

**TOWN OF NEDERLAND, COLORADO**

**FINANCIAL STATEMENTS**

**December 31, 2009**

## TABLE OF CONTENTS

### PAGE

#### **FINANCIAL SECTION**

Independent Auditors' Report

Management's Discussion and Analysis

i - vii

#### **Basic Financial Statements**

|  |        |
|--|--------|
| Statement of Net Assets  | 1      |
| Statement of Activities  | 2      |
| Balance Sheet - Governmental Funds   | 3      |
| Statement of Revenues, Expenditures and Changes in Fund Balances -<br>Governmental Funds   | 4      |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances<br>of Governmental Funds to the Statement of Activities | 5      |
| Statement of Net Assets - Proprietary Funds  | 6      |
| Statement of Revenues, Expenses and Changes in Fund Net Assets -<br>Proprietary Funds  | 7      |
| Statement of Cash Flows - Proprietary Funds  | 8      |
| Notes to Financial Statements  | 9 - 21 |

#### **Required Supplementary Information**

|   |    |
|---|----|
| Budgetary Comparison Schedule - General Fund          | 22 |
| Budgetary Comparison Schedule - Community Center Fund | 23 |
| Notes to Required Supplementary Information           | 24 |

#### **Combining and Individual Fund Financial Statements and Schedules**

|  |    |
|--|----|
| Combining Balance Sheet - Nonmajor Governmental Funds  | 25 |
| Combining Statements of Revenues, Expenditures and Changes in Fund Balances -<br>Nonmajor Governmental Funds | 26 |
| Budgetary Comparison Schedule - Mud Lake Fund  | 27 |
| Budgetary Comparison Schedule - Conservation Trust Fund  | 28 |

**TABLE OF CONTENTS**  
(Continued)

|   | <b><u>PAGE</u></b> |
|---|--------------------|
| <b>FINANCIAL SECTION (Continued)</b>  |                    |
| <b>Combining and Individual Fund Financial Statements and Schedules (Continued)</b> |                    |
| Budgetary Comparison Schedule - Sewer Fund  | 29                 |
| Budgetary Comparison Schedule - Water Fund  | 30                 |
| Balance Sheet - Component Unit  | 31                 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Component Unit    | 32                 |
| <b>COMPLIANCE SECTION</b>   |                    |
| Local Highway Finance Report  | 33 - 34            |

**TOWN OF NEDERLAND**

**ROSTER OF TOWN OFFICIALS**

**December 31, 2009**

|                   |   |                    |
|-------------------|---|--------------------|
| Martin Cheshes    | - | Mayor              |
| Betty Porter      | - | Mayor Pro-Tem      |
| Sumaya Abu-Haidar | - | Trustee            |
| Kirk Barnett      | - | Trustee            |
| Roger Cornell     | - | Trustee            |
| Joe Gierlach      | - | Trustee            |
| Marci Wheelock    | - | Trustee            |
| Jim Stevens       | - | Town Administrator |
| Christi Icenogle  | - | Town Clerk         |
| Eva Forberger     | - | Town Treasurer     |

**FINANCIAL SECTION**

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

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Town of Nederland as of and for the year ended December 31, 2009, which collectively comprise the basic financial statements of the Town of Nederland, as listed in the table of contents. These financial statements are the responsibility of the Town of Nederland's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Town of Nederland as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

*Swanhorst & Company LLC*

April 26, 2010

**Town of Nederland**  
Management's Discussion and Analysis  
Fiscal Year Ending December 31, 2009

As management of the Town of Nederland (the Town), we offer readers of the Town's basic financial statements this narrative and analysis of the financial activities of the Town of Nederland for the year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with the additional information provided in the financial statements.

**Financial Highlights**

For the Government Funds, the change in Net Assets increased \$558k primarily due to capital improvement projects including: \$200k for the new Skate Park; \$80k for the new trails project; and \$292k for the new sidewalk project commenced in 2009 by the Downtown Development Authority, a component unit of the Town of Nederland.

For the Enterprise Funds (water and sewer combined), the change in Net Assets increased \$363k primarily due to increased user fees and the delay in debt payments due to postponement of construction on the water and wastewater plants.

**Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The **statement of net assets** presents information on all the Town's assets and liabilities, with the difference between the town being reported as net assets. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **statement of activities** presents information showing how the Town of Nederland's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

The government-wide financial statements distinguish functions of the Town of Nederland that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*)

from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town of Nederland include general government, law enforcement (police), planning and zoning, highways and streets, community center, and parks and recreation. The Business-type Activities of the Town of Nederland include water and sewer services.

### ***Fund Financial Statements***

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and bond covenants; however the Town Board establishes other funds to help control and manage funds for particular purposes. All of the Town's funds can be divided into two categories: Governmental Funds and Proprietary Funds.

***Governmental Funds*** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *short-term inflows and outflows of spendable resources*, as well as on the *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. The accounting method is called *modified accrual* accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it useful to compare the information presented for governmental activities in the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Nederland maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and other funds.

***Proprietary Funds*** – The Town of Nederland maintains one type of proprietary funds. *Enterprise funds* are use to report the same functions presented as *business-type activities* in the government-wide financial statements. The town uses enterprise type funds to account for its water and sewer services. These funds are considered major funds for the Town of Nederland.

### ***Notes to the financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.



## Government-wide Financial Analysis

As noted previously, net assets may serve over time as a useful indicator of the Town's financial position. For the year ending December 31, 2009, the Town's combined assets exceeded liabilities by \$6,829k. Of this amount, \$951k is unrestricted and is available to meet the Town's ongoing financial obligations.

| NET ASSETS   | 2008                     | 2009                     | 2008                           | 2009                           |
|--|--------------------------|--------------------------|--------------------------------|--------------------------------|
|  | Government<br>Activities | Government<br>Activities | Business<br>Type<br>Activities | Business<br>Type<br>Activities |
| <b>ASSETS</b>                                      |                          |                          |                                |                                |
| Cash and Investments                               | \$165,788                | \$97,697                 | \$320,111                      | \$689,964                      |
| Accounts Receivable                                | \$19,070                 | \$20,355                 | \$123,460                      | \$110,856                      |
| Property Taxes Receivable                          | \$336,000                | \$338,000                |                                |                                |
| Grants Receivable                                  |                          | \$71,169                 |                                |                                |
| Other Receivables                                  | \$55,305                 | \$63,232                 | \$25,427                       | \$27,140                       |
| Inventories  |                          |                          | \$10,103                       | \$8,031                        |
| Bond Issuance Costs, Net of<br>Amortization        |                          |                          | \$717                          |                                |
| Land Held for Resale                               | \$110,000                | \$110,000                |                                |                                |
| Restricted Cash                                    |                          |                          |                                | \$2,273,921                    |
| Capital Assets, Not Being<br>Depreciated           | \$678,738                | \$678,738                | \$231,586                      | \$519,325                      |
| Capital Assets, Net of<br>Accumulated Depreciation | \$4,297,335              | \$4,824,922              | \$1,481,277                    | \$1,393,150                    |
| <b>TOTAL ASSETS</b>                                | <b>\$5,662,236</b>       | <b>\$6,204,113</b>       | <b>\$2,192,681</b>             | <b>\$5,022,387</b>             |
| <b>LIABILITIES</b>                                 |                          |                          |                                |                                |
| Accounts Payable                                   | \$75,586                 | \$64,950                 | \$33,424                       | \$59,680                       |
| Accrued Liabilities                                | \$6,153                  | \$7,178                  | \$2,828                        | \$2,586                        |
| Deferred Revenues                                  | \$336,000                | \$338,000                |                                |                                |
| Accrued Interest Payable                           |                          | \$8,604                  | \$1,535                        | \$8,333                        |
| Deposits   |                          |                          |                                |                                |
| Noncurrent Liabilities                             |                          |                          |                                |                                |
| Due Within One Year                                | \$77,843                 | \$108,793                | \$40,000                       | \$102,789                      |
| Due in More Than One Year                          | \$1,336,989              | \$1,288,447              | \$36,898                       | \$2,407,711                    |
| <b>TOTAL LIABILITIES</b>                           | <b>\$1,832,571</b>       | <b>\$1,815,972</b>       | <b>\$114,685</b>               | <b>\$2,581,099</b>             |
| <b>NET ASSETS</b>                                  |                          |                          |                                |                                |
| Invested in Capital Assets,<br>Net of Related Debt | \$3,590,096              | \$4,125,951              | \$1,648,858                    | \$1,686,396                    |
| Restricted for Emergencies                         | \$66,000                 | \$66,000                 |                                |                                |
| Unrestricted                                       | \$173,569                | \$196,190                | \$429,138                      | \$754,892                      |
| <b>TOTAL NET ASSETS</b>                            | <b>\$3,829,665</b>       | <b>\$4,388,141</b>       | <b>\$2,077,996</b>             | <b>\$2,441,288</b>             |

| CHANGE IN NET ASSETS             | 2008                  | 2009                  | 2008                     | 2009                     |
|----------------------------------|-----------------------|-----------------------|--------------------------|--------------------------|
|                                  | Government Activities | Government Activities | Business Type Activities | Business Type Activities |
| Program Revenue                  |                       |                       |                          |                          |
| Charges for Services             | \$206,500             | \$212,581             | \$370,827                | \$546,336                |
| Operating Grants & Contributions | \$22,928              | \$72,996              |                          |                          |
| Capital Grants & Contributions   | \$481,108             | \$1,049,291           |                          | \$126,256                |
| Total Program Revenue            | \$600,536             | \$1,334,868           | \$370,827                | \$672,592                |
| General Revenues:                |                       |                       |                          |                          |
| Property Taxes                   | \$319,900             | \$334,215             |                          |                          |
| Specific Ownership Taxes         | \$21,392              | \$16,394              |                          |                          |
| Sales and Use Taxes              | \$532,408             | \$498,947             | \$172,238                | \$172,235                |
| Franchise Taxes                  | \$44,386              | \$41,261              |                          |                          |
| Other Taxes                      | \$99,462              |                       |                          |                          |
| Investment Income                | \$4,023               | \$2,200               | \$1,314                  | \$6,378                  |
| Other Revenues                   | \$37,795              | \$11,548              |                          |                          |
| Total General Revenues           | \$1,059,366           | \$904,565             | \$173,552                | \$178,613                |
| TRANSFERS                        | (\$78,314)            |                       | \$78,314                 |                          |
| <b>TOTAL REVENUES</b>            | <b>\$1,691,588</b>    | <b>\$2,239,433</b>    | <b>\$622,693</b>         | <b>\$851,205</b>         |
| Program Expenses:                |                       |                       |                          |                          |
| General Government               | \$458,862             | \$694,920             |                          |                          |
| Law Enforcement                  | \$350,209             | \$422,868             |                          |                          |
| Planning & Zoning                | \$98,722              | \$67,427              |                          |                          |
| Highways and Streets             | \$179,479             | \$187,543             |                          |                          |
| Community Center                 | \$226,144             | \$188,110             |                          |                          |
| Parks and Recreation             | \$48,770              | \$50,959              |                          |                          |
| Interest on Long Term Debt       | \$60,998              | \$69,130              |                          |                          |
| Water and Sanitation             |                       |                       | \$583,507                | \$487,913                |
| <b>TOTAL EXPENSES</b>            | <b>\$1,423,184</b>    | <b>\$1,680,957</b>    | <b>\$583,507</b>         | <b>\$487,913</b>         |
| <b>Change in Net Assets</b>      | <b>\$268,404</b>      | <b>\$558,476</b>      | <b>\$39,186</b>          | <b>\$363,292</b>         |
| <b>NET ASSETS, BEGINNING</b>     | <b>\$3,561,261</b>    | <b>\$3,829,665</b>    | <b>\$2,038,810</b>       | <b>\$2,077,996</b>       |
| <b>NET ASSETS, ENDING</b>        | <b>\$3,829,665</b>    | <b>\$4,388,141</b>    | <b>\$2,077,996</b>       | <b>\$2,441,288</b>       |

### Financial Analysis of the Town's Funds

Government Funds. The focus of the Town of Nederland government funds is to provide information on the near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular,

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

### ***Government Funds***

**General Fund.** The general fund is a major operating fund of the Town. At the end of the current fiscal year fund balance decreased by \$7k from \$277k to \$270k. After deducting the TABOR emergency reserve of \$66,000, the Town has three months of operating reserves.

**Special Revenue Funds.** The Conservation Trust Special Revenue Fund facilitates the transaction of Lottery Revenues into an open space property located in Nederland. In 2009, there was no change to the fund balance for this fund.

**Community Center Fund.** The Community Center Fund encompasses revenue from user fees associated with the recreation portion of the community center as well as third party rent for use of the facilities. The maintenance and operating expenses associated with the facility offset Community Center revenues. In 2009, the Community Center fund increased its fund balance by \$28,561 to end the year with a positive fund balance of \$19,592.

### ***Business Type Funds***

**Water Fund.** The Water fund had operating income for the year of \$158k primarily due to the delay of debt payments due to the postponement of construction on the water plant. We anticipate breaking ground on the water plant expansion project in May 2010. Currently, we have an outstanding loan of \$2.5M. The proceeds of this loan will be used to finance the construction. The anticipated completion date of this project is June 30, 2011. Currently, debt payments of \$76k for the \$2.5M loan are due May 1 and November 1, 2010.

**Sewer Fund.** The Sewer fund had operating income for the year of \$79k primarily due to the delay of debt payments due to the postponement of construction on the wastewater plant. We anticipate breaking ground on the new wastewater plant project in July 2010. We anticipate getting a loan from the USDA of \$4M to finance the construction of the plant. The anticipated completion date of this project is December 31, 2011. Debt payments towards this loan will not be due until calendar year 2012.

### **General Fund Budgetary Highlights**

The Town budgeted for General Fund expenditures of \$1,914,591 for the year ended December 31, 2009. Actual expenditures were \$1,556,616. The lower expenditures were primarily due to extending the construction timeline for the sidewalk construction project. It is anticipated that the sidewalk project will be completed by July 2010.

**Capital Assets and Debt Administration**

Capital Assets. The Town’s investment in capital assets as of December 31, 2009, amounts to \$7,416k net of depreciation, an increase of \$727k over 2008. This investment in capital assets consists of the water plant, sewer plant, Town infrastructure, road equipment and buildings. Further detail of the Town’s capital assets is provided in Note 4 to the financial statements.

**General Long-Term Debt.** As of December 31, 2009 the Town had long-term debt to be paid from the General Fund, Community Center and Conservation Trust Fund, as follows:

|  | FY2008<br>Ending<br>Balance | FY2009<br>Principal<br>Increase | FY2009<br>Principal<br>Reduction | FY2009<br>Ending<br>Balance |
|--|-----------------------------|---------------------------------|----------------------------------|-----------------------------|
| 2009 Capital Leases                              |                             | \$92,684                        | \$23,109                         | \$69,575                    |
| Compensated Absences                             | \$28,855                    |                                 | 9,324                            | 19,531                      |
| 2003 Community Center<br>General Obligation Bond | 1,250,000                   |                                 | 70,000                           | 1,180,000                   |
| 2000 Land Purchase<br>Conservation Trust         | 135,977                     |                                 | 7,843                            | 128,134                     |

In 2009, the Town took on two capital leases, a Caterpillar Backhoe for the Streets department and a Ford Explorer for the Police Department. The total financed amount for the backhoe is \$61,345 and entails a monthly payment of \$1,810. The total financed amount for the Ford Explorer is \$31,339 and entails a monthly payment of \$933. Both leases are 36 months and will expire in 2012.

**Enterprise Type Long Term Debt.** As of December 31, 2009 the Town had long-term debt to be paid from the Water and Sewer Funds, as follows:

|   | FY2008<br>Ending<br>Balance | FY2009<br>Principal<br>Increase | FY2009<br>Principal<br>Reduction | FY2009<br>Ending<br>Balance |
|---|-----------------------------|---------------------------------|----------------------------------|-----------------------------|
| 1996 Water Refunding Bonds                        | \$70,000                    |                                 | \$70,000                         |                             |
| Loss on Refunding Water<br>CSRPDA Loan Water Fund | (5,278)                     |                                 | (5,278)                          |                             |
| Compensated Absences<br>Water Fund                |                             | \$2,500,000                     |                                  | \$2,500,000                 |
| Compensated Absences<br>Sewer Fund                | 6,088                       |                                 | (838)                            | 5,250                       |
|   | 6,088                       |                                 | (838)                            | 5,250                       |

In 2009, the Town signed a loan agreement with the Colorado Water Resources & Power Development Authority. The loan is for \$2.5M at 2% interest amortized over 20 years. The town will draw from the loan as it incurs construction costs for the water plant expansion project. The first payment is due May 2010.

## **Economic Factors and Next Year's Budget**

Sales and use tax revenues account for 35% of the total revenue for the General Fund and are an important source for providing funds for the general operations and maintenance of the Town of Nederland. In 2009, sales tax revenue was in line with prior year. In 2010, we are projecting a 2% increase in sales tax due to the growth of the medical marijuana business in town as well as the elimination of the sales tax service fee.

Several major capital improvement projects will be ongoing in 2010. These projects include: the completion of the sidewalk construction project; the breaking ground on the water plant expansion project in May 2010; and the breaking ground on the wastewater plant project in July 2010.

## **Requests for Information**

The financial report is designed to provide a general overview of the Town of Nederland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Town of Nederland  
Attn: Eva Forberger, Town Treasurer  
Town of Nederland, Colorado  
PO BOX 396  
Nederland, CO 80466

## **BASIC FINANCIAL STATEMENTS**

TOWN OF NEDERLAND, COLORADO

STATEMENT OF NET ASSETS

December 31, 2009

|   | PRIMARY GOVERNMENT  |                     |                     | COMPONENT          |
|---|---------------------|---------------------|---------------------|--------------------|
|   | GOVERNMENTAL        | BUSINESS-TYPE       | TOTAL               | DOWNTOWN           |
|   | ACTIVITIES          | ACTIVITIES          |                     | DEVELOPMENT        |
|   |                     |                     |                     | AUTHORITY          |
| <b>ASSETS</b>                                   |                     |                     |                     |                    |
| Cash and Investments                            | \$ 97,697           | \$ 689,964          | \$ 787,661          | \$ 222,796         |
| Accounts Receivable                             | 20,355              | 110,856             | 131,211             | -                  |
| Property Taxes Receivable                       | 338,000             | -                   | 338,000             | 102,000            |
| Grants Receivable                               | 71,169              | -                   | 71,169              | -                  |
| Other Receivables                               | 63,232              | 27,140              | 90,372              | -                  |
| Inventories                                     | -                   | 8,031               | 8,031               | -                  |
| Land Held for Resale                            | 110,000             | -                   | 110,000             | -                  |
| Restricted Cash                                 | -                   | 2,273,921           | 2,273,921           | -                  |
| Capital Assets, Not Being Depreciated           | 678,738             | 519,325             | 1,198,063           | -                  |
| Capital Assets, Net of Accumulated Depreciation | 4,824,922           | 1,393,150           | 6,218,072           | -                  |
| <b>TOTAL ASSETS</b>                             | <u>6,204,113</u>    | <u>5,022,387</u>    | <u>11,226,500</u>   | <u>324,796</u>     |
| <b>LIABILITIES</b>                              |                     |                     |                     |                    |
| Accounts Payable                                | 64,950              | 59,680              | 124,630             | -                  |
| Accrued Liabilities                             | 7,178               | 2,586               | 9,764               | -                  |
| Deferred Revenues                               | 338,000             | -                   | 338,000             | 102,000            |
| Accrued Interest Payable                        | 8,604               | 8,333               | 16,937              | -                  |
| Noncurrent Liabilities                          |                     |                     |                     |                    |
| Due Within One Year                             | 108,793             | 102,789             | 211,582             | 15,311             |
| Due in More Than One Year                       | 1,288,447           | 2,407,711           | 3,696,158           | 284,689            |
| <b>TOTAL LIABILITIES</b>                        | <u>1,815,972</u>    | <u>2,581,099</u>    | <u>4,397,071</u>    | <u>402,000</u>     |
| <b>NET ASSETS</b>                               |                     |                     |                     |                    |
| Invested in Capital Assets, Net of Related Debt | 4,125,951           | 1,686,396           | 5,812,347           | -                  |
| Restricted for Emergencies                      | 66,000              | -                   | 66,000              | -                  |
| Unrestricted                                    | 196,190             | 754,892             | 951,082             | (77,204)           |
| <b>TOTAL NET ASSETS</b>                         | <u>\$ 4,388,141</u> | <u>\$ 2,441,288</u> | <u>\$ 6,829,429</u> | <u>\$ (77,204)</u> |

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

| FUNCTIONS/PROGRAMS              | EXPENSES            | PROGRAM REVENUES     |                                    |                                  |
|---------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
|                                 |                     | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS |
| <b>PRIMARY GOVERNMENT</b>       |                     |                      |                                    |                                  |
| <b>Governmental Activities</b>  |                     |                      |                                    |                                  |
| General Government              | \$ 694,920          | \$ 10,472            | \$ 11,273                          | \$ 7,500                         |
| Law Enforcement                 | 422,868             | 79,060               | -                                  | -                                |
| Planning and Zoning             | 67,427              | 36,738               | -                                  | -                                |
| Highways and Streets            | 187,543             | 650                  | 47,927                             | 848,622                          |
| Community Center                | 188,110             | 85,661               | -                                  | 22,000                           |
| Parks and Recreation            | 50,959              | -                    | 13,796                             | 171,169                          |
| Interest on Long-Term Debt      | 69,130              | -                    | -                                  | -                                |
| Total Governmental Activities   | <u>1,680,957</u>    | <u>212,581</u>       | <u>72,996</u>                      | <u>1,049,291</u>                 |
| <b>Business-Type Activities</b> |                     |                      |                                    |                                  |
| Sewer Utility                   | 193,938             | 271,127              | -                                  | 68,342                           |
| Water Utility                   | <u>293,975</u>      | <u>275,209</u>       | <u>-</u>                           | <u>57,914</u>                    |
| Total Business-Type Activities  | <u>487,913</u>      | <u>546,336</u>       | <u>-</u>                           | <u>126,256</u>                   |
| TOTAL PRIMARY GOVERNMENT        | <u>\$ 2,168,870</u> | <u>\$ 758,917</u>    | <u>\$ 72,996</u>                   | <u>\$ 1,175,547</u>              |
| <b>Component Unit</b>           |                     |                      |                                    |                                  |
| Downtown Development Authority  | <u>\$ 524,597</u>   | <u>\$ -</u>          | <u>\$ -</u>                        | <u>\$ 314,800</u>                |

GENERAL REVENUES

Property Taxes  
 Specific Ownership Taxes  
 Incremental Property Taxes  
 Sales and Use Taxes  
 Franchise Taxes  
 Investment Income  
 Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET ASSETS

NET ASSETS, Beginning

NET ASSETS, Ending

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



NET EXPENSE REVENUE AND CHANGE IN NET ASSETS

| PRIMARY GOVERNMENT         |                             |                     | COMPONENT<br>UNIT                    |
|----------------------------|-----------------------------|---------------------|--------------------------------------|
| GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL               | DOWNTOWN<br>DEVELOPMENT<br>AUTHORITY |
| \$ (665,675)               | \$ -                        | \$ (665,675)        | \$ -                                 |
| (343,808)                  | -                           | (343,808)           | -                                    |
| (30,689)                   | -                           | (30,689)            | -                                    |
| 709,656                    | -                           | 709,656             | -                                    |
| (80,449)                   | -                           | (80,449)            | -                                    |
| 134,006                    | -                           | 134,006             | -                                    |
| (69,130)                   | -                           | (69,130)            | -                                    |
| <u>(346,089)</u>           | <u>-</u>                    | <u>(346,089)</u>    | <u>-</u>                             |
| -                          | 145,531                     | 145,531             | -                                    |
| <u>-</u>                   | <u>39,148</u>               | <u>39,148</u>       | <u>-</u>                             |
| -                          | 184,679                     | 184,679             | -                                    |
| <u>(346,089)</u>           | <u>184,679</u>              | <u>(161,410)</u>    | <u>-</u>                             |
|                            |                             |                     | <u>209,797</u>                       |
| 334,215                    | -                           | 334,215             | 25,757                               |
| 16,394                     | -                           | 16,394              | 1,276                                |
| -                          | -                           | -                   | 67,811                               |
| 498,947                    | 172,235                     | 671,182             | -                                    |
| 41,261                     | -                           | 41,261              | -                                    |
| 2,200                      | 6,378                       | 8,578               | 550                                  |
| 11,548                     | -                           | 11,548              | -                                    |
| <u>904,565</u>             | <u>178,613</u>              | <u>1,083,178</u>    | <u>95,394</u>                        |
| 558,476                    | 363,292                     | 921,768             | (114,403)                            |
| <u>3,829,665</u>           | <u>2,077,996</u>            | <u>5,907,661</u>    | <u>37,199</u>                        |
| <u>\$ 4,388,141</u>        | <u>\$ 2,441,288</u>         | <u>\$ 6,829,429</u> | <u>\$ (77,204)</u>                   |

TOWN OF NEDERLAND, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2009

|                                      | <u>GENERAL</u>    | <u>COMMUNITY<br/>CENTER</u> | <u>NONMAJOR<br/>FUNDS</u> | <u>TOTAL</u>      |
|--------------------------------------|-------------------|-----------------------------|---------------------------|-------------------|
| <b>ASSETS</b>                        |                   |                             |                           |                   |
| Cash and Investments                 | \$ 89,082         | \$ 4,615                    | \$ 4,000                  | \$ 97,697         |
| Accounts Receivable                  | -                 | 20,355                      | -                         | 20,355            |
| Property Taxes Receivable            | 338,000           | -                           | -                         | 338,000           |
| Grants Receivable                    | 71,169            | -                           | -                         | 71,169            |
| Other Receivables                    | 63,232            | -                           | -                         | 63,232            |
| Interfund Receivables                | 109,500           | -                           | -                         | 109,500           |
| Land Held for Resale                 | -                 | -                           | 110,000                   | 110,000           |
|                                      | <hr/>             | <hr/>                       | <hr/>                     | <hr/>             |
| TOTAL ASSETS                         | \$ <u>670,983</u> | \$ <u>24,970</u>            | \$ <u>114,000</u>         | \$ <u>809,953</u> |
| <b>LIABILITIES AND FUND BALANCES</b> |                   |                             |                           |                   |
| <b>LIABILITIES</b>                   |                   |                             |                           |                   |
| Accounts Payable                     | \$ 56,166         | \$ 4,784                    | \$ 4,000                  | \$ 64,950         |
| Accrued Liabilities                  | 6,584             | 594                         | -                         | 7,178             |
| Deferred Property Taxes              | 338,000           | -                           | -                         | 338,000           |
| Interfund Payables                   | -                 | -                           | 109,500                   | 109,500           |
|                                      | <hr/>             | <hr/>                       | <hr/>                     | <hr/>             |
| TOTAL LIABILITIES                    | 400,750           | 5,378                       | 113,500                   | 519,628           |
| <b>FUND BALANCES</b>                 |                   |                             |                           |                   |
| Reserved for Emergencies             | 66,000            | -                           | -                         | 66,000            |
| Reserved for Interfund Receivable    | 109,500           | -                           | -                         | 109,500           |
| Unreserved, Reported in              |                   |                             |                           |                   |
| General Fund                         | 94,733            | -                           | -                         | 94,733            |
| Special Revenue Funds                | -                 | 19,592                      | 500                       | 20,092            |
|                                      | <hr/>             | <hr/>                       | <hr/>                     | <hr/>             |
| TOTAL FUND BALANCES                  | 270,233           | 19,592                      | 500                       | 290,325           |
|                                      | <hr/>             | <hr/>                       | <hr/>                     | <hr/>             |
| TOTAL LIABILITIES AND FUND BALANCES  | \$ <u>670,983</u> | \$ <u>24,970</u>            | \$ <u>114,000</u>         | \$ <u>809,953</u> |

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

|  |                     |
|--|---------------------|
| Total Fund Balances of Governmental Funds  | \$ 290,325          |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This amount is net of accumulated depreciation of \$1,349,555.   | 5,503,660           |
| Long-term liabilities, including bonds payable (\$1,180,000), notes payable (\$128,134), capital leases (\$69,575), accrued interest payable (\$8,604) and accrued compensated absences (\$19,531), are not due and payable in the current year and, therefore, are not reported in the funds. | (1,405,844)         |
| Total Net Assets of Governmental Activities  | <u>\$ 4,388,141</u> |

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended December 31, 2009

|   | <u>GENERAL</u> | <u>COMMUNITY<br/>CENTER</u> | <u>NONMAJOR<br/>FUNDS</u> | <u>TOTAL</u> |
|---|----------------|-----------------------------|---------------------------|--------------|
| REVENUES  |                |                             |                           |              |
| Taxes   | \$ 761,641     | \$ 129,176                  | \$ -                      | \$ 890,817   |
| Licenses and Permits                            | 34,901         | -                           | -                         | 34,901       |
| Intergovernmental                               | 578,012        | 22,000                      | 13,796                    | 613,808      |
| Charges for Services                            | 26,144         | 85,661                      | -                         | 111,805      |
| Fines and Forfeitures                           | 65,875         | -                           | -                         | 65,875       |
| Investment Income                               | 2,200          | -                           | -                         | 2,200        |
| Miscellaneous                                   | 5,550          | 3,303                       | -                         | 8,853        |
|   | <hr/>          | <hr/>                       | <hr/>                     | <hr/>        |
| TOTAL REVENUES                                  | 1,474,323      | 240,140                     | 13,796                    | 1,728,259    |
| EXPENDITURES                                    |                |                             |                           |              |
| Current   |                |                             |                           |              |
| General Government                              | 513,561        | -                           | -                         | 513,561      |
| Administration and Finance                      | 137,474        | -                           | -                         | 137,474      |
| Municipal Court                                 | 29,757         | -                           | -                         | 29,757       |
| Law Enforcement                                 | 411,908        | -                           | -                         | 411,908      |
| Planning and Zoning                             | 67,427         | -                           | -                         | 67,427       |
| Highways and Streets                            | 154,613        | -                           | -                         | 154,613      |
| Community Center                                | -              | 106,512                     | -                         | 106,512      |
| Parks and Recreation                            | 59,934         | -                           | -                         | 59,934       |
| Capital Outlay                                  | 156,378        | -                           | -                         | 156,378      |
| Debt Service                                    |                |                             |                           |              |
| Principal                                       | 23,109         | 70,000                      | 7,843                     | 100,952      |
| Interest and Fiscal Charges                     | 2,455          | 49,914                      | 8,157                     | 60,526       |
|   | <hr/>          | <hr/>                       | <hr/>                     | <hr/>        |
| TOTAL EXPENDITURES                              | 1,556,616      | 226,426                     | 16,000                    | 1,799,042    |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | <hr/>          | <hr/>                       | <hr/>                     | <hr/>        |
|   | (82,293)       | 13,714                      | (2,204)                   | (70,783)     |
| OTHER FINANCING SOURCES (USES)                  |                |                             |                           |              |
| Transfers In                                    | -              | 14,847                      | 2,204                     | 17,051       |
| Transfers Out                                   | (17,051)       | -                           | -                         | (17,051)     |
| Lease Proceeds                                  | 92,684         | -                           | -                         | 92,684       |
|   | <hr/>          | <hr/>                       | <hr/>                     | <hr/>        |
| TOTAL OTHER FINANCING SOURCES (USES)            | 75,633         | 14,847                      | 2,204                     | 92,684       |
| NET CHANGE IN FUND BALANCES                     | (6,660)        | 28,561                      | -                         | 21,901       |
| FUND BALANCES, Beginning                        | <hr/>          | <hr/>                       | <hr/>                     | <hr/>        |
|   | 276,893        | (8,969)                     | 500                       | 268,424      |
| FUND BALANCES, Ending                           | <hr/>          | <hr/>                       | <hr/>                     | <hr/>        |
|   | \$ 270,233     | \$ 19,592                   | \$ 500                    | \$ 290,325   |

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, 2009

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

|   |    |                       |
|---|----|-----------------------|
| Net Change in Fund Balances of Governmental Funds   | \$ | 21,901                |
| Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital contributions from component unit \$511,174 and capital outlay \$169,779 exceeded depreciation expense (\$153,366) in the current year.                    |    | 527,587               |
| Repayments of bonds \$70,000, notes \$7,843, and capital leases \$23,109 are expenditures in the governmental funds, but they reduce long-term liabilities in the statement of net assets and do not affect the statement of activities. The changes in accrued compensated absences \$9,324 and accrued interest payable (\$8,604) are reported in the statement of activities but do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. |    | 101,672               |
| Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.   |    | <u>(92,684)</u>       |
| Change in Net Assets of Governmental Activities   | \$ | <u><u>558,476</u></u> |

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
December 31, 2009

|   | SEWER      | WATER        | TOTAL        |
|---|------------|--------------|--------------|
| <b>ASSETS</b>                                   |            |              |              |
| <b>Current Assets</b>                           |            |              |              |
| Cash and Investments                            | \$ 196,905 | \$ 493,059   | \$ 689,964   |
| Accounts Receivable                             | 55,466     | 55,390       | 110,856      |
| Other Receivables                               | -          | 27,140       | 27,140       |
| Inventories                                     | -          | 8,031        | 8,031        |
|   | 252,371    | 583,620      | 835,991      |
| <b>TOTAL CURRENT ASSETS</b>                     |            |              |              |
| <b>Noncurrent Assets</b>                        |            |              |              |
| Restricted Cash and Investments                 | -          | 2,273,921    | 2,273,921    |
| Capital Assets, Not Being Depreciated           | 253,602    | 265,723      | 519,325      |
| Capital Assets, Net of Accumulated Depreciation | 325,438    | 1,067,712    | 1,393,150    |
|   | 579,040    | 3,607,356    | 4,186,396    |
| <b>TOTAL NONCURRENT ASSETS</b>                  |            |              |              |
|   | 831,411    | 4,190,976    | 5,022,387    |
| <b>TOTAL ASSETS</b>                             |            |              |              |
| <b>LIABILITIES</b>                              |            |              |              |
| <b>Current Liabilities</b>                      |            |              |              |
| Accounts Payable                                | 46,577     | 13,103       | 59,680       |
| Accrued Liabilities                             | 1,293      | 1,293        | 2,586        |
| Accrued Interest Payable                        | -          | 8,333        | 8,333        |
| Loans Payable, Current Portion                  | -          | 102,789      | 102,789      |
|   | 47,870     | 125,518      | 173,388      |
| <b>TOTAL CURRENT LIABILITIES</b>                |            |              |              |
| <b>Noncurrent Liabilities</b>                   |            |              |              |
| Compensated Absences Payable                    | 5,250      | 5,250        | 10,500       |
| Loans Payable                                   | -          | 2,397,211    | 2,397,211    |
|   | 5,250      | 2,402,461    | 2,407,711    |
| <b>TOTAL NONCURRENT LIABILITIES</b>             |            |              |              |
|   | 53,120     | 2,527,979    | 2,581,099    |
| <b>TOTAL LIABILITIES</b>                        |            |              |              |
| <b>NET ASSETS</b>                               |            |              |              |
| Invested in Capital Assets, Net of Related Debt | 579,040    | 1,107,356    | 1,686,396    |
| Unrestricted                                    | 199,251    | 555,641      | 754,892      |
|   | 778,291    | 1,662,997    | 2,441,288    |
| <b>TOTAL NET ASSETS</b>                         |            |              |              |
|   | \$ 778,291 | \$ 1,662,997 | \$ 2,441,288 |

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
 Year Ended December 31, 2009

|  | <u>SEWER</u>      | <u>WATER</u>        | <u>TOTAL</u>        |
|--|-------------------|---------------------|---------------------|
| OPERATING REVENUES                         |                   |                     |                     |
| Charges for Services                       | \$ 268,108        | \$ 264,880          | \$ 532,988          |
| Miscellaneous                              | 3,019             | 10,329              | 13,348              |
| TOTAL OPERATING REVENUES                   | <u>271,127</u>    | <u>275,209</u>      | <u>546,336</u>      |
| OPERATING EXPENSES                         |                   |                     |                     |
| Personnel                                  | 103,385           | 100,569             | 203,954             |
| Operations                                 | 60,318            | 118,226             | 178,544             |
| Depreciation                               | 30,235            | 57,892              | 88,127              |
| Amortization                               | -                 | 717                 | 717                 |
| TOTAL OPERATING EXPENSES                   | <u>193,938</u>    | <u>277,404</u>      | <u>471,342</u>      |
| OPERATING INCOME (LOSS)                    | <u>77,189</u>     | <u>(2,195)</u>      | <u>74,994</u>       |
| NONOPERATING REVENUES (EXPENSES)           |                   |                     |                     |
| Sales and Use Taxes                        | -                 | 172,235             | 172,235             |
| Investment Income                          | 2,251             | 4,127               | 6,378               |
| Interest Expense                           | -                 | (16,571)            | (16,571)            |
| TOTAL NONOPERATING REVENUES (EXPENSES)     | <u>2,251</u>      | <u>159,791</u>      | <u>162,042</u>      |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS | 79,440            | 157,596             | 237,036             |
| CAPITAL CONTRIBUTIONS                      |                   |                     |                     |
| Plant Investment Fees                      | <u>68,342</u>     | <u>57,914</u>       | <u>126,256</u>      |
| CHANGE IN NET ASSETS                       | 147,782           | 215,510             | 363,292             |
| NET ASSETS, Beginning                      | <u>630,509</u>    | <u>1,447,487</u>    | <u>2,077,996</u>    |
| NET ASSETS, Ending                         | <u>\$ 778,291</u> | <u>\$ 1,662,997</u> | <u>\$ 2,441,288</u> |

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Increase (Decrease) in Cash and Cash Equivalents  
Year Ended December 31, 2009

|   | <u>SEWER</u>             | <u>WATER</u>               | <u>TOTAL</u>               |
|---|--------------------------|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                          |                            |                            |
| Cash Received from Customers  | \$ 265,286               | \$ 291,941                 | \$ 557,227                 |
| Cash Payments to Employees  | (104,344)                | (101,528)                  | (205,872)                  |
| Cash Payments to Suppliers  | (26,099)                 | (124,117)                  | (150,216)                  |
| Net Cash Provided by Operating Activities   | <u>134,843</u>           | <u>66,296</u>              | <u>201,139</u>             |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |                          |                            |                            |
| Sales and Use Taxes Received  | -                        | 172,235                    | 172,235                    |
| Net Cash Provided by Noncapital Financing Activities  | <u>-</u>                 | <u>172,235</u>             | <u>172,235</u>             |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                               |                          |                            |                            |
| Plant Investment Fees Received  | 68,342                   | 57,914                     | 126,256                    |
| Loan Proceeds   | -                        | 2,500,000                  | 2,500,000                  |
| Purchases of Capital Assets   | (167,822)                | (119,917)                  | (287,739)                  |
| Principal Payments  | -                        | (70,000)                   | (70,000)                   |
| Interest Payments   | -                        | (4,495)                    | (4,495)                    |
| Net Cash Provided (Used) by Capital and Related Financing Activities                          | <u>(99,480)</u>          | <u>2,363,502</u>           | <u>2,264,022</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                          |                            |                            |
| Interest Earnings Received  | 2,251                    | 4,127                      | 6,378                      |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>  | <b>37,614</b>            | <b>2,606,160</b>           | <b>2,643,774</b>           |
| <b>CASH AND CASH EQUIVALENTS, Beginning</b>   | <b>159,291</b>           | <b>160,820</b>             | <b>320,111</b>             |
| <b>CASH AND CASH EQUIVALENTS, Ending</b>  | <b>\$ <u>196,905</u></b> | <b>\$ <u>2,766,980</u></b> | <b>\$ <u>2,963,885</u></b> |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |                          |                            |                            |
| Operating Income (Loss)   | \$ 77,189                | \$ (2,195)                 | \$ 74,994                  |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities |                          |                            |                            |
| Depreciation  | 30,235                   | 57,892                     | 88,127                     |
| Amortization  | -                        | 717                        | 717                        |
| Changes in Assets and Liabilities   |                          |                            |                            |
| Accounts Receivable   | (5,841)                  | 18,445                     | 12,604                     |
| Other Receivables   | -                        | (1,713)                    | (1,713)                    |
| Inventories   | -                        | 2,072                      | 2,072                      |
| Accounts Payable  | 34,219                   | (7,963)                    | 26,256                     |
| Accrued Liabilities   | (121)                    | (121)                      | (242)                      |
| Compensated Absences Payable  | (838)                    | (838)                      | (1,676)                    |
| Net Cash Provided by Operating Activities   | <u>\$ 134,843</u>        | <u>\$ 66,296</u>           | <u>\$ 201,139</u>          |

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Nederland, Colorado (the “Town”) conform to generally accepted accounting principles as applicable to government entities. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

**Reporting Entity**

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 organizations that are fiscally dependent upon it.

*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 does not issue separate financial statements and is discretely presented in the financial statements, although it is considered nonmajor for financial reporting purposes.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the Town and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *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. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the Town is financially accountable.



NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**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 segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to 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*. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual 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 revenues 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues 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.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The 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.

**Assets, Liabilities and Net Assets/Fund Balances**

*Cash and Investments* - For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less. The Town considers all pooled cash and investments to be cash equivalents. Investments are stated at fair value.

*Receivables* - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Interfund Receivables and Payables* - Temporary loans between individual funds are classified on the balance sheet as *interfund receivables* and *interfund payables*.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

*Inventories* - Inventories are valued using the average cost method. Materials and supplies purchased by the governmental funds are charged to operations when purchased.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Assets/Fund Balances (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.

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

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives.

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

*Deferred Revenues* - Deferred revenues include grants that have been collected but the corresponding expenditures have not been incurred. Property taxes earned but levied for a subsequent year are also reported as deferred revenues in the financial statements.

*Compensated Absences* - Employees of the Town are allowed to accumulate paid time off to a maximum of 280 hours. Upon retirement or separation from the Town, employees with six months of continuous service will be paid 50% of accumulated paid time off if employed less than three years, and 75% of accumulated paid time off if employed more than three years.

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

*Long-Term Debt* - In the government-wide financial statements, and the proprietary funds 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 statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Assets/Fund Balances (Continued)**

In the fund financial statements, governmental funds recognize the face amount of debt issued 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 current expenditures.

*Net Assets/Fund Balance* - In the government-wide financial statements and the proprietary funds in the fund financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**Property Taxes**

Property taxes attach as an enforceable lien on property on January 1 and are levied the following 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 reported at December 31.

**NOTE 2: CASH AND INVESTMENTS**

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2009, the Town had bank deposits of \$567,201 collateralized with securities held by the financial institution's agent but not in the Town's name.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments**

The Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, custodial and concentration risk criteria in which local governments may invest, which include the following. State statutes generally limit investments to an original maturity of five years, unless the governing board authorizes the investment for a period in excess of five years.

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

At December 31, 2009, the Colorado Water Resources and Power Development Authority held cash and investments, representing loan proceeds restricted for improvements to the water treatment facility, of \$2,273,921, on behalf of the Town but not in the Town's name.

**NOTE 3: INTERFUND BALANCES AND TRANSACTIONS**

At December 31, 2009, the Mud Lake Fund owed \$109,500 to the General Fund. This interfund loan will be paid once the land held for resale is sold.

Interfund transfers for the year ended December 31, 2009, consisted of the following:

| <u>Transfers In</u>     | <u>Transfers Out</u> |                         |
|-------------------------|----------------------|-------------------------|
| Community Center Fund   | General Fund         | \$ 14,847               |
| Conservation Trust Fund | General Fund         | <u>2,204</u>            |
| Total                   |                      | <u><u>\$ 17,051</u></u> |

The General Fund routinely provides assistance with debt service to the Community Center and Conservation Trust Funds.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE 4: CAPITAL ASSETS**

Capital asset transactions for the year ended December 31, 2009, are summarized below.

|  | Balances<br>12/31/08 | Additions         | Deletions   | Balances<br>12/31/09 |
|--|----------------------|-------------------|-------------|----------------------|
| <b>Governmental Activities</b>               |                      |                   |             |                      |
| Capital Assets, Not Being Depreciated        |                      |                   |             |                      |
| Land and Sites                               | \$ 678,738           | \$ -              | \$ -        | \$ 678,738           |
| Capital Assets, Being Depreciated            |                      |                   |             |                      |
| Land Improvements                            | 624,376              | 588,269           | -           | 1,212,645            |
| Buildings                                    | 4,155,447            | -                 | -           | 4,155,447            |
| Transportation Equipment                     | 350,823              | 31,335            | 34,800      | 347,358              |
| Other Equipment                              | 460,678              | 61,349            | 63,000      | 459,027              |
| Total Capital Assets, Being Depreciated      | 5,591,324            | 680,953           | 97,800      | 6,174,477            |
| Less Accumulated Depreciation                |                      |                   |             |                      |
| Land Improvements                            | (279,656)            | (22,724)          | -           | (302,380)            |
| Buildings                                    | (291,976)            | (81,915)          | -           | (373,891)            |
| Transportation Equipment                     | (308,243)            | (22,271)          | (34,800)    | (295,714)            |
| Other Equipment                              | (414,114)            | (26,456)          | (63,000)    | (377,570)            |
| Total Accumulated Depreciation               | (1,293,989)          | (153,366)         | (97,800)    | (1,349,555)          |
| Total Capital Assets, Being Depreciated, Net | 4,297,335            | 527,587           | -           | 4,824,922            |
| Governmental Activities Capital Assets, Net  | <u>\$ 4,976,073</u>  | <u>\$ 527,587</u> | <u>\$ -</u> | <u>\$ 5,503,660</u>  |
| <b>Business-Type Activities</b>              |                      |                   |             |                      |
| Capital Assets, Not Being Depreciated        |                      |                   |             |                      |
| Land   | \$ 11,436            | \$ -              | \$ -        | \$ 11,436            |
| Water Rights                                 | 35,000               | -                 | -           | 35,000               |
| Construction in Progress                     | 185,150              | 287,739           | -           | 472,889              |
| Total Capital Assets, Not Being Depreciated  | 231,586              | 287,739           | -           | 519,325              |
| Capital Assets, Being Depreciated            |                      |                   |             |                      |
| Plant and Infrastructure                     | 3,641,008            | -                 | -           | 3,641,008            |
| Equipment                                    | 190,156              | -                 | -           | 190,156              |
| Transportation Equipment                     | 182,228              | -                 | -           | 182,228              |
| Total Capital Assets, Being Depreciated      | 4,013,392            | -                 | -           | 4,013,392            |
| Less Accumulated Depreciation                |                      |                   |             |                      |
| Plant and Infrastructure                     | (2,295,613)          | (79,702)          | -           | (2,375,315)          |
| Equipment                                    | (54,274)             | (8,425)           | -           | (62,699)             |
| Transportation Equipment                     | (182,228)            | -                 | -           | (182,228)            |
| Total Accumulated Depreciation               | (2,532,115)          | (88,127)          | -           | (2,620,242)          |
| Total Capital Assets, Being Depreciated, Net | 1,481,277            | (88,127)          | -           | 1,393,150            |
| Business-Type Activities Capital Assets, Net | <u>\$ 1,712,863</u>  | <u>\$ 199,612</u> | <u>\$ -</u> | <u>\$ 1,912,475</u>  |

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE 4: CAPITAL ASSETS (Continued)**

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

|                         |                              |
|-------------------------|------------------------------|
| Governmental Activities |                              |
| General Government      | \$ 16,533                    |
| Law Enforcement         | 15,986                       |
| Highways and Streets    | 34,506                       |
| Community Center        | 81,915                       |
| Parks and Recreation    | <u>4,426</u>                 |
| <br>Total               | <br><u><u>\$ 153,366</u></u> |

**NOTE 5: LONG-TERM DEBT**

**Governmental Activities**

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2009.

|                               | <u>Balance</u><br>12/31/08     | <u>Additions</u>            | <u>Payments</u>              | <u>Balance</u><br>12/31/09     | <u>Due Within</u><br><u>One Year</u> |
|-------------------------------|--------------------------------|-----------------------------|------------------------------|--------------------------------|--------------------------------------|
| 2003 General Obligation Bonds | \$ 1,250,000                   | \$ -                        | \$ 70,000                    | \$ 1,180,000                   | \$ 70,000                            |
| 2000 Land Purchase Note       | 135,977                        | -                           | 7,843                        | 128,134                        | 8,339                                |
| 2009 Capital Leases           | -                              | 92,684                      | 23,109                       | 69,575                         | 30,454                               |
| Compensated Absences          | <u>28,855</u>                  | <u>-</u>                    | <u>9,324</u>                 | <u>19,531</u>                  | <u>-</u>                             |
| <br>Total                     | <br><u><u>\$ 1,414,832</u></u> | <br><u><u>\$ 92,684</u></u> | <br><u><u>\$ 110,276</u></u> | <br><u><u>\$ 1,397,240</u></u> | <br><u><u>\$ 108,793</u></u>         |

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

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

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE 5: LONG-TERM DEBT (Continued)**

**Governmental Activities (Continued)**

Annual debt service requirements for the bonds at December 31, 2009, are as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u>           | <u>Interest</u>          | <u>Total</u>               |
|---------------------------------|----------------------------|--------------------------|----------------------------|
| 2010                            | \$ 70,000                  | \$ 47,664                | \$ 117,664                 |
| 2011                            | 75,000                     | 45,354                   | 120,354                    |
| 2012                            | 75,000                     | 42,729                   | 117,729                    |
| 2013                            | 80,000                     | 40,010                   | 120,010                    |
| 2014                            | 85,000                     | 36,970                   | 121,970                    |
| 2015 - 2019                     | 465,000                    | 131,540                  | 596,540                    |
| 2020 - 2022                     | <u>330,000</u>             | <u>28,810</u>            | <u>358,810</u>             |
| Total                           | <b><u>\$ 1,180,000</u></b> | <b><u>\$ 373,077</u></b> | <b><u>\$ 1,553,077</u></b> |

During 2000, the Town entered into a loan agreement to purchase land for \$152,500. Quarterly principal and interest payments of \$4,000 are required through June, 2020, including interest accruing at 6.3%. All payments will be made from the Conservation Trust Fund. Annual debt service requirements for the loan at December 31, 2009, are as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u>         | <u>Interest</u>         | <u>Total</u>             |
|---------------------------------|--------------------------|-------------------------|--------------------------|
| 2010                            | \$ 8,339                 | \$ 7,661                | \$ 16,000                |
| 2011                            | 8,867                    | 7,133                   | 16,000                   |
| 2012                            | 9,409                    | 6,591                   | 16,000                   |
| 2013                            | 10,024                   | 5,976                   | 16,000                   |
| 2014                            | 10,658                   | 5,342                   | 16,000                   |
| 2015 - 2019                     | 64,862                   | 15,138                  | 80,000                   |
| 2020                            | <u>15,975</u>            | <u>25</u>               | <u>16,000</u>            |
| Total                           | <b><u>\$ 128,134</u></b> | <b><u>\$ 47,866</u></b> | <b><u>\$ 176,000</u></b> |

During 2009, the Town entered into two capital leases to finance the purchase of a police vehicle and a backhoe. Monthly installments of \$933 and \$1,810, respectively, including interest at 5%, are due through April and February, 2012, respectively. Capital assets of \$92,684 have been capitalized under these leases. Future minimum lease payments are as follows.

| <u>Year Ending December 31,</u> |                         |
|---------------------------------|-------------------------|
| 2010                            | \$ 32,916               |
| 2011                            | 32,916                  |
| 2012                            | 7,357                   |
| Less: Interest Portion          | <u>(3,614)</u>          |
| Total                           | <b><u>\$ 69,575</u></b> |



TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE 5: 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, 2009.

|                            | <u>Balance</u><br><u>12/31/08</u> | <u>Additions</u>    | <u>Payments</u>  | <u>Balance</u><br><u>12/31/09</u> | <u>Due Within</u><br><u>One Year</u> |
|----------------------------|-----------------------------------|---------------------|------------------|-----------------------------------|--------------------------------------|
| 1996 Water Refunding Bonds | \$ 70,000                         | \$ -                | \$ 70,000        | \$ -                              | \$ -                                 |
| Loss on Refunding          | (5,278)                           | -                   | (5,278)          | -                                 | -                                    |
| CWRPDA Loan                | -                                 | 2,500,000           | -                | 2,500,000                         | 102,789                              |
| Compensated Absences       | <u>12,176</u>                     | <u>-</u>            | <u>1,676</u>     | <u>10,500</u>                     | <u>-</u>                             |
| Total                      | <u>\$ 76,898</u>                  | <u>\$ 2,500,000</u> | <u>\$ 66,398</u> | <u>\$ 2,510,500</u>               | <u>\$ 102,789</u>                    |

In 1996, the Town issued General Obligation Water Refunding Bonds in the amount of \$435,000. The bonds required interest payments in February and principal and interest payments in December. Interest accrued at rates ranging from 5.3% to 5.85%. During the year ended December 31, 2009, these bonds were paid in full.

On January 30, 2009, the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority (“CWRPDA”). Loan proceeds will be 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, 2010, through November, 2029. Interest accrues at 2% per annum. This loan is payable solely from a 1% sales and use tax, and from revenues of the water utility system after deducting operation and maintenance expenses. During the year ended December 31, 2009, net revenues of \$290,690 were available to pay future debt service. Debt service requirements to maturity are as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|---------------------------------|---------------------|-------------------|---------------------|
| 2010                            | \$ 102,789          | \$ 49,489         | \$ 152,278          |
| 2011                            | 104,856             | 47,422            | 152,278             |
| 2012                            | 106,963             | 45,315            | 152,278             |
| 2013                            | 109,113             | 43,165            | 152,278             |
| 2014                            | 111,306             | 40,972            | 152,278             |
| 2015 - 2019                     | 591,002             | 170,388           | 761,390             |
| 2020 - 2024                     | 652,835             | 108,555           | 761,390             |
| 2025 - 2029                     | <u>721,136</u>      | <u>40,254</u>     | <u>761,390</u>      |
| Total                           | <u>\$ 2,500,000</u> | <u>\$ 545,560</u> | <u>\$ 3,045,560</u> |

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE 5: LONG-TERM DEBT (Continued)**

**Component Unit**

Following is a summary of long-term debt transactions for the component unit for the year ended December 31, 2009.

|              | <u>Balance</u><br><u>12/31/08</u> | <u>Additions</u>  | <u>Payments</u> | <u>Balance</u><br><u>12/31/09</u> | <u>Due Within</u><br><u>One Year</u> |
|--------------|-----------------------------------|-------------------|-----------------|-----------------------------------|--------------------------------------|
| Loan Payable | <u>\$ -</u>                       | <u>\$ 300,000</u> | <u>\$ -</u>     | <u>\$ 300,000</u>                 | <u>\$ 15,311</u>                     |

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

| <u>Year Ending December 31,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|---------------------------------|-------------------|------------------|-------------------|
| 2010                            | \$ 15,311         | \$ 13,690        | \$ 29,001         |
| 2011                            | 24,345            | 19,157           | 43,502            |
| 2012                            | 26,105            | 17,397           | 43,502            |
| 2013                            | 27,992            | 15,510           | 43,502            |
| 2014                            | <u>206,247</u>    | <u>10,313</u>    | <u>216,560</u>    |
| Total                           | <u>\$ 300,000</u> | <u>\$ 76,067</u> | <u>\$ 376,067</u> |

**NOTE 6: RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss and for workers compensation, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE 6: RISK MANAGEMENT (Continued)**

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the Town does not approve budgets nor does it have ability to significantly affect the operations of CIRSA.

**NOTE 7: EMPLOYEE PENSION PLAN**

**Deferred Compensation**

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.

Investments are managed by the International City Managers Association Retirement Corporation (ICMARC) under a number of investment options. The choice of investment option is made by the employee. During the year ended December 31, 2009, the Town contributed \$20,010 to the plan.

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

**Grants**

Grants from governmental entities are governed by various rules and regulations of the grantor agencies. Under the terms of the grants, costs charged to the grant programs are subject to audit and adjustment by the grantor agency. Such audit could lead to reimbursement to the grantor agency. Management believes there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants the Town has received. Therefore, no provision has been recorded in the accompanying financial statements for such 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 the State and local governments. The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the Amendment. However, the Town has made certain interpretations of the Amendment's language in order to determine compliance.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

**NOTE 8: COMMITMENTS AND CONTINGENCIES (Continued)**

**Tabor Amendment (Continued)**

In November 1995, the Town citizens approved a ballot question allowing the Town to retain revenues in excess of the Tabor revenue limits to be used for the prepayment of debt incurred before February 1, 1995. In the same election, a second question allowed the Town to exclude non-federal grants from the Tabor revenue limit.

In November of 1999, the Town citizens approved two ballot questions allowing the Town to retain revenues in excess of the Tabor revenue limits to be used for open space acquisition and capital expenditures.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2009, the emergency reserve, of \$66,000, was reported as a reservation of fund balance in the General Fund.

**Litigation**

The Town is involved in various litigation. The outcome of this litigation cannot be determined at this time.

**NOTE 9: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Accountability**

At December 31, 2009, the Downtown Development Authority had negative net assets of \$77,204. Management expects this negative balance to be eliminated as the Authority's debt is paid.

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF NEDERLAND, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2009

|   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>     | VARIANCE<br>Positive<br>(Negative) |
|---|----------------------------|-------------------------|-------------------|------------------------------------|
| <b>REVENUES</b>   |                            |                         |                   |                                    |
| Taxes   | \$ 809,304                 | \$ 809,304              | \$ 761,641        | \$ (47,663)                        |
| Licenses and Permits                                    | 73,375                     | 73,375                  | 34,901            | (38,474)                           |
| Intergovernmental                                       | 502,662                    | 968,662                 | 578,012           | (390,650)                          |
| Charges for Services                                    | 61,120                     | 61,120                  | 26,144            | (34,976)                           |
| Fines and Forfeitures                                   | 41,000                     | 41,000                  | 65,875            | 24,875                             |
| Investment Income                                       | 1,800                      | 1,800                   | 2,200             | 400                                |
| Miscellaneous   | 111,088                    | 111,088                 | 5,550             | (105,538)                          |
| <b>TOTAL REVENUES</b>                                   | <u>1,600,349</u>           | <u>2,066,349</u>        | <u>1,474,323</u>  | <u>(592,026)</u>                   |
| <b>EXPENDITURES</b>                                     |                            |                         |                   |                                    |
| General Government                                      | 505,029                    | 971,029                 | 577,255           | 393,774                            |
| Administration and Finance                              | 138,769                    | 138,769                 | 137,474           | 1,295                              |
| Municipal Court   | 36,150                     | 36,150                  | 29,757            | 6,393                              |
| Law Enforcement   | 392,273                    | 392,273                 | 419,372           | (27,099)                           |
| Planning and Zoning                                     | 130,271                    | 130,271                 | 67,427            | 62,844                             |
| Highways and Streets                                    | 188,910                    | 188,910                 | 265,397           | (76,487)                           |
| Parks and Recreation                                    | 57,189                     | 57,189                  | 59,934            | (2,745)                            |
| <b>TOTAL EXPENDITURES</b>                               | <u>1,448,591</u>           | <u>1,914,591</u>        | <u>1,556,616</u>  | <u>357,975</u>                     |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>151,758</u>             | <u>151,758</u>          | <u>(82,293)</u>   | <u>(234,051)</u>                   |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                            |                         |                   |                                    |
| Transfers Out   | (131,758)                  | (131,758)               | (17,051)          | 114,707                            |
| Lease Proceeds  | -                          | -                       | 92,684            | 92,684                             |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>             | <u>(131,758)</u>           | <u>(131,758)</u>        | <u>75,633</u>     | <u>207,391</u>                     |
| <b>NET CHANGE IN FUND BALANCE</b>                       | 20,000                     | 20,000                  | (6,660)           | (26,660)                           |
| <b>FUND BALANCE, Beginning</b>                          | <u>312,925</u>             | <u>312,925</u>          | <u>276,893</u>    | <u>(36,032)</u>                    |
| <b>FUND BALANCE, Ending</b>                             | <u>\$ 332,925</u>          | <u>\$ 332,925</u>       | <u>\$ 270,233</u> | <u>\$ (62,692)</u>                 |

See the accompanying Independent Auditors' Report.

TOWN OF NEDERLAND, COLORADO

BUDGETARY COMPARISON SCHEDULE

COMMUNITY CENTER FUND

Year Ended December 31, 2009

|   | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>    | VARIANCE<br>Positive<br>(Negative) |
|---|----------------------------|-------------------------|------------------|------------------------------------|
| <b>REVENUES</b>   |                            |                         |                  |                                    |
| Sales and Use Taxes                                     | \$ 128,103                 | \$ 128,103              | \$ 129,176       | \$ 1,073                           |
| Intergovernmental                                       | -                          | -                       | 22,000           | 22,000                             |
| Charges for Services                                    | 92,441                     | 92,441                  | 85,661           | (6,780)                            |
| Miscellaneous   | <u>2,000</u>               | <u>2,000</u>            | <u>3,303</u>     | <u>1,303</u>                       |
| <b>TOTAL REVENUES</b>                                   | <u>222,544</u>             | <u>222,544</u>          | <u>240,140</u>   | <u>17,596</u>                      |
| <b>EXPENDITURES</b>                                     |                            |                         |                  |                                    |
| Community Center  | 123,499                    | 123,499                 | 106,512          | 16,987                             |
| Debt Service  |                            |                         |                  |                                    |
| Principal   | 70,000                     | 70,000                  | 70,000           | -                                  |
| Interest and Fiscal Charges                             | <u>50,164</u>              | <u>50,164</u>           | <u>49,914</u>    | <u>250</u>                         |
| <b>TOTAL EXPENDITURES</b>                               | <u>243,663</u>             | <u>243,663</u>          | <u>226,426</u>   | <u>17,237</u>                      |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | (21,119)                   | (21,119)                | 13,714           | 34,833                             |
| <b>OTHER FINANCING SOURCES</b>                          |                            |                         |                  |                                    |
| Transfers In  | <u>20,758</u>              | <u>20,758</u>           | <u>14,847</u>    | <u>(5,911)</u>                     |
| <b>NET CHANGE IN FUND BALANCE</b>                       | (361)                      | (361)                   | 28,561           | 28,922                             |
| <b>FUND BALANCE, Beginning</b>                          | <u>(31,185)</u>            | <u>(31,185)</u>         | <u>(8,969)</u>   | <u>22,216</u>                      |
| <b>FUND BALANCE, Ending</b>                             | <u>\$ (31,546)</u>         | <u>\$ (31,546)</u>      | <u>\$ 19,592</u> | <u>\$ 51,138</u>                   |

See the accompanying Independent Auditors' Report.

TOWN OF NEDERLAND, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2009

**NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

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

- By October 15, management 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 an ordinance.
- Management 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 governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons presented for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and debt principal payments are budgeted as expenditures.
- All appropriations lapse at year end.

**Legal Compliance**

For the year ended December 31, 2009, the adopted budget for the Community Center Fund allowed for expenditures in excess of the resources available. This may be a violation of State statutes.



**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

TOWN OF NEDERLAND, COLORADO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2009

|  | <u>MUD LAKE</u>   | <u>CONSERVATION<br/>TRUST</u> | <u>TOTAL</u>      |
|--|-------------------|-------------------------------|-------------------|
| <b>ASSETS</b>                                    |                   |                               |                   |
| Cash and Investments                             | \$ -              | \$ 4,000                      | \$ 4,000          |
| Land Held for Resale                             | <u>110,000</u>    | <u>-</u>                      | <u>110,000</u>    |
| <b>TOTAL ASSETS</b>                              | <u>\$ 110,000</u> | <u>\$ 4,000</u>               | <u>\$ 114,000</u> |
| <b>LIABILITIES AND FUND BALANCES</b>             |                   |                               |                   |
| <b>LIABILITIES</b>                               |                   |                               |                   |
| Accounts Payable                                 | \$ -              | \$ 4,000                      | \$ 4,000          |
| Interfund Payable                                | <u>109,500</u>    | <u>-</u>                      | <u>109,500</u>    |
| <b>TOTAL LIABILITIES</b>                         | <u>109,500</u>    | <u>4,000</u>                  | <u>113,500</u>    |
| <b>FUND BALANCES</b>                             |                   |                               |                   |
| Unreserved, Reported in<br>Special Revenue Funds | <u>500</u>        | <u>-</u>                      | <u>500</u>        |
| <b>TOTAL FUND BALANCES</b>                       | <u>500</u>        | <u>-</u>                      | <u>500</u>        |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>       | <u>\$ 110,000</u> | <u>\$ 4,000</u>               | <u>\$ 114,000</u> |

See the accompanying Independent Auditors' Report.

TOWN OF NEDERLAND, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended December 31, 2009

|   | <u>MUD LAKE</u> | <u>CONSERVATION<br/>TRUST</u> | <u>TOTAL</u> |
|---|-----------------|-------------------------------|--------------|
| REVENUES  |                 |                               |              |
| Intergovernmental                               | \$ -            | \$ 13,796                     | \$ 13,796    |
| EXPENDITURES                                    |                 |                               |              |
| Debt Service                                    |                 |                               |              |
| Principal                                       | -               | 7,843                         | 7,843        |
| Interest and Fiscal Charges                     | -               | 8,157                         | 8,157        |
| TOTAL EXPENDITURES                              | -               | 16,000                        | 16,000       |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | -               | (2,204)                       | (2,204)      |
| OTHER FINANCING SOURCES                         |                 |                               |              |
| Transfers In                                    | -               | 2,204                         | 2,204        |
| NET CHANGE IN FUND BALANCES                     | -               | -                             | -            |
| FUND BALANCES, Beginning                        | 500             | -                             | 500          |
| FUND BALANCES, Ending                           | \$ 500          | \$ -                          | \$ 500       |

See the accompanying Independent Auditors' Report.

TOWN OF NEDERLAND, COLORADO

BUDGETARY COMPARISON SCHEDULE

MUD LAKE FUND

Year Ended December 31, 2009

|                            | <u>ORIGINAL<br/>AND FINAL<br/>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE<br/>Positive<br/>(Negative)</u> |
|----------------------------|--|---------------|---|
| OTHER FINANCING SOURCES    |  |               |   |
| Transfers In               | \$ <u>110,000</u>                        | \$ <u>-</u>   | \$ <u>(110,000)</u>                         |
| NET CHANGE IN FUND BALANCE | 110,000                                  | -             | (110,000)                                   |
| FUND BALANCE, Beginning    | <u>(109,501)</u>                         | <u>500</u>    | <u>110,001</u>                              |
| FUND BALANCE, Ending       | <u>\$ 499</u>                            | <u>\$ 500</u> | <u>\$ 1</u>                                 |

See the accompanying Independent Auditors' Report.

TOWN OF NEDERLAND, COLORADO

BUDGETARY COMPARISON SCHEDULE

CONSERVATION TRUST FUND

Year Ended December 31, 2009

|   | <u>ORIGINAL<br/>AND FINAL<br/>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE<br/>Positive<br/>(Negative)</u> |
|---|--|---------------|---|
| REVENUES  |  |               |   |
| Intergovernmental                               | \$ 15,000                                | \$ 13,796     | \$ (1,204)                                  |
| EXPENDITURES                                    |  |               |   |
| Debt Service                                    | 16,000                                   | 16,000        | -   |
| TOTAL EXPENDITURES                              | 16,000                                   | 16,000        | -   |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (1,000)                                  | (2,204)       | (1,204)                                     |
| OTHER FINANCING SOURCES                         |  |               |   |
| Transfers In                                    | 1,000                                    | 2,204         | 1,204                                       |
| NET CHANGE IN FUND BALANCE                      | -  | -             | -   |
| FUND BALANCE, Beginning                         | -  | -             | -   |
| FUND BALANCE, Ending                            | \$ -                                     | \$ -          | \$ -  |

See the accompanying Independent Auditors' Report.

TOWN OF NEDERLAND, COLORADO

BUDGETARY COMPARISON SCHEDULE

SEWER FUND

Year Ended December 31, 2009

|  | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL            | VARIANCE<br>Positive<br>(Negative) |
|--|---------------------------------|-------------------|------------------------------------|
| <b>REVENUES</b>                              |                                 |                   |                                    |
| Charges for Services                         | \$ 348,655                      | \$ 268,108        | \$ (80,547)                        |
| Miscellaneous                                | 4,853,000                       | 3,019             | (4,849,981)                        |
| Investment Income                            | 40,400                          | 2,251             | (38,149)                           |
| Plant Investment Fees                        | <u>31,284</u>                   | <u>68,342</u>     | <u>37,058</u>                      |
| <b>TOTAL REVENUES</b>                        | <u>5,273,339</u>                | <u>341,720</u>    | <u>(4,931,619)</u>                 |
| <b>EXPENDITURES</b>                          |                                 |                   |                                    |
| Personnel                                    | 103,398                         | 103,385           | 13                                 |
| Operations                                   | 255,941                         | 60,318            | 195,623                            |
| Depreciation                                 | 60,000                          | 30,235            | 29,765                             |
| Capital Outlay                               | <u>4,853,000</u>                | <u>167,822</u>    | <u>4,685,178</u>                   |
| <b>TOTAL EXPENDITURES</b>                    | <u>5,272,339</u>                | <u>361,760</u>    | <u>4,910,579</u>                   |
| <b>CHANGE IN NET ASSETS, Budgetary Basis</b> | <u>\$ 1,000</u>                 | (20,040)          | <u>\$ (21,040)</u>                 |
| <b>ADJUSTMENTS TO GAAP BASIS</b>             |                                 |                   |                                    |
| Capital Outlay                               |                                 | <u>167,822</u>    |                                    |
| <b>CHANGE IN NET ASSETS, GAAP Basis</b>      |                                 | 147,782           |                                    |
| <b>NET ASSETS, Beginning</b>                 |                                 | <u>630,509</u>    |                                    |
| <b>NET ASSETS, Ending</b>                    |                                 | <u>\$ 778,291</u> |                                    |

See the accompanying Independent Auditors' Report.

TOWN OF NEDERLAND, COLORADO

BUDGETARY COMPARISON SCHEDULE

WATER FUND

Year Ended December 31, 2009

|                                       | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL              | VARIANCE<br>Positive<br>(Negative) |
|---------------------------------------|---------------------------------|---------------------|------------------------------------|
| REVENUES                              |                                 |                     |                                    |
| Charges for Services                  | \$ 285,889                      | \$ 264,880          | \$ (21,009)                        |
| Miscellaneous                         | 2,500,000                       | 10,329              | (2,489,671)                        |
| Sales and Use Taxes                   | 86,470                          | 172,235             | 85,765                             |
| Investment Income                     | 14,400                          | 4,127               | (10,273)                           |
| Plant Investment Fees                 | 31,284                          | 57,914              | 26,630                             |
|                                       | <u>2,918,043</u>                | <u>509,485</u>      | <u>(2,408,558)</u>                 |
| TOTAL REVENUES                        |                                 |                     |                                    |
| EXPENDITURES                          |                                 |                     |                                    |
| Personnel                             | 104,742                         | 100,569             | 4,173                              |
| Operations                            | 212,933                         | 118,226             | 94,707                             |
| Depreciation and Amortization         | 100,368                         | 58,609              | 41,759                             |
| Capital Outlay                        | 2,475,000                       | 119,917             | 2,355,083                          |
| Debt Service                          |                                 |                     |                                    |
| Principal                             | -                               | 70,000              | (70,000)                           |
| Interest and Fiscal Charges           | -                               | 16,571              | (16,571)                           |
|                                       | <u>2,893,043</u>                | <u>483,892</u>      | <u>2,409,151</u>                   |
| TOTAL EXPENDITURES                    |                                 |                     |                                    |
| CHANGE IN NET ASSETS, Budgetary Basis | \$ <u>25,000</u>                | 25,593              | \$ <u>593</u>                      |
| ADJUSTMENTS TO GAAP BASIS             |                                 |                     |                                    |
| Capital Outlay                        |                                 | 119,917             |                                    |
| Principal Payments                    |                                 | <u>70,000</u>       |                                    |
| CHANGE IN NET ASSETS, GAAP Basis      |                                 | 215,510             |                                    |
| NET ASSETS, Beginning                 |                                 | <u>1,447,487</u>    |                                    |
| NET ASSETS, Ending                    |                                 | <u>\$ 1,662,997</u> |                                    |

See the accompanying Independent Auditors' Report.

TOWN OF NEDERLAND, COLORADO

BALANCE SHEET  
COMPONENT UNIT  
 December 31, 2009

|                                    | <u>DOWNTOWN<br/>DEVELOPMENT<br/>AUTHORITY</u> |
|------------------------------------|---|
| ASSETS                             |   |
| Cash and Investments               | \$ 222,796                                    |
| Property Taxes Receivable          | <u>102,000</u>                                |
| TOTAL ASSETS                       | <u>\$ 324,796</u>                             |
| LIABILITIES AND FUND BALANCE       |   |
| LIABILITIES                        |   |
| Deferred Revenues                  | \$ <u>102,000</u>                             |
| TOTAL LIABILITIES                  | <u>102,000</u>                                |
| FUND BALANCE                       |   |
| Unreserved                         | <u>222,796</u>                                |
| TOTAL FUND BALANCE                 | <u>222,796</u>                                |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 324,796</u>                             |

Amounts Reported for the Component Unit in the Statement of Net Assets are Different Because:

|  |                    |
|--|--------------------|
| Total Fund Balance of Component Unit   | \$ 222,796         |
| Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds. | <u>(300,000)</u>   |
| Total Net Assets of Component Unit   | <u>\$ (77,204)</u> |

See the accompanying Independent Auditors' Report.



TOWN OF NEDERLAND, COLORADO

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
COMPONENT UNIT

Year Ended December 31, 2009

|   | <u>DOWNTOWN<br/>DEVELOPMENT<br/>AUTHORITY</u> |
|---|---|
| REVENUES  |   |
| Taxes   | \$ 94,844                                     |
| Intergovernmental   | 314,800                                       |
| Investment Income   | <u>550</u>                                    |
| TOTAL REVENUES  | <u>410,194</u>                                |
| EXPENDITURES  |   |
| General Government  | 521,214                                       |
| Debt Service  |   |
| Interest and Fiscal Charges   | <u>3,383</u>                                  |
| TOTAL EXPENDITURES  | <u>524,597</u>                                |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES   | (114,403)                                     |
| OTHER FINANCING SOURCES (USES)  |   |
| Loan Proceeds   | <u>300,000</u>                                |
| NET CHANGE IN FUND BALANCE  | 185,597                                       |
| FUND BALANCE, Beginning   | <u>37,199</u>                                 |
| FUND BALANCE, Ending  | \$ <u><u>222,796</u></u>                      |
| Amounts Reported for the Component Unit in the Statement of Activities are Different Because:   |   |
| Net Change in Fund Balance of Component Unit  | \$ 185,597                                    |
| Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. | <u>(300,000)</u>                              |
| Change in Net Assets of Component Unit  | \$ <u><u>(114,403)</u></u>                    |

See the accompanying Independent Auditors' Report.

**COMPLIANCE SECTION**

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

|  |   |
|--|---|
| <b>LOCAL HIGHWAY FINANCE REPORT</b>  | City or County:<br>Boulder                            |
|  | YEAR ENDING :<br>December 2009                        |
| This Information From The Records Of (example - City of _ or County of _)<br>Town of Nederland | Prepared By: Eva Forberger<br>Phone: 303 258-3266 x21 |

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

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

| II. RECEIPTS FOR ROAD AND STREET PURPOSES                   |         | III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES   |         |
|---|---------|---|---------|
| ITEM  | AMOUNT  | ITEM  | AMOUNT  |
| <b>A. Receipts from local sources:</b>                      |         | <b>A. Local highway disbursements:</b>            |         |
| 1. Local highway-user taxes                                 |         | 1. Capital outlay (from page 2)                   | 0       |
| a. Motor Fuel (from Item I.A.5.)                            |         | 2. Maintenance:                                   | 93,408  |
| 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                              | 272,876 | b. Snow and ice removal                           | 24,652  |
| 3. Other local imposts (from page 2)                        | 16,394  | c. Other  | 39,842  |
| 4. Miscellaneous local receipts (from page 2)               | 69,251  | d. Total (a. through c.)                          | 64,494  |
| 5. Transfers from toll facilities                           |         | 4. General administration & miscellaneous         | 14,811  |
| 6. Proceeds of sale of bonds and notes:                     |         | 5. Highway law enforcement and safety             | 272,335 |
| a. Bonds - Original Issues                                  |         | 6. Total (1 through 5)                            | 445,048 |
| b. Bonds - Refunding Issues                                 |         | <b>B. Debt service on local obligations:</b>      |         |
| c. Notes  |         | 1. Bonds:   |         |
| d. Total (a. + b. + c.)                                     | 0       | a. Interest                                       |         |
| 7. Total (1 through 6)                                      | 358,522 | b. Redemption                                     |         |
| <b>B. Private Contributions</b>                             |         | c. Total (a. + b.)                                | 0       |
| <b>C. Receipts from State government</b><br>(from page 2)   | 86,527  | 2. Notes:   |         |
| <b>D. Receipts from Federal Government</b><br>(from page 2) | 0       | a. Interest                                       |         |
| <b>E. Total receipts (A.7 + B + C + D)</b>                  | 445,048 | b. Redemption                                     |         |
|   |         | c. Total (a. + b.)                                | 0       |
|   |         | 3. Total (1.c + 2.c)                              | 0       |
|   |         | <b>C. Payments to State for highways</b>          |         |
|   |         | <b>D. Payments to toll facilities</b>             |         |
|   |         | <b>E. Total disbursements (A.6 + B.3 + C + D)</b> | 445,048 |

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

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

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

|  | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
|  |                      | 445,048           | 445,048                |                   | 0                 |

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2009

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

| ITEM                              | AMOUNT                    | ITEM                                      | AMOUNT                    |
|-----------------------------------|---------------------------|---|---------------------------|
| <b>A.3. Other local imposts:</b>  |                           | <b>A.4. Miscellaneous local receipts:</b> |                           |
| a. Property Taxes and Assessments |                           | a. Interest on investments                |                           |
| b. Other local imposts:           |                           | b. Traffic Fines & Penalties              | 62,704                    |
| 1. Sales Taxes                    |                           | c. Parking Garage Fees                    |                           |
| 2. Infrastructure & Impact Fees   |                           | d. Parking Meter Fees                     |                           |
| 3. Liens                          |                           | e. Sale of Surplus Property               |                           |
| 4. Licenses                       |                           | f. Charges for Services                   |                           |
| 5. Specific Ownership &/or Other  | 16,394                    | g. Other Misc. Receipts                   |                           |
| 6. Total (1. through 5.)          | 16,394                    | h. Other (BC road & bridges)              | 6,548                     |
| c. Total (a. + b.)                | 16,394                    | i. Total (a. through h.)                  | 69,251                    |
|                                   | (Carry forward to page 1) |   | (Carry forward to page 1) |

| ITEM                                     | AMOUNT | ITEM                                       | AMOUNT                    |
|--|--------|--|---------------------------|
| <b>C. Receipts from State Government</b> |        | <b>D. Receipts from Federal Government</b> |                           |
| 1. Highway-user taxes                    | 45,148 | 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           | 41,379 | 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.)                 | 41,379 | g. Total (a. through f.)                   | 0                         |
| 4. Total (1. + 2. + 3.f)                 | 86,527 | 3. Total (1. + 2.g)                        |                           |
|  |        |  | (Carry forward to page 1) |

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

|   | ON NATIONAL<br>HIGHWAY<br>SYSTEM<br>(a) | OFF NATIONAL<br>HIGHWAY<br>SYSTEM<br>(b) | TOTAL<br>(c)              |
|---|---|--|---------------------------|
| <b>A.1. Capital outlay:</b>                         |   |  |                           |
| a. Right-Of-Way Costs                               |   |  | 0                         |
| b. Engineering Costs                                |   |  | 0                         |
| c. Construction:                                    |   |  |                           |
| (1). New Facilities                                 |   |  | 0                         |
| (2). Capacity Improvements                          |   |  | 0                         |
| (3). System Preservation                            |   |  | 0                         |
| (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: