

Annual Financial Report

**Town of Nunn, Colorado
Nunn, Colorado**

For the Year Ended December 31, 2008

TOWN OF NUNN, COLORADO

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December 31, 2008

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Nunn, State of Colorado
Nunn, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Nunn, State of Colorado as of and for the year ended December 31, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Nunn, State of Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Nunn, State of Colorado as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 21-26 be presented to supplement the basic financial statements. Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Nunn, State of Colorado's financial statements as a whole. The budgetary comparisons on pages 27-29 and the local highway finance report on pages 30-31 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Tim Chavies & Associates, Inc.

Tim Chavies & Associates, Inc.
Certified Public Accountants

Greeley, Colorado
August 5, 2010

BASIC FINANCIAL STATEMENTS

TOWN OF NUNN, COLORADO

Statement of Net Assets

Government-Wide

December 31, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash on hand and in checking	\$ 10,184	\$ -	\$ 10,184
Cash on deposit - weld county treasurer	7,338	-	7,338
Cash in savings	2,510	-	2,510
Cash in colo trust	269,076	11,691	280,767
Restricted cash - revenue bond operations and maintenance account	-	19,301	19,301
Restricted cash - revenue bond payment account	-	51,020	51,020
Total Cash	289,108	82,012	371,120
Property taxes receivable	56,724	-	56,724
Accounts receivable	7,695	18,068	25,763
Accrued interest receivable	-	-	-
Prepaid expenses	4,563	1,716	6,279
Due from other funds	46,379	-	46,379
Total Current Assets	404,469	101,796	506,265
Capital Assets:			
Land improvements	131,647	-	131,647
Land	3,929	152	4,081
Water system	-	963,194	963,194
Machinery and equipment	117,323	21,721	139,044
Water rights	-	608,130	608,130
Buildings and Improvements	187,343	-	187,343
Total Capital Assets	440,242	1,593,197	2,033,439
Less: accumulated depreciation	(188,327)	(445,695)	(634,022)
Net Capital Assets	251,915	1,147,502	1,399,417
Total Assets	656,384	1,249,298	1,905,682
LIABILITIES			
Current Liabilities:			
Accounts payable	15,128	14,703	29,831
Payroll taxes payable	3,455	-	3,455
Accrued interest payable	-	620	620
Compensated absences	-	-	-
Deferred revenue	56,725	-	56,725
Due to other funds	-	46,379	46,379
Current portion of long-term debt	-	17,816	17,816
Total Current Liabilities	75,308	79,518	154,826
Long Term Liabilities:			
Note payable - CWRPDA loan	-	167,567	167,567
Less: portion due within one year	-	(17,816)	(17,816)
Total Long Term Liabilities	-	149,751	149,751
Total Liabilities	75,308	229,269	304,577
NET ASSETS			
Invested in capital assets - net of related debt	251,915	979,315	1,231,230
Restricted for Tabor	7,136	-	7,136
Restricted for revenue bond operations and maintenance	-	70,301	70,301
Unrestricted	322,025	(29,587)	292,438
Total Net Assets	\$ 581,076	\$ 1,020,029	\$ 1,601,105

TOWN OF NUNN, COLORADO

Statement of Activities

Government-Wide

December 31, 2008

Functions / Programs	Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Program Revenues		Primary Government		
		Charges for Services	Capital Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities:						
General government	\$ (72,655)	\$ -	\$ -	\$ (72,655)	\$ -	\$ (72,655)
Public safety	(71,519)	-	-	(71,519)	-	(71,519)
Public works	(53,409)	28,753	-	(24,656)	-	(24,656)
Health and welfare	(6,860)	-	-	(6,860)	-	(6,860)
Culture and recreation	(28,877)	-	-	(28,877)	-	(28,877)
Economic development	(215)	-	-	(215)	-	(215)
Total Governmental Activities	(233,535)	28,753	-	(204,782)	-	(204,782)
Business-Type Activities:						
Water fund	(134,206)	116,659	-	-	(17,547)	(17,547)
Total Business-Type Activities	(134,206)	116,659	-	-	(17,547)	(17,547)
Total Primary Government	\$ (367,741)	\$ 145,412	\$ -	(204,782)	(17,547)	(222,329)
General Revenues:						
Taxes				103,525	-	103,525
Licenses and permits				4,483	-	4,483
Intergovernmental revenue				51,081	-	51,081
Fines and forfeitures				38,825	-	38,825
Miscellaneous income				3,539	-	3,539
Sale of assets				-	-	-
Earnings on investments				6,186	4,013	10,199
Grants				-	-	-
Transfers				-	-	-
Contributions				587	-	587
Total General Revenues				208,226	4,013	212,239
Change in Net Assets				3,444	(13,534)	(10,090)
Net Assets-beginning of year				577,632	1,033,563	1,611,195
Net Assets-end of year				\$ 581,076	\$ 1,020,029	\$ 1,601,105

TOWN OF NUNN, COLORADO

Balance Sheet

Governmental Funds

December 31, 2008

	General	Conservation Trust	Total
ASSETS			
Current Assets:			
Cash on hand and in checking	\$ 10,184	\$ -	\$ 10,184
Cash on deposit - weld county treasurer	7,338	-	7,338
Cash in savings	2,510	-	2,510
Cash in colo trust	237,415	31,661	269,076
Total Cash	257,447	31,661	289,108
Property taxes receivable	56,724	-	56,724
Accounts receivable	7,695	-	7,695
Accrued interest receivable	-	-	-
Prepaid expenses	4,563	-	4,563
Due from other funds	46,379	-	46,379
Total Current Assets	372,808	31,661	404,469
Total Assets	\$ 372,808	\$ 31,661	\$ 404,469
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 15,128	\$ -	\$ 15,128
Payroll taxes payable	3,455	-	3,455
Accrued interest payable	-	-	-
Compensated absences	-	-	-
Deferred revenue	56,725	-	56,725
Due to other funds	-	-	-
Total Current Liabilities	75,308	-	75,308
Total Liabilities	75,308	-	75,308
FUND BALANCE			
Restricted for Tabor	7,136	-	7,136
Unrestricted:			
Designated for subsequent year's expenditures	78,302	15,000	93,302
Undesignated	212,062	16,661	228,723
Total Fund Balance	297,500	31,661	329,161
Total Liabilities and Fund Balance	\$ 372,808	\$ 31,661	\$ 404,469

Reconciliation of the Balance Sheet to the Statement of Net Assets

Total Governmental Fund Balance \$ 329,161

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund:

Capital assets	440,242	
Less: accumulated depreciation	(188,327)	
		251,915

Net Assets of Governmental Activities

\$ 581,076

TOWN OF NUNN, COLORADO

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

December 31, 2008

	General	Conservation Trust	Total
Revenues:			
Taxes	\$ 103,525	\$ -	\$ 103,525
Licenses and permits	4,483	-	4,483
Intergovernmental revenue	45,629	5,452	51,081
Charges for services	28,753	-	28,753
Fines and forfeitures	38,825	-	38,825
Miscellaneous revenues	8,575	1,150	9,725
Total Revenues	229,790	6,602	236,392
Expenditures:			
Current:			
General government	122,443	-	122,443
Public safety	76,124	-	76,124
Public works	50,845	-	50,845
Health and welfare	6,544	-	6,544
Culture and recreation	32,770	-	32,770
Economic development/assistance	215	-	215
Total Expenditures	288,941	-	288,941
Excess (Deficiency) of Revenues over Expenditures	(59,151)	6,602	(52,549)
Other Financing Sources (Uses):			
Sale of assets	-	-	-
Contributions	587	-	587
Transfers in	14,000	-	14,000
Transfers out	-	(14,000)	(14,000)
Total Other Financing Sources (Uses)	14,587	(14,000)	587
Net Change in Fund Balance	(44,564)	(7,398)	(51,962)
Fund Balance - beginning of year (restated)	342,064	39,059	381,123
Fund Balance - end of year	\$ 297,500	\$ 31,661	\$ 329,161

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities:

Net Change in Fund Balance - Total Governmental Funds	\$ (51,962)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	73,895	
Depreciation expense	(18,489)	
		55,406

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:
Donated capital assets

Change in Net Assets of Governmental Activities	\$ 3,444
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TOWN OF NUNN, COLORADO

Statement of Net Assets

Proprietary Funds

December 31, 2008

	Business-Type Activities	
	Water	Total
ASSETS		
Current Assets:		
Cash in colo trust	\$ 11,691	\$ 11,691
Restricted cash - revenue bond operations and maintenance account	19,301	19,301
Restricted cash - revenue bond payment account	51,020	51,020
Total Cash	82,012	82,012
Accounts receivable	18,068	18,068
Accrued interest receivable	-	-
Prepaid expenses	1,716	1,716
Due from other funds	-	-
Total Current Assets	101,796	101,796
Capital Assets:		
Land	152	152
Water system	963,194	963,194
Machinery and equipment	21,721	21,721
Water rights	608,130	608,130
Total Capital Assets	1,593,197	1,593,197
Less: Accumulated depreciation	(445,695)	(445,695)
Net Capital Assets	1,147,502	1,147,502
Total Assets	1,249,298	1,249,298
LIABILITIES		
Current Liabilities:		
Accounts payable	14,703	14,703
Payroll taxes payable	-	-
Accrued interest payable	620	620
Due to other funds	46,379	46,379
Current portion of long-term debt	17,816	17,816
Total Current Liabilities	79,518	79,518
Long Term Liabilities:		
Note payable - CWRPDA loan	167,567	167,567
Less: portion due within one year	(17,816)	(17,816)
Total Long Term Liabilities	149,751	149,751
Total Liabilities	229,269	229,269
NET ASSETS		
Invested in capital assets - net of related debt	979,315	979,315
Restricted for Tabor	-	-
Restricted for revenue bond operations and maintenance	70,301	70,301
Unrestricted:		
Designated for subsequent year's expenditures	-	-
Undesignated	(29,587)	(29,587)
Total Net Assets	\$ 1,020,029	\$ 1,020,029

TOWN OF NUNN, COLORADO*Statement of Revenues, Expenses, and Changes in Net Assets**Proprietary Funds*

December 31, 2008

	Business-Type Activities	
	Water	Total
Operating Revenues:		
Charges for services	\$ 113,754	\$ 113,754
Other operating revenues	2,905	2,905
Total Operating Revenues	116,659	116,659
Operating Expenses:		
Administrative	32,192	32,192
System operations and maintenance	74,805	74,805
Depreciation	19,259	19,259
Total Operating Expenses	126,256	126,256
Operating Income (Loss)	(9,597)	(9,597)
Non-operating Revenues (Expenses)		
Earnings on investments	4,013	4,013
Interest expense	(7,950)	(7,950)
Sale of assets	-	-
Grants	-	-
Total Non-operating Revenues (Expenses)	(3,937)	(3,937)
Income (Loss) before contributions and transfers	(13,534)	(13,534)
Contributions	-	-
Transfers In (Out)	-	-
Change in Net Assets	(13,534)	(13,534)
Total Net Assets - beginning of year	1,033,563	1,033,563
Total Net Assets - end of year	\$ 1,020,029	\$ 1,020,029

See accompanying notes to the basic financial statements

TOWN OF NUNN, COLORADO

Statement of Cash Flows

Proprietary Funds

December 31, 2008

	Business-Type Activities	
	Water	Total
Cash Flows From Operating Activities:		
Cash received from customers	\$ 112,390	\$ 112,390
Cash payments to employees	(32,192)	(32,192)
Cash payments to suppliers	(61,361)	(61,361)
Internal activity - payments to other funds	(66,855)	(66,855)
Net Cash Flows From Operating Activities	(48,018)	(48,018)
Cash Flows From Non-capital Financing Activities:		
Operating transfers in	-	-
Operating transfers out	-	-
Grants	-	-
Net Cash Flows From Non-capital Financing Activities	-	-
Cash Flows From Capital and Related Financing Activities:		
Acquisition of capital assets	(14,996)	(14,996)
Proceeds from long-term debt	-	-
Contributions in aid of construction	-	-
Principal payments on long-term debt	(17,036)	(17,036)
Interest payments on long-term debt	(7,950)	(7,950)
Net Cash Flows From Capital and Related Financing Activities	(39,982)	(39,982)
Cash Flows From Investing Activities:		
Interest on investments	4,013	4,013
Net Cash Flows From Investing Activities	4,013	4,013
Net Increase (Decrease) in Cash and Cash Equivalents	(83,987)	(83,987)
Cash and Cash Equivalents - January 1	165,999	165,999
Cash and Cash Equivalents - December 31	\$ 82,012	\$ 82,012
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Operating income (loss)	\$ (9,597)	\$ (9,597)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	19,259	19,259
Changes in assets and liabilities:		
Receivables	(4,269)	(4,269)
Prepaid expenses	793	793
Due from other funds	-	-
Payables and other accrued expenses	12,651	12,651
Due to other funds	(66,855)	(66,855)
Net Cash Flows From Operating Activities	\$ (48,018)	\$ (48,018)

NOTES TO THE BASIC FINANCIAL STATEMENTS

TOWN OF NUNN, COLORADO

Notes to the Basic Financial Statements

December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Nunn, Colorado, was incorporated in 1908, as a statutory town as defined by the current 1973 Colorado Revised Statutes. The statutes provide that the Mayor is the chief administrative officer and that the Board of Trustees shall be the policy-making authority. The following services are currently offered by the Town: General government, public safety, public works, health, recreation and water.

The financial statements of the Town of Nunn, Colorado (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the Town are described below.

Reporting Entity

The reporting entity consists of only the Town, a primary government that is a general purpose local government. This primary government has a separately elected governing body and it is legally separate, as well as financially independent of other state and local governments. The primary government may appoint a simple majority of the organization's governing board or have the ability to impose its will on the organization. A component unit may be a financial benefit or burden to the primary government and which is a legally separate organization of which the elected officials of the primary government are financially accountable. The Town does not have any component units.

Basic Financial Statements

Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments.

Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Government-wide financial statements consist of Statement of Net Assets and Statement of Activities. The Statement of Net Assets includes both non-current assets and non-current liabilities of the Town, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group.

In addition to the government-wide financial statements, the Town has prepared the fund financial statements using the modified accrual basis of accounting and the current financial resources measurement focus. 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 government considers revenue to be available if they are collected within 60 days of the end of the current fiscal year.

TOWN OF NUNN, COLORADO

Notes to the Basic Financial Statements

December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements (continued)

The Town reports the following major **Governmental Funds**:

- The **General Fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- The **Conservation Trust Fund** is a special revenue fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

The Town reports the following major **Proprietary Fund**:

- The **Water Fund** provides water services to the Town citizens and accounts for operations that are financed in a manner similar to private business enterprises.

Statement No. 34 also requires certain required supplementary information in the form of Management's Discussion and Analysis which includes an analytical overview of the Town's financial activities. In addition, budgetary comparison schedules are presented for all funds that compare the adopted and modified budget with actual results.

The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The Town does not have any **Fiduciary Funds**.

Budgets and Budgetary Accounting:

An annual budget and appropriation resolutions is adopted by the Town in accordance with the Colorado State Statutes. The budget for all funds is prepared on a basis consistent with generally accepted accounting principles (GAAP), except that bond and loan proceeds are treated as other financing sources and debt service principal payments and capital outlays are treated as expenditures.

Budgeted amounts are as originally adopted or as increased by supplemental appropriations. Budget appropriations lapse at year-end. Budgetary comparisons with actual revenues and expenditures are included as required supplemental information for the General and Conservation Trust funds and as other supplemental information for the Water fund.

The Town incurred expenditures in excess of appropriations in the Water Fund for the year ended December 31, 2008, which may be in violation of the Local Government Budget Law.

TOWN OF NUNN, COLORADO

Notes to the Basic Financial Statements

December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting: (continued)

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

- On or before August 25, the Weld County Assessor submits to the Town the new assessed valuation and other amounts needed to compute the statutory property tax revenue limit.
- On or before October 15, the Budget Committee submits to the Town Board of Trustees a proposed operating budget for the following fiscal year commencing January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- On or before December 15, the Town certifies the mill levy to the Board of County Commissioners.
- On or before December 22, the Board of County Commissioners certifies the levy against the assessed valuation on all taxable properties.
- Prior to December 31, the Town legally adopts the budget.

Designated for Subsequent Year's Expenditures

Designated fund balance is the portion of the fund balance that is appropriated in the succeeding year's budget.

Compensated Absences

Under the terms of the Town's personnel policies, Town employees are granted vacation, sick and compensatory time in varying amounts, depending upon the length of continuous service the employee has given the Town. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time at their current rate of pay. The liability for vested or accumulated vacation leave is considered immaterial and therefore is not recorded.

Cash and Cash Equivalents

For purposes of the basic financial statements and the statement of cash flows, the Town considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

The Town pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Town's investments.

Investments

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities trades on exchanges are valued using quoted market prices. Non-participating contracts such as certificates of deposits are reported at cost. Cash deposits and money market investments that mature within one year or less are reported at carrying amount, which reasonably estimates fair value. Investment pools are reported at fair value, which is determined by the fair value per share of the pool's underlying asset portfolio.

TOWN OF NUNN, COLORADO

Notes to the Basic Financial Statements

December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory is generally stated at cost in the Water Fund, applying the first-in, first-out inventory flow method.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the governmental-wide financial statements. The Town records its property and equipment at historical cost. Contributed capital assets are valued at their estimated fair value on the date donated. Maintenance and repairs are charged to current period operating expenses, whereas additions and improvements are capitalized. Upon retirement or other disposition of property and equipment, the costs and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in operations. Interest costs relating to construction are capitalized. During years ended December 31, 2008 and 2007, no interest was capitalized. The Town's capitalization level is \$1,000 for capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	10 to 50
Furniture and equipment	5 to 20
Utility systems	15 to 50
Land improvements	20 to 40

As a result of Statement No. 34, the Town is accounting for infrastructure and capital assets on its financial statements. The government-wide financial statements include those assets that were completed during the fiscal year-end, considered construction in progress or purchased or constructed in prior years.

The Town has elected to capture infrastructure assets with the implementation of Statement No. 34 (the retroactive approach).

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Receivables

Receivables are considered fully collectible and therefore are reported at their gross value.

TOWN OF NUNN, COLORADO

Notes to the Basic Financial Statements

December 31, 2008

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Article X, Section 20, of the Colorado Constitution contains several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Town believes that it is in compliance with the requirements of the amendment. However, the Town has made certain interpretations of the amendment's language in order to determine its compliance.

The amendment excludes from its provisions Enterprises. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than ten percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment. However, the Town is of the opinion that its Enterprise funds do not qualify for this exclusion.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. On April 5, 1994, voters approved a referendum regarding the Town's retention of revenues collected in excess of the fiscal spending limits for 1993, also to be effective for all years thereafter.

On November 4, 2008, voters approved to allow the Town to maintain its operating mill levy at 13.810 mills in 2008 (for 2009 collection) and all years thereafter, qualifying as a TABOR voter approved revenue change and, if applicable, an authorized exception to the statutory 5.5% tax revenue growth limitation. Considering the above interpretation of TABOR, the governing board believes that it is in compliance with its fiscal requirements for the years December 31, 2008 and 2007.

The Amendment requires that Emergency Reserves be established. The reserves must be at least three percent of the fiscal year spending (excluding bonded debt service). The Town is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

Cash and cash investments are carried at cost. The Town authorized investment of funds in federally insured bank accounts or local government pools. Maturities must be five years or less. This authorization is in compliance with restrictions set forth by the State of Colorado statutes.

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 regulators. Amounts on deposit in excess of federal insurance levels (\$250,000 for 2008 and \$100,000 for 2007) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 the aggregate uninsured deposits.

TOWN OF NUNN, COLORADO

Notes to the Basic Financial Statements

December 31, 2008

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Cash Deposits (continued)

Total cash deposits at December 31, 2008 and 2007 were as follows:

	2008		2007	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Cash on Hand and Cash with Weld County Treasurer	\$ -	\$ 7,438	\$ -	\$ 2,660
Cash in Checking	31,845	10,084	48,552	34,402
Cash in Savings	2,510	2,510	2,397	2,397
Total Cash Deposits	<u>\$ 34,355</u>	<u>\$ 20,032</u>	<u>\$ 50,949</u>	<u>\$ 39,459</u>

The State Regulatory Commissions for banks are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which a political subdivision may invest, which include:

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

Total investments at December 31, 2008 and 2007 were as follows:

	2008		2007	
	Fair Market Value	Adjusted Cost Basis	Fair Market Value	Adjusted Cost Basis
Cash in Colo Trust	\$ 280,767	\$ 280,767	\$ 335,847	\$ 335,847
Restricted Cash in Colo Trust:				
Revenue Bond Operations & Maint Account	19,301	19,301	18,810	18,810
Revenue Bond Payment Account	51,020	51,020	49,909	49,909
Total Investments	<u>\$ 351,088</u>	<u>\$ 351,088</u>	<u>\$ 404,566</u>	<u>\$ 404,566</u>

TOWN OF NUNN, COLORADO

Notes to the Basic Financial Statements

December 31, 2008

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

During years ended December 31, 2008 and 2007, the Town invested funds in the Colorado Local Government Liquid Asset Trust (Colo Trust), a local government investment pool. As an investment pool, Colo Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The investment pool is rated AAAM by Standard and Poor's and operates similar to a money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA).

Custodial Credit Risk is the risk that, in the event of the failure of the issuer or counterparty, the Town will not be able to recover the value of its investment (or related collateral securities that are held by an outside party). The Town had no custodial credit risk for its investments at December 31, 2008 or 2007.

Interest Rate Risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The Town investment portfolio does not contain investments that exceed the five year limitation imposed by Colorado Statutes.

Credit Risk is the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The Town's investment policy follows Colorado Revised State Statues.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town has no such policy limiting how much can be with one financial institution due to the Colorado Public Deposit Protection Act (PDPA).

Foreign Currency Risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The Town has no policy for foreign currency risk since all are in the form of certificates of deposit.

Summary

Total cash deposits and investments at December 31, 2008 and 2007 are as follows:

	2008	2007
Cash deposits	\$ 20,032	\$ 39,459
Investments	351,088	404,566
Total Cash Deposits and Investments	<u>\$ 371,120</u>	<u>\$ 444,025</u>

Investment Income

	2008	2007
Interest income	\$ 10,199	\$ 20,512
Net increase (decrease) in the fair value of investments	-	-
Total Investment Income	<u>\$ 10,199</u>	<u>\$ 20,512</u>

The net increase (decrease) in the fair value of investments represents the difference in fair value from one year to the next.

TOWN OF NUNN, COLORADO*Notes to the Basic Financial Statements*

December 31, 2008

NOTE 4 - PROPERTY TAXES RECEIVABLE

Under Colorado law, all property taxes become due and payable in the calendar year following that in which they are levied. Property taxes levied by the General Fund in the current year, 2008, to be collected in the subsequent year, 2009 are accrued as a receivable as of December 31, 2008 and offset by a deferred revenue account.

The Town's property tax calendar for 2008 is as follows:

Lien Date	January 1, 2008
Levy Date	November 1, 2008
Tax bills mailed	January 1, 2009
First installment due	February 28, 2009
Second installment due	June 15, 2009
If paid in full, due	April 30, 2009
Tax sale - 2008 delinquent property tax	November 15, 2009

NOTE 5 - CAPITAL ASSETS

The following is a summary of capital assets for the Governmental Activities as of December 31, 2008:

	Beg Balance	Additions	Retirements	End Balance
Governmental Activities				
Non-Depreciable Assets:				
Land	\$ 3,929	\$ -	\$ -	\$ 3,929
Depreciable Assets:				
Buildings and improvements	186,975	367	-	187,342
Land improvements	66,473	65,175	-	131,648
Machinery and equipment	108,970	8,353	-	117,323
Totals at Historical Cost	366,347	73,895	-	440,242
Less: Accumulated Depreciation for:				
Buildings and improvements	(83,333)	(4,677)	-	(88,010)
Land improvements	(26,953)	(3,270)	-	(30,223)
Machinery and equipment	(59,552)	(10,542)	-	(70,094)
Total Accumulated Depreciation	(169,838)	(18,489)	-	(188,327)
Governmental Activities				
Capital Assets - Net	\$ 196,509	\$ 55,406	\$ -	\$ 251,915

Depreciation expense was charged to Governmental Activities as follows:

General government	\$ 1,138
Public safety	3,635
Public works	2,564
Health and welfare	316
Culture and recreation	10,836
Total Depreciation Expense - Governmental Activities	\$ 18,489

TOWN OF NUNN, COLORADO

Notes to the Basic Financial Statements

December 31, 2008

NOTE 5 – CAPITAL ASSETS (CONTINUED)

The following is a summary of capital assets for the Business-Type Activities as of December 31, 2008:

	Beg Balance	Additions	Retirements	End Balance
Business-Type Activities				
Non-Depreciable Assets:				
Land	\$ 152	\$ -	\$ -	\$ 152
Water rights	608,130	-	-	608,130
Depreciable Assets:				
Water system	948,198	14,996	-	963,194
Machinery and equipment	21,721	-	-	21,721
Totals at Historical Cost	1,578,201	14,996	-	1,593,197
Less: Accumulated Depreciation for:				
Water system	(406,107)	(18,621)	-	(424,728)
Machinery and equipment	(20,329)	(638)	-	(20,967)
Total Accumulated Depreciation	(426,436)	(19,259)	-	(445,695)
Business-Type Activities				
Capital Assets - Net	\$ 1,151,765	\$ (4,263)	\$ -	\$ 1,147,502

Depreciation expense was charged to Business-Type Activities as follows:

Water fund	\$ 19,259
Total Depreciation Expense - Business-Type Activities	\$ 19,259

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

A summary of interfund activities at December 31, 2008 were as follows:

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
Governmental Activities				
General Fund	\$ 46,379	\$ -	\$ 14,000	\$ -
Conservation Trust Fund	-	-	-	14,000
Total Governmental Activities	46,379	-	14,000	14,000
Business-Type Activities				
Water Fund	-	46,379	-	-
Total Business-Type Activities	-	46,379	-	-
Total	\$ 46,379	\$ 46,379	\$ 14,000	\$ 14,000

TOWN OF NUNN, COLORADO

Notes to the Basic Financial Statements

December 31, 2008

NOTE 7 – LONG-TERM DEBT

Note Payable – CWRPDA

On August 12, 1996, an agency revenue bond was issued to the Colorado Water Resources and Power Development Authority in the amount of \$330,260. The bond proceeds were used to construct a four (4) mile water line to connect to a water district providing treated water. The terms of the bond required a payment of \$8,463 on March 1, 1997, which included interest from November 1, 1996. Beginning June 1, 1997, quarterly payments of \$6,265 are required, including interest at a 4.50% annual rate, with final payment due December 1, 2016. Both the principal and interest thereon are payable solely from net revenues (gross revenues less operations and maintenance expenses) of the water distribution system. The balance due to the Colorado Water Resources and Power Development Authority as of December 31, 2008 and 2007 is \$167,567 and \$184,603, respectively.

Changes in Long-Term Debt

	12/31/2007	Additions	Reductions	12/31/2008	Due Within One Year
Water revenue bond payable -	\$ 184,603	\$ -	\$ 17,036	\$ 167,567	\$ 17,816
Total	\$ 184,603	\$ -	\$ 17,036	\$ 167,567	\$ 17,816

NOTE 8 – DEBT SERVICE REQUIREMENTS

Summary of debt service requirements with principal and interest to maturity:

Payment Dates	Principal	Interest	Principal & Interest
2009	\$ 17,816	\$ 7,242	\$ 25,058
2010	18,631	6,427	25,058
2011	19,483	5,575	25,058
2012	20,375	4,683	25,058
2013	21,308	3,750	25,058
Syr Total	97,613	27,677	125,290
2014	22,283	2,775	25,058
2015	23,302	1,756	25,058
2016	24,369	689	25,058
Total	167,567	32,897	200,464

NOTE 9 – DEBT SERVICE COMPLIANCE AND ACCOUNTABILITY

Restricted Assets and Net Assets

Certain resources set aside for the repayment of Water Fund bonded debt are classified as “restricted” on the Statement of Net Assets because their use is limited by applicable bond covenants. The “revenue bond operations and maintenance” account is used to report resources set aside to subsidize potential deficiencies from the Town’s operation that could adversely affect debt service payments. The “revenue bond payment” account is used to segregate resources accumulated for debt service payments as they come due.

The Town’s bond covenants require certain reservations of the Water Fund net assets. The reserved portions as of December 31, 2008 and 2007 are as follows:

TOWN OF NUNN, COLORADO*Notes to the Basic Financial Statements*

December 31, 2008

NOTE 9 – DEBT SERVICE COMPLIANCE AND ACCOUNTABILITY (CONTINUED)
Restricted Assets and Net Assets (continued)

	2008	2007
Reserved for Revenue Bond Operations and Maintenance	\$ 19,301	\$ 21,569
Reserved for Revenue Bond Payment	51,020	-
Total Reserved Net Assets	<u>\$ 70,321</u>	<u>\$ 21,569</u>

The balance of the Town's restricted assets accounts as of December 31, 2008 and 2007:

	2008	2007
Reserved for Revenue Bond Operations and Maintenance	\$ 19,301	\$ 18,810
Reserved for Revenue Bond Payment	51,020	49,909
Total Restricted Assets	<u>\$ 70,321</u>	<u>\$ 68,719</u>

Rate Maintenance

The Town is required to establish, maintain and enforce rates and charges for services rendered by the water distribution system to create revenue sufficient to pay maintenance and operations expenses of the system and to cover 1.10 times the annual debt service of the existing Water Fund revenue debt. The calculations for system payment requirements due in 2008 and 2007 are computed as follows:

	2008	2007
<u>Net Revenues:</u>		
Operating revenue	\$ 116,659	\$ 111,271
Contributed capital (cash)	-	22,500
Earnings on investments	4,013	8,203
Total Revenues	120,672	141,974
Less: Operating expenses (excluding depreciation)	(106,997)	(86,277)
Net Revenues	<u>13,675</u>	<u>55,697</u>
<u>Debt Service Requirements:</u>		
Colorado Water Resources and Power Development Authority	25,058	25,058
Debt service requirements times 1.10	1.10	1.10
Total Debt Service Requirements	<u>27,564</u>	<u>27,564</u>
Excess (Deficit) of Net Revenues over Requirements	<u>(13,889)</u>	<u>28,133</u>

The Town did not comply with the debt service requirements in 2008; however they did comply with such requirements in 2007 for system payments.

TOWN OF NUNN, COLORADO

Notes to the Basic Financial Statements

December 31, 2008

NOTE 10 – OPERATING LEASE OBLIGATIONS

On November 21, 2005, the Town entered into a copier lease agreement. The lease requires 63 monthly payments of \$60.50, beginning January 1, 2006, with final payment in 2011. Lease expense as of December 31, 2008 and 2007 is \$726 and 726, respectively.

Future required minimum lease payments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2009	\$ 726
2010	726
2011	181
Total	<u>\$ 1,633</u>

NOTE 11 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and subcontractors; and natural disasters. The Town purchases commercial insurance for most risks of loss. As of December 31, 2008 and 2007, the Town did not have any liabilities in excess of insurance limits. Claims have not exceeded insurance coverage in the prior three years.

NOTE 12 – CONTINGENCIES

The Town had no material pending or threatened litigation, claims, and assessments. Furthermore, the Town is unaware of any unasserted possible claims or assessments that are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5 as of December 31, 2008 and 2007.

NOTE 13 – PRIOR PERIOD ADJUSTMENTS

The accounts payable at December 31, 2007 were adjusted to reflect actual payables. The effects of these changes on the fund balances of the Governmental Funds at December 31, 2007 are as follows:

	<u>General</u>	<u>Conservation</u>	<u>Total</u>
Fund Balance, as originally stated	\$ 344,063	\$ 39,059	\$ 383,122
Adjust accounts payable at December 31, 2007	(1,999)	-	(1,999)
Fund Balance, as restated	<u>\$ 342,064</u>	<u>\$ 39,059</u>	<u>\$ 381,123</u>

NOTE 14 – SUBSEQUENT EVENTS

On June 12, 2009, the Town was offered a grant in the amount of \$19,000 from federal mineral lease proceeds from the State of Colorado Department of Local Affairs. The grant will assist the Town with assessing the condition of current water system including water lines and tank as well as the potential future water demands and requirements to upgrade the Town's water system. All expenditures have been incurred before the July 31, 2010 completion date, in accordance with the contract.

On February 4, 2010, the Board of Trustees removed the Town Clerk from office. Then on April 7, 2010, the Town was served with a complaint filed in State District Court in Weld County, Colorado by the former Town Clerk. The Town is aggressively defending this litigation. As the litigation is still in its early stages, it is too early to evaluate the potential exposure, if any, to the Town.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF NUNN, COLORADO

Schedule of Revenues

Budget to Actual - General Fund

Year Ended December 31, 2008

With Comparative Actual Amounts For the Year Ended December 31, 2007

Non-GAAP Budgetary Basis	2008			2007 Actual
	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)	
Taxes:				
General property taxes	\$ 53,000	\$ 52,390	\$ (610)	\$ 46,854
General sales taxes	18,000	19,879	1,879	18,803
Specific ownership taxes	3,800	4,919	1,119	4,693
General Use taxes	10,000	15,179	5,179	22,230
Franchise taxes	9,200	10,912	1,712	9,248
Interest on delinquent taxes	200	246	46	225
Total Taxes	94,200	103,525	9,325	102,053
Licenses and Permits:				
Business	200	110	(90)	200
Building permits	6,000	3,523	(2,477)	7,827
Dog licenses and other permits	1,000	850	(150)	1,415
Total Licenses and Permits	7,200	4,483	(2,717)	9,442
Intergovernmental Revenues:				
Highway user's tax	27,000	23,244	(3,756)	24,773
Motor vehicle registration fees	2,200	2,054	(146)	2,343
Cigarette taxes	300	199	(101)	234
Severance tax	-	-	-	-
Weld county road and bridge apportionment	2,800	2,172	(628)	2,663
State grants	26,500	17,960	(8,540)	5,000
Total Intergovernmental Revenues	58,800	45,629	(13,171)	35,013
Charges for Services:				
Cemetery opening/closing fees	750	2,000	1,250	975
Zoning fees	250	395	145	239
Trash removal charges	25,200	26,358	1,158	26,653
Mowing and property cleaning	200	-	(200)	20
Park impact fees	600	-	(600)	400
Total Charges for Services	27,000	28,753	1,753	28,287
Fines and Forfeitures:				
Court fines	49,000	38,805	(10,195)	8,848
Other court revenue	-	20	20	-
Total Fines and Forfeitures	49,000	38,825	(10,175)	8,848
Miscellaneous Revenues:				
Building rent	300	1,060	760	1,180
Earnings on investments	9,000	5,036	(3,964)	10,327
Other income	4,000	2,479	(1,521)	968
Contributions	200	587	387	-
Sale of assets	-	-	-	(116)
Total Miscellaneous Revenues	13,500	9,162	(4,338)	12,359
Total Revenues	\$ 249,700	\$ 230,377	\$ (19,323)	\$ 196,002

TOWN OF NUNN, COLORADO

Schedule of Expenditures

Budget to Actual - General Fund

Year Ended December 31, 2008

With Comparative Actual Amounts For the Year Ended December 31, 2007

	2008			2007 Actual
	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)	
Non-GAAP Budgetary Basis				
General Government:				
Legislative:				
Legal	\$ 10,000	\$ 14,802	\$ (4,802)	\$ 10,104
Publishing	400	-	400	744
Dues	-	-	-	388
Ordinance codification	7,500	-	7,500	-
Miscellaneous	-	-	-	-
Total Legislative	17,900	14,802	3,098	11,236
Judicial:				
Legal	4,000	4,669	(669)	6,460
Municipal judge	2,500	2,880	(380)	3,315
Miscellaneous	-	-	-	-
Total Judicial	6,500	7,549	(1,049)	9,775
Elections:				
Elections	450	208	242	-
Judges and supplies	800	521	279	200
Total Judicial	1,250	729	521	200
Administration:				
Salaries	27,612	22,521	5,091	20,435
Health insurance	-	341	(341)	2,168
Payroll taxes	2,168	1,820	348	1,754
Workers' compensation	276	292	(16)	67
Conferences and training	850	943	(93)	219
Audit	2,600	3,881	(1,281)	1,750
Insurance and bonds	2,050	855	1,195	2,384
Telephone	1,700	858	842	1,868
Vehicle expense	200	422	(222)	103
Supplies	1,450	1,127	323	1,607
Postage	-	401	(401)	307
Office equipment/lease	-	1,299	(1,299)	604
Computer support/maintenance	-	893	(893)	536
Bank service charges	100	8	92	-
Dues and subscriptions	500	921	(421)	363
Miscellaneous	250	160	90	532
Treasurer's fees	700	526	174	471
Capital outlay	1,500	50,926	(49,426)	1,157
Total Administration	41,956	88,194	(46,238)	36,325
Planning and Zoning:				
Planning	32,280	2,880	29,400	4,944
Engineering services	5,000	-	5,000	-
Total Planning and Zoning	37,280	2,880	34,400	4,944
Building:				
Salaries	1,500	-	1,500	259
Payroll taxes	118	-	118	21
Workers' compensation	100	266	(166)	67
Repairs and maintenance	1,500	2,537	(1,037)	1,375
Insurance and bonds	2,200	1,239	961	1,190
Utilities	7,000	4,247	2,753	3,053
Capital outlay	5,000	-	5,000	763
Total Building	17,418	8,289	9,129	6,728
Total General Government	122,304	122,443	(139)	69,208

(continued on next page)

TOWN OF NUNN, COLORADO

Schedule of Expenditures

Budget to Actual - General Fund (continued)

Year Ended December 31, 2008

With Comparative Actual Amounts For the Year Ended December 31, 2007

	2008			2007 Actual
	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)	
Non-GAAP Budgetary Basis				
Public Safety:				
Police:				
Salaries	\$ 59,000	\$ 42,697	\$ 16,303	\$ 22,457
Health insurance	3,600	2,785	815	353
Payroll taxes	4,720	3,415	1,305	1,721
Workers' compensation	2,200	1,133	1,067	-
Police protection fees	1,500	-	1,500	1,482
Ordinance control	-	-	-	13
Jail costs	-	72	(72)	71
Insurance and bonds	3,200	4,172	(972)	1,938
Telephone	-	790	(790)	332
Gas, oil and service	-	6,186	(6,186)	1,410
Supplies	15,400	5,543	9,857	3,485
Miscellaneous	-	120	(120)	-
Capital outlay	18,400	8,240	10,160	1,310
Total Police	108,020	75,153	32,867	34,572
Building Inspections:				
Professional services	9,000	971	8,029	9,802
Total Public Safety	117,020	76,124	40,896	44,374
Public Works:				
Highways and Streets:				
Salaries	17,000	12,938	4,062	17,356
Health insurance	1,300	90	1,210	515
Payroll taxes	1,335	1,052	283	1,348
Workers' compensation	1,607	-	1,607	1,465
Engineering	2,000	-	2,000	538
Equipment maintenance	3,000	2,700	300	3,197
Insurance and bonds	1,875	1,831	44	1,033
Gas, oil and service	2,000	1,464	536	2,309
Tools	1,500	611	889	957
Supplies	500	454	46	602
Street lighting	9,000	8,167	833	7,752
Road base	2,500	-	2,500	7,500
Capital outlay	1,000	-	1,000	-
Total Highways and Streets	44,617	29,307	15,310	44,572
Sanitation:				
Trash removal	20,000	21,538	(1,538)	20,139
Engineering services	5,000	-	5,000	5,033
Total Sanitation	25,000	21,538	3,462	25,172
Total Public Works	69,617	50,845	18,772	69,744
Health and Welfare:				
Cemetery:				
Salaries	4,200	4,890	(690)	4,253
Health insurance	884	51	833	774
Payroll taxes	330	389	(59)	329
Workers' compensation	350	67	283	409
Insurance and bonds	500	500	-	273
Gas, oil and service	500	100	400	62
Supplies	750	439	311	12
Capital outlay	2,000	-	2,000	-
Total Cemetery	9,514	6,436	3,078	6,112

(continued on next page)

TOWN OF NUNN, COLORADO

Schedule of Expenditures

Budget to Actual - General Fund (continued)

Year Ended December 31, 2008

With Comparative Actual Amounts For the Year Ended December 31, 2007

	2008			2007 Actual
	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)	
Non-GAAP Budgetary Basis				
Animal Control:				
Boarding fees	-	108	(108)	240
Total Animal Control	-	108	(108)	240
Total Health and Welfare	9,514	6,544	2,970	6,352
Culture and Recreation:				
Parks:				
Salaries	11,227	13,629	(2,402)	12,557
Health insurance	1,200	-	1,200	252
Payroll taxes	881	1,089	(208)	980
Workers' compensation	584	266	318	566
Repairs and maintenance	2,000	1,160	840	372
Insurance and bonds	1,383	441	942	680
Gas, oil and service	300	665	(365)	300
Supplies	500	441	59	134
Capital outlay	2,000	14,729	(12,729)	774
Total Parks	20,075	32,420	(12,345)	16,615
Recreation:				
Nunn harvest festival	500	350	150	250
Supplies	-	-	-	-
Total Recreation	500	350	150	250
Total Culture and Recreation	20,575	32,770	(12,195)	16,865
Economic Development/Assistance:				
Economic development	500	215	285	204
Total Economic Development/Assistance	500	215	285	204
Total Expenditures	\$ 339,530	\$ 288,941	\$ 50,589	\$ 206,747

TOWN OF NUNN, COLORADO

Reconciliation of Budgetary Basis to GAAP Basis

Budget to Actual - General Fund

Year Ended December 31, 2008

With Comparative Actual Amounts For the Year Ended December 31, 2007

	2008		Variance - Favorable (Unfavorable)	2007 Actual
	Original and Final Budget	Actual		
Non-GAAP Budgetary Basis				
Revenues:				
Taxes	\$ 94,200	\$ 103,525	\$ 9,325	\$ 102,053
Licenses and permits	7,200	4,483	(2,717)	9,442
Intergovernmental revenues	58,800	45,629	(13,171)	35,013
Charges for services	27,000	28,753	1,753	28,287
Fines and forfeitures	49,000	38,825	(10,175)	8,848
Miscellaneous revenues	13,500	9,162	(4,338)	12,359
Total Revenues	249,700	230,377	(19,323)	196,002
Transfers In:				
Conservation Trust Fund	-	14,000	14,000	-
Total Transfers In	-	14,000	14,000	-
Total Revenues and Transfers	249,700	244,377	(5,323)	196,002
Expenditures:				
General government	122,304	122,443	(139)	69,208
Public safety	117,020	76,124	40,896	44,374
Public works	69,617	50,845	18,772	69,744
Health and welfare	9,514	6,544	2,970	6,352
Culture and recreation	20,575	32,770	(12,195)	16,865
Economic development/assistance	500	215	285	204
Total Expenditures	339,530	288,941	50,589	206,747
Transfers Out:				
Water Fund	-	-	-	-
Total Transfers Out	-	-	-	-
Total Expenditures and Transfers	339,530	288,941	50,589	206,747
Excess (Deficit) of Revenues and Transfers over Expenditures and Transfers	\$ (89,830)	(44,564)	\$ 45,266	\$ (10,745)
Reconciliation of Budgetary Basis to GAAP Basis:				
Capital asset purchases capitalized		73,895		
Depreciation expense		(18,489)		
Net Change in Net Assets		\$ 10,842		

TOWN OF NUNN, COLORADO

Budgetary Comparison Schedule

Budget to Actual - Conservation Trust Fund

Year Ended December 31, 2008

With Comparative Actual Amounts For the Year Ended December 31, 2007

	2008		Variance - Favorable (Unfavorable)	2007 Actual
	Original and Final Budget	Actual		
Non-GAAP Budgetary Basis				
Revenues:				
Intergovernmental Revenue:				
State Grants:				
Conservation Trust Fund Apportionment	\$ 5,600	\$ 5,452	\$ (148)	\$ 5,363
Total Intergovernmental Revenue	5,600	5,452	(148)	5,363
Miscellaneous Revenues:				
Earnings on investments	1,200	1,150	(50)	1,982
Other revenue	-	-	-	-
Total Revenues	6,800	6,602	(198)	7,345
Expenditures:				
General Government:				
Miscellaneous	-	-	-	-
Total Expenditures	-	-	-	-
Transfers Out:				
General Fund	14,000	14,000	-	-
Total Transfers Out	14,000	14,000	-	-
Total Expenditures and Transfers	14,000	14,000	-	-
Excess (Deficit) of Revenues Over Expenditures and Transfers	\$ (7,200)	(7,398)	\$ (198)	\$ 7,345
Reconciliation of Budgetary Basis to GAAP Basis:				
Capital asset purchases capitalized		-		
Depreciation expense		-		
Change in Net Assets		\$ (7,398)		

OTHER SUPPLEMENTAL INFORMATION

TOWN OF NUNN, COLORADO

Schedule of Revenues

Budget to Actual - Water Fund

Year Ended December 31, 2008

With Comparative Actual Amounts For the Year Ended December 31, 2007

	2008			2007 Actual
	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)	
Non-GAAP Budgetary Basis				
Operating Revenues:				
Water sales	\$ 120,000	\$ 113,754	\$ (6,246)	\$ 107,806
Tap fees	19,000	-	(19,000)	54,000
Penalty on utility billings	-	2,520	2,520	2,375
Return check charge	-	60	60	280
Other fees	1,000	250	(750)	810
Miscellaneous income	-	75	75	(296)
Total Operating Revenues	140,000	116,659	(23,341)	164,975
Non-Operating Revenues:				
Earnings on investments	7,800	4,013	(3,787)	8,203
Transfer from other funds	-	-	-	-
Contributions from customers	-	-	-	-
Contributions from subdividers	-	-	-	-
Sale of assets	-	-	-	-
Grants	-	-	-	-
Total Non-Operating Revenues	7,800	4,013	(3,787)	8,203
Total Revenues	\$ 147,800	\$ 120,672	\$ (27,128)	\$ 173,178

TOWN OF NUNN, COLORADO

Schedule of Expenditures

Budget to Actual - Water Fund

Year Ended December 31, 2008

With Comparative Actual Amounts For the Year Ended December 31, 2007

	2008			2007 Actual
	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)	
Non-GAAP Budgetary Basis				
Operating Expenditures:				
Administrative				
Salaries	18,164	17,223	941	14,711
Health insurance	-	-	-	14
Payroll taxes	1,495	1,362	133	1,169
Workers' compensation	1,400	133	1,267	66
Conferences and training	400	-	400	367
Audit	2,600	3,881	(1,281)	1,750
Legal	1,000	567	433	439
Professional services	3,500	-	3,500	-
Ordinance codification	250	-	250	-
Insurance and bonds	1,000	1,357	(357)	1,199
Telephone	1,500	1,412	88	1,386
Publishing	100	-	100	57
Vehicle expense	-	-	-	103
Supplies	1,500	1,013	487	1,599
Postage	-	672	(672)	756
Small equipment/lease	-	433	(433)	604
Computer support/maintenance	-	835	(835)	1,747
Bank service charges	-	38	(38)	28
Dues and subscriptions	500	623	(123)	300
Miscellaneous	250	120	130	324
Repairs and maintenance	500	349	151	-
Utilities	2,600	2,174	426	3,110
Total Administrative	36,759	32,192	4,567	29,729
System Operation & Maintenance:				
Salaries	22,920	14,969	7,951	11,858
Health insurance	200	390	(190)	1,101
Payroll taxes	1,500	1,173	327	943
Workers' compensation	620	666	(46)	624
Conferences and training	-	570	(570)	90
Water sampling and testing	800	825	(25)	902
Drinking water program fee	-	-	-	100
Water treatment and distribution	34,000	34,000	-	29,519
Repairs and maintenance	1,500	6,985	(5,485)	564
Insurance and bonds	3,000	4,198	(1,198)	3,122
Gas, oil and service	1,500	1,642	(142)	1,740
Supplies	2,000	1,461	539	728
Utilities	1,000	3,287	(2,287)	2,993
Water share assessments	3,000	4,388	(1,388)	2,264
Professional services	-	251	(251)	-
Total System Operation & Maintenance	72,040	74,805	(2,765)	56,548
Total Operating Expenditures	108,799	106,997	1,802	86,277
Non-Operating Expenditures:				
Capital Outlay	12,000	14,996	(2,996)	30,639
Debt Service:				
Principal	16,200	17,036	(836)	16,290
Interest	9,500	7,950	1,550	8,707
Total Non-Operating Expenditures	37,700	39,982	(2,282)	55,636
Total Expenditures	\$ 146,499	\$ 146,979	\$ (480)	\$ 141,913

TOWN OF NUNN, COLORADO

Reconciliation of Budgetary Basis to GAAP Basis

Budget to Actual - Water Fund

Year Ended December 31, 2008

With Comparative Actual Amounts For the Year Ended December 31, 2007

	2008		2007 Actual	
	Original and Final Budget	Actual		Variance - Favorable (Unfavorable)
Non-GAAP Budgetary Basis				
Revenues:				
Operating revenues	\$ 140,000	\$ 116,659	\$ (23,341)	\$ 164,975
Non-operating revenues	7,800	4,013	(3,787)	8,203
Total Revenues	147,800	120,672	(27,128)	173,178
Expenditures:				
Administrative	36,759	32,192	4,567	29,729
System operation & maintenance	72,040	74,805	(2,765)	56,548
Non-operating expenditures	37,700	39,982	(2,282)	55,636
Total Expenditures	146,499	146,979	(480)	141,913
Excess (Deficiency) of Revenues over Expenditures	\$ 1,301	(26,307)	\$ (27,608)	\$ 31,265
Reconciliation of Budgetary Basis to GAAP Basis:				
Capital assets purchases capitalized		14,996		
Depreciation expense		(19,259)		
Long-term debt payments		17,036		
Net Change in Net Assets		\$ (13,534)		

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Nunn
	YEAR ENDING : December 2008

This Information From The Records Of (example - City of _ or County of) Town of Nunn	Prepared By: Tori McMechan Phone: (970) 897-2385
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	7,917
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		b. Snow and ice removal	
3. Other local imposts (from page 2)	6,475	c. Other	23,497
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	23,497
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	31,414
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)	6,475	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	24,939	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	31,414	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)	31,414

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
		31,414	31,414		(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2008

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	
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	6,475	g. Other Misc. Receipts	
6. Total (1. through 5.)	6,475	h. Other	
c. Total (a. + b.)	6,475	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	23,348	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	1,591	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,591	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	24,939	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments:

A.3.b.5	
Specific Ownership Tax	3,797
Road and Bridge	2,678
	<u>6,475</u>