

TOWN OF NEDERLAND, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2014

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Nederland, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Nederland, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 25 and 26 and the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

John Cutler & Associates, LLC

May 13, 2015



**Town of Nederland, Colorado
Management's Discussion and Analysis
Fiscal Year Ending December 31, 2014**

This Management's Discussion and Analysis (MD&A) of the Town of Nederland's 2014 financial statements is offered to provide an objective and easy-to-read analysis of the government's financial activities based on currently known facts, decisions and conditions. The MD&A should be read in conjunction with the Town's basic financial statements.

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

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

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

Overview of the Financial Statements

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

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town's funds can be divided into two categories: Governmental Fund and Proprietary Fund.

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

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

Financial Highlights

Governmental Activities

- As of December 31, 2014 the governmental funds held \$650,715 in assets that were readily convertible to cash and \$152,582 in current liabilities.
- As of December 31, 2014 the Town's governmental activities fund held \$4,620,946 in capital assets, a 3.7% decrease over 2013; and \$900,280 in long-term liabilities, a 12% decrease over 2013, primarily due to the reduction in principal for the Community Center General Obligation Bond.
- 2014 Nederland sales tax revenue was up on a pro-forma basis by 9.2% compared to fiscal year 2013 due to increases across the board in categories including retail, restaurant, marijuana, and other activities.
- 2014 building related revenue increased by 46%, or \$30,933, compared to fiscal year 2013. 2014 use tax revenue increased by 52%, or \$20,044, compared to fiscal year 2013, primarily due to new commercial and residential building projects. Building activity is expected to continue at a higher pace than prior years.
- In 2014, the Town of Nederland received \$195,003 in grant revenue to cover capital and operational costs.
- Total governmental activities net position increased by 8.7%, or \$350,273, during the 2014 fiscal year.

Business-type Activities

- As of December 31, 2014 total assets were \$10,031,579, a 2.5% decrease over 2013. Current assets *decreased* by \$332,308 over 2013, due to the final payments being made for the completion of the wastewater treatment plant construction project. Capital assets increased by \$72,796.
- Total enterprise liabilities decreased by 9.6%, or \$588,812, during 2014, primarily due final payments being made for construction of the new wastewater treatment plant mentioned above.
- 2014 service revenue from the water and wastewater services increased by \$67,677, or 8.9%, compared to fiscal year 2013 due to inflationary increases in user rates for water and sewer and higher than expected service connection fees and grant revenue for operations.
- 2014 total program revenues from the water and wastewater funds decreased \$24,251, or 2%, compared to fiscal year 2013, primarily due to a reduction in grant revenue for capital projects.
- 2014 expenses from the water and wastewater funds increased \$131,802, or 11.7%, compared to fiscal year 2013, primarily due to increased depreciation, utilities, and personnel costs for the operations of the new wastewater plant.
- Total business-type activities net position *increased* by 8.0%, or \$329,300, during the 2014 fiscal year.

Statement of Net Position

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

	Government Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$1,357,510	\$943,323	\$1,741,401	\$2,073,707	\$3,098,911	\$3,017,030
Capital assets	4,620,946	4,800,261	8,290,178	8,217,384	12,911,124	13,017,645
Total assets	5,978,456	5,743,584	10,031,579	10,291,091	16,010,035	16,034,675
Long-term debt outstanding	900,280	1,022,586	5,460,264	5,764,543	6,360,544	6,787,129
Other liabilities	152,582	145,068	102,224	386,757	254,806	531,825
Total liabilities	1,052,862	1,167,654	5,562,488	6,151,300	6,615,350	7,318,954
Deferred Inflows	530,584	531,193	-	-	530,584	531,193
Liabilities & Deferred Inflows	1,583,446	1,698,847	5,562,488	6,151,300	7,145,934	7,850,147
Net position:						
Net Investment in capital assets	\$3,748,879	\$3,798,874	\$2,871,664	\$2,497,098	\$6,620,543	\$5,293,032
Restricted	279,577	236,065	79,950	163,844	359,527	191,036
Unrestricted	366,554	9,798	1,517,477	1,478,849	1,884,031	2,449,545
Total net position	\$4,395,010	\$4,044,737	\$4,469,091	\$4,139,791	\$8,864,101	\$8,184,528

Normal Impacts

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

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

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

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

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

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

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

The Town's total net position for fiscal year 2014 increased by 8.3%, or \$679,573. The Town's assets exceed liabilities by \$8,864,101 (net position) as of December 31, 2014. The net funds invested in capital assets (e.g. land, buildings, equipment, etc.) make up 75% of net position. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town of Nederland's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to retire these liabilities.

The restricted net position (4.1%) represents resources that are subject to various debt provisions, contracts and contingencies on how they may be used. The remaining balance \$1,884,031 is unrestricted and can be used to meet the Town's ongoing obligations to its citizens and creditors.

STATEMENT OF ACTIVITIES

The Statement of Activities takes into consideration the Town as a whole and reflects the change in net position for fiscal year 2014.

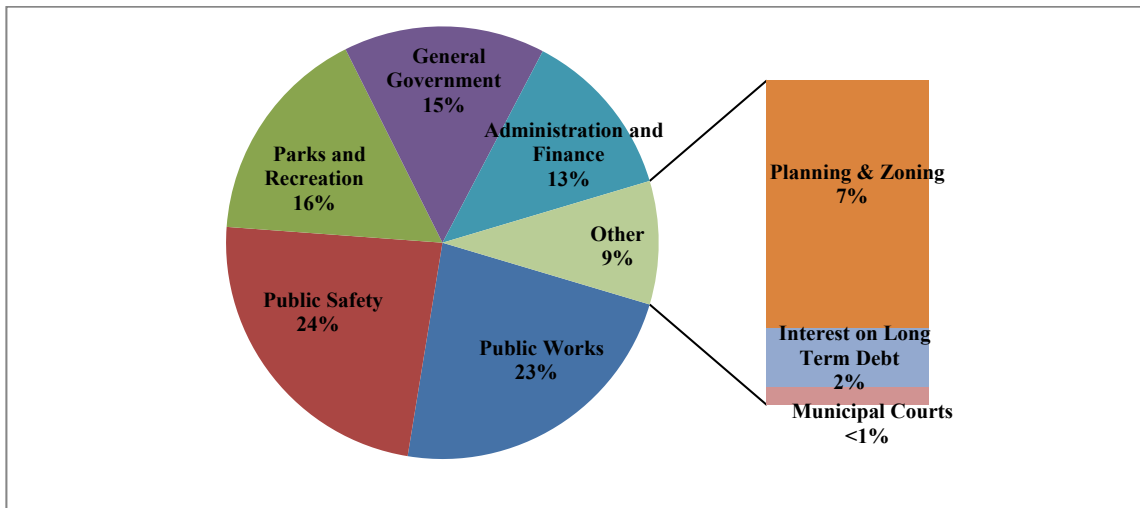
	Government Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenue						
Charges for Services	\$261,299	\$199,549	\$827,552	\$759,895	\$1,088,851	\$959,444
Operating Grants & Contributions	176,003	165,797	47,057		223,060	165,797
Capital Grants & Contributions	19,000	15,779	338,629	477,594	357,629	493,373
Total Program Revenue	456,302	381,125	1,213,238	1,237,489	1,669,540	1,618,614
General Revenues:						
Property Taxes	542,004	493,080			542,004	493,080
Specific Ownership Taxes	23,697	18,981			23,697	18,981
Sales and Use Taxes	1,078,688	732,378	349,240	224,066	1,427,928	956,444
Franchise Taxes	59,495	53,250			59,495	53,250
Investment Income	780	1,139	8,561	11,330	9,341	12,469
Other Revenues	46,370	198,896	12,402		58,772	198,896
Total General Revenues	1,751,034	1,497,724	370,203	235,396	2,121,237	1,733,120
TOTAL REVENUES	\$2,207,336	\$1,878,849	\$1,583,441	\$1,472,885	\$3,790,777	\$3,351,734
Program Expenses:						
General Government	\$279,958	\$192,726			\$279,958	\$192,726
Administration and Finance	235,847	138,671			235,847	138,671
Planning & Zoning	130,795	107,142			130,795	107,142
Municipal Courts	9,325	29,570			9,325	29,570
Public Safety	438,332	468,249			416,664	468,249
Public Works	426,296	334,755			426,296	334,755
Parks and Recreation	305,321	415,978			321,321	415,978
Interest on Long Term Debt	31,189	42,802	74,612	68,242	112,854	111,044
Water and Wastewater			1,179,529	1,054,097	1,179,529	1,054,097
TOTAL EXPENSES	\$1,857,063	\$1,729,893	\$1,254,141	\$1,122,339	\$3,111,204	\$2,852,232
<i>Special Item: Loss of Capital Asset</i>	-	(\$110,000)	-	(\$138,587)	-	(\$248,587)
Change in Net Position	\$350,273	\$38,956	\$329,300	\$211,959	\$679,573	\$250,915
<i>Net Position, Beginning</i>	<i>\$4,044,737</i>	<i>\$4,005,781</i>	<i>\$4,139,791</i>	<i>\$3,927,832</i>	<i>\$8,184,528</i>	<i>\$7,933,613</i>
<i>Net Position, Ending</i>	<i>\$4,393,010</i>	<i>\$4,044,737</i>	<i>\$4,469,091</i>	<i>\$4,139,791</i>	<i>\$8,864,101</i>	<i>\$8,184,528</i>

Governmental Activities

Revenue was up \$328,487 or 17.5% in 2014 compared to 2013. In 2014, tax related revenue of \$1,703,884 comprised 77.2% of total revenues from governmental activities. Property taxes of \$542,004 represent 32% of total tax revenue and 25% of total revenue while sales tax comprised 63% of total tax revenue and 49% of total revenue.

The cost of governmental activities in 2014 was \$1,857,063, an increase of 7.4% compared to 2013.

Expenses by Type – Governmental Activities



General Government includes the Town Board of Trustees and Town Clerk. Administration and Finance includes the Town administration, accounting & finance including utility billing, and all insurance requirements held by the Town. Public Safety accounts for the Town of Nederland police department. The Recreation category includes expenses associated with the Town’s Community Center. Public Works accounts for streets, park and building maintenance. Planning & zoning accounts for costs associated with building permit and plan review activity.

Year-to-year changes by type of activity:

	2014	2013	% Change
Public Works	\$426,296	\$334,755	27.3%
Public Safety	438,332	468,249	-6.4%
Recreation	305,321	415,978	-26.6%
General Government	279,958	192,726	45.3%
Administration and Finance	235,847	138,671	70.1%
Planning & Zoning	130,795	107,142	22.1%
Interest on Long Term Debt	31,189	42,802	-27.1%
Municipal Courts	9,325	29,570	-68.5%
Total	\$1,857,063	\$1,729,893	7.4%

Public Works is higher than 2013 primarily due to costs associated with road repairs and other infrastructure related costs. It is anticipated that public works costs will continue to rise as the Town prepares to build a new public works facility. Public Safety is down due to turnover issues with the police department. The police department is now fully staffed. Recreation costs are down over 2013 due to the large amount of flood related costs incurred in 2013 compared to 2014. General government is up primarily due to grant activity and trustee pay that started in 2014. Administration & finance costs are higher in 2014 due to the addition of one FTE (intern) and the adjustment to how shared costs are allocated providing for all costs in the one department and creating an allocation versus splitting the costs up across separate funds. Planning & Zoning is higher than 2013 due to the increased building activity. Municipal court costs are less than 2013 due to a restructuring of that department.

Fund Balance

At the end of 2014, the Town's governmental funds reported a combined (General, Community Center, Non-Major) fund balance of \$837,067. Of this total balance \$448,848 is unreserved and available to finance the Town's future operation and programs; \$189,577 is restricted for the Downtown Development Authority; \$108,642 is restricted for Community Center Use; and \$90,000 is restricted for emergencies.

At year-end, the business-type activities reported total net position of \$4,469,091 with \$1,517,477 unreserved and available to meet future operations of the Town's utilities: water and sewer.

Budgetary Highlights

The Town Board of Trustees approved two supplemental budgets to the General Fund 2014 budget. The original appropriations of \$1,310,519 were increased by \$121,533, or 9%, to \$1,432,052. This increase was primarily due to greater than planned building activity and the need to account for the additional cost of plan reviews and permitting activity; additional expenditures to cover trustees and mayor pay voted upon and approved in April 2014; additional administration costs to cover an intern whose costs were partially covered by a grant from DOLA; and higher streets costs associated with FEMA flood repair work. The Community Center Fund appropriations of \$244,264 were increased by \$32,372, or 13%, to \$276,636, primarily due to flood-related repairs to the Community Center. The Sewer Fund appropriations of \$681,979 were increased by \$331,382, or 49%, to \$1,013,361 primarily due to flood-related repairs to the Sewer Fund infrastructure and operating costs running higher than budget. The year 2014 was the first full year of operations of the new wastewater plant. The Water Fund appropriations of \$693,094 were increased by \$16,000, or 2%, to \$709,094, primarily due the timing of capital outlays - the water diversion capital project carried over from 2013, the year it was originally budgeted. The Downtown Development Authority did not have a supplemental budget. Expenditures came in at \$173,369, or \$888,347 less than the budgeted appropriations of \$1,061,716, primarily due to the timing of the "NedPeds" capital project that was delayed to 2015 due to so much flood recovery work in the area.

For the General Fund, revenue compared to the original budget was up \$369,099, primarily due to the higher taxes due to prior year sales tax adjustments, higher building activity as noted above, the addition of the DOLA grant to offset the intern costs, offset by lower than budget fines and forfeitures.

For the Community Center Fund, revenue compared to the original budget was up \$116,868, primarily due to the higher taxes due to prior year sales tax adjustments and insurance proceeds related to flood repair work on the Community Center.

For the Sewer Fund, revenue compared to the original budget was up \$318,711, primarily due to the higher taxes due to prior year sales tax adjustments and grants, FEMA reimbursements for flood repair work related to sewer infrastructure, and higher plant investment fees (PIFs) related to the increased building activity.

For the Water Fund, revenue compared to the original budget was up \$200,818, primarily due to the higher taxes due to prior year sales tax adjustments and grants, higher than budget user fees, and higher plant investment fees (PIFs) related to the increased building activity.

For Downtown Development Authority, revenues are lower than budget by \$428,312 due to the timing of the “NedPeds” capital project where the construction was delayed to 2015 due to the large amount of flood recovery work occurring over the summer months of 2014.

Capital Assets and Debt Administration

At year-end, the Town had \$12,911,126 invested in a broad range of capital assets including land and improvements, buildings, parks and equipment, vehicles, equipment, water and sewer plants, and distribution and collection systems. This decrease of \$106,519 or -1%, from the 2013 is primarily due to improvements in the water and sewer funds offset by depreciation.

Capital Assets at Year-End

	Government Activities		Business Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$692,805	\$692,805	\$11,436	\$11,436	\$704,241	\$704,241
Water Rights			35,000	35,000	35,000	35,000
Construction in Process	199,879	172,215	20,000	41,702	219,879	213,917
Plant, Land & Building	5,531,048	5,531,048	10,300,242	9,810,496	15,831,290	15,341,544
Equipment	510,467	499,417	734,499	674,721	1,244,966	1,174,138
Transportation Equipment	255,247	279,446	266,645	266,645	521,892	546,091
<i>Less Depreciation</i>	<i>(2,568,500)</i>	<i>(2,374,670)</i>	<i>(3,077,644)</i>	<i>(2,622,616)</i>	<i>(5,646,144)</i>	<i>(4,997,286)</i>
Total Capital Assets	<u>\$4,620,946</u>	<u>\$4,800,261</u>	<u>\$8,290,178</u>	<u>\$8,217,384</u>	<u>\$12,911,124</u>	<u>\$13,017,645</u>

During 2014, the Town completed flood repairs related to the Town’s Community Center and sewer infrastructure. Repairs are still pending on roads. The Town of Nederland also anticipates completion of the NedPeds 2nd Street project that had been in design process prior to the floods.

Town of Nederland’s Outstanding Debt

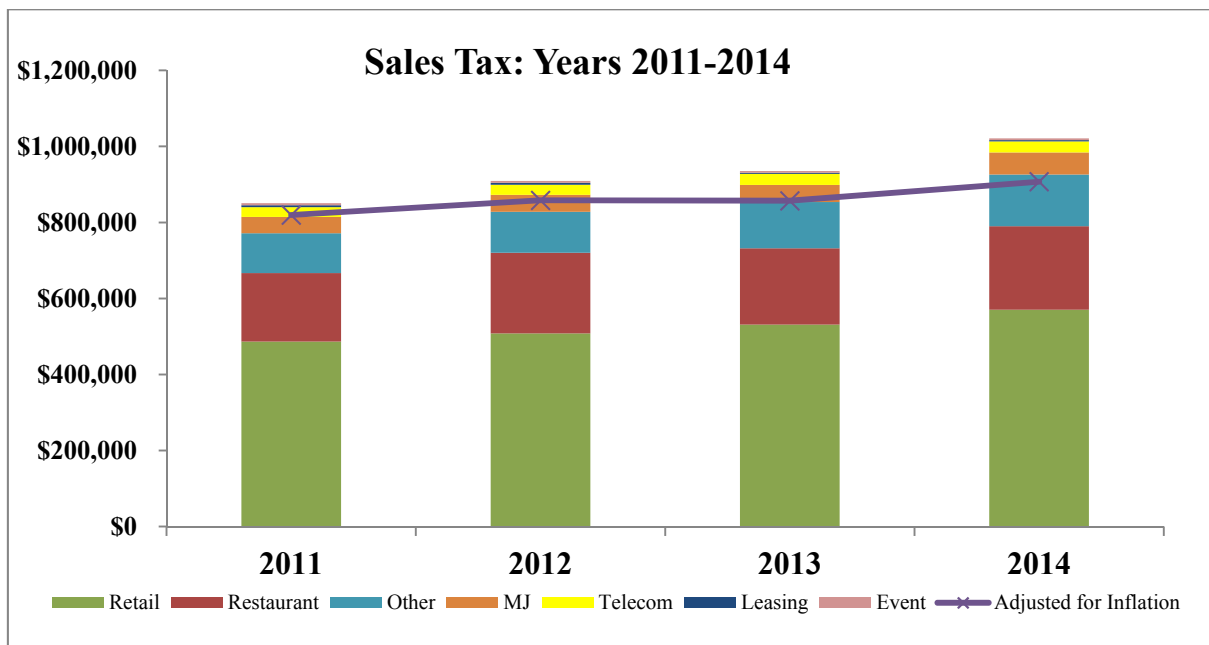
At year-end, the Town had \$6,360,544 in outstanding debt, a reduction of \$426,505, or a 6.3% decrease over 2013. Outstanding debt primarily went down due to principal payment activity on current loan obligations without the Town taking on new loan obligations.

	Government Activities		Business Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Community Center Bonds	\$795,000	\$880,000			\$795,000	\$880,000
'00 Land Purchase	\$77,067	\$87,750			\$77,067	\$87,750
Capital Leases	\$0	\$33,637	\$0	\$17,165	\$0	\$50,802
Compensated Absences	\$28,213	\$21,199	\$8,676	\$9,238	\$36,889	\$30,437
CWRPDA Loan - Water			\$1,953,292	\$2,055,942	\$1,953,292	\$2,055,942
CWRPDA Premium			\$33,074	\$35,020	\$33,074	\$35,020
CWRPDA Loan - Sewer			\$3,465,222	\$3,647,178	\$3,465,222	\$3,647,178
Total Long Term Debt	<u>\$900,280</u>	<u>\$1,022,586</u>	<u>\$5,460,264</u>	<u>\$5,764,543</u>	<u>\$6,360,544</u>	<u>\$6,787,129</u>

Economic and Other Factors

The Town of Nederland is in a strong financial position and planning investments in several infrastructure-related projects going forward. Utilizing grants and local funds, the Town is planning a new public works maintenance shop and storm water improvements derived from the Master Infrastructure Plan completed in 2014.

Sales tax continues to be a bright spot for the Town, with increases in all sectors. For 2015, the Town of Nederland is forecasting a 7% increase in sales tax. There are several commercial projects that will aid in that sales tax growth and will also add to the property tax base. Additionally, new home development is at an all-time high, with many new starts expected to be completed in the 2015/2016 time period.



Along with the financial sustainability, the Town of Nederland is focused on creating sustainability in other areas including looking at ways to reduce and even eliminate single-use bags and containers, providing improvements to the building code for more energy efficient buildings, and looking at ways we can make the Town more walkable instead of using cars.

Financial Contact

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

BASIC FINANCIAL STATEMENTS

TOWN OF NEDERLAND, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS	TOTALS	
		TYPE ACTIVITIES	2014	2013
ASSETS				
Cash and Investments	\$ 650,715	\$ 1,262,802	\$ 1,913,517	\$ 1,925,786
Restricted Cash and Investments	-	-	-	188,106
Receivables				
Taxes	530,584	-	530,584	531,193
Accounts	-	287,816	287,816	156,213
Other	338,934	17,300	356,234	196,460
Prepaid Expenses	-	-	-	8,512
Inventories	-	10,760	10,760	10,760
Interfund Amounts	(162,723)	162,723	-	-
Capital Assets, Not Depreciated	892,684	66,436	959,120	953,158
Capital Assets, Depreciated Net of Accumulated Depreciation	3,728,262	8,223,742	11,952,004	12,064,487
TOTAL ASSETS	5,978,456	10,031,579	16,010,035	16,034,675
LIABILITIES				
Accounts Payable	106,641	74,698	181,339	400,671
Retainage Payable	-	-	-	42,185
Accrued Liabilities	38,999	6,616	45,615	59,373
Accrued Interest Payable	-	20,910	20,910	22,026
Deposits	6,942	-	6,942	7,570
Noncurrent Liabilities				
Due within One Year	96,324	292,523	388,847	424,095
Due in More Than One Year	803,956	5,167,741	5,971,697	6,363,034
TOTAL LIABILITIES	1,052,862	5,562,488	6,615,350	7,318,954
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	530,584	-	530,584	531,193
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,583,446	5,562,488	7,145,934	7,850,147
NET POSITION				
Net Investment in Capital Assets	3,748,879	2,871,664	6,620,543	6,295,972
Restricted for Downtown Development	189,577	-	189,577	171,065
Restricted for Emergencies	90,000	-	90,000	65,000
Restricted by Debt Covenant	-	79,950	79,950	79,950
Unrestricted	366,554	1,517,477	1,884,031	1,572,541
TOTAL NET POSITION	\$ 4,395,010	\$ 4,469,091	\$ 8,864,101	\$ 8,184,528

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 279,958	\$ 43,642	\$ 110,567	\$ -
Administration and Finance	235,847	-	-	-
Municipal Court	9,325	1,295	-	-
Law Enforcement	438,332	35,110	-	-
Planning and Zoning	130,795	97,785	6,000	-
Highway and Streets	426,296	-	59,436	3,000
Parks and Recreation	305,321	83,467	-	16,000
Interest on Long Term Debt	31,189	-	-	-
Total Governmental Activities	<u>1,857,063</u>	<u>261,299</u>	<u>176,003</u>	<u>19,000</u>
Business-Type Activities				
Sewer	630,763	432,203	37,677	225,739
Water	548,766	395,349	9,380	112,890
Interest on Long-term Debt	74,612	-	-	-
Total Business-Type Activities	<u>1,254,141</u>	<u>827,552</u>	<u>47,057</u>	<u>338,629</u>
Total Primary Government	<u>\$ 3,111,204</u>	<u>\$ 1,088,851</u>	<u>\$ 223,060</u>	<u>\$ 357,629</u>
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Sales and Use Taxes				
Franchise Taxes				
Interest				
Miscellaneous				
SPECIAL ITEM				
Loss on Disposal of Assets				
TOTAL GENERAL REVENUES				
CHANGE IN NET POSITION				
NET POSITION, Beginning				
NET POSITION, Ending				

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2014	2013
\$ (125,749)	\$ -	\$ (125,749)	\$ (49,350)
(235,847)	-	(235,847)	(138,671)
(8,030)	-	(8,030)	(27,109)
(403,222)	-	(403,222)	(438,272)
(27,010)	-	(27,010)	(73,268)
(363,860)	-	(363,860)	(278,177)
(205,854)	-	(205,854)	(301,119)
(31,189)	-	(31,189)	(42,802)
<u>(1,400,761)</u>	<u>-</u>	<u>(1,400,761)</u>	<u>(1,348,768)</u>
-	64,856	64,856	328,070
-	(31,147)	(31,147)	(144,678)
<u>-</u>	<u>(74,612)</u>	<u>(74,612)</u>	<u>(68,242)</u>
<u>-</u>	<u>(40,903)</u>	<u>(40,903)</u>	<u>115,150</u>
(1,400,761)	(40,903)	(1,441,664)	(1,233,618)
542,004	-	542,004	493,080
23,697	-	23,697	18,981
1,078,688	349,240	1,427,928	956,444
59,495	-	59,495	53,250
780	8,561	9,341	12,469
46,370	12,402	58,772	198,896
<u>-</u>	<u>-</u>	<u>-</u>	<u>(248,587)</u>
<u>1,751,034</u>	<u>370,203</u>	<u>2,121,237</u>	<u>1,484,533</u>
350,273	329,300	679,573	250,915
<u>4,044,737</u>	<u>4,139,791</u>	<u>8,184,528</u>	<u>7,933,613</u>
<u>\$ 4,395,010</u>	<u>\$ 4,469,091</u>	<u>\$ 8,864,101</u>	<u>\$ 8,184,528</u>

TOWN OF NEDERLAND, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2014

	COMMUNITY			TOTAL	
	GENERAL FUND	CENTER FUND	NONMAJOR FUNDS	GOVERNMENTAL FUNDS	
				2014	2013
ASSETS					
Cash and Investments	\$ 428,721	\$ 29,293	\$ 192,701	\$ 650,715	\$ 504,570
Property Taxes Receivable	361,284	-	169,300	530,584	531,193
Other Receivables	243,196	89,100	6,638	338,934	155,352
Due from Other Funds	-	-	-	-	6,551
Prepaid Expenses	-	-	-	-	5,604
TOTAL ASSETS	\$ 1,033,201	\$ 118,393	\$ 368,639	\$ 1,520,233	\$ 1,203,270
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 98,956	\$ 6,803	\$ 882	\$ 106,641	\$ 85,562
Accrued Liabilities	27,471	2,648	8,880	38,999	51,936
Due to Other Funds	-	-	-	-	6,551
Deposits	6,642	300	-	6,942	7,570
TOTAL LIABILITIES	133,069	9,751	9,762	152,582	151,619
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenues - Property Taxes	361,284	-	169,300	530,584	531,193
FUND BALANCES					
Nonspendable	-	-	-	-	5,604
Restricted for Emergencies	90,000	-	-	90,000	65,000
Restricted for Community Center	-	108,642	-	108,642	8,850
Restricted for Downtown Development	-	-	189,577	189,577	171,065
Unassigned	448,848	-	-	448,848	269,939
TOTAL FUND BALANCES	538,848	108,642	189,577	837,067	520,458
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 1,033,201	\$ 118,393	\$ 368,639		

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		4,620,946	4,800,261
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include long term obligation of (\$872,067), interfund amounts of (\$162,723), and accrued compensated absences (\$28,213).		(1,063,003)	(1,275,982)
Net position of governmental activities		\$ 4,395,010	\$ 4,044,737

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, 2014

	COMMUNITY			TOTAL	
	GENERAL FUND	CENTER FUND	NONMAJOR FUNDS	GOVERNMENTAL FUNDS	
				2014	2013
REVENUES					
Taxes	\$ 1,282,649	\$ 261,931	\$ 159,304	\$ 1,703,884	\$ 1,297,689
Licenses and Permits	38,378	-	-	38,378	69,580
Intergovernmental	176,003	-	19,000	195,003	181,576
Charges for Services	104,344	83,467	-	187,811	103,589
Fines and Forfeitures	35,110	-	-	35,110	26,380
Miscellaneous	9,777	30,333	6,260	46,370	198,896
Interest	463	-	317	780	1,139
TOTAL REVENUES	1,646,724	375,731	184,881	2,207,336	1,878,849
EXPENDITURES					
Current					
General Government	189,191	-	63,762	252,953	288,790
Administration and Finance	235,847	-	-	235,847	138,671
Municipal Court	9,325	-	-	9,325	29,570
Law Enforcement	429,499	-	-	429,499	456,379
Planning and Zoning	130,795	-	-	130,795	107,142
Highway and Streets	347,539	-	-	347,539	291,389
Parks and Recreation	-	173,045	-	173,045	283,701
Debt Service					
Principal	28,739	85,000	113,254	226,993	172,635
Interest	400	18,436	12,353	31,189	42,802
Capital Outlay	60,542	-	-	60,542	146,446
TOTAL EXPENDITURES	1,431,877	276,481	189,369	1,897,727	1,957,525
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	214,847	99,250	(4,488)	309,609	(78,676)
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of Debt	-	-	7,000	7,000	960,000
Payments to Escrow Agent	-	-	-	-	(960,000)
Transfers In	-	-	16,000	16,000	33,081
Transfers Out	(16,000)	-	-	(16,000)	(33,081)
TOTAL OTHER FINANCING SOURCES (USES)	(16,000)	-	23,000	7,000	-
NET CHANGE IN FUND BALANCES	198,847	99,250	18,512	316,609	(78,676)
FUND BALANCES, Beginning	340,001	9,392	171,065	520,458	599,134
FUND BALANCES, Ending	\$ 538,848	\$ 108,642	\$ 189,577	\$ 837,067	\$ 520,458

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, 2014

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 316,609
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$239,857), exceeded capital outlay \$60,542 in the current period.	(179,315)
Debt proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.	(7,000)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include debt payments of \$193,356 payments of capital lease of \$33,637, and change in accrued compensated absences of (\$7,014).	<u>219,979</u>
Change in Net Position of Governmental Activities	<u>\$ 350,273</u>

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE
 As of December 31, 2014

ASSETS	SEWER	WATER	TOTALS	
			2014	2013
Current Assets				
Cash and Investments	\$ 355,166	\$ 907,636	\$ 1,262,802	\$ 1,421,216
Restricted Cash and Investments	-	-	-	188,106
Accounts Receivable	146,601	141,215	287,816	156,213
Prepaid Expenses	-	-	-	2,908
Other Receivables	8,650	8,650	17,300	41,108
Inventories	-	10,760	10,760	10,760
Total Current Assets	510,417	1,068,261	1,578,678	1,820,311
Noncurrent Assets				
Advance to Downtown Development Authority	-	162,723	162,723	253,396
Capital Assets, net of accumulated depreciation	4,921,456	3,368,722	8,290,178	8,217,384
Total Noncurrent Assets	4,921,456	3,531,445	8,452,901	8,470,780
TOTAL ASSETS	5,431,873	4,599,706	10,031,579	10,291,091
LIABILITIES				
Current Liabilities				
Accounts Payable	36,455	38,243	74,698	315,109
Retainage Payable	-	-	-	42,185
Accrued Liabilities	3,308	3,308	6,616	7,437
Accrued Interest Payable	14,435	6,475	20,910	22,026
Current Portion of Long-term Debt	187,810	104,713	292,523	299,102
Total Current Liabilities	242,008	152,739	394,747	685,859
Noncurrent Liabilities				
Capital Leases Payable	-	-	-	2,670
Loans Payable	3,277,412	1,848,579	5,125,991	5,418,514
Loan Discount	33,074	-	33,074	35,019
Compensated Absences	4,338	4,338	8,676	9,238
Total Noncurrent Liabilities	3,314,824	1,852,917	5,167,741	5,465,441
TOTAL LIABILITIES	3,556,832	2,005,656	5,562,488	6,151,300
NET POSITION				
Net Investment in Capital Assets	1,456,234	1,415,430	2,871,664	2,497,098
Restricted	79,950	-	79,950	79,950
Unreserved	338,857	1,178,620	1,517,477	1,562,743
TOTAL NET POSITION	\$ 1,875,041	\$ 2,594,050	\$ 4,469,091	\$ 4,139,791

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2014

	SEWER	WATER	TOTALS	
			2014	2013
OPERATING REVENUES				
Charges for Services	\$ 432,203	\$ 395,349	\$ 827,552	\$ 759,895
TOTAL OPERATING REVENUES	432,203	395,349	827,552	759,895
OPERATING EXPENSES				
Personnel	111,893	121,219	233,112	258,424
Operations	278,225	213,164	491,389	396,951
Depreciation	240,645	214,383	455,028	398,722
TOTAL OPERATING EXPENSES	630,763	548,766	1,179,529	1,054,097
OPERATING INCOME	(198,560)	(153,417)	(351,977)	(294,202)
NON-OPERATING REVENUES (EXPENSES)				
Sales and Use Taxes	174,620	174,620	349,240	224,066
Loss on Disposal of Assets	-	-	-	(138,587)
Grants	184,677	9,380	194,057	420,000
Interest Income	441	8,120	8,561	11,330
Miscellaneous	11,562	840	12,402	-
Interest Expense	(34,224)	(40,388)	(74,612)	(68,242)
TOTAL NON-OPERATING REVENUES (EXPENSES)	337,076	152,572	489,648	448,567
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	138,516	(845)	137,671	154,365
Capital Contributions- Plant Investment Fees	78,739	112,890	191,629	57,594
CHANGE IN NET POSITION	217,255	112,045	329,300	211,959
NET POSITION, Beginning	1,657,786	2,482,005	4,139,791	3,927,832
NET POSITION, Ending	\$ 1,875,041	\$ 2,594,050	\$ 4,469,091	\$ 4,139,791

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

TOWN OF NEDERLAND, COLORADO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES

Year Ended December 31, 2014

Increase (Decrease) in Cash and Cash Equivalents

	SEWER	WATER	TOTALS	
			2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 369,519	\$ 338,334	\$ 707,853	\$ 746,837
Cash Paid to Employees	(111,864)	(122,631)	(234,495)	(256,524)
Cash Paid to Suppliers	(557,821)	(201,352)	(759,173)	(405,864)
Net Cash Provided by Operating Activities	<u>(300,166)</u>	<u>14,351</u>	<u>(285,815)</u>	<u>84,449</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Sales Taxes Received	<u>174,620</u>	<u>174,620</u>	<u>349,240</u>	<u>224,066</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grants Received	184,677	9,380	194,057	420,000
Other Revenue Received	11,562	840	12,402	-
Capital Contributions	78,739	112,890	191,629	57,594
Purchase of Capital Assets	(395,970)	(131,852)	(527,822)	(1,496,436)
Payment Received from Downtown Development Authority	-	90,673	90,673	87,737
Loan Payments	(181,956)	(102,651)	(284,607)	(284,529)
Interest Payments	(36,945)	(40,728)	(77,673)	(78,751)
Lease Payments	(8,583)	(8,582)	(17,165)	(19,964)
Net Cash Used by Capital and Related Financing Activities	<u>(348,476)</u>	<u>(70,030)</u>	<u>(418,506)</u>	<u>(1,314,349)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	<u>441</u>	<u>8,120</u>	<u>8,561</u>	<u>11,330</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(473,581)	127,061	(346,520)	(994,504)
CASH AND CASH EQUIVALENTS, Beginning	<u>828,747</u>	<u>780,575</u>	<u>1,609,322</u>	<u>2,603,826</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 355,166</u>	<u>\$ 907,636</u>	<u>\$ 1,262,802</u>	<u>\$ 1,609,322</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ (198,560)	\$ (153,417)	\$ (351,977)	\$ (294,202)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	240,645	214,383	455,028	398,722
Changes in Assets and Liabilities				
Accounts Receivable	(62,684)	(68,919)	(131,603)	(9,112)
Other Receivable	11,904	11,904	23,808	(7,892)
Prepaid Expenses	1,454	1,454	2,908	(2,908)
Accounts Payable	(250,769)	10,358	(240,411)	150,942
Retainage Payable	(42,185)	-	(42,185)	(153,001)
Accrued Liabilities	310	(1,131)	(821)	322
Accrued Compensated Absences	(281)	(281)	(562)	1,578
Total Adjustments	<u>(101,606)</u>	<u>167,768</u>	<u>66,162</u>	<u>378,651</u>
Net Cash Provided by Operating Activities	<u>\$ (300,166)</u>	<u>\$ 14,351</u>	<u>\$ (285,815)</u>	<u>\$ 84,449</u>

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

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

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

Government-Wide and Fund Financial Statements

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

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

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

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

The Town reports the following major proprietary funds:

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

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

Cash and Investments

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

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

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

Compensated Absences

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

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

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

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

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

Interfund Transactions

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

Deferred Outflows/Inflows of Resources

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

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

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

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

Net Position

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

Fund Balance Classification

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. At December 31, 2014, the Town does not report any fund balances as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified Emergency Reserves and amounts held by the Community Center Fund and the Downtown Development Authority as being restricted because their use is restricted by State Statute for declared emergencies, and for parks and recreation, and for urban renewal.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town did not have any committed resources as of December 31, 2014.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Comparative Data

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

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

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- In October, the Town staff submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- The Town Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- Budgets are legally adopted for all funds of the Town. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Trustees. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2014 follows:

Petty Cash	\$ 100
Cash Deposits	<u>1,913,417</u>
Total	<u>\$ 1,913,517</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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

Governmental Activities	\$ 650,715
Business-type Activities	<u>1,262,802</u>
Total	<u>\$ 1,913,517</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2014, State regulatory commissioners have indicated that all financial institutions holding deposits for the Town are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Town has no policy regarding custodial credit risk for deposits.

At December 31, 2014, the Town had deposits with financial institutions with a carrying amount of \$1,913,417. The bank balances with the financial institutions were \$1,942,247. Of these balances, \$250,000 was covered by federal depository insurance and \$1,692,247 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

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

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk

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

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

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

The Town had no investments at December 31, 2014.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2014 is summarized below:

	Balances <u>12/31/13</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/14</u>
Governmental Activities				
Capital Assets, not depreciated				
Land and Sites	\$ 692,805	\$ -	\$ -	\$ 692,805
Construction in Process	<u>172,215</u>	<u>27,664</u>	<u>-</u>	<u>199,879</u>
Total Capital Assets, not depreciated	<u>865,020</u>	<u>27,664</u>	<u>-</u>	<u>892,684</u>
Capital Assets, depreciated				
Land Improvements	480,265	-	-	480,265
Infrastructure	1,193,013	-	-	1,193,013
Buildings	3,857,770	-	-	3,857,770
Transportation Equipment	279,446	21,828	46,027	255,247
Other Equipment	<u>499,417</u>	<u>11,050</u>	<u>-</u>	<u>510,467</u>
Total Capital Assets, depreciated	<u>6,309,911</u>	<u>32,878</u>	<u>46,027</u>	<u>6,296,762</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 4: CAPITAL ASSETS (Continued)

	<u>Balances</u> <u>12/31/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/14</u>
Less Accumulated Depreciation				
Land Improvements	160,183	23,171	-	183,354
Infrastructure	402,993	48,590	-	451,583
Buildings	1,132,139	129,565	-	1,261,704
Transportation Equipment	200,176	28,869	46,027	183,018
Other Equipment	<u>479,179</u>	<u>9,662</u>	<u>-</u>	<u>488,841</u>
Total Accumulated Depreciation	<u>2,374,670</u>	<u>239,857</u>	<u>46,027</u>	<u>2,568,500</u>
Total Capital Assets, depreciated, Net	<u>3,935,241</u>	<u>(206,979)</u>	<u>-</u>	<u>3,728,262</u>
Governmental Activities, Capital Assets, Net	<u>\$ 4,800,261</u>	<u>\$ (179,315)</u>	<u>\$ -</u>	<u>\$ 4,620,946</u>

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

Governmental Activities

General Government	\$ 19,991
Law Enforcement	8,833
Highway and Streets	78,757
Community Center	128,421
Parks and Recreation	<u>3,855</u>
Total	<u>\$ 239,857</u>

	<u>Balances</u> <u>12/31/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/14</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 11,436	\$ -	\$ -	\$ 11,436
Water Rights	35,000	-	-	35,000
Construction in Process	<u>41,702</u>	<u>20,000</u>	<u>41,702</u>	<u>20,000</u>
Total Capital Assets, not depreciated	<u>88,138</u>	<u>20,000</u>	<u>41,702</u>	<u>66,436</u>
Capital Assets, depreciated				
Plant and Infrastructure	9,810,496	489,746	-	10,300,242
Equipment	674,721	59,778	-	734,499
Transportation Equipment	<u>266,645</u>	<u>-</u>	<u>-</u>	<u>266,645</u>
Total Capital Assets, depreciated	<u>10,751,862</u>	<u>549,524</u>	<u>-</u>	<u>11,301,386</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 4: CAPITAL ASSETS (Continued)

	<u>Balances</u> <u>12/31/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/14</u>
Less: Accumulated Depreciation				
Plant and Infrastructure	2,232,267	382,268	-	2,614,535
Equipment	199,140	55,715	-	254,855
Transportation Equipment	<u>191,209</u>	<u>17,045</u>	<u>-</u>	<u>208,254</u>
Total Accumulated Depreciation	<u>2,622,616</u>	<u>455,028</u>	<u>-</u>	<u>3,077,644</u>
Total Capital Assets, depreciated, Net	<u>8,129,246</u>	<u>94,496</u>	<u>-</u>	<u>8,223,742</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 8,217,384</u>	<u>\$ 114,496</u>	<u>\$ 41,702</u>	<u>\$ 8,290,178</u>

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

Business-Type Activities

Sewer Fund	\$ 240,645
Water Fund	<u>214,383</u>
Total	<u>\$ 455,028</u>

NOTE 5: INTERFUND BALANCES AND TRANSFERS

Advances to Other Funds

In 2012, the Water Fund loaned the Downtown Development Authority \$482,500. The balance is being repaid with monthly installments with interest accruing at the published prime rate, not to exceed 7% and not fall below 2.5%. During 2013, the Downtown Development Authority paid \$90,673 toward the balance. At December 31, 2014, the outstanding balance is \$162,723.

Transfers

During the year ended December 31, 2014, the General Fund transferred \$16,000 to the Downtown Development Authority Fund to assist in its operations.

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 6: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2014.

	Balance <u>12/31/13</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/14</u>	Due In <u>One Year</u>
2013 General Obligation					
Refunding Bonds	\$ 880,000	\$ -	\$ 85,000	\$ 795,000	\$ 85,000
Land Purchase Note	87,750	-	10,683	77,067	11,324
Capital Leases	33,637	-	33,637	-	-
Compensated Absences	<u>21,199</u>	<u>7,014</u>	<u>-</u>	<u>28,213</u>	<u>-</u>
 Total	 <u>\$ 1,022,586</u>	 <u>\$ 7,014</u>	 <u>\$ 127,935</u>	 <u>\$ 900,280</u>	 <u>\$ 96,324</u>

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

2013 General Obligation Refunding Bonds

In July 2013, the Town issued General Obligation Refunding Bonds in the amount of \$960,000 to refund the 2003 General Obligation Bonds. Interest accrues on the bonds at a rate of 2.095% per annum. Interest payments are due on June 1 and December 1. Principal payments are due on December 1, through 2022.

Land Purchase Note

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

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 6: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Annual debt service requirements for the outstanding notes and bonds at December 31, 2014 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 96,324	\$ 21,332	\$ 117,656
2016	102,038	18,836	120,874
2017	107,812	16,177	123,989
2018	108,623	13,376	121,999
2019	114,485	10,523	125,008
2020 – 2022	<u>342,785</u>	<u>15,867</u>	<u>360,037</u>
Total Debt Service Requirements	<u>\$ 872,067</u>	<u>\$ 96,111</u>	<u>\$ 969,563</u>

Capital Leases

The Town has entered into several capital lease agreements to purchase equipment which will be paid from revenues of the General Fund and the Authority. These leases require monthly payments of ranging from \$408 to \$3,580 including interest ranging from 1.37% to 5%. The leases mature from February of 2012 to February 2015. The leases were paid in full during the year ended December 31, 2014.

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2014:

	<u>Balance</u> <u>12/31/13</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/14</u>	<u>Due In</u> <u>One Year</u>
CWRPDA Loan – Water	\$ 2,055,942	\$ -	\$ 102,650	\$ 1,953,292	\$ 104,713
CWRPDA Loan – Sewer	3,647,178	-	181,956	3,465,222	187,810
CWRPDA Premium	35,020	-	1,946	33,074	-
Capital Lease	17,165	-	17,165	-	-
Compensated Absences	<u>9,238</u>	<u>-</u>	<u>562</u>	<u>8,676</u>	<u>-</u>
Total	<u>\$ 5,764,543</u>	<u>\$ -</u>	<u>\$ 304,279</u>	<u>\$ 5,460,264</u>	<u>\$ 292,523</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 6: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

CWRPDA Loan - Water

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

CWRPDA Loan - Sewer

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

Future Debt Service Requirements

Annual debt service requirements for the outstanding bonds at December 31, 2014 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 292,523	\$ 73,492	\$ 366,015
2016	294,628	69,529	364,157
2017	296,774	65,721	362,495
2018	298,965	62,061	361,026
2019	301,199	59,106	360,305
2020-2024	1,570,384	245,275	1,815,659
2025-2029	1,645,079	160,881	1,805,960
2030-2032	<u>718,962</u>	<u>31,582</u>	<u>750,544</u>
Total Debt Service Requirements	<u>\$ 5,418,514</u>	<u>\$ 767,647</u>	<u>\$ 6,186,161</u>

TOWN OF NEDERLAND, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 6: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Capital Leases

The Town has entered into capital lease agreements to purchase transportation equipment which will be paid from revenues of the Water and Sewer Funds. These leases require monthly payments of ranging from \$1,084 to \$1,339 including interest ranging from 2.38% to 3%. The leases mature from April 2013 to February 2015. The leases were paid in full during the year ended December 31, 2014.

NOTE 7: EMPLOYEE PENSION PLAN

Deferred 457 Compensation Plan

The Town offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is available to all employees and permits them to defer a portion of their salary until future years. The Board of Trustees determines the Town's contributions to the plan, currently a matching contribution up to a maximum of 4% of each employee's salary. During the years ended December 31, 2014 and 2013, the Town contributed \$22,818 and \$17,812, respectively, to the plan. The plan is administered by the International City/County Management Association Retirement Corporation (ICMA-RC), and all plan assets are held in trust for the exclusive benefit of the participants.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2014, the emergency reserve of \$90,000 was recorded in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NEDERLAND, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2014

	2014			VARIANCE Positive (Negative)	2013 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes	\$ 969,319	\$ 1,339,691	\$ 1,282,649	\$ (57,042)	\$ 1,004,655
Licenses and Permits	66,600	66,600	38,378	(28,222)	69,580
Intergovernmental	150,204	150,204	176,003	25,799	105,797
Charges for Services	16,000	16,000	104,344	88,344	30,335
Fines and Forfeitures	55,902	55,902	35,110	(20,792)	26,380
Miscellaneous	19,000	19,000	9,777	(9,223)	113,897
Interest	600	600	463	(137)	731
TOTAL REVENUES	<u>1,277,625</u>	<u>1,647,997</u>	<u>1,646,724</u>	<u>(1,273)</u>	<u>1,351,375</u>
EXPENDITURES					
Current					
General Government	189,076	211,175	216,855	(5,680)	262,056
Administration and Finance	204,192	232,019	235,847	(3,828)	138,671
Municipal Court	11,500	11,500	9,325	2,175	29,570
Law Enforcement	474,466	497,809	463,061	34,748	456,379
Planning and Zoning	98,461	130,461	130,795	(334)	107,142
Highway and Streets	332,824	349,088	375,994	(26,906)	311,584
Parks and Recreation	-	-	-	-	22,371
TOTAL EXPENDITURES	<u>1,310,519</u>	<u>1,432,052</u>	<u>1,431,877</u>	<u>175</u>	<u>1,327,773</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(32,894)</u>	<u>215,945</u>	<u>214,847</u>	<u>(1,098)</u>	<u>23,602</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	<u>-</u>	<u>(16,000)</u>	<u>(16,000)</u>	<u>-</u>	<u>(33,081)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(16,000)</u>	<u>(16,000)</u>	<u>-</u>	<u>(33,081)</u>
NET CHANGE IN FUND BALANCE	(32,894)	199,945	198,847	(1,098)	(9,479)
FUND BALANCES	<u>340,001</u>	<u>340,001</u>	<u>340,001</u>	<u>-</u>	<u>349,480</u>
FUND BALANCES, Ending	<u>\$ 307,107</u>	<u>\$ 539,946</u>	<u>\$ 538,848</u>	<u>\$ (1,098)</u>	<u>\$ 340,001</u>

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

COMMUNITY CENTER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2014

	2014			VARIANCE	2013 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Sales and Use Taxes	\$ 168,363	\$ 310,717	\$ 261,931	\$ (48,786)	\$ 168,050
Charges for Services	89,500	89,500	83,467	(6,033)	73,254
Miscellaneous	1,000	1,000	30,333	29,333	83,489
TOTAL REVENUES	258,863	401,217	375,731	(25,486)	324,793
EXPENDITURES					
Community Center	140,764	160,613	173,045	(12,432)	245,330
Debt Service					
Principal	85,000	85,000	85,000	-	80,000
Interest	18,500	18,500	18,436	64	32,880
Capital Outlay	-	12,523	-	12,523	-
TOTAL EXPENDITURES	244,264	276,636	276,481	155	358,210
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	14,599	124,581	99,250	(25,331)	(33,417)
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of Debt	-	-	-	-	960,000
Payment to Escrow Agent	-	-	-	-	(960,000)
Transfers In	-	-	-	-	32,860
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	32,860
NET CHANGE IN FUND BALANCE	14,599	124,581	99,250	(25,331)	(557)
FUND BALANCE, Beginning	9,392	9,392	9,392	-	9,949
FUND BALANCE, Ending	<u>\$ 23,991</u>	<u>\$ 133,973</u>	<u>\$ 108,642</u>	<u>\$ (25,331)</u>	<u>\$ 9,392</u>

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

TOWN OF NEDERLAND, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

December 31, 2014

	SPECIAL REVENUE		TOTALS	
	CONSERVATION TRUST FUND	DOWNTOWN DEVELOPMENT AUTHORITY	2014	2013
ASSETS				
Cash and Investments	\$ -	\$ 192,701	\$ 192,701	\$ 172,471
Property Taxes Receivable	-	169,300	169,300	169,193
Other Receivables		6,638	6,638	-
TOTAL ASSETS	\$ -	\$ 368,639	\$ 368,639	\$ 341,664
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 882	\$ 882	\$ 1,406
Accrued Liabilities	-	8,880	8,880	-
TOTAL LIABILITIES	-	9,762	9,762	1,406
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenues - Property Taxes	-	169,300	169,300	169,193
FUND BALANCES				
Restricted	-	189,577	189,577	171,065
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ -	\$ 368,639	\$ 368,639	\$ 341,664

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended December 31, 2014

	SPECIAL REVENUE		TOTALS	
	CONSERVATION TRUST FUND	DOWNTOWN DEVELOPMENT AUTHORITY	2014	2013
REVENUES				
Taxes	\$ -	\$ 159,304	\$ 159,304	\$ 124,984
Intergovernmental	16,000	3,000	19,000	75,779
Miscellaneous	-	6,260	6,260	1,510
Interest	-	317	317	408
TOTAL REVENUES	16,000	168,881	184,881	202,681
EXPENDITURES				
Parks and Recreation	-	-	-	16,000
General Government	-	63,762	63,762	26,734
Debt Service				
Principal	10,683	102,571	113,254	92,635
Interest	5,317	7,036	12,353	9,922
Capital Outlay	-	-	-	126,251
TOTAL EXPENDITURES	16,000	173,369	189,369	271,542
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(4,488)	(4,488)	(68,861)
OTHER FINANCING SOURCES (USES)				
Proceeds from Loan	-	7,000	7,000	-
Transfers In	-	16,000	16,000	221
TOTAL OTHER FINANCING SOURCES (USES)	-	23,000	23,000	221
CHANGE IN FUND BALANCES	-	18,512	18,512	(68,640)
FUND BALANCES	-	171,065	171,065	239,705
FUND BALANCES, Ending	\$ -	\$ 189,577	\$ 189,577	\$ 171,065

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2014

	2014			VARIANCE Positive (Negative)	2013 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Intergovernmental	\$ 16,000	\$ 14,322	\$ 16,000	\$ 1,678	\$ 15,779
TOTAL REVENUES	16,000	14,322	16,000	1,678	15,779
EXPENDITURES					
Parks and Recreation	16,000	16,000	16,000	-	16,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,678)	-	1,678	(221)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	221
NET CHANGE IN FUND BALANCE	-	(1,678)	-	1,678	-
FUND BALANCE, Beginning	-	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ (1,678)	\$ -	\$ 1,678	\$ -

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

DOWNTOWN DEVELOPMENT AUTHORITY
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2014

	2014		VARIANCE Positive (Negative)	2013 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 169,193	\$ 159,304	\$ (9,889)	\$ 124,984
Intergovernmental	426,000	3,000	(423,000)	60,000
Miscellaneous	1,500	6,260	4,760	1,510
Interest	500	317	(183)	408
TOTAL REVENUES	<u>597,193</u>	<u>168,881</u>	<u>(428,312)</u>	<u>186,902</u>
EXPENDITURES				
General Government	74,650	63,762	10,888	26,734
Debt Service				
Principal Payments	211,105	102,571	108,534	92,635
Interest Expense	8,500	7,036	1,464	9,922
Capital Outlay	<u>767,461</u>	<u>-</u>	<u>767,461</u>	<u>126,251</u>
TOTAL EXPENDITURES	<u>1,061,716</u>	<u>173,369</u>	<u>888,347</u>	<u>255,542</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(464,523)</u>	<u>(4,488)</u>	<u>460,035</u>	<u>(68,640)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	16,000	16,000	-	-
Proceeds from Loan	<u>356,500</u>	<u>7,000</u>	<u>(349,500)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>372,500</u>	<u>23,000</u>	<u>(349,500)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(92,023)	18,512	110,535	(68,640)
FUND BALANCE, Beginning	<u>220,260</u>	<u>171,065</u>	<u>(49,195)</u>	<u>239,705</u>
FUND BALANCE, Ending	<u>\$ 128,237</u>	<u>\$ 189,577</u>	<u>\$ 61,340</u>	<u>\$ 171,065</u>

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

SEWER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2014

	2014			VARIANCE Positive (Negative)	2013 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Charges for Services	\$ 430,800	\$ 430,800	\$ 432,203	\$ 1,403	\$ 405,214
Sales and Use Taxes	111,703	170,539	174,620	4,081	112,033
Grants	10,000	321,520	184,677	(136,843)	420,000
Interest	600	600	441	(159)	411
Plant Investment Fees	10,428	10,428	78,739	68,311	26,310
Miscellaneous	-	-	11,562	11,562	-
TOTAL REVENUES	563,531	933,887	882,242	(51,645)	963,968
EXPENDITURES					
Personnel	124,592	124,592	111,893	12,699	129,243
Operations	196,099	268,678	278,225	(9,547)	190,558
Capital Outlay	135,000	393,803	395,970	(2,167)	1,394,897
Depreciation Expense	-	-	-	-	203,653
Debt Service					
Principal	189,900	189,900	190,539	(639)	192,267
Interest and Fiscal Charges	36,388	36,388	34,224	2,164	35,236
TOTAL EXPENDITURES	681,979	1,013,361	1,010,851	2,510	2,145,854
NET INCOME, Budget Basis	\$ (118,448)	\$ (79,474)	(128,609)	\$ (49,135)	(1,181,886)
GAAP BASIS ADJUSTMENTS					
Depreciation Expense			(240,645)		-
Loss on Disposal of Assets			-		(138,587)
Loan Principal Payments			190,539		192,267
Capital Outlay			395,970		1,394,897
NET INCOME, GAAP Basis			217,255		266,691
NET POSITION, Beginning			1,657,786		1,391,095
NET POSITION, Ending			\$ 1,875,041		\$ 1,657,786

See the accompanying independent auditors' report.

TOWN OF NEDERLAND, COLORADO

WATER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2014

	2014			VARIANCE	2013 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Charges for Services	\$ 358,250	\$ 358,250	\$ 395,349	\$ 37,099	\$ 354,681
Sales and Use Taxes	111,703	170,539	174,620	4,081	112,033
Grants	10,000	10,000	9,380	(620)	-
Interest	10,000	10,000	8,120	(1,880)	10,919
Plant Investment Fees	10,428	10,428	112,890	102,462	31,284
Miscellaneous	-	-	840	840	-
TOTAL REVENUES	<u>500,381</u>	<u>559,217</u>	<u>701,199</u>	<u>141,982</u>	<u>508,917</u>
EXPENDITURES					
Personnel	132,555	132,555	121,219	11,336	129,181
Operations	199,005	199,005	213,164	(14,159)	206,393
Capital Outlay	205,500	221,500	131,852	89,648	101,539
Depreciation Expense	-	-	-	-	195,069
Debt Service					
Principal	107,900	107,900	111,233	(3,333)	112,226
Interest and Fiscal Charges	<u>48,134</u>	<u>48,134</u>	<u>40,388</u>	<u>7,746</u>	<u>33,006</u>
TOTAL EXPENDITURES	<u>693,094</u>	<u>709,094</u>	<u>617,856</u>	<u>91,238</u>	<u>777,414</u>
NET INCOME, Budget Basis	<u>\$ (192,713)</u>	<u>\$ (149,877)</u>	83,343	<u>\$ 233,220</u>	(268,497)
GAAP BASIS ADJUSTMENTS					
Depreciation Expense			(214,383)		-
Principal Payments on Long Term Debt			111,233		112,226
Capital Outlay			<u>131,852</u>		<u>101,539</u>
NET INCOME, GAAP Basis			112,045		(54,732)
NET POSITION, Beginning			<u>2,482,005</u>		<u>2,536,737</u>
NET POSITION, Ending			<u>\$ 2,594,050</u>		<u>\$ 2,482,005</u>

See the accompanying independent auditors' report.

STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Boulder
		YEAR ENDING : December 2014
This Information From The Records Of (example - City of _ or County of Town of Nederland)	Prepared By: Eva Forberger Phone: 303 258-3266	

3

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	211,686
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	467,632	b. Snow and ice removal	40,469
3. Other local imposts (from page 2)	22,265	c. Other	39,977
4. Miscellaneous local receipts (from page 2)	26,981	d. Total (a. through c.)	80,446
5. Transfers from toll facilities		4. General administration & miscellaneous	36,933
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	300,989
a. Bonds - Original Issues		6. Total (1 through 5)	630,054
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	516,878	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	113,176	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	630,054	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			630,054

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		630,054	630,054		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2014	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	19,510
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	22,265	g. Other Misc. Receipts	
6. Total (1. through 5.)	22,265	h. Other	7,471
c. Total (a. + b.)	22,265	i. Total (a. through h.)	26,981
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	51,965	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	61,211	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.)	61,211	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	113,176	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	0
			(Carry forward to page 1)
Notes and Comments:			