667	73,897	53,055	-
Planning and Zoning	113,503	-	6,000	-
Highway and Streets	754,942	22,680	234,457	-
Parks and Recreation	297,212	98,745	-	14,298
Interest on Long Term Debt	25,325	-	-	-
Total Governmental Activities	2,321,124	311,274	377,364	14,298
Business-Type Activities				
Sewer	599,541	460,089	-	457,088
Water	636,526	404,787	-	122,784
Interest on Long-term Debt	65,081	-	-	-
Total Business-Type Activities	1,301,148	864,876	-	579,872
Total Primary Government	\$ 3,622,272	\$ 1,176,150	\$ 377,364	\$ 594,170

GENERAL REVENUES
Property Taxes
Specific Ownership Taxes
Sales and Use Taxes
Franchise Taxes
Interest
Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2015	2014
\$ (130,750)	\$ -	\$ (130,750)	\$ (125,749)
(297,738)	-	(297,738)	(235,847)
(11,183)	-	(11,183)	(8,030)
(363,715)	-	(363,715)	(403,222)
(107,503)	-	(107,503)	(27,010)
(497,805)	-	(497,805)	(363,860)
(184,169)	-	(184,169)	(205,854)
(25,325)	-	(25,325)	(31,189)
<u>(1,618,188)</u>	<u>-</u>	<u>(1,618,188)</u>	<u>(1,400,761)</u>
-	317,636	317,636	64,856
-	(108,955)	(108,955)	(31,147)
<u>-</u>	<u>(65,081)</u>	<u>(65,081)</u>	<u>(74,612)</u>
<u>-</u>	<u>143,600</u>	<u>143,600</u>	<u>(40,903)</u>
(1,618,188)	143,600	(1,474,588)	(1,441,664)
391,058	-	391,058	542,004
20,341	-	20,341	23,697
1,103,477	286,404	1,389,881	1,427,928
55,771	-	55,771	59,495
2,004	7,304	9,308	9,341
62,859	39,669	102,528	58,772
<u>1,635,510</u>	<u>333,377</u>	<u>1,968,887</u>	<u>2,121,237</u>
17,322	476,977	494,299	679,573
<u>4,395,010</u>	<u>4,469,091</u>	<u>8,864,101</u>	<u>8,184,528</u>
<u>\$ 4,412,332</u>	<u>\$ 4,946,068</u>	<u>\$ 9,358,400</u>	<u>\$ 8,864,101</u>

TOWN OF NEDERLAND, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	COMMUNITY			TOTAL	
	GENERAL FUND	CENTER FUND	NONMAJOR FUNDS	GOVERNMENTAL FUNDS 2015	2014
ASSETS					
Cash and Investments	\$ 404,398	\$ 118,296	\$ 193,560	\$ 716,254	\$ 650,715
Property Taxes Receivable	483,360	31,728	173,477	688,565	530,584
Grants Receivable	173,251	-	-	173,251	-
Other Receivables	-	-	-	-	338,934
Due from Other Funds	1,702	-	-	1,702	-
TOTAL ASSETS	\$ 1,062,711	\$ 150,024	\$ 367,037	\$ 1,579,772	\$ 1,520,233
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 89,412	\$ 9,808	\$ 7,527	\$ 106,747	\$ 106,641
Accrued Liabilities	71,408	2,648	-	74,056	38,999
Due to Other Funds	-	-	1,702	1,702	-
Deposits	38,528	300	-	38,828	6,942
TOTAL LIABILITIES	199,348	12,756	9,229	221,333	152,582
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenues - Property Taxes	392,376	-	173,477	565,853	530,584
FUND BALANCES					
Restricted for Emergencies	86,000	-	-	86,000	90,000
Restricted for Community Center	-	137,268	-	137,268	108,642
Restricted for Downtown Development	-	-	184,331	184,331	189,577
Unassigned	384,987	-	-	384,987	448,848
TOTAL FUND BALANCES	470,987	137,268	184,331	792,586	837,067
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 1,062,711	\$ 150,024	\$ 367,037		

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.	4,502,276	4,620,946
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 (\$775,734), interfund amounts of (\$69,017), and accrued compensated absences (\$37,779).	(882,530)	(1,063,003)
Net position of governmental activities	\$ 4,412,332	\$ 4,395,010

TOWN OF NEDERLAND, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2015

	COMMUNITY			TOTAL	
	GENERAL FUND	CENTER FUND	NONMAJOR FUNDS	GOVERNMENTAL FUNDS	
				2015	2014
REVENUES					
Taxes	\$ 1,180,467	\$ 212,405	\$ 177,775	\$ 1,570,647	\$ 1,703,884
Licenses and Permits	115,952	-	-	115,952	38,378
Intergovernmental	377,364	-	14,298	391,662	195,003
Charges for Services	22,680	98,745	-	121,425	187,811
Fines and Forfeitures	73,897	-	-	73,897	35,110
Miscellaneous	53,388	17,985	-	71,373	46,370
Interest	1,638	-	366	2,004	780
TOTAL REVENUES	1,825,386	329,135	192,439	2,346,960	2,207,336
EXPENDITURES					
Current					
General Government	267,445	-	33,552	300,997	252,953
Administration and Finance	297,738	-	-	297,738	235,847
Municipal Court	11,183	-	-	11,183	9,325
Law Enforcement	489,349	-	-	489,349	429,499
Planning and Zoning	113,503	-	-	113,503	130,795
Highway and Streets	712,327	-	-	712,327	347,539
Parks and Recreation	-	191,175	-	191,175	173,045
Debt Service					
Principal	-	85,000	104,860	189,860	226,993
Interest	-	16,655	8,849	25,504	31,189
Capital Outlay	-	7,679	52,126	59,805	60,542
TOTAL EXPENDITURES	1,891,545	300,509	199,387	2,391,441	1,897,727
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(66,159)	28,626	(6,948)	(44,481)	309,609
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of Debt	-	-	-	-	7,000
Transfers In	-	-	1,702	1,702	16,000
Transfers Out	(1,702)	-	-	(1,702)	(16,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,702)	-	1,702	-	7,000
NET CHANGE IN FUND BALANCES	(67,861)	28,626	(5,246)	(44,481)	316,609
FUND BALANCES, Beginning	538,848	108,642	189,577	837,067	520,458
FUND BALANCES, Ending	\$ 470,987	\$ 137,268	\$ 184,331	\$ 792,586	\$ 837,067

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, 2015

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (44,481)
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 (\$255,643), exceeded capital outlay \$145,487 and loss on disposal of assets of (\$8,514) in the current period.	(118,670)
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 \$189,860 change in accrued interest of \$179, and change in accrued compensated absences of (\$9,566).	<u>180,473</u>
Change in Net Position of Governmental Activities	<u><u>\$ 17,322</u></u>

TOWN OF NEDERLAND, COLORADO

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE
 As of December 31, 2015

ASSETS	SEWER	WATER	TOTALS	
			2015	2014
Current Assets				
Cash and Investments	\$ 239,161	\$ 1,114,307	\$ 1,353,468	\$ 1,262,802
Accounts Receivable	91,942	82,695	174,637	287,816
Grant Receivable	325,754	-	325,754	-
Other Receivables	22,751	22,751	45,502	17,300
Due from Other Funds	-	-	-	-
Inventories	-	10,760	10,760	10,760
Total Current Assets	679,608	1,230,513	1,910,121	1,578,678
Noncurrent Assets				
Advance to Downtown Development Authority	-	69,017	69,017	162,723
Capital Assets, net of accumulated depreciation	5,012,531	3,219,652	8,232,183	8,290,178
Total Noncurrent Assets	5,012,531	3,288,669	8,301,200	8,452,901
TOTAL ASSETS	5,692,139	4,519,182	10,211,321	10,031,579
LIABILITIES				
Current Liabilities				
Accounts Payable	21,618	54,283	75,901	74,698
Accrued Liabilities	4,658	4,455	9,113	6,616
Accrued Interest Payable	7,969	6,475	14,444	20,910
Current Portion of Long-term Debt	187,810	106,818	294,628	292,523
Total Current Liabilities	222,055	172,031	394,086	394,747
Noncurrent Liabilities				
Loans Payable	3,089,602	1,741,761	4,831,363	5,125,991
Loan Discount	31,128	-	31,128	33,074
Compensated Absences	4,338	4,338	8,676	8,676
Total Noncurrent Liabilities	3,125,068	1,746,099	4,871,167	5,167,741
TOTAL LIABILITIES	3,347,123	1,918,130	5,265,253	5,562,488
NET POSITION				
Net Investment in Capital Assets	1,735,119	1,371,073	3,106,192	2,871,664
Restricted	100,000	85,000	185,000	79,950
Unreserved	509,897	1,144,979	1,654,876	1,517,477
TOTAL NET POSITION	\$ 2,345,016	\$ 2,601,052	\$ 4,946,068	\$ 4,469,091

TOWN OF NEDERLAND, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2015

	SEWER	WATER	TOTALS	
			2015	2014
OPERATING REVENUES				
Charges for Services	\$ 460,089	\$ 404,787	\$ 864,876	\$ 827,552
TOTAL OPERATING REVENUES	460,089	404,787	864,876	827,552
OPERATING EXPENSES				
Personnel	128,110	128,113	256,223	233,112
Operations	230,786	295,790	526,576	491,389
Depreciation	240,645	212,623	453,268	455,028
TOTAL OPERATING EXPENSES	599,541	636,526	1,236,067	1,179,529
OPERATING INCOME	(139,452)	(231,739)	(371,191)	(351,977)
NON-OPERATING REVENUES (EXPENSES)				
Sales and Use Taxes	143,202	143,202	286,404	349,240
Grants	380,759	-	380,759	194,057
Interest Income	1,072	6,232	7,304	8,561
Miscellaneous	34,601	5,068	39,669	12,402
Interest Expense	(26,536)	(38,545)	(65,081)	(74,612)
TOTAL NON-OPERATING REVENUES (EXPENSES)	533,098	115,957	649,055	489,648
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	393,646	(115,782)	277,864	137,671
Capital Contributions- Plant Investment Fees	76,329	122,784	199,113	191,629
CHANGE IN NET POSITION	469,975	7,002	476,977	329,300
NET POSITION, Beginning	1,875,041	2,594,050	4,469,091	4,139,791
NET POSITION, Ending	\$ 2,345,016	\$ 2,601,052	\$ 4,946,068	\$ 4,469,091

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, 2015

Increase (Decrease) in Cash and Cash Equivalents

	SEWER	WATER	TOTALS	
			2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 514,748	\$ 449,206	\$ 963,954	\$ 707,853
Cash Paid to Employees	(126,760)	(126,966)	(253,726)	(234,495)
Cash Paid to Suppliers	(259,724)	(279,750)	(539,474)	(759,173)
Net Cash Provided by Operating Activities	<u>128,264</u>	<u>42,490</u>	<u>170,754</u>	<u>(285,815)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Sales Taxes Received	<u>143,202</u>	<u>143,202</u>	<u>286,404</u>	<u>349,240</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grants Received	55,005	-	55,005	194,057
Other Revenue Received	34,601	5,068	39,669	12,402
Capital Contributions	76,329	122,784	199,113	191,629
Purchase of Capital Assets	(331,720)	(63,553)	(395,273)	(527,822)
Payment Received from Downtown Development Authority	-	93,706	93,706	90,673
Loan Payments	(187,810)	(104,713)	(292,523)	(284,607)
Interest Payments	(34,948)	(38,545)	(73,493)	(77,673)
Lease Payments	-	-	-	(17,165)
Net Cash Used by Capital and Related Financing Activities	<u>(388,543)</u>	<u>14,747</u>	<u>(373,796)</u>	<u>(418,506)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	<u>1,072</u>	<u>6,232</u>	<u>7,304</u>	<u>8,561</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(116,005)	206,671	90,666	(346,520)
CASH AND CASH EQUIVALENTS, Beginning	<u>355,166</u>	<u>907,636</u>	<u>1,262,802</u>	<u>1,609,322</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 239,161</u>	<u>\$ 1,114,307</u>	<u>\$ 1,353,468</u>	<u>\$ 1,262,802</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ (139,452)	\$ (231,739)	\$ (371,191)	\$ (351,977)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	240,645	212,623	453,268	455,028
Changes in Assets and Liabilities				
Accounts Receivable	54,659	58,520	113,179	(131,603)
Other Receivable	(14,101)	(14,101)	(28,202)	23,808
Prepaid Expenses	-	-	-	2,908
Accounts Payable	(14,837)	16,040	1,203	(240,411)
Retainage Payable	-	-	-	(42,185)
Accrued Liabilities	1,350	1,147	2,497	(821)
Accrued Compensated Absences	-	-	-	(562)
Total Adjustments	<u>267,716</u>	<u>274,229</u>	<u>541,945</u>	<u>66,162</u>
Net Cash Provided by Operating Activities	<u>\$ 128,264</u>	<u>\$ 42,490</u>	<u>\$ 170,754</u>	<u>\$ (285,815)</u>

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

TOWN OF NEDERLAND, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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 THE FINANCIAL STATEMENTS
December 31, 2015

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 THE FINANCIAL STATEMENTS
December 31, 2015

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 THE FINANCIAL STATEMENTS
December 31, 2015

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 THE FINANCIAL STATEMENTS
December 31, 2015

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 THE FINANCIAL STATEMENTS
December 31, 2015

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, 2015, the Town does not report any fund balances 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 THE FINANCIAL STATEMENTS
December 31, 2015

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, 2015.
- 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, 2015

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.

State Compliance

At December 31, 2015 actual expenditures in the General Fund and the Sewer Fund exceeded budgeted amounts by \$166,005 and \$165,423, respectively. This may be a violation of State statute.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2015 follows:

Petty Cash	\$ 100
Cash Deposits	<u>2,069,622</u>
Total	<u>\$ 2,069,722</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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

Governmental Activities	\$ 716,254
Business-type Activities	<u>1,353,468</u>
Total	<u>\$ 2,069,722</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, 2015, 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, 2015, the Town had deposits with financial institutions with a carrying amount of \$2,069,622. The bank balances with the financial institutions were \$2,386,903. Of these balances, \$250,000 was covered by federal depository insurance and \$2,136,903 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 THE FINANCIAL STATEMENTS
December 31, 2015

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, 2015.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2015 is summarized below:

	Balances <u>12/31/14</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/15</u>
Governmental Activities				
Capital Assets, not depreciated				
Land and Sites	\$ 692,805	\$ -	\$ -	\$ 692,805
Construction in Process	<u>199,879</u>	<u>120,247</u>	<u>-</u>	<u>320,126</u>
Total Capital Assets, not depreciated	<u>892,684</u>	<u>120,247</u>	<u>-</u>	<u>1,012,931</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	255,247	25,240	64,083	216,404
Other Equipment	<u>510,467</u>	<u>-</u>	<u>-</u>	<u>510,467</u>
Total Capital Assets, depreciated	<u>6,296,762</u>	<u>25,240</u>	<u>64,083</u>	<u>6,257,919</u>

TOWN OF NEDERLAND, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 4: CAPITAL ASSETS (Continued)

	<u>Balances</u> <u>12/31/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/2015</u>
Less Accumulated Depreciation				
Land Improvements	183,354	23,170	-	206,524
Infrastructure	451,583	48,590	-	500,173
Buildings	1,261,704	129,566	-	1,391,270
Transportation Equipment	183,018	46,592	55,569	174,041
Other Equipment	<u>488,841</u>	<u>7,725</u>	<u>-</u>	<u>496,566</u>
Total Accumulated Depreciation	<u>2,568,500</u>	<u>255,643</u>	<u>55,569</u>	<u>2,768,574</u>
Total Capital Assets, depreciated, Net	<u>3,728,262</u>	<u>(230,403)</u>	<u>8,514</u>	<u>3,489,345</u>
Governmental Activities, Capital Assets, Net	<u>\$ 4,620,946</u>	<u>\$ (110,156)</u>	<u>\$ 8,514</u>	<u>\$ 4,502,276</u>

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

Governmental Activities

General Government	\$ 19,991
Law Enforcement	1,318
Highway and Streets	102,057
Community Center	128,422
Parks and Recreation	<u>3,855</u>

Total **\$ 255,643**

	<u>Balances</u> <u>12/31/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/2015</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 11,436	\$ -	\$ -	\$ 11,436
Water Rights	35,000	-	-	35,000
Construction in Process	<u>20,000</u>	<u>362,212</u>	<u>-</u>	<u>382,212</u>
Total Capital Assets, not depreciated	<u>66,436</u>	<u>362,212</u>	<u>-</u>	<u>428,648</u>
Capital Assets, depreciated				
Plant and Infrastructure	10,300,242	-	-	10,300,242
Equipment	734,499	-	-	734,499
Transportation Equipment	<u>266,645</u>	<u>33,058</u>	<u>-</u>	<u>299,703</u>
Total Capital Assets, depreciated	<u>11,301,386</u>	<u>33,058</u>	<u>-</u>	<u>11,344,444</u>

TOWN OF NEDERLAND, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 4: CAPITAL ASSETS (Continued)

	<u>Balances</u> <u>12/31/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/15</u>
Less: Accumulated Depreciation				
Plant and Infrastructure	2,614,535	382,267	-	2,996,802
Equipment	254,855	53,954	-	308,809
Transportation Equipment	<u>208,254</u>	<u>17,044</u>	<u>-</u>	<u>225,298</u>
Total Accumulated Depreciation	<u>3,077,644</u>	<u>453,265</u>	<u>-</u>	<u>3,530,909</u>
Total Capital Assets, depreciated, Net	<u>8,223,742</u>	<u>(420,207)</u>	<u>-</u>	<u>7,803,535</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 8,290,178</u>	<u>\$ (57,995)</u>	<u>\$ -</u>	<u>\$ 8,232,183</u>

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

Business-Type Activities

Sewer Fund	\$ 240,642
Water Fund	<u>212,623</u>
Total	<u>\$ 453,265</u>

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 2015, the Downtown Development Authority paid \$96,706 toward the balance. At December 31, 2015, the outstanding balance is \$69,017.

Due to and Due from Other Funds

The balances reported as Due to and Due from Other Funds are the result the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. It is anticipated that these amounts will clear after year end.

TOWN OF NEDERLAND, COLORADO
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2015

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, 2015.

	<u>Balance</u> <u>12/31/2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/2015</u>	<u>Due In</u> <u>One Year</u>
2013 General Obligation					
Refunding Bonds	\$ 795,000	\$ -	\$ 85,000	\$ 710,000	\$ 90,000
Land Purchase Note	77,067	-	11,333	65,734	12,039
Compensated Absences	<u>28,213</u>	<u>55,306</u>	<u>45,740</u>	<u>37,779</u>	<u>-</u>
 Total	 <u>\$ 900,280</u>	 <u>\$ 55,306</u>	 <u>\$ 142,073</u>	 <u>\$ 813,513</u>	 <u>\$ 102,039</u>

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

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, 2015 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 102,038	\$ 18,836	\$ 120,874
2017	107,812	16,177	123,989
2018	108,623	13,376	121,999
2019	114,485	10,523	125,008
2020	117,776	8,744	126,520
2021 – 2022	<u>225,000</u>	<u>7,123</u>	<u>232,123</u>
 Total Debt Service Requirements	 <u>\$ 775,734</u>	 <u>\$ 74,779</u>	 <u>\$ 850,513</u>

TOWN OF NEDERLAND, COLORADO
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2015

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, 2015:

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/15</u>	<u>Due In</u> <u>One Year</u>
CWRPDA Loan – Water	\$ 1,953,292	\$ -	\$ 104,713	\$ 1,848,579	\$ 106,818
CWRPDA Loan – Sewer	3,465,222	-	187,810	3,277,412	187,810
CWRPDA Premium	33,074	-	1,946	31,128	-
Compensated Absences	<u>8,676</u>	<u>-</u>	<u>-</u>	<u>8,676</u>	<u>-</u>
 Total	 <u>\$ 5,460,264</u>	 <u>\$ -</u>	 <u>\$ 294,469</u>	 <u>\$ 5,165,795</u>	 <u>\$ 294,628</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 THE FINANCIAL STATEMENTS
 December 31, 2015

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, 2015 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 294,628	\$ 69,529	\$ 364,157
2017	296,774	65,721	362,495
2018	298,965	62,061	361,026
2019	301,199	59,106	360,305
2020	309,332	55,718	365,050
2021-2025	1,582,486	228,757	1,811,243
2026-2030	1,670,155	138,521	1,808,676
2031-2032	<u>372,452</u>	<u>14,742</u>	<u>387,194</u>
Total Debt Service Requirements	<u>\$ 5,125,991</u>	<u>\$ 694,155</u>	<u>\$ 5,820,146</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, 2015 and 2014, the Town contributed \$25,349 and \$22,818, 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 THE FINANCIAL STATEMENTS
December 31, 2015

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, 2015, the emergency reserve of \$86,000 was recorded in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NEDERLAND, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 1,131,408	\$ 1,180,467	\$ 49,059	\$ 1,282,649
Licenses and Permits	87,845	115,952	28,107	38,378
Intergovernmental	394,500	377,364	(17,136)	176,003
Charges for Services	4,200	22,680	18,480	104,344
Fines and Forfeitures	60,900	73,897	12,997	35,110
Miscellaneous	19,300	53,388	34,088	9,777
Interest	500	1,638	1,138	463
TOTAL REVENUES	<u>1,698,653</u>	<u>1,825,386</u>	<u>126,733</u>	<u>1,646,724</u>
EXPENDITURES				
Current				
General Government	231,537	267,445	(35,908)	216,855
Administration and Finance	263,017	297,738	(34,721)	235,847
Municipal Court	12,500	11,183	1,317	9,325
Law Enforcement	524,455	489,349	35,106	463,061
Planning and Zoning	93,328	113,503	(20,175)	130,795
Highway and Streets	592,405	712,327	(119,922)	375,994
TOTAL EXPENDITURES	<u>1,717,242</u>	<u>1,891,545</u>	<u>(174,303)</u>	<u>1,431,877</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,589)</u>	<u>(66,159)</u>	<u>(47,570)</u>	<u>214,847</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(10,000)</u>	<u>(1,702)</u>	<u>8,298</u>	<u>(16,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,000)</u>	<u>(1,702)</u>	<u>8,298</u>	<u>(16,000)</u>
NET CHANGE IN FUND BALANCE	(28,589)	(67,861)	(39,272)	198,847
FUND BALANCES	<u>347,124</u>	<u>538,848</u>	<u>191,724</u>	<u>340,001</u>
FUND BALANCES, Ending	<u>\$ 318,535</u>	<u>\$ 470,987</u>	<u>\$ 152,452</u>	<u>\$ 538,848</u>

See the accompanying schedule of auditors' report.

TOWN OF NEDERLAND, COLORADO

COMMUNITY CENTER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Sales and Use Taxes	\$ 216,744	\$ 212,405	\$ (4,339)	\$ 261,931
Charges for Services	98,250	98,745	495	83,467
Miscellaneous	479,375	17,985	(461,390)	30,333
TOTAL REVENUES	<u>794,369</u>	<u>329,135</u>	<u>(465,234)</u>	<u>375,731</u>
EXPENDITURES				
Community Center	196,091	191,175	4,916	173,045
Debt Service				
Principal	85,000	85,000	-	85,000
Interest	17,000	16,655	345	18,436
Capital Outlay	545,000	7,679	537,321	-
TOTAL EXPENDITURES	<u>843,091</u>	<u>300,509</u>	<u>542,582</u>	<u>276,481</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(48,722)</u>	<u>28,626</u>	<u>77,348</u>	<u>99,250</u>
FUND BALANCE, Beginning	<u>48,907</u>	<u>108,642</u>	<u>59,735</u>	<u>9,392</u>
FUND BALANCE, Ending	<u>\$ 185</u>	<u>\$ 137,268</u>	<u>\$ 137,083</u>	<u>\$ 108,642</u>

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

TOWN OF NEDERLAND, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

December 31, 2015

	SPECIAL REVENUE		TOTALS	
	CONSERVATION TRUST FUND	DOWNTOWN DEVELOPMENT AUTHORITY	2015	2014
ASSETS				
Cash and Investments	\$ 1,702	\$ 191,858	\$ 193,560	\$ 192,701
Property Taxes Receivable	-	173,477	173,477	169,300
Other Receivables	-	-	-	6,638
TOTAL ASSETS	\$ 1,702	\$ 365,335	\$ 367,037	\$ 368,639
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 7,527	\$ 7,527	\$ 882
Due to Other Funds	1,702	-	1,702	-
Accrued Liabilities	-	-	-	8,880
TOTAL LIABILITIES	1,702	7,527	9,229	9,762
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenues - Property Taxes	-	173,477	173,477	169,300
FUND BALANCES				
Restricted	-	184,331	184,331	189,577
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 1,702	\$ 365,335	\$ 367,037	\$ 368,639

TOWN OF NEDERLAND, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended December 31, 2015

	SPECIAL REVENUE		TOTALS	
	CONSERVATION TRUST FUND	DOWNTOWN DEVELOPMENT AUTHORITY	2015	2014
REVENUES				
Taxes	\$ -	\$ 177,775	\$ 177,775	\$ 159,304
Intergovernmental	14,298	-	14,298	19,000
Miscellaneous	-	-	-	6,260
Interest	-	366	366	317
TOTAL REVENUES	14,298	178,141	192,439	184,881
EXPENDITURES				
Parks and Recreation	-	-	-	-
General Government	-	33,552	33,552	63,762
Debt Service				
Principal	11,154	93,706	104,860	113,254
Interest	4,846	4,003	8,849	12,353
Capital Outlay	-	52,126	52,126	-
TOTAL EXPENDITURES	16,000	183,387	199,387	189,369
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,702)	(5,246)	(6,948)	(4,488)
OTHER FINANCING SOURCES (USES)				
Proceeds from Loan	-	-	-	7,000
Transfers In	1,702	-	1,702	16,000
TOTAL OTHER FINANCING SOURCES (USES)	1,702	-	1,702	23,000
CHANGE IN FUND BALANCES	-	(5,246)	(5,246)	18,512
FUND BALANCES	-	189,577	189,577	171,065
FUND BALANCES, Ending	\$ -	\$ 184,331	\$ 184,331	\$ 189,577

TOWN OF NEDERLAND, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 16,000	\$ 14,298	\$ (1,702)	\$ 16,000
TOTAL REVENUES	16,000	14,298	(1,702)	16,000
EXPENDITURES				
Parks and Recreation	16,000	16,000	-	16,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,702)	(1,702)	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,702	1,702	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

DOWNTOWN DEVELOPMENT AUTHORITY
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 19,300	\$ 177,775	\$ 158,475	\$ 159,304
Intergovernmental	776,000	-	(776,000)	3,000
Miscellaneous	-	-	-	6,260
Interest	350	366	16	317
TOTAL REVENUES	795,650	178,141	(617,509)	168,881
EXPENDITURES				
General Government	41,670	33,552	8,118	63,762
Debt Service				
Principal Payments	106,706	93,706	13,000	102,571
Interest Expense	156,589	4,003	152,586	7,036
Capital Outlay	1,004,731	52,126	952,605	-
TOTAL EXPENDITURES	1,309,696	183,387	1,126,309	173,369
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(514,046)	(5,246)	508,800	(4,488)
OTHER FINANCING SOURCES (USES)				
Transfer In	10,000	-	(10,000)	16,000
Proceeds from Loan	353,000	-	(353,000)	7,000
TOTAL OTHER FINANCING SOURCES (USES)	363,000	-	(363,000)	23,000
NET CHANGE IN FUND BALANCE	(151,046)	(5,246)	145,800	18,512
FUND BALANCE, Beginning	189,183	189,577	394	171,065
FUND BALANCE, Ending	\$ 38,137	\$ 184,331	\$ 146,194	\$ 189,577

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

SEWER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 445,001	\$ 460,089	\$ 15,088	\$ 432,203
Sales and Use Taxes	144,496	143,202	(1,294)	174,620
Grants	-	380,759	380,759	184,677
Interest	1,000	1,072	72	441
Plant Investment Fees	28,000	76,329	48,329	78,739
Miscellaneous	17,300	34,601	17,301	11,562
TOTAL REVENUES	<u>635,797</u>	<u>1,096,052</u>	<u>460,255</u>	<u>882,242</u>
EXPENDITURES				
Personnel	133,419	128,110	5,309	111,893
Operations	259,283	222,025	37,258	278,225
Capital Outlay	130,000	340,480	(210,480)	395,970
Debt Service				
Principal	187,810	187,810	-	190,539
Interest and Fiscal Charges	29,026	26,536	2,490	34,224
TOTAL EXPENDITURES	<u>739,538</u>	<u>904,961</u>	<u>(165,423)</u>	<u>1,010,851</u>
NET INCOME, Budget Basis	<u>\$ (103,741)</u>	191,091	<u>\$ 294,832</u>	(128,609)
GAAP BASIS ADJUSTMENTS				
Depreciation Expense		(240,645)		(240,645)
Loan Principal Payments		187,810		190,539
Capital Outlay		331,719		395,970
NET INCOME, GAAP Basis		469,975		217,255
NET POSITION, Beginning		<u>1,875,041</u>		<u>1,657,786</u>
NET POSITION, Ending		<u>\$ 2,345,016</u>		<u>\$ 1,875,041</u>

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

WATER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2015

	2015		VARIANCE Positive (Negative)	2014 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 382,750	\$ 404,787	\$ 22,037	\$ 395,349
Sales and Use Taxes	144,496	143,202	(1,294)	174,620
Grants	-	-	-	9,380
Interest	8,000	6,232	(1,768)	8,120
Plant Investment Fees	24,000	122,784	98,784	112,890
Miscellaneous	-	5,068	5,068	840
TOTAL REVENUES	<u>559,246</u>	<u>682,073</u>	<u>122,827</u>	<u>701,199</u>
EXPENDITURES				
Personnel	133,419	128,113	5,306	121,219
Operations	218,948	190,577	28,371	213,164
Capital Outlay	280,500	168,764	111,736	131,852
Debt Service			-	
Principal	104,713	104,713	-	111,233
Interest and Fiscal Charges	42,916	38,545	4,371	40,388
TOTAL EXPENDITURES	<u>780,496</u>	<u>630,712</u>	<u>149,784</u>	<u>617,856</u>
NET INCOME, Budget Basis	<u>\$ (221,250)</u>	51,361	<u>\$ 272,611</u>	83,343
GAAP BASIS ADJUSTMENTS				
Depreciation Expense		(212,623)		(214,383)
Principal Payments on Long Term Debt		104,713		111,233
Capital Outlay		63,551		131,852
NET INCOME, GAAP Basis		7,002		112,045
NET POSITION, Beginning		<u>2,594,050</u>		<u>2,482,005</u>
NET POSITION, Ending		<u>\$ 2,601,052</u>		<u>\$ 2,594,050</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 2015
This Information From The Records Of (example - City of _ or County of Town of Nederland)	Prepared By: Alisha Reis	Phone: 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:	189,208
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	421,730	b. Snow and ice removal	43,531
3. Other local imposts (from page 2)	20,235	c. Other	18,767
4. Miscellaneous local receipts (from page 2)	35,676	d. Total (a. through c.)	62,298
5. Transfers from toll facilities		4. General administration & miscellaneous	38,394
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	318,078
a. Bonds - Original Issues		6. Total (1 through 5)	607,978
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)	477,641	b. Redemption	
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	130,337	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	607,978	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)	
			607,978

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
	607,978	607,978		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2015

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	28,857
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	20,235	g. Other Misc. Receipts	
6. Total (1. through 5.)	20,235	h. Other	6,819
c. Total (a. + b.)	20,235	i. Total (a. through h.)	35,676
	(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	54,388	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	75,949	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.)	75,949	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	130,337	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:



AGENDA INFORMATION MEMORANDUM NEDERLAND BOARD OF TRUSTEES

Meeting Date: Nov. 1, 2016
Prepared By: Alisha Reis
Dept: Administration
Consent Information Action Discussion

AGENDA ITEM:

Public Hearing re: Draft 2017 Budget

SUMMARY:

Attached for the Board's review and review of the public is the draft 2017 Budget (with 2015 financials included but without 2016 forecast figures), draft Capital Improvement Program priorities, and draft staffing base plan (with no additional headcount) that includes the Year 2 Living Wage commitment, merit raise pool and 1% cost of living allowance (COLA).

The budget was posted Oct. 21 and updated. The public may submit comments in writing until Nov. 4 and may continue to comment through the adoption process.

Remaining dates:

November 15	Budget draft updated with 2016 forecast, 2016 supplementary budget review
December 6	Adoption of 2017 Budget, 2016 Supplementary Budget, Mill Levy resolution

ATTACHMENTS:

- 1) 2017 Draft Budget
- 2) Draft 2017 Capital Improvement Program (CIP) Plan -- Priority Projects
- 3) 2017 Proposed Staffing Plan (Merit, COLA, Living Wage Year 2)
 - a. Further background on staffing and staffing analysis will be presented at the Nov. 1 meeting

Town of Nederland - Budget Summary

	<u>2016</u>	<u>2017</u>
	Budget	Budget
<u>GENERAL FUND</u>		
REVENUE		
SALES TAX	\$ 586,253	\$ 625,000
PROPERTY TAX	471,101	465,008
USE TAX	55,474	60,000
OTHER TAXES AND FEES	130,622	124,200
PERMITS AND LICENSING	22,900	23,750
PLANNING & ZONING	27,003	95,575
COURTS	5,078	5,542
LAW ENFORCEMENT	72,534	57,980
VISITOR CENTER	31,500	26,500
PUBLIC WORKS	1,450	1,450
MISCELLANEOUS	23,871	17,950
GRANTS REVENUE	60,000	580,456
Total Revenue	\$ 1,487,786	\$ 2,083,411
EXPENDITURES		
BOARD OF TRUSTEES	46,148	47,050
ADMINISTRATION & FINANCE	281,302	353,679
VISITOR CENTER	41,080	32,275
CLERK'S OFFICE	84,333	101,387
PLANNING & ZONING	123,756	128,011
COURTS	12,000	12,075
LAW ENFORCEMENT	556,035	589,387
PUBLIC WORKS	387,799	412,291
PASS-THROUGHS	2,760	4,300
OPERATING EXPENDITURES	\$ 1,535,213	\$ 1,680,455
GRANT EXPENDITURES	52,000	498,456
CAPITAL EXPENDITURES	-	19,000
TRANSFER (TO)/FROM OTHER FUNDS	-	1,700
CHANGE IN NET ASSETS	\$ (99,427)	\$ (116,200)
FUND BEGINNING BALANCE	\$ 456,254	\$ 356,827
FUND ENDING BALANCE	\$ 356,827	\$ 240,627

	2016	2017
	Budget	Budget
<u>COMMUNITY CENTER</u>		
REVENUE		
FITNESS CENTER	\$ 39,367	\$ 38,500
RENTAL INCOME	62,394	60,500
OTHER INCOME	750	800
FLOOD RELATED	-	-
DONATIONS	5,000	5,000
SALES TAX	216,556	220,000
	\$ 324,067	\$ 324,800
EXPENDITURES		
PERSONNEL	115,050	136,656
PROFESSIONAL SERVICES	11,000	11,300
BUILDING	36,360	32,900
UTILITIES	27,499	28,000
OFFICE	11,550	5,750
EQUIPMENT & SUPPLIES	23,450	12,950
PROFESSIONAL DEVELOPMENT	1,350	1,100
ADMINISTRATION & FINANCE	25,000	25,000
OPERATING EXPENDITURES	\$ 251,259	\$ 253,656
CAPITAL	-	4,500
DEBT SERVICE	104,875	107,990
TRANSFER (TO)/FROM OTHER FUNDS	-	-
CHANGE IN NET ASSETS	\$ (32,067)	\$ (41,346)
FUND BEGINNING BALANCE	\$ 208,697	\$ 176,630
FUND ENDING BALANCE	\$ 176,630	\$ 135,284

	2016	2017
	Budget	Budget
<u>WATER FUND</u>		
OPERATING REVENUES	\$ 414,468	\$ 415,700
<u>OPERATING EXPENDITURES</u>		
PERSONNEL	143,360	160,402
PROFESSIONAL SERVICES	40,294	40,200
BUILDING	4,850	4,750

UTILITIES	27,330	27,300
OFFICE	11,000	9,450
EQUIPMENT & SUPPLIES	61,000	58,950
PROFESSIONAL DEVELOPMENT	8,150	8,150
ADMINISTRATION ALLOCATION	69,000	69,000
TOTAL EXPENDITURES	364,984	378,202
REVENUE MINUS EXPENDITURES	49,484	37,498
OTHER SOURCES OF CASH		
SALES TAX	144,354	130,000
PIF FEES	50,000	50,000
INTEREST INCOME	6,000	6,000
OTHER	-	(500)
GRANT REVENUE	-	-
TOTAL	200,354	185,500
OTHER EXPENDITURES		
DEBT SERVICE	143,258	143,258
CAPITAL IMPROVEMENTS	100,000	28,000
OFFSETS TO FINANCIAL STATEMENTS		
DEPRECIATION & AMORTIZATION	250,000	205,051
DEBT CONTRA	(106,818)	(106,000)
CAPITAL CONTRA	(100,000)	(100,000)
TOTAL REVENUES	614,822	601,200
TOTAL EXPENDITURES (CASH)	608,242	549,460
TOTAL EXPENSES (FULL ACCRUAL)	651,424	600,251
CHANGE IN NET ASSETS	\$ (36,602)	\$ 949
FUND BEGINNING BALANCE	\$ 2,627,957	\$ 2,591,355
FUND ENDING BALANCE	\$ 2,591,355	\$ 2,592,304

2016

Budget

2017

Budget

SEWER FUND

OPERATING REVENUES	\$ 582,163	\$ 529,900
OPERATING EXPENDITURES		
PERSONNEL	145,720	160,832
PROFESSIONAL SERVICES	96,000	95,450
BUILDING	3,900	4,100

UTILITIES	40,802	37,950
OFFICE	5,650	5,250
EQUIPMENT & SUPPLIES	78,500	70,550
PROFESSIONAL DEVELOPMENT	7,850	6,800
ADMINISTRATION ALLOCATION	77,000	75,000
TOTAL EXPENDITURES	455,422	455,932

REVENUE MINUS EXPENDITURES	\$ 126,741	\$ 73,968
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OTHER SOURCES OF CASH

SALES TAX	144,354	140,000
PIF FEES	28,000	30,000
INTEREST INCOME	1,000	1,000
OTHER	-	-
GRANT REVENUE	-	-
TOTAL	173,354	171,000

OTHER EXPENDITURES

DEBT SERVICE	218,952	217,291
CAPITAL IMPROVEMENTS	-	1,000

OFFSETS TO FINANCIAL STATEMENTS

DEPRECIATION & AMORTIZATION	265,000	240,645
DEBT CONTRA	(187,810)	(190,000)
CAPITAL CONTRA	-	-

TOTAL REVENUES	755,517	700,900
TOTAL EXPENDITURES (CASH)	674,374	674,223
TOTAL EXPENSES (FULL ACCRUAL)	751,564	724,868

CHANGE IN NET ASSETS	3,953	(23,968)
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FUND BEGINNING BALANCE	2,627,957	2,631,910
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FUND ENDING BALANCE	2,631,910	2,607,942
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2016

Budget

2017

Budget

DOWNTOWN DEVELOPMENT AUTHORITY

NON TIF FUNDING

TAXES	20,000	23,850
INTERGOVERNMENTAL	-	-
LOAN PROCEEDS	-	-
MISCELLANEOUS	-	-
INTEREST	400	400

TOTAL REVENUE	20,400	24,250
PERSONNEL	-	5,050
WEBSITE	2,400	700
LEGAL	5,000	3,500
MASTER PLAN UPDATE	3,600	-
TAX COLLECTION	-	350
OFFICE/ADVERTISING	1,350	950
MEALS & ENTERTAINMENT	500	500
PROFESSIONAL DEVELOPMENT	1,000	1,750
SIDEWALK MAINTENANCE	-	-
DOWNTOWN BEAUTIFICATION	5,936	10,250
FIREWORKS	-	-
ADMINITRATION ALLOCATION	3,600	1,200
CAPITAL	-	-
TOTAL EXPENDITURES	23,386	24,250
REVENUE MINUS EXPENDITURES	(2,986)	-
TRANSFER TO/FROM OTHER FUND	-	-
CHANGE IN NET ASSETS	(2,986)	-
FUND, BEGINNING BALANCE	(337,014)	(340,000)
FUND, ENDING BALANCE	(340,000)	(340,000)
TIF REVENUE	154,977	155,000
TAX COLLECTION	-	-
DEBT SERVICE	312,380	210,277
CHANGE IN NET ASSETS	(157,403)	(55,277)
FUND, BEGINNING BALANCE	185,306	27,903
FUND, ENDING BALANCE	27,903	(27,374)

Need to work on forecast for 2017-2021, with 2015 CIP financial plan

**Town of Nederland
CIP Schedule Forecast Uninflated CIP**

DRAFT FORM

SEWER FUND

	#NedZero Alignment	2016 \$	BUDGET 2017 \$	2018 \$	2019 \$	2020 \$	2021 \$	Comments
I&I Repairs Collection System Piping Repairs and/or Replacements	3Y-02	256,000	50,000	50,000	50,000	50,000	50,000	Seeking grant funds from CDPHE (2017)
Wastewater Treatment Plant Solids Process and Handling Improvements	4N-02	23,000	121,000	850,000	850,000			This number in 2017 covers the final design and construction docs for the Biosolids project.
Total Sewer System Capital Improvements		557,414	209,000	1,171,200	2,052,100	60,000	62,400	

*Note: *All MIP projects not specifically called out in #NedZero are under 3I-01 (general MIP item).*

WATER FUND

Water Treatment Plant Backwash Discharge	3V-03	12,000	125,000					This figure has been projected by JVA and presented to the Board.
Total Water Fund		692,500	232,300	926,300	1,139,300	821,100	25,000	

*Note: *All MIP projects not specifically called out in #NedZero are under 3I-01 (general MIP item).*

GENERAL FUND

Big Springs Egress at Doe Trail		8,800	50,000					Estimate to come for final design/construction; seeking participation from Cou
Streets/Stormwater Bond Plan	3W-01		10,000					Seeking DOLA admin grant (50% match at \$5K)
IT CIP Program (See IT Program Sheet)	Operational		1,300	9,900	4,500	0	3,200	LE Computer 2017
VEHICLE/MACHINERY REPLACEMENT PROGRAM								
Large Plow Truck (to replace 1986 plow truck)/ Mid Range Dump truck	Operational		34,500	34,500	34,500	34,500	34,500	Streets Top Priority: This truck will cost approximately \$220,000 and will serve as a plow in the winter and a dump truck in the summer season. These numbers reflect a 7 year lease at 2.38%
Total General Fund		1,472,300	289,900	891,484	437,500	104,500	47,700	

Community Center Fund

MPR Roof Repair	Operational		40,000					
Total Community Center Capital Improvements		122,000	56,500	616,600	10,000	13,100	10,000	

*Note: **General PROST Master Plan points noted under 2K-02.*

DDA Fund

NedPeds	2M-04	968,476						2017 Debt Authorization election -- determine CIP from that
Total DDA Capital Improvements		968,476	0	0	0	0	0	

Total CIP 3,812,690 787,700

Town Of Nederland 2016 draft pay increases for FT Positions (Under \$40,000.00) Three year plan

			2015				2016				2017				2018				2019				2020			
			Date of Hire	Gross Earnings	Gross Earnings	Amount	% Incr.	1% COLA, 5% Merit, Living wage pay increases	Amount	% Incr.	1% COLA, 5% Merit, Living wage pay increases	Amount	% Incr.	1% COLA, 5% Merit, Living wage pay increases	Amount	% Incr.	1% COLA, 5% Merit, Living wage pay increases	Amount	% Incr.	1% COLA, 5% Merit, Living wage pay increases	Amount	% Incr.				
GF	Admin	FT	9/7/2010 Salary	75,500.10	79,275.04	3,774.94	5.0%	84,871.86	5,596.82	7%	89,964.17	5,092.31	6%	95,362.02	5,397.85	6%	101,083.74	5,721.72	6%							
GF	Law Enforcement	FT	7/30/2014 Salary	70,000.06	74,200.10	4,200.04	6.0%	79,438.63	5,238.53	7%	84,204.94	4,766.32	6%	89,257.24	5,052.30	6%	94,612.68	5,355.43	6%							
GF	PW	FT	3/28/2011 Salary	60,000.20	63,599.90	3,599.70	6.0%	68,090.05	4,490.15	7%	72,175.46	4,085.40	6%	76,505.98	4,330.53	6%	81,096.34	4,590.36	6%							
GF	Admin	FT	9/1/2016 Salary	-	63,000.00	-	0.0%	65,000.00	2,000.00	3%	68,900.00	3,900.00	6%	73,034.00	4,134.00	6%	77,416.04	4,382.04	6%							
WS	PW Water Sewer	FT	5/30/2012 Salary	50,211.20	56,659.20	6,448.00	12.8%	60,659.34	4,000.14	7%	64,298.90	3,639.56	6%	68,156.83	3,857.93	6%	72,246.24	4,089.41	6%							
GF	Law Enforcement	FT	4/29/2002 Salary	52,950.04	54,538.38	1,588.34	3.0%	58,388.79	3,850.41	7%	61,892.12	3,503.33	6%	65,605.64	3,713.53	6%	69,541.98	3,936.34	6%							
GF	CLERK	FT	10/27/2014 Salary	46,199.92	48,972.04	2,772.12	6.0%	52,429.47	3,457.43	7%	55,575.23	3,145.77	6%	58,909.75	3,334.51	6%	62,444.33	3,534.58	6%							
GF	PW Streets	FT	12/9/2013 Salary	43,680.00	47,861.06	4,181.06	0.10	51,240.05	3,378.99	7%	54,314.45	3,074.40	6%	57,573.32	3,258.87	6%	61,027.72	3,454.40	6%							
GF	Law Enforcement	FT	7/9/2011 Hourly	39,000.00	44,782.40	5,782.40	14.8%	47,944.04	3,161.64	7%	51,837.09	3,893.06	8%	56,046.27	4,209.17	8%	60,597.22	4,550.96	8%							
GF	Law Enforcement	FT	10/4/2014 Hourly	39,644.80	43,409.60	3,764.80	9.5%	46,474.32	3,064.72	7%	50,248.03	3,773.71	8%	54,328.17	4,080.14	8%	58,739.62	4,411.45	8%							
GF	Admin	FT	9/23/2013 Hourly	36,504.00	41,600.00	5,096.00	14.0%	44,536.96	2,936.96	7%	50,985.91	6,448.95	14%	54,045.07	3,059.15	6%	57,287.77	3,242.70	6%							
WS	PW Water Sewer	FT	7/21/2014 Hourly	35,776.00	39,603.20	3,827.20	10.7%	42,399.19	2,795.99	7%	45,392.57	2,993.38	7%	48,597.28	3,204.72	7%	52,028.25	3,430.97	7%							
GF	Law Enforcement	FT	Hourly	-	39,395.20	-	0.0%	42,176.50	2,781.30	7%	45,154.16	2,977.66	7%	48,342.05	3,187.88	7%	51,754.99	3,412.95	7%							
GF	CLERK Deputy	FT	5/15/2013 Hourly	36,067.20	38,958.40	2,891.20	8.0%	40,528.42	1,570.02	4%	42,161.72	1,633.30	4%	45,138.34	2,976.62	7%	47,846.64	2,708.30	6%							
GF	Law Enforcement	FT	Hourly	-	37,440.00	-	0.0%	40,083.26	2,643.26	7%	42,913.14	2,829.88	7%	45,942.81	3,029.67	7%	48,699.38	2,756.57	6%							
WS	PW Water Sewer	FT	1/13/2015 Hourly	33,280.00	36,982.40	3,702.40	11.1%	40,377.38	3,394.98	9%	43,228.03	2,850.64	7%	46,279.93	3,051.90	7%	49,547.29	3,267.36	7%							
CC	Com. Cntr	FT	2/2/2008 Hourly	33,779.20	36,816.00	3,036.80	9.0%	46,439.70	9,623.70	26%	49,718.35	3,278.64	7%	52,701.45	2,983.10	6%	55,863.53	3,162.09	6%							
GF	PW Streets	FT	12/29/2014 Hourly	30,160.00	36,816.00	6,656.00	22.1%	40,195.71	3,379.71	9%	43,033.53	2,837.82	7%	45,615.54	2,582.01	6%	48,352.47	2,736.93	6%							
GF	PW Streets	FT	7/20/2015 Hourly	29,120.00	33,529.60	4,409.60	15.1%	37,673.86	4,144.26	12%	40,333.63	2,659.77	7%	43,181.19	2,847.55	7%	46,229.78	3,048.59	7%							
GF	PW Streets	FT	6/6/2015 Hourly	29,120.00	32,385.60	3,265.60	11.2%	35,701.89	3,316.29	10%	40,114.64	4,412.75	12%	42,946.73	2,832.09	7%	45,978.77	3,032.04	7%							
GF	Law Enforcement	FT	8/15/2015 Hourly	29,120.00	32,177.60	3,057.60	10.5%	35,472.59	3,294.99	10%	40,233.01	4,760.42	13%	43,073.46	2,840.45	7%	46,114.44	3,040.99	7%							
GF	PW Utilities	FT	Hourly	-	29,120.00	29,120.00	0.0%	32,101.89	2,981.89	10%	36,409.96	4,308.07	13%	38,980.50	2,570.54	7%	41,732.53	2,752.02	7%							
CC	Com. Cntr	FT	8/27/2014 Hourly	29,120.00	31,740.80	2,620.80	9.0%	34,991.06	3,250.26	10%	40,057.76	5,066.71	14%	42,885.84	2,828.08	7%	45,913.58	3,027.74	7%							
			5-plus years	\$ 799,232.72	\$ 1,042,862.52	\$ 243,629.80		\$ 1,127,214.95	\$ 84,352.43		\$ 1,213,146.81	\$ 85,931.86		\$ 1,292,509.40	\$ 79,362.60		\$ 1,376,155.35	\$ 83,645.94								
	Employer contributions (payroll tax)			\$ 71,930.94	\$ 93,857.63	\$ 21,926.68		\$ 101,449.35	\$ 7,591.72		\$ 109,183.21	\$ 7,733.87		\$ 116,325.85	\$ 7,142.63		\$ 123,853.98	\$ 7,528.13								
	Total wage expense			\$ 871,163.66	\$ 1,136,720.15	\$ 265,556.48	30.5%	\$ 1,228,664.29	\$ 91,944.14	8%	\$ 1,322,330.02	\$ 93,665.73	8%	\$ 1,408,835.25	\$ 86,505.23	7%	\$ 1,500,009.33	\$ 91,174.08	6%							

*Conversion to hourly (below minimum \$47,476 new exempt rate)

**Bump to Mgr from Coordinator (\$10K)

New to full-time/staff 172,220.80

OPTION: Add Part-time Equivalent (to \$40,000 living wage goal)

			2017				2018				2019				2020			
			Hours worked	Gross Earnings	1% COLA, 5% Merit, Living wage pay increases	Amount	% Incr.	1% COLA, 5% Merit, Living wage pay increases	Amount	% Incr.	1% COLA, 5% Merit, Living wage pay increases	Amount	% Incr.	1% COLA, 5% Merit, Living wage pay increases	Amount	% Incr.		
CC	Com. Cntr Front Desk	PT	Hourly	520	4,960.80	5,311.03	350.23	7.1%	5,685.99	374.96	7%	6,087.42	401.43	7%	6,517.19	429.77	7%	
CC	Com. Cntr Front Desk	PT	Hourly	520	4,960.80	5,311.03	350.23	7.1%	5,685.99	374.96	7%	6,087.42	401.43	7%	6,517.19	429.77	7%	
GF	Admin Town Hall	PT	Hourly	1300	18,850.00	20,180.81	1,330.81	7.1%	21,605.58	1,424.77	7%	23,130.93	1,525.35	7%	24,763.97	1,633.04	7%	
CC	Com. Cntr Front Desk	PT	Hourly	520	4,960.80	5,311.03	350.23	7.1%	5,685.99	374.96	7%	6,087.42	401.43	7%	6,517.19	429.77	7%	
GF	Visitors Center	PT	Hourly	780	7,410.00	7,933.15	523.15	7.1%	8,493.23	560.08	7%	9,092.85	599.62	7%	9,734.80	641.96	7%	
GF	Visitors Center	PT	Hourly	780	7,410.00	7,933.15	523.15	7.1%	8,493.23	560.08	7%	9,092.85	599.62	7%	9,734.80	641.96	7%	
CC	Com. Cntr Admin	PT	Hourly	780	7,480.20	8,008.30	528.10	7.1%	8,573.69	565.39	7%	9,178.99	605.30	7%	9,827.03	648.04	7%	
	Employer Contributions			\$ 56,032.60	\$ 59,988.50	\$ 3,955.90		\$ 64,223.69	\$ 4,235.19		\$ 68,757.88	\$ 4,534.19		\$ 73,612.19	\$ 4,854.31			
				\$ 5,042.93	\$ 5,398.97	\$ 356.03		\$ 5,780.13	\$ 381.17		\$ 6,188.21	\$ 408.08		\$ 6,625.10	\$ 436.89			
	Total wage expense			\$ 61,075.53	\$ 65,387.47	\$ 4,311.93	7.1%	\$ 70,003.82	\$ 4,616.36	7%	\$ 74,946.09	\$ 4,942.27	7%	\$ 80,237.29	\$ 5,291.19	7%		

\$40K equivalents for various PT schedules

19.23	520	9,999.60
19.23	780	14,999.40
19.23	1300	24,999.00

Potential to make recep/billing clerk FT (admin)?



AGENDA INFORMATION MEMORANDUM NEDERLAND BOARD OF TRUSTEES

Meeting Date: November 1, 2016
Prepared By: Alisha Reis
Dept: On Behalf of the Board of Trustees
Consent Information Action Discussion

AGENDA ITEM:

Board of Trustees 2017 Budget Input Discussion

SUMMARY:

The Board has held two budget sessions -- September 27 and October 25 -- to receive information on the proposed 2017 Budget and to discuss various elements of the budget. These two sessions were held, as required, with the express intention of staff presenting the budget to the Board. The Board set its primary focus areas in June 2016, to guide budgeting and the work of the Town organization. The focus areas were: 1) housing, 2) infrastructure and 3) economic sustainability.

The Board now wishes to further discuss the proposed budget. The Board will hear citizens' priorities for the budget during a Public Hearing on Nov. 1, earlier in the evening. Budget discussions will again appear on the Board's agendas on Nov. 15 and Dec. 6, when the 2017 Budget is scheduled for adoption.



AGENDA INFORMATION MEMORANDUM NEDERLAND BOARD OF TRUSTEES

Meeting Date: November 1, 2016
Prepared By: Alisha Reis
Dept: On Behalf of the Board of Trustees
Consent Information Action Discussion

AGENDA ITEM:

Discussion of Additional Revenue Streams

SUMMARY:

At its budget work session of October 25, the Board indicated a desire to discuss potential sources of additional revenue for Town operations, particularly in the General Fund. The General Fund includes: Boards & Commissions, Town Hall (administration/ finance/clerk), Police, Streets, Parks, Building/Planning, and the Visitors Center.

The Town is generally supported by: 1) Sales Tax, 2) Property Tax, 3) Other sources of taxation, e.g. portions of state taxes, use tax, etc. and 4) User Fees, e.g. water bills, Community Center punch cards, etc.

Other sources of revenue typically available to municipalities include:

- Special district taxes
- Dedicated use taxes (e.g. capital fund)
- Bond financing
- Impact fees
- Grants
- Payment in lieu of tax (PILT)
- Tax increment financing (TIF), e.g. NDDA
- State funds (e.g. Conservation Trust Fund from lottery proceeds)

Nederland receives some of these alternative funds currently, including CTF and TIF.

Board members are expected to bring ideas to discuss at the November 1 meeting.

ATTACHMENTS:

- 1) CML Knowledge Now: Alternative Resources for Municipal Funding (2011)

KNOWLEDGE NOW: ALTERNATIVE RESOURCES FOR MUNICIPAL FUNDING

By Kevin Bommer, CML legislative advocacy manager; Sam Mamet, CML executive director; and Sara Reynolds, CML membership services manager

The Knowledge Now series features practical research on timely topics from the Colorado Municipal League.

Non-government grants

For many communities, grant resources from state and federal government sources have been a mainstay of their budgets. While these resources are becoming increasingly scarce, there are other, nongovernment sources for municipalities to consider. In each case, the purposes and motivations of the funder are important to factor when determining whether or not your funding request is the right fit for a particular source. Below are some general categories of nongovernment sources.

Foundations

Foundations often have firm guidelines and procedures, and typically have staff that oversee and implement the foundation giving.

Corporations

Often, corporations will allocate some of their profits towards community giving campaigns. This in particular could be a great fit for municipalities, as corporations are motivated to enhance their reputations with key stakeholders in communities at large.

Individuals

Individuals as a funding source may be harder to identify, but establishing a giving campaign to solicit directly from individuals can be a very effective fundraiser tool for the right type of project or program.

Once you have identified a possible grant resource and have done the appropriate background research, keep in mind a few key best practices when preparing your application:

- describe the program (why is it needed?) and recognize if there are other organizations providing this service

- explain how will you make it happen, including identifying what resources are needed and what steps will be taken to prepare for and execute the program;
- identify who will benefit, including how many people will you serve and any key demographics such as age, race, income, language; and
- include a plan for program evaluation that explains what results you expect, as well as how you will measure the results.

Applying for grants can be a time-consuming process, but the rewards for your community, especially in a time where other sources have run dry, can be tremendous. Fortunately, there is assistance available for municipalities looking to become more active in the grants process. For example, in June and September of this year, Rural Philanthropy Days take place (see www.crcamerica.org/rpd/default.asp for details). In addition, organizations such as the Colorado Nonprofit Association frequently have in-person workshops and distance-learning webinars to provide education and support to organizations seeking grant funding (learn more at coloradononprofits.org).

There are a number of sources on the Internet where municipalities can identify possible funding sources. Visit www.cml.org to find online resources for funding opportunities.

State grants

Energy and mineral impact assistance program

The Energy and Mineral Assistance Program in the Department of Local Affairs (DOLA) historically has been available to fund planning, construction, and maintenance of public facilities and

the provision of public services. Recipients must be political subdivisions socially or economically impacted by the development, processing, or energy conversion of minerals and mineral fuels, which covers some but not all communities with fewer than 5,000 residents in Colorado, but does not include public, nonprofit water and wastewater systems.

The funds for the grant program are derived from two sources. One is from the 40 percent of federal mineral lease rents, royalties, and earnings paid to the state by the United States, half of which is deposited into the grant fund. (The remainder is distributed back to impacted communities.) The second source is from the 50 percent of state severance tax allocated to DOLA, of which 70 percent is deposited into the grant program. (The remaining 30 percent is distributed back to impacted communities.)

In 2009, the program was changed such that future grants will be awarded in three different tiers.

- Tier I grants: \$200,000 or less with expedited review
- Tier II grants: up to \$2 million
- Tier III grants: goal is provide up to three grants per year up to \$10 million if dollars are available (implementation has not yet occurred)

Loans also may be made through the program for domestic water treatment and distribution system improvements (not for raw water) at a rate of 5 percent for up to 20 years. There are three application deadlines throughout the year: April 1, Aug. 1, and Dec. 1.

While the new tiered system for grants will significantly assist many communities, the Energy and Mineral

Impact Assistance Fund (EIAF) grant program funds many types of infrastructure needs in impacted communities and cannot become a substitute for dedicated infrastructure funding.

Since the beginning of the economic downturn in 2008, the State of Colorado has relied on \$266.5 million of severance tax and federal mineral lease (FML) revenue to balance the state budget, \$247.4 million of which would have gone to the grant program. Since August of 2010, grants have been suspended indefinitely.

From 2007 to 2010, the EIAF awarded \$360.2 million in grants that were leveraged with matches to create a total investment of \$1.33 billion in Colorado communities. That investment, according to the Department of Local Affairs, created or supported 23,611 jobs.

Restoring this funding source for municipalities is a priority of CML and our local government partners.

State drinking water and domestic wastewater grants

These grants are funded by the Department of Public Health and Environment out of the state's capital construction budget, although only one appropriation was made to the programs between 2002 and 2008. The total amount available is not significant — \$1.5 million total for each program — but is at least a source of some additional grant funding for areas with fewer than 5,000 residents.

The grants are available to governmental agencies, counties on behalf of unincorporated areas, and privately owned nonprofit public water systems for the planning, design, and construction of eligible projects. Applications for funding are due annually on Aug. 1, when money is available. If current economic forecasts hold true, a limited amount of money may be available in FY 12-13.

State revolving loan funds

The Drinking Water Revolving Fund (DWRF) and the Water Pollution Control Revolving Fund (WPCRF)

The Drinking Water Revolving Fund (DWRF) and the Water Pollution Control Revolving Fund (WPCRF) are

administered jointly by the Department of Public Health and Environment's Water Quality Control Division, the Colorado Water Resources and Power Development Authority (CWRPDA), and the Department of Local Affairs' Division of Local Government. Each agency has a designated role in the funding process.

The DWRF and the WPCRF are low-interest loan programs that fund drinking water and wastewater related projects that will bring drinking water and wastewater systems into compliance or keep them in compliance with the Federal Safe Drinking Water Act and Clean Water Act. The funds can cover up to 100 percent of the eligible project costs with terms up to 20 years (up to 30 years for disadvantaged communities).

There are two main types of loans out of each program and one special type of loan in each for communities with significant funding challenges. Leveraged loans are for projects greater than \$2 million and have interest rates that are 70 percent of the market rate on Authority bonds. The loan application deadlines are Dec. 15 and June 15 each year. Direct loans are for projects less than \$2 million. The interest rate is set each December by the CWRPDA board and will be 2 percent for 2011. The Disadvantaged Community Program was created for communities with fewer than 5,000 residents in areas with median household incomes that are 80 percent or less than state average. The interest rate for areas with MHI from 61 percent to 80 percent of the state average is 1.00 percent, and the rate for areas with MHI 60 percent or less is 0.0 percent. The maximum loan amount is \$2 million.

Projects eligible for DWRF loans are treatment facilities, distribution/transmission lines, treated water storage, source water protection, water conservation (e.g., dual water lines), meters, and limited supply systems. For 2011, the fund has an approximate loan capacity of \$40 million, and the loan demand is \$35 million. Current drinking water needs statewide total \$2.2 billion. Most of the aggregate project need exists in smaller communities, while the bulk of the total

dollars needed exists in larger communities.

Projects eligible for WPCRF loans are wastewater treatment facilities, interceptor/collection lines, biosolid facilities, stormwater systems, reuse facilities, and non-point source projects. The 2011 loan capacity is approximately \$68 million (assuming the same grant funding level as 2010) and the loan demand is approximately \$75 million, continuing a trend of a shortfall in available wastewater loan funding. Of greater concern is the growing total statewide wastewater need — which totals \$2.9 billion — in the context of annual appropriations to the WPCRF from the EPA that are declining rapidly. Future capitalization grant funding levels are uncertain at this time.

Associated with both DWRF and WPCRF are \$10,000 grants for both planning and design to help address requirements of the Revolving Loan Funds, such as preliminary engineering reports; technical, managerial, and financial assessments (drinking water); environmental assessments; plans and specifications; and legal fees associated with an entity capable of receiving revolving fund assistance. Entities must be on the eligibility list, under 10,000 population, and either a median household income lower than the state average or current or projected user charges for water or sewer greater than the statewide average. A total of \$150,000 is available each year in both the DWRF and WPCRF.

Water Quality Improvement Fund

HB 06-1337 created the Water Quality Improvement Fund, administered by the Water Quality Control Division, to credit fines and penalties for violations of the Colorado Water Quality Control Act to the fund to be used for:

- improving water quality in the community or water body impacted by the violation;
- design, construction, or upgrades of domestic wastewater treatment plants;
- grants for stormwater projects; and
- non-federal match for Nonpoint Source Grants.

HB 06-1337 established a fund for addressing various water quality issues, including providing grants for stormwater projects, designing, construction, or upgrades of domestic wastewater treatment plants, and non-point source projects. The fund consists of penalties collected as a result of violations in accordance with the Colorado Water Quality Control Act. To date, the fund has received some penalty money, but no grants have been awarded.

Water Revenue Bond Program

Administered by the Colorado Water Resources and Power Development Authority (CWRPDA), the Water Revenue Bond Program may be used to fund water and wastewater treatment plants, pump stations, dams/reservoirs, water rights, pipelines, wells, meters, reuse, and storage tanks, including facilities for streamflow improvements, and for stabilization of stream and river banks. Loans are in the range of \$300,000 to \$500,000, and the cost of issuance of the bond up to \$150,000 and other associated costs are currently covered by the CWRPDA. Terms are usually 20 or fewer years, but may be longer, and the interest rate is based on the market rate for AAA-insured revenue bonds.

Water Project Loan Program

Since 1971, the Colorado Water Conservation Board (CWCB) Water Project Loan Program provides low-interest loans to agricultural, municipal and commercial borrowers for the development of raw water resource projects in Colorado. Eligible projects for financing include new construction or rehabilitation of existing raw water storage and delivery facilities, such as reservoirs, ditches and canals, pipelines, diversion structures, groundwater wells, water rights purchases, and flood control projects.

CWCB can finance up to 90 percent of the total project costs, including engineering and construction, for a term of up to 30 years. A loan feasibility study is required and must include the technical, financial, and institutional feasibility of the project. Rates for municipalities range from 3.5 percent to 4.5 percent. Rates are reduced by 0.25 percent for 20-year loans and 0.5 percent for 10-year loans, and

1 percent service fee applies to all loans. Other conditions apply. Applications for loans under \$5 million are accepted at any time, and the deadline for loans greater than \$5 million is Aug. 31 in order to receive funds by the following July.

Federal grants reduced

After weeks of negotiating back and forth between President Obama and the Congressional leadership, the FY 2011 spending plan was enacted earlier this spring. The plan contains the largest ever cuts in discretionary spending, reducing \$40 billion from various federal programs of municipal interest. The following is a compilation of funding levels for some key municipal programs.

Community Development Block Grants

Community Development Block Grants (CDBG) are funded at \$3.3 billion, or \$600 million less than last year. This affects Colorado's block grant, as well as what is distributed directly to the 13 entitlement cities and seven counties. The state's 2011 expected allocation for the CDBGs is \$10.4 million, and is administered by the state Department of Local Affairs (DOLA). Check with a DOLA field rep for more information.

Affordable housing

The home program lost nearly \$200 million in funding. The Choice Neighborhoods and Sustainable Communities programs — both of which were scheduled for elimination — will each be funded at \$100 million for FY 2011. Section 8 (tenant-based) is at an \$18.4 billion, and Section 8 (project-based) is at a \$9.3 billion. HOPE VI received an allocation of \$100 million. Homeless assistance grants are at a \$1.9 billion level for FY 2011.

Transportation

The National Infrastructure Investment Grants program has been allocated \$528 million. This program is modeled after the TIGER program. The president's national infrastructure bank was zeroed out.

Energy conservation

The EECBG block grant program was not given any funding, as is the same for low income weatherization assistance. The low income home energy

assistance program received \$4.7 billion.

Water

The clean water revolving fund received \$1.5 billion, and the drinking water revolving fund received \$965 million. A portion of this money goes directly to the Colorado Department of Public Health and Environment, and another portion goes to the Colorado Water Resources and Power Development Authority.

Public safety

Byrne criminal justice grants are funded at \$431 million this year, and COPS funding also was reduced to \$496 million. Firefighter grants are at a level of \$810 million. This is overseen by the Colorado Department of Public Safety generally and in the fire area by the state Division of Fire Safety.

Interested municipal leaders can follow ongoing discussions about federal grants and funding levels by going to www.nlc.org, the website for the National League of Cities.

State-shared revenues

While it is true that Colorado is a fiscally decentralized state (cities and towns raise more revenue at the municipal level than what is shared back from the state), there are a few key programs that need to be highlighted from a municipal perspective.

Cigarette tax

The state's excise tax on cigarettes and other tobacco products partially is shared with municipalities and counties on a formula basis. This sharing arrangement is in lieu of locally imposed taxes. It has averaged between \$11 and \$13 million annually, and is based upon the percentage of state sales taxes collected in each jurisdiction. Counties get credit for the unincorporated area only. The Colorado Department of Revenue calculates and distributes the tax. This year, there was an attempt to eliminate the share-back, but the combined efforts of the Colorado Municipal League and Colorado Counties, Inc. led to its defeat in the General Assembly.

Severance tax and federal mineral lease

A portion of the state's tax on extracted natural resources (known as the severance tax) is shared back on a

formula basis directly to certain energy impacted municipalities and counties. The same is true for a portion of federal mineral lease revenues distributed back to Colorado by the federal government for energy extraction activity on certain leased federal land, like the Bureau of Land Management or Forest Service.

Highway Users Tax Fund

The state shares a portion of the gas tax and certain motor vehicle registration fees with counties and municipalities on a formula basis through the Highway Users Tax Fund (HUTF). This year, it is anticipated that \$131.5 million will be distributed back to cities and towns. There are also earmarked grant programs for bridge repair and transit, administered by the Colorado Department of Transportation.

Lottery

Certain revenues from the state-administered lottery are distributed directly to municipalities, counties, and certain title 32 special districts for parks, recreation, and open space. This is done on a per capita basis, and oversight of the distribution and the reporting requirements attached with the program are handled by the Department of Local Affairs. The Great Outdoors Colorado program (GOCO) also provides grant assistance to local governments using lottery dollars.

Gaming

Certain revenues accruing from casino gambling in the Cities of Black Hawk, Central City, and Cripple Creek go into two major grant programs available to local governments: the limited gaming impact fund, which is administered by the Department of Local Affairs, and the State Historic Fund, administered the Colorado Historical Society.

For more information

There are other specific grant programs offered by individual state agencies that are not highlighted here; CML always tries to keep our members informed of these opportunities, so always check *CML Newsletter* and www.cml.org for supplementary information and additional opportunities.



AGENDA INFORMATION MEMORANDUM NEDERLAND BOARD OF TRUSTEES

Meeting Date: November 1, 2016
Prepared By: Alisha Reis
Dept: On Behalf of the Board of Trustees
Consent Information Action Discussion

AGENDA ITEM:

Introduction of Incentive Policy and Creation of a Task Force re: Local Economy and Housing

SUMMARY:

The Board has attended a work session with the Nederland Downtown Development Authority and the Planning Commission on October 24, which presented ideas on maximizing a local economy through proper development in downtown areas. As part of that discussion, planning consultant Joe Minicozzi discussed the concept a short-term policy that could provide incentive for housing or other economic development.

The Board will discuss this concept and how it may be implemented in Nederland, as well as considering constituting a task force to assist with this work.