

TOWN OF NUNN, COLORADO

Annual Financial Report

December 31, 2007

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DENVER, COLORADO**

TOWN OF NUNN, COLORADO

Annual Financial Report

Year Ended December 31, 2007

TOWN OF NUNN, COLORADO

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COLE AND CROSIER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

210 SUNSET DRIVE
LA SALLE, CO 80645
(970) 284-5545
(970) 284-5546 FAX

INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Trustees
Town of Nunn, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Nunn, Colorado, as of and for the year ended December 31, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management of the Town of Nunn, Colorado. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Nunn, Colorado, as of the year ended December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The trend data, the local highway finance report, and the enterprise fund budgetary comparison schedule, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These data have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole for the year ended December 31, 2007.

Cole and Crosier, P.C.
Certified Public Accountants

January 6, 2009
La Salle, Colorado

TOWN OF NUNN, COLORADO

Management's Discussion and Analysis

The Town of Nunn, Colorado (the Town) offers the readers of the Town's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2007. In addition to this overview and analysis based on currently known facts, decisions and conditions, the Town would encourage readers to consider the information presented in the Town's financial statements, which follow this discussion.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provides information about the activities of the Town as a whole and present a longer-term view of the Town's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's funds.

Reporting the Town as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in away that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. You can think of the Town's net assets – the difference between assets and liabilities – as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into two kinds activities:

- *Governmental Activities* – Most of the Town's basic services are reported here, including general administration, police, cemetery, parks and recreation, public works, library and cultural services. Sales taxes, property taxes, franchise fees, user fees, fines, and intergovernmental revenue including state and federal grants finance most of these activities.
- *Business-Type Activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water system is reported here.

Reporting the Town's Funds

Fund Financial Statements

The fund financial statements provide detailed information about the Town's funds, each of which is treated as a major fund. Some funds are required to be established by state law. However, the Town's Board of Trustees may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like the Conservation Trust Fund). The Town's two kinds of funds – governmental and proprietary – use different accounting approaches.

- *Governmental Funds* – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules after the fund financial statements.
- *Proprietary Funds* – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Town's enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

The Town as a Whole

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Town of Nunn's case, assets exceeded liabilities by \$1,611,195 as of December 31, 2007.

Net Assets

Combined net assets (presented in thousands) of the Town of Nunn at December 31, 2007 were as follows:

	Governmental Activities		Business-Type Activities		Total							
	2007	2006	2007	2006	2007	2006						
	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total						
ASSETS												
Current and other assets	\$ 453.1	69.8%	\$ 451.6	68.8%	\$ 182.3	13.7%	\$ 169.4	14.3%	\$ 635.4	32.0%	\$ 621.0	33.7%
Capital assets	196.5	30.2%	204.6	31.2%	1,151.8	86.6%	1,018.9	85.7%	1,348.3	68.0%	1,223.5	66.3%
Total assets	649.6	100.0%	656.2	100.0%	1,334.1	100.3%	1,188.3	100.0%	1,983.7	100.0%	1,844.5	100.0%
LIABILITIES												
Current liabilities	72.0	100.0%	58.3	100.0%	132.9	44.2%	126.7	40.7%	204.9	55.0%	185.0	50.0%
Long-term liabilities	0.0	0.0%	0.0	0.0%	167.6	55.8%	184.6	59.3%	167.6	45.0%	184.6	50.0%
Total liabilities	72.0	100.0%	58.3	100.0%	300.5	100.0%	311.3	100.0%	372.5	100.0%	369.6	100.0%
NET ASSETS												
Invested in capital assets, net of related debt	196.5	34.0%	204.6	72.6%	966.5	93.5%	818.0	93.3%	1,163.0	72.2%	1,022.6	69.3%
Restricted	5.9	1.0%	5.8	6.4%	21.6	2.1%	66.8	7.6%	27.5	1.7%	72.6	4.9%
Unrestricted	375.2	65.0%	387.5	21.0%	45.5	4.4%	(7.8)	(0.9%)	420.7	26.1%	379.7	25.8%
Total net assets	\$ 577.6	100.0%	\$ 597.9	100.0%	\$ 1,033.6	100.0%	\$ 877.0	100.0%	\$ 1,611.2	100.0%	\$ 1,474.9	100.0%

The largest portion of the Town's net assets (72.2%) is the investment in capital assets (land, buildings, improvements, equipment, etc.) less related outstanding debt used to acquire those assets. The Town of Nunn uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, primarily future revenue. Unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.

The \$635.4 thousand current and other assets include \$444 thousand in cash and investments.

The Town maintains a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for the Town overall is 3.1 to 1. Long-term debt reported in the Governmental Activities is represented by compensated absences. Long-term debt in the Business-Type Activities is the balance remaining of water system upgrade debt. As of December 31, 2007, the Town is able to report positive balances in all three categories of net assets, both for the Town as a whole and the separate Governmental and Business-Type Activities.

Changes in Net Assets

The Town's total revenues of \$376,525 exceeded program expenses of \$342,237 for an increase in net assets of \$34,288. A summary of the changes in net assets (presented in thousands) for 2007 follows:

	Governmental Activities				Business-Type Activities				Total			
	2007		2006		2007		2006		2007		2006	
		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
REVENUES												
Program revenues												
Charges for services	\$ 47.8	23.5%	\$ 40.2	20.9%	\$ 111.3	64.3%	\$ 116.4	83.8%	\$ 159.1	42.2%	\$ 156.6	47.3%
Operating grants/contributions	40.1	19.7%	38.8	20.2%	0.0	0.0%	0.0	0.0%	40.1	10.7%	38.8	11.7%
Capital grants/contributions	0.0	0.0%	0.0	0.0%	54.0	31.2%	15.0	10.8%	54.0	14.3%	15.0	4.5%
General revenues												
Property taxes	46.9	23.0%	43.6	22.7%	0.0	0.0%	0.0	0.0%	46.9	12.5%	43.6	13.2%
Sales and use taxes	41.0	20.2%	39.1	20.4%	0.0	0.0%	0.0	0.0%	41.0	10.9%	39.1	11.8%
Other taxes	14.4	7.1%	14.7	7.7%	0.0	0.0%	0.0	0.0%	14.4	3.8%	14.7	4.5%
Investment earnings	12.3	6.0%	10.8	5.6%	8.2	4.7%	7.5	5.4%	20.5	5.4%	18.3	5.5%
Other general revenue	1.0	0.5%	4.8	2.5%	0.0	0.0%	0.0	0.0%	1.0	0.3%	4.8	1.5%
Loss on disposal of assets	(0.1)	0.0%	0.0	0.0%	(0.3)	-0.2%	0.0	0.0%	(0.4)	-0.1%	0.0	0.0%
TOTAL REVENUES	203.4	100.0%	192.0	100.0%	173.2	100.0%	138.9	100.0%	376.6	100.0%	330.9	100.0%
PROGRAM EXPENSES												
General												
government	70.2	31.1%	59.5	32.7%	0.0	0.0%	0.0	0.0%	70.2	20.5%	59.5	19.7%
Public safety	46.3	20.5%	20.8	11.5%	0.0	0.0%	0.0	0.0%	46.3	13.5%	20.8	6.9%
Public works	72.3	32.0%	60.8	33.4%	0.0	0.0%	0.0	0.0%	72.3	21.1%	60.8	20.1%
Health and welfare	9.1	4.0%	10.5	5.8%	0.0	0.0%	0.0	0.0%	9.1	2.7%	10.5	3.4%
Culture and recreation	27.7	12.3%	30.2	16.6%	0.0	0.0%	0.0	0.0%	27.7	8.1%	30.2	10.0%
Economic development/assistance	0.2	0.1%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.2	0.1%	0.0	0.0%
Water	0.0	0.0%	0.0	0.0%	116.4	100.0%	120.8	100.0%	116.4	34.0%	120.8	39.9%
TOTAL PROGRAM EXPENSES	225.8	100.0%	181.8	100.0%	116.4	100.0%	120.8	100.0%	342.2	100.0%	302.6	100.0%
CHANGE IN NET ASSETS	(22.4)		10.2		56.8		18.1		34.4		28.3	
NET ASSETS												
Beginning of year	<u>600.0</u>		<u>587.7</u>		<u>976.8</u>		<u>858.9</u>		<u>1,576.8</u>		<u>1,446.6</u>	
End of year	<u>\$ 577.6</u>		<u>\$ 597.9</u>		<u>\$ 1,033.6</u>		<u>\$ 877.0</u>		<u>\$ 1,611.2</u>		<u>\$ 1,474.9</u>	

The Town's net assets have increased by \$34,288, primarily because of contributed capital.

Governmental Activities

Governmental Activities decreased the Town's net assets by \$22,446, mostly because of an increase in public safety expenditures creating a new police department.

Business-Type Activities

Net assets of the Business-Type Activities increased \$56,734. Business-Type Activities include the Town-owned utility (Water). This activity has user charges designed to fully cover operating expenses. In addition, system impact and water acquisition fees are charged to provide funds for expansion as needed. In developing areas, system improvements such as water lines are built by the developer and contributed to the Town. The increase in net assets was largely the result of contributed assets and system impact fees of \$54,000.

The Town's Funds

The Town's Governmental Funds are accounted for using the modified accrual basis of accounting. Since 1993, the voters allowed the Town to collect, keep and expend all revenues subject to TABOR (Taxpayers Bill of Rights). Overall, the fund balances of these funds decreased \$12,988 and ended the year with a combined balance of \$383,122. The decrease in 2007 is due largely to public safety expenditures creating a new police department.

The General Fund accounts for all of the general governmental services provided by the Town. Funding for these services comes from a variety of sources, but is heavily funded by sales and use taxes. Tax revenue of \$102,053 was 52% of the total General Fund revenue. The General Fund expended \$26,727 less in total expenditures than budgeted, primarily because of lower planning and administrative expenditures than anticipated. The Water Fund expended \$21,596 less than budgeted for 2007, because administrative, water treatment and maintenance expenditures were less than expected.

Capital Asset and Debt Administration

Capital Assets

At the end of December 31, 2007, the Town had \$1.94 million invested in capital assets. This represents a net increase of \$154,752, or 8.6%, over last year. More detailed information about the Town's capital assets is presented in the Footnotes to Financial Statements. Assets disposed of during 2007 are represented primarily by the retirement of surplus equipment with an original cost of \$10,955.

Total Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 3,929	\$ 3,929	\$ 152	\$ 152	\$ 4,081	\$ 4,081
Buildings	186,975	185,546	0	0	186,975	185,546
Land and systems improvements	66,473	66,473	948,198	939,310	1,014,671	1,005,783
Equipment	108,970	103,472	21,721	27,784	130,691	131,256
Water rights	0	0	608,130	463,130	608,130	463,130
Total	\$ 366,347	\$ 359,420	\$ 1,578,201	\$ 1,430,376	\$ 1,944,548	\$ 1,789,796

Major acquisitions for 2007

Board room improvements	\$ 1,429
Water rights (includes \$92,500 prior period adjustment)	\$ 145,000
Water system improvements	\$ 8,888
Computer	\$ 1,502
Police equipment/auto	\$ 8,888

Debt

At year-end, the Town had \$184,603 in outstanding loans compared to \$200,893 last year. The details of the Town's debt are summarized in the Footnotes to the Financial Statements. Outstanding debt at year end was as follows:

Business-Type Activities	
Water system upgrade	
bond from Colorado Water Resources	
and Power Development Authority	<u>\$ 184,603</u>

Summary of Financial Condition

The Town of Nunn works diligently each year to find financial resources and live within the constraints of its budget. Town growth has been a struggle and challenges our budget each year.

The country as a whole faces tough economic times, but the community is affected greatly by the increasing energy costs, fuel costs, and foreclosures. This decreases the revenues for the Town with building permits and taxes, making it difficult to offset our expenses. The Water Fund continues to show strain due to the costs of repairs and general maintenance. In an effort to relieve the strains of the budget, the Town of Nunn has:

- Increased water tap fees for both commercial and residential services which will help defray the costs of maintenance and repairs.
- Increased trash removal fees to help cover all costs related to trash removal and maintenance for the Town.
- Increased building permit fees to ensure that the Town can maintain a standard that promotes growth.

Although the current changes provide the Town some relief, the Town continues to encourage economic growth to allow for the finances needed to maintain services in the Town of Nunn. The Town applied for a grant through the Department of Local Affairs that will assist us in updating our Comprehensive Plan to safe-guard our community for upcoming projects such as Uranium Mining and the Prairie Falcon Parkway (Super Slab) Highway as well as encourage businesses to come to Nunn. We continue to try to complete the wastewater preliminary engineering report to bring sewage treatment services to the Town which will also encourage growth. With these services the Town Board of Trustees feels our industrial and commercial growth will increase our sales and property taxes which will significantly help increase revenues to relieve the strains on the current budget.

Contacting the Town's Financial Management

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have any questions about this report or need additional information, contact the Town Clerk/Treasurer, 185 Lincoln Ave., Nunn CO 80648 or call (970) 897-2385.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

These basic financial statements, consisting of the *Statement of Net Assets* and the *Statement of Activities*, provide a summary overview and broad perspective of the financial position and results of operations of the Town as a whole. They are prepared using the accrual basis and include all assets, liabilities and net assets of the Town.

TOWN OF NUNN, COLORADO
Statement of Net Assets
December 31, 2007
(With Comparative Totals for December 31, 2006)

	2007			2006
	Governmental Activities	Business- type Activities	Total	Total
ASSETS				
Cash and equivalents (Note 2)	\$ 278,026	\$ 165,999	\$ 444,025	\$ 448,651
Receivables	59,148 <i>-52,445</i>	13,799	72,947	61,615
Internal balances	113,234	(113,234)	0	0
Prepaid expenses	2,679	2,509	5,188	3,053
Capital assets, net of accumulated depreciation, where applicable (Note 4)	196,509	1,151,765	1,348,274	1,223,485
TOTAL ASSETS	649,596	1,220,838	1,870,434	1,736,804
LIABILITIES				
Accounts payable and accrued liabilities	19,519 <i>-1,999</i>	2,672 <i>+25,058</i>	22,191	14,013
Deferred revenues	52,445	0	52,445	47,003
Noncurrent liabilities				
Loan payable - CWRPDA (Notes 9 and 10)				
Due within one year	0	17,036	17,036	16,290
Due beyond one year	0	167,567	167,567	184,603
TOTAL LIABILITIES	71,964	187,275	259,239	261,909
NET ASSETS				
Invested in capital assets, net of related debt	196,509	966,470	1,162,979	1,022,593
Restricted for TABOR emergencies	5,943	0	5,943	5,809
Restricted for revenue bond operations and maintenance	0	21,569	21,569	66,833
Unrestricted	375,180	45,524	420,704	379,660
TOTAL NET ASSETS	\$ 577,632	\$ 1,033,563	\$ 1,611,195	\$ 1,474,895

The accompanying footnotes are an integral part of this report.

TOWN OF NUNN, COLORADO
Statement of Activities
For the Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007			
	Expenses	Charges for Services	PROGRAM REVENUES	
			Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 70,196	\$ 7,225	0	0
Public safety	46,253	8,107	0	0
Public works	72,307	26,653	\$ 34,779	0
Health and welfare	9,103	4,192	0	0
Culture and recreation	27,730	1,580	5,363	0
Economic development /assistance	204	0	0	0
Total governmental activities	<u>225,793</u>	<u>47,757</u>	<u>40,142</u>	<u>0</u>
Business-type activities				
Water	116,444	111,271	0	\$ 54,000
Total government	<u>\$ 342,237</u>	<u>\$ 159,028</u>	<u>\$ 40,142</u>	<u>\$ 54,000</u>

GENERAL REVENUES AND SPECIAL ITEMS

Taxes

Property taxes
Sales and use taxes
Specific ownership taxes
Franchise taxes
Other taxes
State shared taxes for general purposes
Unrestricted investment earnings
Other general revenues
Special item - loss on disposal of capital assets
Total general revenues, special items and transfers

CHANGE IN NET ASSETS

NET ASSETS

Beginning of year - restated (Note 13)

End of year

The accompanying footnotes are an integral part of this report.

2007			2006
NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS			
Governmental Activities	Business-type Activities	Total	Total
\$ (62,971)	0	\$ (62,971)	\$ (50,403)
(38,146)	0	(38,146)	(19,657)
(10,875)	0	(10,875)	(2,046)
(4,911)	0	(4,911)	(7,310)
(20,787)	0	(20,787)	(23,434)
(204)	0	(204)	0
<u>(137,894)</u>	<u>0</u>	<u>(137,894)</u>	<u>(102,850)</u>
0	\$ 48,827	48,827	10,679
<u>(137,894)</u>	<u>48,827</u>	<u>(89,067)</u>	<u>(92,171)</u>
46,854	0	46,854	43,585
41,033	0	41,033	39,092
4,693	0	4,693	4,454
9,248	0	9,248	9,740
225	0	225	269
234	0	234	282
12,309	8,203	20,512	18,339
968	0	968	4,791
(116)	(296)	(412)	0
<u>115,448</u>	<u>7,907</u>	<u>123,355</u>	<u>120,552</u>
(22,446)	56,734	34,288	28,381
<u>600,078</u>	<u>976,829</u>	<u>1,576,907</u>	<u>1,446,514</u>
<u>\$ 577,632</u>	<u>\$ 1,033,563</u>	<u>\$ 1,611,195</u>	<u>\$ 1,474,895</u>

FUND FINANCIAL STATEMENTS

Governmental Funds

These financial statements are prepared using the modified accrual basis of accounting and show how the Town finances general governmental services, as well as reporting balances available for future spending. There are two governmental funds, the *General Fund*, which accounts for most governmental activities, and the *Conservation Trust Fund*, which accounts for receipt of Colorado lottery allocations to the Town. The fund provides subsidies to the *General Fund* for purposes allowed by applicable law.

TOWN OF NUNN, COLORADO
Governmental Funds
Balance Sheet
December 31, 2007
(With Comparative Totals for December 31, 2006)

	2007		2006	
	General Fund	Conservation Trust Fund	Total	Total
ASSETS				
Cash and equivalents (Note 2)	\$ 235,199	\$ 42,827	\$ 278,026	\$ 290,855
Receivables				
Taxes - current	52,445	0	52,445	47,003
Other taxes and fees and grants	6,703	0	6,703	4,585
Due from other funds (Note 5)	117,002	0	117,002	111,442
Prepaid expenses	2,679	0	2,679	0
TOTAL ASSETS	\$ 414,028	\$ 42,827	\$ 456,855	\$ 453,885
LIABILITIES				
Accounts payable	\$ 13,926	0	\$ 13,926	\$ 9,219
Due to other funds (Note 5)	0	\$ 3,768	3,768	3,768
Payroll taxes payable	3,594	0	3,594	0
Deferred revenues				
General property taxes	52,445	0	52,445	47,003
Total liabilities	69,965	3,768	73,733	59,990
FUND BALANCES				
Reserved				
Reserved for TABOR emergencies (Note 7)	5,943	0	5,943	5,809
Unreserved				
Designated for subsequent year's expenditures	85,628	7,200	92,828	290,072
Undesignated	252,492	31,859	284,351	98,014
Total fund balances	344,063	39,059	383,122	393,895
TOTAL LIABILITIES AND FUND BALANCES	\$ 414,028	\$ 42,827	\$ 456,855	\$ 453,885

The accompanying footnotes are an integral part of this report.

TOWN OF NUNN, COLORADO
Reconciliation of Total Governmental Fund Balances to
Governmental Activities Net Assets
December 31, 2007
(With Comparative Totals for December 31, 2006)

	<u>2007</u>	<u>2006</u>
Total Governmental Fund Balances - Page 12	\$ 383,122	\$ 393,895
Prepaid expenses are reported for <i>governmental activities</i> in the statement of net assets but are expenditures in the government funds	0	1,459
Amounts reported for <i>governmental activities</i> 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 governmental funds	196,509	204,602
Long-term liabilities, including compensated absences are not due and payable in the current period and therefore are not reported in the funds		
Compensated absences	<u>(1,999)</u>	<u>(2,093)</u>
Net Assets of Governmental Activities - Page 9	<u>\$ 577,632</u>	<u>\$ 597,863</u>

The accompanying footnotes are an integral part of this report.

TOWN OF NUNN, COLORADO
Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007			2006
	General Fund	Conservation Trust Fund	Total	Total
<u>REVENUES</u>				
Taxes	\$ 102,053	0	\$ 102,053	\$ 97,140
Licenses and permits	9,442	0	9,442	2,437
Intergovernmental	35,013	\$ 5,363	40,376	39,081
Charges for services	30,949	0	30,949	33,346
Fines and forfeits	6,186	0	6,186	3,971
Miscellaneous	12,475	1,982	14,457	16,053
Total revenues	<u>196,118</u>	<u>7,345</u>	<u>203,463</u>	<u>192,028</u>
<u>EXPENDITURES</u>				
Current				
General government	67,461	0	67,461	58,263
Public safety	42,259	0	42,259	20,822
Public works	69,348	0	69,348	58,215
Health and welfare	6,240	0	6,240	7,721
Culture and recreation	15,865	0	15,865	19,323
Economic development/assistance	204	0	204	0
Capital outlay	15,074	0	15,074	0
Total expenditures	<u>216,451</u>	<u>0</u>	<u>216,451</u>	<u>164,344</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER EXPENDITURES</u>	(20,333)	7,345	(12,988)	27,684
<u>FUND BALANCES</u>				
Beginning of year - restated (Note 13)	<u>364,396</u>	<u>31,714</u>	<u>396,110</u>	<u>366,211</u>
End of year	<u>\$ 344,063</u>	<u>\$ 39,059</u>	<u>\$ 383,122</u>	<u>\$ 393,895</u>

The accompanying footnotes are an integral part of this report.

TOWN OF NUNN, COLORADO
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007	2006
<u>DEFICIENCY OF REVENUES OVER EXPENDITURES - GOVERNMENTAL FUNDS TO CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES</u>		
Deficiency of Revenues and Other Sources Over Expenditures and Other Uses of Governmental Funds - Page 14	\$ (12,988)	\$ 27,684
Amounts reported for governmental activities in the statements of activities are different because 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 as depreciation expense. This is the amount by which capitalized capital outlay exceeded (was less than) depreciation during the year	(7,977)	(17,402)
Some expenses reported on the statement of net assets require the use of current financial resources and, therefore, are reported as expenditures in governmental funds		
Increase (decrease) in prepaid expenses	(1,459)	15
In the statement of activities, only the loss on the disposal of the equipment is reported, whereas in the governmental funds, the proceeds, if any, from the disposition increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the property disposed of	(116)	0
Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Decrease (increase) in compensated absences	94	(84)
Change in Net Assets of Governmental Activities - Page 11	\$ (22,446)	\$ 10,213

The accompanying footnotes are an integral part of this report.

FUND FINANCIAL STATEMENTS

Proprietary (Enterprise) Funds

The Town has one enterprise fund, the *Water Fund*. This fund operate in a business-like manner, in that charges are made to users for goods and services provided. The financial statements are prepared using the accrual basis of accounting. The *Water Fund* accounts for all activities directly relative to the providing of potable water to the citizens of Ault.

TOWN OF AULT, COLORADO
Proprietary Funds
Statement of Net Assets
December 31, 2007
(With Comparative Totals for December 31, 2006)

	Enterprise - Water	
	2007	2006
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and equivalents (Note 2)	\$ 97,280	\$ 92,426
Accounts receivable	13,799	10,027
Prepaid expenses	2,509	1,594
Total current assets	113,588	104,047
<u>RESTRICTED ASSETS</u>		
Cash and cash equivalents		
Revenue bond operations and maintenance account	18,810	17,871
Revenue bond payment account	49,909	47,499
Total restricted assets	68,719	65,370
<u>FIXED ASSETS</u> - net accumulated depreciation, where applicable (Note 4)	1,151,765	1,018,883
<u>TOTAL ASSETS</u>	1,334,072	1,188,300
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	1,980	1,948
Due to other funds (Note 5)	113,234	107,674
Current portion of loan and bond payable - (Notes 9 and 10)	17,036	16,290
Accrued interest	692	753
Total current liabilities	132,942	126,665
<u>LONG-TERM LIABILITIES</u> (Notes 9 and 10)		
Bond payable - CWRPDA	184,603	200,893
Less current portion	17,036	16,290
Total long-term liabilities	167,567	184,603
<u>TOTAL LIABILITIES</u>	300,509	311,268
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	966,470	817,991
Restricted for revenue bond operations and maintenance	21,569	66,833
Unrestricted	45,524	(7,792)
<u>TOTAL NET ASSETS</u>	\$ 1,033,563	\$ 877,032

The accompanying footnotes are an integral part of this report.

TOWN OF NUNN, COLORADO
Proprietary Funds
Statement of Revenues, Expenses
and Changes in Net Assets
For the Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	Enterprise - Water	
	2007	2006
<u>OPERATING REVENUES</u>		
Charges for services	\$ 107,806	\$ 116,440
Other operating revenues	3,465	0
Total operating revenues	111,271	116,440
<u>OPERATING EXPENSES</u>		
Administration	29,729	26,214
Operations	56,548	63,417
Depreciation	21,460	21,708
Total operating expenses	107,737	111,339
<u>OPERATING INCOME</u>	3,534	5,101
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Earnings on investments	8,203	7,489
Loss on disposal of assets	(296)	0
Interest expense	(8,707)	(9,422)
Total nonoperating revenues (expenses)	(800)	(1,933)
<u>NET INCOME BEFORE CAPITAL CONTRIBUTIONS</u>	2,734	3,168
<u>CAPITAL CONTRIBUTIONS</u>		
Customer capital contributions	54,000	15,000
<u>CHANGE IN NET ASSETS</u>	56,734	18,168
<hr style="border: 0.5px solid black;"/>		
<u>NET ASSETS</u>		
Beginning of year - restated (Note 13)	976,829	858,864
End of year	\$ 1,033,563	\$ 877,032

31,500

The accompanying footnotes are an integral part of this report.

TOWN OF NUNN, COLORADO
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	Enterprise - Water	
	2007	2006
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash sales to customers	\$ 113,867	\$ 116,706
Payments to suppliers for goods and services	(50,184)	(89,804)
Payments to employees for salaries and benefits	(30,486)	0
	33,197	26,902
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital contributions	22,500	15,000
Interest paid on long-term debt	(8,768)	(9,481)
Principal paid on long-term debt	(16,290)	(15,577)
Acquisitions of property and equipment	(30,639)	(16,842)
Net cash used by capital and related financing activities	(33,197)	(26,900)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	8,203	7,489
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	8,203	7,491
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of year	157,796	150,305
End of year	\$ 165,999	\$ 157,796

The accompanying footnotes are an integral part of this report.

	<u>Enterprise - Water</u>	
	<u>2007</u>	<u>2006</u>
<u>RECONCILIATION OF OPERATING INCOME TO</u>		
<u>NET CASH FROM OPERATING ACTIVITIES</u>		
Operating income	\$ 3,534	\$ 5,101
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	21,460	21,708
Decrease in operating receivables	2,597	286
Decrease (increase) in prepaid expenses	13	(483)
Increase (decrease) in accounts payable	33	(1,683)
(Decrease) increase in accrued expenses	0	(671)
Increase in due to other funds	5,560	2,644
Total adjustments	<u>29,663</u>	<u>21,801</u>
<u>NET CASH PROVIDED BY</u>		
<u>OPERATING ACTIVITIES</u>	<u>\$ 33,197</u>	<u>\$ 26,902</u>
<u>SUPPLEMENTAL INFORMATION</u>		
Non-cash capital contributions	<u>\$ 31,500</u>	<u>\$ 0</u>

TOWN OF NUNN, COLORADO
Footnotes to Financial Statements
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town also applies Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Town's accounting policies are described below.

Financial reporting entity

The Town of Nunn, Colorado is an incorporated municipality under applicable statutes and by order of the County Court of Weld County, Colorado in the year 1908. It is administered by an elected mayor and board of trustees, and provides municipal services to a population of approximately 425 persons.

The financial report of the Town includes all of the integral parts of the Town's operations. The Town has determined that it has no component units required to be included in the reporting entity because of operational or financial relationships with the Town.

Basis of presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information of the Town as a whole. The reporting information includes all of the non-fiduciary activities of the Town. These statements are to distinguish between the governmental and business-type activities of the Town. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds would be aggregated and reported as non-major funds. The Town has no non-major funds.

GOVERNMENTAL FUNDS

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

NOTE 1 – Continued

The Town reports the following major governmental funds:

General Fund – 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.

Special Revenue Funds – Special Revenue Funds are used to account for the collection and disbursement of specific revenue sources. The Town's only major special revenue fund is the Conservation Trust Fund. The Conservation Trust Fund accounts for Colorado lottery funds allocated to the Town from the state lottery program.

PROPRIETARY FUNDS

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town's major enterprise fund includes the Water Fund. The Water Fund accounts for the Town's water utility operation. The fund owns current and capital assets used to provide treated water to the Town's residents, and also accounts for current liabilities and long-term debt, as well as revenues and expenses connected with these operations.

Measurement focus and basis of accounting

Government-Wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if they are received within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred.

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, they are both restricted and unrestricted net assets available to finance the programs. It is the Town's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

NOTE 1 - Continued

Fund equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net assets".

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The Town reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific services.

Net Assets – Net assets represent the difference between total assets and total liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Capital assets

Property and equipment acquisitions made by the governmental funds are accounted for as expenditures of the fund, and are then capitalized in the government-wide financial statements. All purchased property and equipment are valued at cost, while donated assets are valued at their estimated fair market value as of the date received as a donation. The Town generally capitalizes assets with an original value of at least \$1,000.

Public domain ("infrastructure") general capital assets consisting of roads, curbs and gutters, streets and sidewalks and drainage systems are capitalized as governmental activities in the government-wide financial statements. The Town has retroactively reported infrastructure.

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

Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Utility systems	15 - 50 years
Land improvements	20 - 40 years

Cash

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.

Receivables

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

Budget information and control

Budgetary controls are established annually by law over all funds. The Town appropriates monies equal to the budgeted total expenditures of each fund, at which level expenditures may not exceed appropriations for the year. Generally, additional appropriations may be authorized by law during the year in cases of emergency caused by a public enemy or some contingency which could not have been reasonably foreseen at the time of adoption of the budget.

NOTE 1 - Continued

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for the following:

- Water and sewer tap fees and other contributed capital are budgeted as revenue in the enterprise funds.
- Depreciation or amortization expense is not budgeted in the enterprise funds.
- Capital outlay is budgeted as nonoperating expenses in the enterprise funds.

Encumbrances are neither recorded on the books of the Town nor included in the budget.

The following calendar includes various deadlines for the budget process set by state statute.

- August 25 Weld County Assessor certifies new total assessed valuation. Any changes may be made only once by December 10.
- October 15 Submission of proposed budget to Board of Trustees. "Notice of Budget" is published setting public hearing date.
- November 1 Request for excess levy to Division of Local Government.
- December 15 Certification of mill levy of Weld County Board of Commissioners. Budget must be adopted prior to certification. Certified copy of budget is sent to the Division of Local Government within 30 days of adoption.
- December 22 Weld County Board of Commissioners levies taxes and certifies levies to the Assessor.
- December 31 Board of Trustees appropriates funds for the budget year.

Property taxes

Weld County acts as the billing and collection agent for the Town. Property taxes are due as of January 1 and may be paid in full by April 30 or in equal installments by February 28 and June 15.

The Town may fix a mill levy each year not to exceed 105 ½% of the prior year's revenues, exclusive of such revenues that might be attributable to annexation or inclusions of additional land and improvements thereon, personal property and new construction. The Colorado Taxpayer's Bill of Rights, if more restrictive, will supercede these measures to increase taxes. See Note 7.

Compensated absences

Employees of the Town are allowed to accumulate unused vacation, sick and compensatory time depending on length of employment. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time at their current rate of pay.

Accumulated unpaid vacation, sick and compensatory is accrued when earned. In the governmental fund types, accumulated compensated absences not expected to be paid with current available resources are reported as governmental activities liabilities, but not reported in the funds. Compensated absences relating to the Enterprise Fund is recorded as a liability of that fund.

Long-term obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in a debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported as governmental activities noncurrent liabilities. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in that fund.

NOTE 1 – Continued

Statement of cash flows

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

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 traded on a national or international exchange are valued at the last reported sales price at current exchange rates. 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.

Estimates

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

Comparative data

Comparative total data for the prior year have been presented in the financial statements in order to provide an understanding of the changes in the financial position and operations. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments at December 31, 2007, displayed as cash and cash equivalents within this report consisted of the following:

Cash on hand	\$ 100
Cash with county treasurer	2,560
Deposits	
Checking - .49%	34,402
Savings - 2.15%	2,397
Investments - local	
government pools - 4.77%	404,566
Total	<u>\$ 444,025</u>

Deposits and investments are displayed within this report as follows:

Cash and equivalents	
Governmental activities	<u>\$ 278,026</u>
Business-type activities	
Current	97,280
Restricted	68,719
Total business-type activities	<u>165,999</u>
Total cash and equivalents	<u>\$ 444,025</u>

NOTE 2 - Continued

Cash deposits

Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Town's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$100,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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 institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of the eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2007, all the Town's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

At December 31, 2007, the Town's cash deposits had bank and carrying balances as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 50,949	\$ 36,799
PDPA Collateralized	0	0
Total Cash Deposits	<u>\$ 50,949</u>	<u>\$ 36,799</u>

Investments

Credit risk

The Town's investment policy defines allowable investment instruments including:

- U.S. Treasury obligations
- U.S. instrumentality obligations
- Certificates of deposit
- Commercial paper rated in the highest tier by a nationally recognized rating agency
- Repurchase agreements
- Investment grade obligations of state, county and local governments and public authorities
- Money market mutual funds regulated by the Securities and Exchange Commission whose portfolios consist of only dollar denominated securities
- Local government investment pools

The Town manages its credit risk by limiting its investments to the types of securities listed above, by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors, and by diversifying the investment portfolio so that the impact of potential losses from any type of security or from any one individual issuer will be minimized.

At December 31, 2007, the Town had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity in Years</u>
Local Government Pools	<u>\$ 404,566</u>	<1

NOTE 2 - Continued

During the year ended December 31, 2007, the Town invested funds in ColoTrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by the Standard and Poor's Corporation.

Concentration of credit risk

The Town places no specific limit on the amount that may be invested in any one issuer. The Town invested 100% of available funds in ColoTrust.

Interest rate risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes. The Town's investment portfolio does not contain investments that exceed that limitation.

Custodial credit risk – investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town Board of Trustees approves a list of financial institutions and depositories authorized to provide investment services.

NOTE 3 - RISK MANAGEMENT

The Town is exposed to losses related to torts; theft of, damage to or destruction of assets; errors and omissions; job-related illnesses or injuries to employees, and natural disasters. The Town purchases sufficient commercial insurance to cover losses from these events, and does not self-insure or participate in a public entity risk pool. All risk management activities are allocated among the various funds according to actual or perceived risk as determined by management and the Board of Trustees. Settlement amounts have not exceeded insurance coverage for the three prior years. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but which none have been reported, are considered. There are no outstanding claims or incurred but not reported liabilities (IBNR) for the years ended December 31, 2007 or 2006.

NOTE 4 – CAPITAL ASSETS

Changes in capital assets for 2007 is summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<i>Governmental activities</i>				
Capital assets not being depreciated				
Land	\$ 3,929	0	0	\$ 3,929
Capital assets being depreciated				
Buildings and improvements	185,546	\$ 1,429	0	186,975
Land improvements	66,473	0	0	66,473
Equipment	103,472	9,640	\$ 4,142	108,970
Total capital assets being depreciated	<u>355,491</u>	<u>11,069</u>	<u>4,142</u>	<u>362,418</u>
Less accumulated depreciation				
Buildings and improvements	78,804	4,529	0	83,333
Land improvements	23,806	3,147	0	26,953
Equipment	52,208	11,370	4,026	59,552
Total accumulated depreciation	<u>154,818</u>	<u>19,046</u>	<u>4,026</u>	<u>169,838</u>
Net capital assets being depreciated	<u>200,673</u>	<u>(7,977)</u>	<u>116</u>	<u>192,580</u>
Net capital assets - governmental activities	<u>\$ 204,602</u>	<u>\$ (7,977)</u>	<u>\$ 116</u>	<u>\$ 196,509</u>
<i>Business-type activities</i>				
Capital assets not being depreciated				
Land	\$ 152	0	0	\$ 152
Water rights (Additions - Note 13)	463,130	\$ 145,000	0	608,130
Total capital assets not being depreciated	<u>463,282</u>	<u>145,000</u>	<u>0</u>	<u>608,282</u>
Capital assets being depreciated				
Water system	939,310	8,888	0	948,198
Equipment	27,784	750	\$ 6,813	21,721
Total capital assets being depreciated	<u>967,094</u>	<u>9,638</u>	<u>6,813</u>	<u>969,919</u>
Less accumulated depreciation				
Water system	387,647	18,460	0	406,107
Equipment	23,846	3,000	6,517	20,329
Total accumulated depreciation	<u>411,493</u>	<u>21,460</u>	<u>6,517</u>	<u>426,436</u>
Net capital assets being depreciated	<u>555,601</u>	<u>(11,822)</u>	<u>296</u>	<u>543,483</u>
Net capital assets - business-type activities	<u>\$ 1,018,883</u>	<u>\$ 133,178</u>	<u>\$ 296</u>	<u>\$ 1,151,765</u>

NOTE 4 – Continued

Depreciation expense for 2007 was charged to functions and programs as follows:

<u>Governmental activities</u>	
General government	\$ 988
Public safety	1,878
Public works	2,564
Health and welfare	2,751
Culture and recreation	<u>10,865</u>
Total depreciation expense - governmental activities	19,046
 <u>Business-type activities</u>	
Water	<u>21,460</u>
 Total depreciation expense - all activities	 <u>\$ 40,506</u>

NOTE 5 – INTERFUND TRANSACTIONS

The Town reports interfund balances between its various funds. The balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date. Transfers are indicative of funding for capital projects or subsidies of various Town operations and re-allocation of special revenues. Individual fund interfund balances at December 31, 2007, and 2007 transfers were as follows:

	Interfund		Operating Transfers	
	Receivables	Payable	In	Out
General Fund	\$ 117,002	0	0	0
Special Revenue Funds				
Conservation Trust Fund	0	3,768	0	0
Enterprise Funds				
Water Fund	0	113,234	0	0
	<u>\$ 117,002</u>	<u>\$ 117,002</u>	<u>\$ 0</u>	<u>\$ 0</u>

NOTE 6 - COLORADO CONTRABAND FORFEITURE ACT

The Town is eligible to participate in the Colorado Contraband Forfeiture Act, which allows police agencies to receive and expend monies acquired by sale of seized contraband items. Any such funding must be expended by the agency for purposes other than "normal operating needs", and a report and accounting must be made to the agency's governing authority.

During 2007, the Town of Nunn received no funds as a result of seizures of contraband items under this Act.

NOTE 7 – COMPLIANCE WITH TAXPAYER’S BILL OF RIGHTS

On November 3, 1992 Colorado voters enacted the Taxpayer’s Bill of Rights (TABOR). The net financial effect of the amendment to the state constitution relates to the limitation of the amount of revenue, after 1992, able to be spent or retained by a Colorado governmental entity subject to its provisions. Generally, subject revenue may be increased annually to the extent of the combined percentage increase in inflation and growth in actual value of real property within the government’s boundaries. Also, Colorado governments are still subject to restrictions under law existing prior to November 3, 1992, until changed by the voters. Revenue in excess of limitations must be refunded to taxpayers unless voters approve the retention of such revenue. TABOR also restricts the imposition, without prior voter approval, of new or increased taxes, increasing a property tax mill levy above that of the prior year, extending expiring taxes or changing tax policies causing net revenue increases. TABOR generally forbids debt or other financial obligations (including pension) with maturities in excess of one year without prior voter approval.

The Town uses the basis of accounting used in preparing the annual budget (Note 1) in determining compliance with TABOR. The required emergency reserve (for emergencies other than economic conditions, revenue shortfalls, or salary or fringe benefit increases) is treated as a reservation of the General Fund fund balance. The amount represents 3% of “fiscal year spending” (revenue subject to TABOR.)

TABOR is complex and subject to judicial interpretation. However, the voters of the Town approved a referendum on April 5, 1994 allowing the Town to collect, retain and spend all revenues received from January 1, 1993 and thereafter. Voters also approved on November 4, 2008 to allow the Town to maintain its operating mill levy at 13.810 mills in 2008 (for 2009 collection) and each year 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 year ended December 31, 2007.

NOTE 8 – CONTINGENCIES

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 9 – LONG-TERM DEBT

An agency revenue bond was issued to the Colorado Water Resources and Power Development Authority in the amount of \$330,260, on August 12, 1996. 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 4.5% annual rate, with final payment due December 1, 2016. Both the principal and interest thereon are payable solely from the net revenue (gross revenues less operations and maintenance expenses) of the water distribution system. The net revenue of the system is pledged as collateral on the bond. The proceeds of the bond was used to construct a 4 mile water line to connect to a water district providing treated water. As of December 31, 2007, the principal balance due is \$184,603.

NOTE – 9 - Continued

Future required minimum payments as of December 31, 2007, are as follows:

<u>Year Ending December 31</u>	<u>Amount Representing Principal</u>	<u>Amount Representing Interest</u>	<u>Total of Payments</u>
2008	\$ 17,036	\$ 8,022	\$ 25,058
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 - 2016	91,262	8,970	100,232
	<u>\$ 184,603</u>	<u>\$ 40,919</u>	<u>\$ 225,522</u>

NOTE 10 – CHANGES IN LONG-TERM DEBT

Following is a summary of long-term liability activity for the year ended December 31, 2007.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Compensated absences	\$ 2,093	\$ 0	\$ 94	\$ 1,999	\$ 1,999
<u>Business-type activities</u>					
Water revenue bond payable	\$ 200,893	\$ 0	\$ 16,290	\$ 184,603	\$ 17,036

NOTE 11 – COMPLIANCE AND ACCOUNTABILITY

Restricted assets and net assets

Certain resources set aside for the repayment of Water Fund bonded debt are classified as restricted assets on the balance sheet 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, 2007, are as follows:

Reserved for revenue bond operations and maintenance	\$ 21,569
Reserved for revenue bond payment	<u>0</u>
Total reserved retained earnings	<u>\$ 21,569</u>

NOTE 11 – Continued

The balances of the Town's restricted asset accounts as of December 31, 2007, are as follows:

Revenue bond operations and maintenance account	\$ 18,810
Revenue bond payment	<u>49,909</u>
Total restricted assets	<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 on the existing Water Fund revenue debt. The Town has complied with the requirements for system payments due in 2007, computed as follows:

<u>Net Revenues for 2007</u>	
Operating revenues	\$ 111,271
Contributions from customers (cash)	22,500
Earnings on investments	<u>8,203</u>
Total revenues	141,974
Less: Operating expenses (excluding depreciation)	<u>86,277</u>
Net revenues	55,697
 <u>2007 Debt Service Requirements</u>	
Colorado Water Resources and Power Development Authority	<u>\$ 25,058</u>
Debt service requirements times 1.10	<u>27,564</u>
Excess of Net Revenues over Requirements	<u>\$ 28,133</u>

NOTE 12 – OPERATING LEASE OBLIGATION

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 for 2007 was \$726.

Future required minimum lease payments as of December 31, 2007 are as follows:

<u>Year Ending</u> <u>December 31</u>	
2008	\$ 726
2009	726
2010	726
2011	<u>181</u>
	<u>\$ 2,359</u>

NOTE 13 – PRIOR PERIOD ADJUSTMENTS

The accrued sales tax at December 31, 2006 was adjusted to include December collections by the Colorado Department of Revenue that is remitted to the Town the following February. Adjustments were also made for prepaid expenses and customer accounts receivable at December 31, 2006, and for the value of contributed water rights for the years 2001 and 2004 to 2006. The effect of these changes on the fund balance/net assets at December 31, 2006 are as follows:

	<u>General Fund</u>	<u>Governmental Activities</u>	<u>Proprietary Funds/ Business- Type Activities</u>
Net Assets/Fund Balance, as originally stated	\$ 362,181	\$ 597,863	\$ 877,032
Adjust accrued sales taxes at December 31, 2006	2,215	2,215	0
Adjust prepaid expenses at December 31, 2006	0	0	927
Adjust accounts receivable at December 31, 2006	0	0	6,370
Record 8 units of CBT water rights contributed for 2001 and 2004 to 2006	<u>0</u>	<u>0</u>	<u>92,500</u>
Net Assets/Fund Balance, as restated	<u>\$ 364,396</u>	<u>\$ 600,078</u>	<u>\$ 976,829</u>

REQUIRED AND OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND BUDGETARY COMPARISON

These statements provide required supplementary information to the basic financial statements and contain information on the Town's budget as compared to actual operating results for the current period.

Schedules are presented featuring data prepared on a legal compliance basis or basis differing from generally accepted accounting principles.

TREND DATA

Presented as optional supplementary information, trend data provide readers with a broader understanding of the government and the trends in its financial affairs than is possible from the financial statements.

LOCAL HIGHWAY FINANCE REPORT

The calendar year Local Highway Finance Report is required of all Colorado counties, cities and towns. It is used to gather specific financial information, consistent state-wide, relating to receipts and expenditures for roads, streets, and bridges. These data are compiled by the Colorado Department of Highways for historical reports to various state and federal agencies and provide the basis for projecting future infrastructure needs. To ensure consistency and accuracy in reporting, Colorado statute mandates that this report be included in the Town's financial statements. The report is not intended to comply with generally accepted accounting principles.

TOWN OF NUNN, COLORADO
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2007

	Budget Original and Final	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Taxes	\$ 94,200	\$ 102,053	\$ 7,853
Licenses and permits	13,300	9,442	(3,858)
Intergovernmental	30,600	35,013	4,413
Charges for services	22,100	30,949	8,849
Fines and forfeits	500	6,186	5,686
Miscellaneous	7,450	12,475	5,025
Total revenues	<u>168,150</u>	<u>196,118</u>	<u>27,968</u>
<u>EXPENDITURES</u>			
Current			
General government	94,917	67,461	27,456
Public safety	33,375	42,259	(8,884)
Public works	72,723	69,348	3,375
Health and welfare	8,019	6,240	1,779
Culture and recreation	20,644	15,865	4,779
Economic development/assistance	0	204	(204)
Capital outlay	13,500	15,074	(1,574)
Total expenditures	<u>243,178</u>	<u>216,451</u>	<u>26,727</u>
<u>DEFICIENCY OF REVENUES OVER EXPENDITURES</u>	(75,028)	(20,333)	54,695
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers (to) from other funds			
Conservation Trust Fund	3,768	0	(3,768)
<u>DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</u>	(71,260)	(20,333)	50,927
<u>FUND BALANCE</u>			
Beginning of year	<u>300,060</u>	<u>364,396</u>	<u>64,336</u>
End of year	<u>\$ 228,800</u>	<u>\$ 344,063</u>	<u>\$ 115,263</u>

See the accompanying independent auditor's report.

TOWN OF NUNN, COLORADO
General Fund
Statement of Revenues - Budget and Actual
For the Year Ended December 31, 2007

	Budget Original and Final	Actual	Variance Favorable (Unfavorable)
<u>TAXES</u>			
General property taxes	\$ 53,000	\$ 46,854 ✓	\$ (6,146)
Specific ownership taxes	4,700	4,693 ✓	(7)
Franchise taxes	8,000	9,248 ✓	1,248
Sales taxes	18,500	18,803 ✓	303
Use taxes	10,000	22,230 ✓	12,230
Interest on delinquent taxes	0	225 ✓	225
Total taxes	<u>94,200</u>	<u>102,053</u>	<u>7,853</u>
<u>LICENSES AND PERMITS</u>			
Business licenses	300	200	(100)
Building permits	12,000	7,827	(4,173)
Dog licenses and other permits	1,000	1,415	415
Total licenses and permits	<u>13,300</u>	<u>9,442</u> ✓	<u>(3,858)</u>
<u>INTERGOVERNMENTAL REVENUE</u>			
Highway user's tax	28,000	24,773 ✓	(3,227)
Motor vehicle registration fees	2,200	2,343 ✓	143
County road and bridge apportionment	0	2,663 ✓	2,663
Cigarette taxes	400	234 ✓	(166)
State grants	0	5,000 ✓	5,000
Total intergovernmental revenue	<u>30,600</u>	<u>35,013</u>	<u>4,413</u>
<u>CHARGES FOR SERVICES</u>			
Trash removal charges	20,000	26,653	6,653
Zoning fees	200	239	39
Mowing and property cleaning	200	1,285	1,085
VIN inspection	0	280	280
Park impact fees	600	400 ✓	(200)
Cemetery opening/closing fees	1,100	975	(125)
Court costs	0	600	600
Impound/redemption fees	0	517	517
Total charges for services	<u>22,100</u>	<u>30,949</u>	<u>8,849</u>

See the accompanying independent auditor's report.

	Budget Original and Final	Actual	Variance Favorable (Unfavorable)
<u>FINES AND FORFEITS</u>			
Court fines	500	4,571	4,071
Court fines surcharge	0	1,430	1,430
Other court revenue	0	185	185
Total fines and forfeits	<u>500</u>	<u>6,186</u>	<u>5,686</u>
<u>MISCELLANEOUS REVENUES</u>			
Earnings on investments	3,000	10,327	7,327
Building rent	200	1,180	980
Other	4,250	968	(3,282)
Total miscellaneous revenues	<u>7,450</u>	<u>12,475</u>	<u>5,025</u>
<u>TOTAL REVENUES</u>	<u>\$ 168,150</u>	<u>\$ 196,118</u>	<u>\$ 27,968</u>

TOWN OF NUNN, COLORADO
General Fund
Statement of Expenditures - Budget and Actual
For the Year Ended December 31, 2007

	Budget Original and Final	Actual	Variance Favorable (Unfavorable)
<u>GENERAL GOVERNMENT</u>			
<u>Legislative</u>			
Legal	\$ 6,000	\$ 10,104	\$ (4,104)
Publishing	400	744	(344)
Dues	0	388	(388)
Ordinance codification	1,500	0	1,500
Total legislative	<u>7,900</u>	<u>11,236</u>	<u>(3,336)</u>
<u>Judicial</u>			
Municipal judge	2,500	3,315	(815)
Legal	4,000	6,460	(2,460)
Total judicial	<u>6,500</u>	<u>9,775</u>	<u>(3,275)</u>
<u>Elections</u>			
Weld County	<u>0</u>	<u>200</u>	<u>(200)</u>
<u>Administration</u>			
Salaries	26,452	22,067	4,385
Worker's compensation	265	67	198
Health insurance	500	2,168	(1,668)
Payroll taxes	1,420	1,754	(334)
Continuing education	1,200	219	981
Telephone	1,700	1,868	(168)
Supplies	1,450	1,607	(157)
Postage	0	307	(307)
Small equipment/lease	0	604	(604)
Computer support/maintenance	0	536	(536)
Vehicle expense	200	103	97
Insurance and bonds	2,050	925	1,125
Audit	1,750	1,750	0
Bank services charges	100	0	100
Dues and subscriptions	1,000	363	637
Treasurer's fees	800	471	329
Miscellaneous	250	532	(282)
Capital outlay	1,500	1,908	(408)
Total administration	<u>40,637</u>	<u>37,249</u>	<u>3,388</u>

See the accompanying independent auditor's report.

	Budget Original and Final	Actual	Variance Favorable (Unfavorable)
<u>Planning and zoning</u>			
Planning/engineering services	27,500	4,944	22,556
<u>Building</u>			
Salaries	1,871	259	1,612
Worker's compensation	186	67	119
Payroll taxes	150	21	129
Utilities	8,000	3,053	4,947
Insurance	2,173	1,190	983
Repairs and maintenance	1,500	1,375	125
Capital outlay	3,000	2,192	808
Total building	16,880	8,157	8,723
<u>TOTAL GENERAL GOVERNMENT</u>	99,417	71,561	27,856
<u>PUBLIC SAFETY</u>			
<u>Police</u>			
Salaries	2,000	21,652	(19,652)
Health insurance	810	353	457
Payroll taxes	500	1,721	(1,221)
Police protection fees	20,000	1,482	18,518
Ordinance control	0	13	(13)
Telephone	0	332	(332)
Gas, oil and service	0	1,410	(1,410)
Supplies	500	3,485	(2,985)
Insurance and bonds	565	1,938	(1,373)
Confinement fees	0	71	(71)
Capital outlay	0	10,199	(10,199)
Total police	24,375	42,656	(18,281)
<u>Building inspections</u>			
Professional services	9,000	9,802	(802)
<u>TOTAL PUBLIC SAFETY</u>	33,375	52,458	(19,083)
<u>PUBLIC WORKS</u>			
<u>Sanitation</u>			
Trash removal	21,000	20,139	861
Engineering services	3,500	5,033	(1,533)
Total sanitation	24,500	25,172	(672)

	Budget Original and Final	Actual	Variance Favorable (Unfavorable)
<u>Highway and streets</u>			
Salaries	16,362	16,961	(599)
Payroll taxes	1,243	1,348	(105)
Worker's compensation	1,443	1,465	(22)
Health insurance	1,300	515	785
Insurance	1,875	1,033	842
Equipment maintenance	3,000	3,197	(197)
Gas, oil and service	2,000	2,309	(309)
Supplies/tools	2,500	1,558	942
Road base	7,500	7,500	0
Capital outlay	2,000	0	2,000
Street lighting	9,000	7,752	1,248
Engineering services	2,000	538	1,462
Total highways and streets	<u>50,223</u>	<u>44,176</u>	<u>6,047</u>
<u>TOTAL PUBLIC WORKS</u>	<u>74,723</u>	<u>69,348</u>	<u>5,375</u>
<u>HEALTH AND WELFARE</u>			
Animal control - impound fees	<u>0</u>	<u>240</u>	<u>(240)</u>
<u>Cemetery</u>			
Salaries	3,855	4,141	(286)
Worker's compensation	350	409	(59)
Health insurance	884	774	110
Payroll taxes	430	329	101
Supplies	1,500	12	1,488
Gas, oil and service	500	62	438
Insurance	500	273	227
Capital outlay	4,000	0	4,000
Total cemetery	<u>12,019</u>	<u>6,000</u>	<u>6,019</u>
<u>TOTAL HEALTH AND WELFARE</u>	<u>12,019</u>	<u>6,240</u>	<u>5,779</u>
<u>CULTURE AND RECREATION</u>			
<u>Parks</u>			
Salaries	12,300	12,331	(31)
Worker's compensation	545	566	(21)
Health insurance	950	252	698
Payroll taxes	966	980	(14)
Insurance and bonds	1,383	680	703
Repairs and maintenance	2,500	372	2,128
Supplies	500	134	366
Gas, oil and service	500	300	200
Capital outlay	3,000	775	2,225
Total parks	<u>22,644</u>	<u>16,390</u>	<u>6,254</u>

	<u>Budget Original and Final</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Recreation</u>			
Recreation programs			
Nunn Harvest Festival	0	250	(250)
Supplies	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total recreation	<u>1,000</u>	<u>250</u>	<u>750</u>
<u>TOTAL CULTURE AND RECREATION</u>	<u>23,644</u>	<u>16,640</u>	<u>7,004</u>
<u>ECONOMIC DEVELOPMENT/ ASSISTANCE</u>			
Economic development	<u>0</u>	<u>204</u>	<u>(204)</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 243,178</u>	<u>\$ 216,451</u>	<u>\$ 26,727</u>

TOWN OF NUNN, COLORADO
Conservation Trust Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	<u>2007</u>			<u>2006</u>
	Budget Original and Final	Actual	Variance Favorable (Unfavorable)	Actual
<u>REVENUES</u>				
Colorado lottery	\$ 4,200	\$ 5,363 ✓	\$ 1,163	\$ 5,743
Earnings on investments	500	1,982 ✓	1,482	1,549
Total revenues	<u>4,700</u>	<u>7,345</u>	<u>2,645</u>	<u>7,292</u>
<u>OTHER FINANCING USES</u>				
Transfer to General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>EXCESS OF REVENUES OVER OTHER USES</u>	4,700	7,345	2,645	7,292
<hr/>				
<u>FUND BALANCE</u>				
Beginning of year	<u>24,654</u>	<u>31,714</u>	<u>7,060</u>	<u>24,422</u>
End of year	<u>\$ 29,354</u>	<u>\$ 39,059</u>	<u>\$ 9,705</u>	<u>\$ 31,714</u>

See the accompanying independent auditor's report.

TOWN OF NUNN, COLORADO
Water Fund
Schedule of Financial Resources Provided, Applied
and Changes in Working Capital - Budget and Actual
For the Year Ended December 31, 2007

	Budget Original and Final	Actual	Variance Favorable (Unfavorable)
<u>FINANCIAL RESOURCES PROVIDED</u>			
Water sales	\$ 120,000	\$ 107,806 ✓	\$ (12,194)
Earnings on investments	800	8,203 ✓	7,403
Other fees	200	810 ✓	610
Late notice charges	0	2,655 ✓	2,655
Contributions from customers	22,500	22,500 ✓	0
	<u>143,500</u>	<u>141,974</u>	<u>(1,526)</u>
<u>FINANCIAL RESOURCES APPLIED</u>			
<u>Administration</u>			
Salaries	17,634	14,711	2,923
Workers' compensation	100	66	34
Health insurance	200	14	186
Payroll taxes	1,450	1,169	281
Computer support/maintenance	0	1,747	(1,747)
Continuing education	600	367	233
Utilities	8,000	3,110	4,890
Telephone	1,700	1,386	314
Repairs	500	0	500
Miscellaneous	250	324	(74)
Vehicle expense	0	103	(103)
Office supplies	1,500	1,599	(99)
Small equipment	0	604	(604)
Postage	0	756	(756)
Publishing	50	57	(7)
Dues and subscriptions	500	300	200
Bank charges	0	28	(28)
Legal	1,250	439	811
Audit	2,600	1,750	850
Engineering	3,500	0	3,500
Insurance and bonds	1,000	1,199	(199)
	<u>40,834</u>	<u>29,729</u> ✓	<u>11,105</u>
Total administration			

See the accompanying independent auditor's report.

	Budget Original and Final	Actual	Variance Favorable (Unfavorable)
<u>Operations</u>			
Water treatment and distribution	35,000	29,519	5,481
Water share assessments	3,000	2,264	736
Water sampling and testing	800	902	(102)
Salaries	10,625	11,858	(1,233)
Worker's compensation	600	624	(24)
Health insurance	75	1,101	(1,026)
Payroll taxes	875	943	(68)
Continuing education	0	90	(90)
Supplies	2,000	728	1,272
Gas, oil and service	1,500	1,740	(240)
Utilities	1,500	2,993	(1,493)
Repairs and maintenance	5,000	564	4,436
Drinking water program fee	0	100	(100)
Insurance and bonds	1,400	3,122	(1,722)
Total operations	<u>62,375</u>	<u>56,548</u> ✓	<u>5,827</u>
<u>Debt service</u>			
Interest expense	10,000	8,707 ✓	1,293
Principal	<u>16,300</u>	<u>16,290</u> ✓	10
Total debt service	<u>26,300</u>	<u>24,997</u>	<u>1,303</u>
<u>Capital outlay</u>	<u>34,000</u>	<u>30,639</u> ✓	<u>3,361</u>
Total resources applied	<u>163,509</u>	<u>141,913</u>	<u>21,596</u>
<u>INCREASE (DECREASE) IN FINANCIAL RESOURCES</u>	(20,009)	61	(20,070)
<u>WORKING CAPITAL *</u>			
Beginning of year	<u>205,064</u>	<u>66,340</u>	<u>138,724</u>
End of year	<u>\$ 185,055</u>	<u>\$ 66,401</u>	<u>\$ 118,654</u>

* Current assets minus current liabilities (excluding long-term debt).

TOWN OF NUNN, COLORADO
Trend Data
Last Fiscal Year

	<u>2007</u>
Estimated value of taxable real property (1)	<u>\$ 26,105,020</u>
Assessed valuation (1)	<u>\$ 3,648,700</u>
Mill levy (1)	
General Fund	<u>12.882</u>
Mill levy including overlapping governments	<u>74.140</u>
General property tax revenue - net (1)	
General Fund	<u>\$ 46,854</u>
Legal debt margin - end of year	<u>\$ 379,763</u>
Governmental fund type expenditures by function *	
Current	
General government	\$ 67,461
Public safety	42,259
Public works	69,348
Health and welfare	6,240
Culture and recreation	15,865
Economic development/assistance	204
Capital outlay	<u>15,074</u>
Totals	<u>\$ 216,451</u>
Governmental fund type revenues by source *	
Taxes	\$ 102,053
Licenses and permits	9,442
Intergovernmental	40,376
Charges for services	30,949
Fines and forfeits	6,186
Miscellaneous	<u>14,457</u>
Totals	<u>\$ 203,463</u>

(1) For year of property tax collection.

* General and Special Revenue Funds

See the accompanying independent auditor's report.

TOWN OF NUNN, COLORADO
Local Highway Finance Report
For the Year Ended December 31, 2007
(As Revised)

RECEIPTS FOR ROAD
AND STREET PURPOSES

RECEIPTS FROM LOCAL SOURCES

General fund appropriations		\$ 31,032
Other local imposts		
Specific ownership taxes (used for roads and streets)		4,693
From county (road and bridge)		2,663
Total other local imposts		<u>7,356</u>

RECEIPTS FROM STATE GOVERNMENT

Highway users tax		24,773
Motor vehicle registration		2,343
Total receipts from state government		<u>27,116</u>

TOTAL RECEIPTS

\$ 65,504

DISBURSEMENTS FOR ROAD
AND STREET PURPOSES

LOCAL HIGHWAY DISBURSEMENTS

Maintenance		\$ 35,886
Road and street services		
Other		
Storm drainage	\$ 538	
Street lighting	<u>7,752</u>	
Total road and street services		8,290
General administration and miscellaneous		0
Highway law enforcement and safety (1/2 - Police services)		<u>21,328</u>

TOTAL DISBURSEMENTS

\$ 65,504

See the accompanying independent auditor's report.

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 2007

This Information From The Records Of (example - City of _ or County of _)
Town of Nunn
Prepared By: Tori McMechan
Phone:(970) 897-2385

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:	7,919
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	7,546	b. Snow and ice removal	
3. Other local imposts (from page 2)	7,368	c. Other	34,365
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	34,365
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)	42,284
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)	14,914	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	27,370	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	42,284	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)	42,284

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
	0	42,284	42,284	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2007

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	7,368	g. Other Misc. Receipts	
6. Total (1. through 5.)	7,368	h. Other	
c. Total (a. + b.)	7,368	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	25,042	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	2,328	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	2,328	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	27,370	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	4,690
Road and Bridge	2,678
	<u>7,368</u>